

Report of 2nd ePhyto Project Advisory Committee Meeting
5th December 2017
World Trade Organization, Geneva, Switzerland

Participants

Members

Erik Bosker (attending on behalf of CODEX EWG CCFCS)

Bill Gain

Ann Backhous

Anja Wegner

Markus Pikart

Peter Neimanis (ESG Chair)

Alexander J. Moret (attending on behalf of Benno Slot)

Observers

Simon Padilla

Francis Lopez

Paul Whimpenny

Tom Butterly

IPPC Secretariat

Laura Vicaria

Shane Sela

1. Welcome and opening of the Meeting

The IPPC Secretariat welcomed the members of the ePhyto Project Advisory Committee (PAC), expressing gratitude for their presence and participation. All members introduced themselves.

2. Selection of meeting Chair

In the absence of Mrs. Barbara Cooper (Chair of the PAC) the IPPC Secretariat agreed to chair the meeting.

3. Adoption of Agenda and Selection of Rapporteur

Participants reviewed the Agenda. As requested by an observer, a discussion ASEAN's Single Window was added to the agenda, item 10.5.

The members acclaimed Mr. Peter Neimanis as rapporteur for the meeting.

4. Review and Discussion on Terms of reference of the PAC

The IPPC Secretariat raised the issue of IPPC's role in coordinating the various member organizations of the PAC particularly following the completion of the STDF funded ePhyto project. The project is centered on electronic certification for plants and plant products and although coordination between agencies is useful the PAC's scope is beyond the responsibilities of the IPPC. The ePhyto Steering Group (ESG) Chair supported these comments but noted that aligning electronic certification initiatives amongst various international organizations is in the best interests of international trade, but perhaps should be led by an organization more involved with trade facilitation. The members, in general, agreed that perhaps the World Trade Organization (WTO) or the Standards and Trade Development Facility (STDF) was better positioned to coordinate discussions between the various organizations and should take the leadership in coordinating the PAC in the future. The World Bank representative added to the discussion by suggesting that the future structure of the PAC can be that of a governance body, facilitating the coordination and communication of Sanitary and Phytosanitary (SPS) systems, and prevent disconnect as they advance. Members were requested to further consider the future of the group and its potential governance structure.

A participant recommended that a representative of UN/CEFACT be considered as a potential additional member to further facilitate the overall coordination of electronic certification/documentation initiatives. PAC

members considered this recommendation. Other participants recommended that representatives of ASEAN and the European Commission should be considered as future members.

The Secretariat noted that including the various members of ASEAN, the E.U. etc. may provide additional scope to the discussion of various electronic initiatives taking place; but also noted that it is difficult to address all the interoperability issues from a plant and plant product perspective and proposed that input from these additional groups should occur through ad hoc invitations for participation as members request. PAC members agreed.

At this point, we also discussed the need to review the PAC TOR (out of session, prior to the next PAC meeting) and draft TOR for the new (future strategic) group for discussion at the next PAC

5. Project Progress and Project Work Plan

A presentation was provided by the IPPC Secretariat highlighting the developments in the project, its current progress, and future work plan. Participants showed interest and discussed in detail the project timeline (Appendix III). The presentation also outlined the setup of the hub, the current running of the hub pilot and the initiation of the generic ePhyto national system (GeNS). Project funding and expenditures were also presented. The Secretariat noted that a user policy has been developed and is being consulted upon with pilot countries. An implementation guidance document is also being developed in cooperation with the World Bank and ESG members. The document highlights the work being carried out in Samoa, Sri Lanka and Ghana, the pilot countries for the GeNS

A number of PAC members raised the importance of the GeNS having flexibility for countries to configure the system to their particular needs and to the needs of the countries they trade with. It was noted that the system provides limited functionality mostly focused on producing and receiving XML messages and therefore, it should not be interpreted that the system has extensive workflows that could result in significant changes to country business operations. Furthermore, flexibility has been proposed as part of the system and will be further monitored during the pilot phase to see if additional features are needed.

The challenges and importance of data model alignment from a multi-commodity perspective was also discussed. It was suggested that gaps in the content and format between electronic certificates being developed should be minimized as much as possible and perhaps should be dealt with specifically by a future cross-commodity group. Such a group representing all organizations working on electronic certification could work together to synchronize data models, language, costs, etc.

6. Cost Recovery- Current Progress

The consultant, contracted by the IPPC Secretariat to undertake the business modeling work, provided an overview of the process taken to develop recommendations on potential business model reports. More details can be found in the report on the Business Model Experts Meeting held in Geneva on 6th December 2017.

Members discussed the options being considered (transaction based and donor-funded model) commenting on the benefits and challenges that they each pose. They noted the consultant's recommendation for an initial 5-year donor-based model, moving to a revenue-based model thereafter.- Concerns were raised that the transaction-based approach could be discriminative towards LDC economies and thereby reduce the objectives of the system which are intended to facilitate the adoption of electronic certification by both developing economies and developed economies, equally. Members concluded that further analysis should be undertaken to better understand who benefits the most from the Solution, what those impacts are and how to appropriately allocate the costs. They also suggested that consideration be given regarding the potential organizations that may be involved in the funding structure

Further to the discussion of costs, PAC members discussed the need for operational costs and implementation costs to be presented separately. It was further suggested that the costs for the hub and the GeNS could also be

presented separately. However, the IPPC and ESG Chair emphasised that the ePhyto Solution (hub and GeNS) is intended as a single solution to optimizing electronic certification in the trade of plants and plant products and the two components together maximize the uptake of ePhyto, while independently the uptake may be limited to certain countries.

For example, if only the hub was supported, it would benefit developed countries at the expense of developing countries which would have difficulties in producing, sending and receiving the electronic certificate. Similarly, the GeNS would have little or no value for countries as a stand-alone system without the Hub. It is also likely that separating the two components may lead to the GeNS being left behind in development, reducing possibilities of full and successful involvement of all trading countries.

7. Working with Industry

The ESG chair provided an overview of the most recent work of the Industry Advisory Group (IAG). He commented on their involvement in the business model survey and their proposed work in the hub pilot to test the impacts on trade exchanges using ePhytos. The output of these somewhat subjective initial analyses should provide information on the trade benefits from ePhyto.

8. Working with Pilot Countries- Capacity Development and outreach to support implementation

The ESG chair provided an overview of the work that Australia has been doing with Samoa and Sri Lanka (as pilot GeNS countries) in assisting them in preparing for implementing the GeNS. The presentation covered the background and function of the GeNS. He noted that business process analysis and re-engineering work has commenced with Ghana, Samoa, and Sri Lanka. Work in Guatemala and Egypt (the remaining countries that will be participating in the GeNS pilot) is still to be initiated. As a whole covering topics on capacity development needs, leg'n assessment, stakeholder engagement, training needs assessment, establishment of project teams, IT assessment, cost recovery, and funding.

Some PAC members noted that the business modeling work proposes a very short training period (5 days). They felt that such a short training period is insufficient to fully train NPPOs and their clients in implementing the necessary business and technical changes. The IPPC Secretariat noted that the training allocation was principally focussed on technical training for a limited group of NPPO staff who in turn would provide additional training in-country as needed to implement the system. However, it was generally agreed the length and scope of training should be further considered in the pilot.

9. IPPC work with the World Bank to improve border procedures (linking ePhyto to Trade Facilitation)

The IPPC Secretariat presented an overview of the work being done by the Secretariat and the World Bank with Samoa quarantine and customs. The Secretariat is working with the Bank in Trade Facilitation Agreement (TFA) implementation and in particular looking at the linkages between quarantine and customs and information flow that could improve border procedures in light of advanced information provided with electronic certificates.

10. CITES-eCITES

The representative of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) Secretariat provided an overview of the eCITES project and its progress. While highlighting some of the challenges behind the automation of the CITES permit process. The presentation also highlighted its process structure, the CITES business process which is described in its convention. He noted that there is great country interest in the implementation of eCites. However, one of the main challenges is obtaining project funds. Based on survey responses undertaken by the Secretariat, a number of LDC have expressed interest in implementing the system, but they too require financial support. Samoa and Sri Lanka have been considered as potential pilot countries and this could be integrated into the work IPPC is doing in these countries.

The World Bank representative reported that the blueprint for Single Window is being undertaken in Sri Lanka and should include eCites and ePhyto assessment.

12. WCO data Model and links to ePhyto

The representative of the World Customs Organization (WCO) presented an overview of the WCO data model and its connection to single window implementation. She noted that the WCO and IPPC Secretariat have had initial discussions on the need of harmonization of the data between the WCO data model and the IPPC ePhyto data. Further discussions and analysis will be required to see if the electronic information collected by both organizations can be shared. The WCO representative proposed the development of a sustainable working agreement to align the data model between WCO and IPPC. Further to this recommendation is the development of data model standard for ePhytos under the WCO data model, which would support information exchange into/from single windows. Cooperation between the IPPC and WCO should move toward aligning WCO and ePhyto with Appendix 1 of the ISPM12 and developing of an IPPC e-phyto Data Model that is conform to the WCO Data Model.

It was noted that the WCO will bring the topic on the ePhyto to the next meeting of the WCO Data Model Projects Team, the WCO working body for the WCO Data Model. The IPPC Secretariat took note of this event and stated that ESG will discuss and select an appropriate representative to attend the meeting.

13. CODEX- Development of Paperless Certification

The Codex CCFICS EWG representative presented an overview of the work in the Codex Committee CCFICS about the revision of the Codex guideline on official certificates and its objective to provide guidance on paperless certification. The presentation outlined the current work program which consisted of identifying the level of guidance needed in the guidelines for design, production, issuance, and use of generic official certificates. The latter focused specifically on requirements for exchange mechanisms, data mapping and legal and regulatory changes. The work program also includes the drafting of guidance for paperless use of electronic certificates.

He also suggested that there is need to further brainstorm and consider how development of a CODEX data model could be aligned with ePhyto (explanatory note: for example by identifying mutual generic data elements). He suggested that a probable objective could be to have a CODEX data model that operates with certification systems such as GeNS and ASYCER as well as single window systems.

14. OIE- Framework to facilitate e-veterinary certification

The World Organization for Animal Health (OIE) representative presented PAC members with OIE's most recent activities on veterinary e-certification. She reported that a recent project grant application had been approved by the STDF to do some surveys and background work on needs of OIE members for electronic veterinary certification. The study will help gain an understanding and determine the drivers for electronic certification nationally. In the next two years, a team of experts will be formed to undertake the research. With the cooperation of the World Bank there will be the selection of 6 developed and 6 developing countries to be involved in the surveys, and in the steering group to further develop e-certification. As part of the project, country visits of the selected countries will take place to further understand the potential opportunities or challenges that need to be considered when working towards veterinary e-certification.

15. ASEAN Single Window

A representative presented on the functionality of the ASEAN single window. He explained that the system is not composed of a hub but multiple ones in which each country has a "gateway" to exchange to other ASEAN members. The concept is that ASEAN members would lodge border documents and transfer those via their

“gateway to their trading partner country. A number of members noted that it is very difficult to get details on the operation of the ASEAN system and that it is difficult to interpret how the system will work with other electronic systems since even NPPOs in ASEAN countries are somewhat unclear of the system interoperability.

17. Closing of the Meeting

All PAC members agreed that the next PAC meeting is to take place between June/July 2018 in alignment with other meetings to ensure maximum efficiency of time and funds.

The IPPC Secretariat thanked all members for all their excellent contributions and participation in the 2nd PAC meeting. Action points in Appendix II

**ePhyto Business Model Experts Meeting
World Trade Organization, Geneva Switzerland
7 December 2017**

Participants

Participants	Experts	CPM Bureau	IPPC Secretariat	Observers
Erik Bosker	David Scanlan	Corné Van Alphen	Laura Vicaria	Paul Whimpenny
Bill Gain	Jonathan Koh		Shane Sela	Tom Butterly
Ann Backhouse	Dave O'Leary			
Anja Wegner				
Markus Pikart				
Peter Neimanis (ESG Chair)				
Alexander J. Moret				
Simon Padilla				
Francis Lopez				
Mr. Francisco Javier Marques Perez				
Ivonne Navarro Avila				

Welcomes, introductions, and review of agenda

The IPPC Secretariat opened the meeting. He thanked all participants for their involvement and attendance at the meeting. All members agreed to the proposed agenda. Peter Neimanis was selected as rapporteur.

IPPC ePhyto project-background and where we are going

The IPPC Secretariat presented a brief overview and background of the ePhyto Solution and reported on current developments.

Development of the IPPC business model-background and study approach/ results NPPOs and PC users

The consultant contracted by the IPPC Secretariat to undertake the business modeling work provided an overview of the background of the project, the surveys that were undertaken to determine NPPO and Industry preferences for a business model and the resulting reports. Three funding options were presented:

1. Funding model, where FAO partially or fully funds the delivery of the ePhyto Solution
2. Funding by lead NPPOS, PC users and/or donors
3. Transaction-based funding – where fee would be charged to countries based upon use.

He noted that the potential options presented are preliminary and recommended that a full cost-benefit analysis be undertaken in order to make a complete recommendation that can be presented to the Commission on Phytosanitary Measures (CPM) 14 in 2019.

The consultant reported that the survey of NPPOs indicated a very strong demand for implementing ePhytos. One of the examples given was that 93% of NPPOS that participated in the survey indicated their interest to connect to the IPPC ePhyto Hub. The main obstacles in implementing ePhytos were reported to be lack of budget, equipment, and technical expertise. However, based on the responses NPPOS felt confident about overcoming these obstacles and that the Solution should be implemented without delay. The NPPOs also favored a donor-based model.

Results from the survey of a sampling of industry associations and corporate entities in the plants and plant products trade sectors were also presented. These indicated a similarly strong interest in supporting the implementation of the ePhyto Solution. They expressed a strong interest to support the project by encouraging governments to support implementation. The respondents preferred a transaction-based cost recovery approach model, where NPPOS could recover the cost by collecting a fee per certificate and then transferring the recovered costs to the IPPC. It was noted that such an approach is what is most familiar to traders currently receiving certificates. As such any incremental cost in transitioning to ePhytos would be absorbed by apparent improvements in government and trader efficiencies. The contractor noted that there are also numerous administrative, legal and national challenges in implementing a transaction-based cost recovery approach.

Expert comments and remarks on findings:

Several technology and systems experts attended the meeting and provided useful comments in developing a cost recovery approach. The most notable suggestion was that exporters and importers should pay for the solution, given that it is the simplest approach to pass on the costs to those receiving the outputs.

It was noted that according to WTO requirements the fee for a service cannot exceed the cost of that service. Consequently, any consideration of a fee structure could not exceed the overall costs of delivering and maintaining the Solution.

Another recommendation suggested by an expert in business technology was that the model should be based on fully engaging the users and adjusting recovery based on the level of service. For example, he noted that some companies provide a free serviced for limited service, a subscription price for the second set of services and a higher price for additional services. Although participants recognized that this type of a model may operate well in a fee for service environment, it was not clear how such a structure could operate in an international environment, but participants supported strong consideration of the suggestion.

Review of funding approaches used by international organizations, Single Windows and port community systems

The consultant provided an overview of the results on cost recovery approaches used by four international organizations (United Nations Economic Commission for Europe (UNECE) eTIR; Society for Worldwide Interbank Financial Telecommunication (SWIFT); International Civil Aviation Organization (ICAO): and

the World Customs Organization (WCO)) plus 4 Single Window systems, and 3 Port Community Systems operating technology to facilitate cargo clearances at ports. The most widely used approach was the transaction-based model. These groups additionally recommended:

- Avoid excessive planning and learn by doing
- Aim for a balance between the needs of all users (developing and developed countries, industry and NPPOs, etc.)
- Look to regional partners and even RPPOS to play a role in the operation of the model (e.g. provision of funding, fee collection, operation of services, etc.)

ePhyto business model- preliminary options and recommendations

The consultant provided an overview of the potential operating costs of the Solution and the potential cost recovery models including:

1. FAO partially or fully funding the Solution
2. NPPOS, industry and/or donors funding the solution
3. IPPC would charge a fee to countries based upon use. This fee would need to be absorbed by the country or recovered from users

The advantages and disadvantages of each were also presented. For the fee-based model, various scenarios were presented including annual pre-payment, volume-based discounts, and low or no fee for small volume users.

Based on the analysis of the above scenarios, the consultant recommended an initial 5-year donor funded approach and that a cost recover model be adopted thereafter.

The consultant also presented proposals for enhanced capacity building for the ePhyto Solution implementation, additional Help Desk support, and support for the ongoing enhancement and development of the Solution.

Participants generally concluded that the estimates for the operation of the non-technological costs of the Solution (e.g. IPPC administrative support, etc.) should be more fully elaborated and that the operating costs of the technology was very preliminary and based upon estimates without clarity on the real costs of operation. These should become clearer after the implementation of the ePhyto Pilot. Furthermore, the participants noted that the scope and service provided by a business help desk could not be fully estimated, but agreed that help desk support is critical.

Participants commented that the estimated time frame for basic capacity development to support implementation (5 days) is insufficient for effective training. Some participants suggested that a third party or experts could be used to specifically deliver this type of training. It was also suggested that industry be asked to support the training and that a group approach to training by RPPOs could be helpful.

A participant noted that consideration should be given to the future of the project in which the Solution could incorporate other aspects. For example, the establishment of other international certificates being exchanged through the hub would also generate revenue. Furthermore, integration with single windows and with trade systems could be used to both offset costs and to leverage economies of scale. Participants agreed that the model should consider the long run perspective of the project.

Wrap up and Closing of the Meeting

The IPPC Secretariat thanked all participants and guests for their input and participation. Their recommendations and suggestions will help further build and develop the business model.

Appendix One:

Participants list:

Participants	Contact Details	Organization
Erik Bosker	e.bosker@minez.nl	Netherlands Ministry of Agriculture, Nature and Food Quality
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Ivonne Navarro Avila	dgif-ivonne@senasica.gob.mx	Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria (SENASICA)

Unable to attend:

Dmitry Godunov	Dmitry.Godunov@unctad.org	UNCTAD
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Barbara Cooper (PAC Chair)	Barbara.cooper@agriculture.gov.au	Department of Agriculture and Water Resources (DAWR)
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Gil S. Beltran	gbeltran@dof.gov.ph	Chair, ASEAN Single Window Steering Committee

Appendix II:

Action Point	Owner	Due date
IPPC to invite ASEAN and the European Commission to join the PAC as ad-hoc members	IPPC	
Monitoring of GeNS during Pilot to determine potential need to add some flexibility to certain fields	IPPC	
To discuss at next ESG meeting potential future meeting with WCO to further alignment in data models	IPPC	
Selection of representative to participate in future dialogue/meetings with the WCO on data alignment and harmonization with ePhyto	IPPC	
Revise PAC TOR		
Draft TOR for new (strategic) electronic certification group		

Appendix III

