



**Committee on Trade and Development
Aid for Trade**

UPDATE ON THE STANDARDS AND TRADE DEVELOPMENT FACILITY

NOTE BY THE SECRETARIAT¹

This document is being issued by the Standards and Trade Development Facility for the Committee on Trade and Development's 43rd Session on Aid for Trade.

1 OVERVIEW

1.1. Food and agricultural exports often trigger sanitary and phytosanitary (SPS) compliance challenges. Adequate capacity to control SPS risks is crucial for many developing countries to gain and maintain access to foreign markets. Repeated rejections of shipments for non-compliance with SPS requirements result in stricter scrutiny by importing countries, increased transaction costs, damaged reputation and a loss of confidence in the exporting country's competent authority. A strong SPS control system is also an essential asset to protect a country's consumers from unsafe food as well as its productive capacity and ecosystem from the entry, spread and establishment of invasive species. Increased incidences of pests and diseases negatively impact agricultural production, the effects of which can sometimes be long-lasting on the country's ability to export.

1.2. The Standards and Trade Development Facility (STDF)² supports developing countries to comply with international food safety, animal and plant health standards, ensure safety at each process along the agricultural value chain, and gain and maintain market access. The STDF acts as a global coordination and knowledge platform, convening a wide range of international and regional organizations, donors and SPS experts from developing countries. Together they identify good practice on cross-cutting topics, leverage resources and work on coordinated, coherent solutions to enhance SPS capacity building. The STDF also provides support and seed funding for the development and implementation of collaborative and innovative SPS projects.

1.3. This document provides information on STDF's ongoing and planned work, and includes information on how to benefit from the programme. Delegates wishing to have more information on the STDF, its activities and projects are encouraged to visit STDF's website, or contact the STDF Secretariat. Delegates are encouraged to subscribe to the STDF mailing list to receive regular updates on the STDF, see www.standardsfacility.org.

2 TRADE FACILITATION

2.1. The WTO SPS Agreement allows Members to provide the level of health protection they deem appropriate, while it seeks to ensure that SPS measures are not misused for protectionist purposes and do not result in unnecessary barriers to trade. In practice, a variety of SPS procedural obstacles to trade appear to persist. The increasing attention on trade facilitation as a means to

¹ This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.

² Established by the Food and Agriculture Organization of the United Nations (FAO), the World Bank Group, the World Health Organization (WHO), the World Organisation for Animal Health (OIE) and the WTO, the STDF is financed by voluntary contributions. The WTO provides the Secretariat and manages the STDF Fund.

stimulate economic growth and competitiveness has generated a renewed focus on SPS measures and the extent to which, if any, these measures unnecessarily increase the cost of doing business.

2.2. STDF's work in this area has focused on identifying and disseminating experiences and good practices in developing countries to improve the implementation of SPS controls in a way that facilitates safe trade, while minimizing transaction costs. This has resulted in several workshops, briefing notes, reports, as well as a short video showing what Chile, Peru and Colombia have done to make goods flow faster across their borders, while preventing the spread of pests or diseases, and ensuring that food is safe for consumers. More information on this work is available on the STDF website.³

2.3. The STDF has also drawn attention to the increasing use of electronic SPS certificates (SPS e-cert), in the broader context of paperless trade, as a means to complement the modernising reforms encouraged by the WTO Trade Facilitation Agreement (TFA). Paperless SPS systems can improve traceability throughout SPS supply chains, reduce food waste, reduce trade times and costs, reduce fraudulent certificates, and build trust among trading partners. However, certain conditions must be in place to enable full digitisation across all agencies in developing countries. Public and private sectors must leverage existing solutions to improve data transfer and information exchange. Financing models need to be made available to developing countries to support the effective transition to automated SPS systems.

2.4. More information on SPS e-cert, including a short STDF briefing note, is available on the STDF website.⁴ The STDF also supports projects focused on "e-phyto" and "e-vet", implemented by FAO/IPPC and the OIE respectively, with support from the World Bank Group, and range of other international organizations and industry groups. On 9-10 July 2018, the WTO SPS Committee will organize a thematic workshop on Control, Inspection and Approval Procedures (Annex C of the SPS Agreement).⁵

3 GOOD REGULATORY PRACTICE

3.1. The STDF is undertaking work on the use of Good Regulatory Practices (GRP) to improve the quality and effectiveness of SPS measures in developing countries, in order to ensure health protection and facilitate safe trade. GRPs are defined as internationally recognized processes, systems, tools and methods to improve the quality of regulations and ensure that regulatory outcomes are effective, transparent, inclusive and sustained (World Bank, 2015). The aim of this work, to be further discussed in the next STDF Working Group meeting on 29-30 October 2018, is to provide guidance to ensure that SPS measures are "fit for purpose" and that they avoid the creation of non-tariff barriers. More information, including a background note, is available on the STDF website.⁶

4 PUBLIC PRIVATE PARTNERSHIPS

4.1. As the leading actor in food and agricultural production and trade, the private sector has a vital role to play in meeting SPS requirements. A strong private sector helps to drive improvements in SPS capacity and raise awareness about the importance of investing in food safety, veterinary and plant health services as public goods. It helps to support job creation and livelihoods, and to promote economic growth. Where SPS capacity gaps persist, the private sector complements and multiplies public sector efforts so that exports of food and agriculture products meet trading partners' SPS requirements.

4.2. For many years, the STDF has analysed the emergence, operation and performance of partnerships between government agencies responsible for food safety, animal and plant health and/or trade and the private sector. A landmark STDF publication, issued in 2012, provides numerous examples of public private partnership (PPPs) and highlights lessons learned. Some PPPs focus primarily on capacity building whereby the public and private sector work together – at the international, regional, national and/or sub-national level – to address specific SPS capacity

³ See: <http://www.standardsfacility.org/facilitating-safe-trade>.

⁴ See: <http://www.standardsfacility.org/SPS-eCert>.

⁵ See document G/SPS/GEN/1613/Rev.

⁶ See: <http://www.standardsfacility.org/good-regulatory-practice>.

constraints and/or take advantage of market opportunities. Other PPPs are centred on co-regulatory approaches to SPS management.

4.3. In March 2018, the STDF Working Group recognized that PPPs remain very topical and that more needs to be done to move from talk to action. Members agreed that the STDF should continue promoting and raising awareness about the potential value and role of PPPs in enhancing SPS capacity and fostering additional dialogue on how to strengthen collaboration between regulatory authorities and the private sector. More information on STDF's work in this area, including the STDF publication and a background note, is available on the STDF website.⁷ A separate briefing note illustrates how STDF-funded projects contribute to private sector development.⁸

5 ASSESSING AND PRIORITIZING SPS INVESTMENTS

5.1. Evaluating SPS capacity is a first step to identify and address priorities, including the development of needs-based SPS projects. In this context, countries are encouraged to review and assess their capacity on food safety, animal and plant health by using tools developed by FAO/WHO, OIE and IPPC, respectively. These tools provide the evidence and knowledge for making informed decisions about SPS investments. More information about these tools, including examples of how their use has helped leverage additional resources, is available in a recent STDF briefing note.⁹

5.2. The STDF has also developed a complementary framework to inform and improve SPS decision-making processes entitled Prioritizing SPS Investments for Market Access (P-IMA). This framework has been used to prioritize SPS investment options in several developing countries that differ considerably in the scale and diversity of their food and agricultural exports, and the range and magnitude of SPS capacity building needs. To date, experiences highlight several benefits, for instance to facilitate public-private dialogue on SPS matters, increase political awareness about the benefits of strengthening SPS capacity, inform and improve national SPS planning and decision-making processes, support project design and leverage additional funding resources.

5.3. The STDF is currently funding application of the P-IMA framework in Madagascar¹⁰ and Tajikistan¹¹ to prioritize SPS investment needs in key value chains with export potential. A project with the Common Market for Eastern and Southern Africa (COMESA) will soon start (with co-funding from the EIF) to utilize the P-IMA framework help selected COMESA member states to prioritize and mainstream SPS investments into investment plans for agriculture, trade, climate change and the environment, including the Comprehensive Africa Agriculture Development Plan (CAADP).

5.4. The P-IMA user guide, as well as a short briefing note, is available on the STDF website.¹² Delegates who would like to have more information on how to use and benefit from the P-IMA framework are encouraged to contact the STDF Secretariat.

6 ADVOCACY AND OUTREACH

6.1. As highlighted above, and as part of its role to share available know-how and SPS-related good practice, the STDF regularly issues briefing notes on issues of interest. For example, in 2017 the STDF issued a note illustrating how STDF projects are helping women working in agricultural value chains to overcome obstacles by plugging the knowledge gap on SPS issues and accessing domestic and export markets.¹³ Examples of STDF's work on gender have been presented on a number of occasions, including during International Women's Day at the WTO in 2017 and 2018.

6.2. In 2018, the STDF issued a results book which highlights the results and impacts of a wide range of STDF projects that have been implemented over the last decade in the areas of food

⁷ See: <http://www.standardsfacility.org/public-private-partnerships>.

⁸ See: <http://www.standardsfacility.org/partnering-private-sector>.

⁹ See: http://www.standardsfacility.org/sites/default/files/STDF_Briefing_14.pdf.

¹⁰ See: <http://www.standardsfacility.org/PPG-575>.

¹¹ See: <http://www.standardsfacility.org/PPG-561>.

¹² See: <http://www.standardsfacility.org/prioritizing-sps-investments-market-access-p-ima>.

¹³ See: http://www.standardsfacility.org/sites/default/files/STDF_Briefing_note_13.pdf.

safety, animal and plant health and trade in Africa, Asia and Latin America. The results book is available on the STDF website.¹⁴ More recently, the STDF issued its 2017 Annual Report, which shows that building SPS capacity enables more people to benefit from trade. This not only gives a boost to the economy, it also contributes to achieving the Sustainable Development Goals (SDGs) by driving up incomes in poor areas, promoting domestic food security, protecting the environment, improving public health and empowering women.¹⁵

6.3. STDF's YouTube channel includes links to all STDF films such as "Safe Trade Solutions" and "Cocoa: a sweet value chain".¹⁶ It also includes links to other relevant SPS film material, including material produced within STDF projects. A recent example is a film on how the STDF supported four African countries in identifying solutions to improve compliance with the international wood packaging standard in international trade (ISPM 15).¹⁷

6.4. The STDF Virtual Library is an online information repository providing quick and easy online access to a variety of information resources focused on SPS technical cooperation and capacity building.¹⁸ This includes project documents and final reports, training materials, project evaluations/reviews, SPS capacity needs assessments, cost-benefit analyses, case studies, relevant research papers and other articles on SPS capacity building.

7 PROJECT DEVELOPMENT AND FUNDING

7.1. The STDF provides advice and support to beneficiaries on SPS project development and finances project preparation grants (PPGs). PPGs, normally up to US\$50,000, are available to help applicants articulate their SPS needs and develop technically sound and sustainable project proposals. PPGs can be requested to: (i) apply SPS capacity evaluation and prioritization tools; (ii) prepare feasibility studies before project development to assess the potential impact and economic viability of proposals in terms of costs and benefits; and (iii) develop project proposals for funding by donors or the STDF.

7.2. A total of 90 PPGs have been approved and funded by the STDF since its inception.

7.3. Project grant (PG) financing is also available from the STDF. Favourable consideration is given to projects that: (i) identify, develop and disseminate good practice in SPS-related technical cooperation, including the development and application of innovative and replicable approaches; (ii) apply regional approaches to address SPS constraints; and/or (iii) implement collaborative approaches across food safety, animal and plant health and trade.

7.4. Beneficiaries must contribute to the project from their own resources, either in the form of financial or in-kind contributions such as staff time, use of premises, vehicles or other existing assets.

7.5. A total of 87 project grants have been approved for STDF funding since its inception.

7.6. Since its inception, the STDF has devoted 66% of its project and PPG resources to LDCs and other low income countries (OLICs). The STDF continues to meet its target to devote at least 40% of its project and PPG resources to LDCs and OLICs. In particular, the allocation of PPG resources to LDCs and OLICs remains high (i.e. 75% of the overall budget for PPGs).

7.7. 49% of the number of STDF projects and PPGs has gone to Africa, 24% to Asia-Pacific, 15% to Latin America and the Caribbean, and 2% to other regions (the Middle East and Europe). In addition, 10% of the STDF projects and PPGs are classified as global.

7.8. Applications for PPGs and project grants can be submitted at any point in the year but should be received at least 60 working days in advance of each Working Group meeting in order to be considered at that meeting. The next deadline for the submission of applications is **10 August 2018**.

¹⁴ See: <http://www.standardsfacility.org/driving-safe-trade-solutions-worldwide>.

¹⁵ See: http://www.standardsfacility.org/sites/default/files/STDF_Annual_Report_2017.pdf.

¹⁶ See: <https://www.youtube.com/channel/UC3ZaHQUneOGAELWjcXwFwkg>.

¹⁷ See: <http://www.standardsfacility.org/PG-460>.

¹⁸ See: <http://www.standardsfacility.org/library>.

RECOMMENDED STEPS TO FOLLOW WHEN SEEKING PG OR PPG FUNDING OPPORTUNITIES WITH THE STDF:

1. Browse the webpages for information (aims, eligibility criteria, etc.) on:

- PPGs: <http://www.standardsfacility.org/project-preparation-grants>
- PGs: <http://www.standardsfacility.org/project-grants>

2. View examples of previous projects:

- a. PPGs: <http://www.standardsfacility.org/projectpreparationgrants>
- b. PGs: <http://www.standardsfacility.org/projectgrants>

3. Carefully read the guidance note for applicants:

http://standardsfacility.org/sites/default/files/STDFGuidanceNote_English_FINAL_2015.pdf

4. Consult relevant stakeholders in the country/region.

5. Send a brief concept note of your potential project for feedback on eligibility and likelihood of funding (STDFSecretariat@wto.org).

6. Fill out an application form and submit it electronically before the deadline:

- a. PPGs: http://standardsfacility.org/sites/default/files/PPGApplicationForm_English_FINAL_2015.doc
 - b. PGs: http://standardsfacility.org/sites/default/files/PGApplicationForm_English_FINAL_2015.doc
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