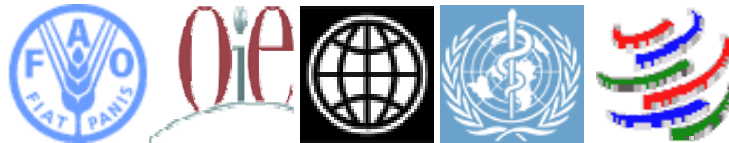


OPERATIONAL RULES OF THE STANDARDS AND TRADE DEVELOPMENT FACILITY

A joint initiative of the Food and Agriculture Organization, the World Organisation for Animal Health, the World Bank, the World Health Organization and the World Trade Organization



I. OVERVIEW

1. The aims of the STDF are:
 - to assist developing countries enhance their expertise and capacity to analyze and to implement international sanitary and phytosanitary (SPS) standards, so improving their human, animal and plant health situation, and thus ability to gain and maintain market access; and
 - to act as a vehicle for awareness raising on the importance of SPS issues, co-ordination among technical co-operation providers, the mobilization of funds, the exchange of experience and the dissemination of good practice in relation to the provision and receipt of SPS-related technical co-operation.
2. In addition to facilitating international trade, SPS capacity building can result in improved human and agricultural health conditions for local markets and so favour economic and social development. The STDF is distinct from and complementary to other initiatives to facilitate the participation of developing countries in SPS standard-setting processes.

What is the STDF?

3. The STDF is a co-ordination and resource mobilization mechanism. It acts as a forum for information sharing on good practice and SPS-related technical co-operation activities. It also aims to mobilize resources to address SPS issues which limit the trading possibilities of developing countries and so better protect human, animal and plant health from SPS risks.
4. Central to the STDF's co-ordination role is reporting on technical co-operation provided or planned, the sharing of project and programme implementation experience, and the dissemination of good practice in relation to both the provision and receipt of SPS-related technical co-operation. A further component of STDF's co-ordination function is to ensure that projects and other proposed technical initiatives do not duplicate past, present or planned technical co-operation activities.¹ Detailed information on the coordination mechanism is provided in section III of this document.
5. A core function of the STDF is to mobilize funds to implement SPS-related projects and programmes. Project preparation grants are a key mechanism in the development of the STDF programme and aim to bridge the gap between the identification of needs and their articulation into good (i.e."bankable") projects which will mostly be funded outside the STDF. This mechanism is particularly useful for addressing needs, such as those identified in Least Developed Countries (LDCs) through the Enhanced Integrated Framework process.²
6. Limited grant financing is also available for projects which address underlying issues of SPS capacity building in beneficiary countries (in particular in LDCs or Other Low Income Countries (OLICS), or on a regional basis) through innovative, preventative pilot projects which may be replicated by other donors. Grant financing is also available for projects which aim to address gaps in SPS information, training materials or which aim to improve co-ordination among SPS technical co-operation providers. No minimum limit applies on the

¹ As recommended by the OECD Paris Declaration on Aid Effectiveness.

² The Enhanced Integrated Framework for Trade-Related Technical Assistance to LDCs (EIF) is a multi-agency, multi-donor program that assists LDCs to expand their participation in the global economy whereby enhancing their economic growth and poverty reduction strategies. See <http://www.integratedframework.org/> for further information on the Enhanced Integrated Framework.

size of the projects funded, although projects will preferably be in the range of US\$150,000 and US\$600,000. Beneficiaries are required to meet part of the cost of the implementation of projects either through financial or in-kind contributions dependent on their country classification in the OECD Development Assistance Committee List of ODA recipients. Applications from Upper Middle Income Countries (UMICs) must demonstrate that the project will have positive spill-over effects for other LDCs, OLICs and/or Lower Middle Income Countries (LMICs), e.g. through innovative or demonstration projects. Detailed information on the funding mechanism, including eligibility criteria, is provided in section IV of this document.

II. ORGANIZATION OF THE FACILITY

(a) Structure of the Facility

7. The partners which jointly established the Facility (the Food and Agriculture Organization (FAO), the World Organization for Animal Health (OIE), the World Bank, the World Health Organization (WHO) and the World Trade Organization (WTO)) are members. Representatives of donors currently contributing funds to the STDF and representatives of developing countries are also members of the Facility.³

8. The Facility follows the governance arrangements of the host organization, WTO. Fiduciary responsibilities and arrangements are presented in Section V. The STDF has no legal personality.

9. The Facility consists of three main bodies:

- (i) The **Policy Committee** decides on policy and strategy and is responsible for oversight of activities of the Working Group;
- (ii) The **Working Group** reports to the Policy Committee and is responsible for preparing and approving work programmes, approval of grants, approval of the annual report of the Secretariat, oversight of the Secretariat, and appointment of committees for special tasks; and
- (iii) The **Secretariat** of the Facility is located at WTO and is bound by the legal and fiduciary rules of WTO and the Trust Fund that supports the Facility's activities.

(b) Policy Committee

10. The Policy Committee consists of high level representatives of the partners and, donors currently contributing funds to the STDF as well as developing countries. The Policy Committee:

- (i) Sets policy guidelines and provides policy oversight on the overall direction of the Facility;
- (ii) Provides guidance on programmes and the Facility's work agenda;

³ Donors are members of the STDF during the period for which funding is offered. Membership lapses one year after the end of the funding period if no further contribution is made. A rotation mechanism applies for donor representation in the STDF Policy Committee. Paragraph II(f) 22 further explains the arrangements for donor membership, while paragraph II(g) 24 explains the arrangements for membership of representatives of developing countries.

- (iii) Evaluates reports on progress of the Facility;
- (iv) Oversees efforts by the Working Group in the co-ordination of SPS-related technical co-operation and the dissemination of good practice in this regard; and
- (v) Seeks to develop a broader financial basis for the Facility through outreach to donors.

11. All decisions of the Policy Committee are taken by consensus. Meetings of the Policy Committee are called at the request of one or more of the members or through a decision of the Working Group. Its meetings are held on a rotational basis and chaired by the partner which hosts the meeting.

(c) Working Group

12. The Working Group consists of technical level representatives of the partners, donors currently contributing funds to the STDF and developing countries, and includes participation by the Secretariats of the Codex Alimentarius Commission (Codex) and the International Plant Protection Convention (IPPC).⁴

13. The Working Group approves STDF work programmes. Work programmes are established on the basis of approval given by the Working Group to:

- initiatives to facilitate co-ordination in the provision of SPS-related technical co-operation;
- project preparation grants; and
- project proposals.

14. Responsibilities of the Working Group include:

- (i) Preparation of work programmes, including staffing requirements;
- (ii) Exchange of experiences by partners, donors and developing countries in relation to the provision and implementation of SPS-related technical co-operation;
- (iii) Guiding the development of resources for co-ordination and dissemination of good practice, including data-bases, training materials, capacity evaluation tools, etc.;
- (iv) Review and approval of applications for funding by STDF or making recommendations to fund applications outside STDF;
- (v) Support to fund raising activities;
- (vi) Appointing advisory committees for special purposes; and
- (vii) Preparation of reports on progress for the Policy Committee.

⁴ Membership of the STDF may be expanded to include the participation of other relevant organizations in the Working Group on the basis of an unanimous decision by the Policy Committee.

15. The Working Group has final responsibility for allocating grants. It is assisted in this task by the STDF Secretariat.

16. All decisions of the Working Group are taken by consensus.⁵ The Working Group normally meets at least twice a year, with the location of the meetings to be determined on the basis of convenience for the participants.⁶

17. The Working Group selects a chairperson from among its members. The chair resides with the organization and is rotated on an annual basis among members. The Working Group also appoints a vice-chairperson who, on the expiry of the chairperson's term, becomes chairperson.

18. The role of the chairperson, or in his or her absence, the vice-chairperson, is to work with the STDF Secretary in advancing the implementation of the work programme. In particular, the chairperson will assist in: preparing meeting agendas and responding to official STDF correspondence; preparing the draft work programme of the STDF; representing the STDF in meetings with donors and other interested parties; and approving the reports of STDF-related meetings.

(d) Secretariat of the Facility

19. Under the overall responsibility of the Policy Committee, the direct responsibility of the Working Group and the administrative responsibility of the WTO, the STDF Secretariat:

- (i) Implements its coordination functions and responsibilities as outlined in section III;
- (ii) Helps beneficiary organizations in identifying and/or developing possible projects in priority areas of food safety, animal and plant health for funding by the STDF or from another funding source;
- (iii) Conducts reviews of applications for funding and other tasks as specified in paragraph IV(g) 78 and keeps records of applications received and projects approved for funding;
- (iv) Receives project reports from implementing and oversight agencies, approves payments and, as necessary, authorizes amendments in project implementation which maintain the overall objectives of the project.
- (v) Identifies and participates in activities to disseminate information on the STDF or STDF projects (independently of those identified in the annual or biennial work plan).
- (vi) Assists in identifying additional sources of funding for the Facility;
- (vii) Provides administrative assistance to the Policy Committee and the Working Group in the preparation of meetings, and performs the function of Secretary at these meetings;

⁵ The provisions of paragraph IV(f) 72 apply with regard to situations of conflict of interest.

⁶ To the extent practicable, STDF meetings will be held back-to-back with SPS Committee meetings.

- (viii) Assumes responsibility for the accounting and financial tasks needed to administer STDF funding; and
- (ix) Prepares annual reports on the achievements and finances of the Facility, oversees work programmes and performs other duties as required by the Policy Committee or Working Group.

20. The STDF Secretariat is located at the WTO. The WTO appoints the Secretary from its staff to head the Secretariat, and appoints or contracts other staff for the Secretariat as necessary, funded directly by the Facility. The Secretariat is bound by the legal and fiduciary rules of the WTO and the Trust Fund which supports the Facility's activities.

(e) Partners

21. The partners of the STDF are the Food and Agriculture Organization (FAO), the World Organisation for Animal Health (OIE), the World Bank, the World Health Organization (WHO) and the World Trade Organization (WTO). The WTO administers the Trust Fund and provides the Secretariat for the Facility. Partners are responsible for:

- (i) Providing input to the Policy Committee on priorities for and the overall direction of the STDF work programme;
- (ii) Providing information on past, present and planned activities, in particular in relation to the provision of SPS-related technical co-operation, for compilation by the Secretariat;
- (iii) Sharing training materials for broader dissemination;
- (iv) Scrutiny of applications for funding at stage 2 of the review process;
- (v) Review and approve applications for STDF funding or making recommendations to fund applications outside STDF at stage 3 of the review process;
- (vi) Implementation and/or provision of oversight services for STDF-funded projects falling within the scope of the partner's mandate;
- (vii) Fulfilling project reporting and oversight functions for all STDF-funded projects under their responsibility;
- (viii) Endorsement of project results and outcomes as appropriate; and
- (ix) Promotion of the STDF in appropriate fora.

(f) Donors

22. The governance of the STDF includes donors currently contributing funds to the STDF. To facilitate decision-making, a staggered rotation mechanism applies for donor representation in the Policy Committee. According to this rotation mechanism, donors agree on three representatives who serve on an 18 month rotation basis in the Policy Committee. Donors contributing funds to the STDF who are not included in the rotation mechanism may attend the Policy Committee, but in an observer capacity.

23. In addition to providing funds to the STDF Trust Fund, donors:
- (i) Provide input to the Policy Committee on priorities for and the overall direction of the STDF work programme;
 - (ii) Provide information on past, present and planned activities, in particular in relation to the provision of SPS-related technical co-operation, for compilation by the Secretariat;
 - (iii) Share experience in the implementation of SPS-related technical co-operation, in particular project evaluations;
 - (iv) Scrutinize applications for funding at stage 2 of the review process;
 - (v) Review and approve applications for STDF funding or make recommendations to fund applications outside STDF at stage 3 of the review process;
 - (vi) Explore possibilities to fund projects positively reviewed and recommended for funding outside STDF by the Working Group; and
 - (vii) Promote the STDF in appropriate fora.

(g) *Developing countries*

24. The governance of the STDF includes the representation of developing countries. This representation is ensured in two ways:

- (i) Through an 18 month staggered rotation mechanism, by which one representative each is drawn from the Americas, Africa and Asia. Representatives are selected by the STDF Working Group chairperson on the basis of recommendations of representatives made by the chairperson of the SPS Committee from a roster of candidates maintained by the Secretariat; and
- (ii) Through inclusion of an LDC representative proposed by the Board of the Enhanced Integrated Framework and confirmed by the STDF Working Group chairperson.

25. Developing country representatives serve on both the Policy Committee and Working Group and should have knowledge and expertise in the areas of food safety, animal health and plant health in trade issues – ideally resulting from current or past participation in the SPS Committee, or SPS market access issues more generally.

26. Developing country representatives:

- (i) Provide input to the Policy Committee on priorities for and the overall direction of the STDF work programme;
- (ii) Share experience in the request, receipt and implementation of SPS-related technical co-operation;
- (iii) Scrutinize applications for funding at stage 2 of the review process;

- (iv) Review and approve applications for STDF funding or make recommendations to fund applications outside STDF at stage 3 of the review process; and
- (v) Promote the STDF in appropriate fora.

(h) Observers

27. Organizations with SPS expertise or implementing SPS-related technical co-operation may participate as observers in meetings of the Working Group. Requests for participation are considered by the Working Group chairperson in consultation with the STDF Secretary on the basis of the SPS-related activities of the organization and its willingness to share information on its activities. Observers shall provide information on their past, present and planned activities, for compilation by the Secretariat. Observers do not have decision-making responsibilities or powers. Organizations implementing or supervising STDF-funded projects shall automatically be granted observer status for the duration of these projects to facilitate reporting to the Working Group. The Working Group chairperson shall give favourable consideration to requests from representatives of STDF project beneficiaries for observer status in the Working Group.

(i) WTO Committee on Sanitary and Phytosanitary Measures

28. The STDF Secretary will report to the regular meetings of the WTO Committee on Sanitary and Phytosanitary Measures (the SPS Committee) on STDF activities. The SPS Committee brings together Geneva-based delegates, representatives of partners and national experts from WTO Members. It normally meets three times per year.

III. COORDINATION AND INFORMATION DISSEMINATION

29. The STDF acts as a forum for coordination and resource mobilization among partners, donors, observers and beneficiaries to achieve greater coherence and synergy in their operations, strengthening current and future planned cooperation activities and avoiding duplication of effort.

30. A key role for the STDF is to act as a bridge between the technical work of the partner organizations on food safety, animal and plant health and a broader trade and development audience. The STDF shall seek to raise awareness of partner organizations' initiatives and to underline the broader benefits of investment in SPS public goods and capacity building, not least in the area of public and agricultural health (i.e. control of pests and diseases).

31. In line with STDF's aim to act as a forum for information sharing on good practice, particular consideration shall be given to the impact and effectiveness of SPS-related technical cooperation, notably in relation to market access and the generation of public goods.

32. Central to STDF's coordination role is the sharing of information in the Working Group on existing and planned SPS-related technical cooperation activities, capacity needs assessments, evaluations, training materials, etc. The format of information sharing shall be decided by the Working Group.

33. In addition, the Secretariat is tasked with the organization and implementation of specific coordination activities based on approval of its annual or bi-annual work programme. Within the STDF budget, the Working Group shall prioritize the financial resources necessary to organize and implement coordination activities following approval of the work programme, where applicable.

34. Key coordination functions and responsibilities of the Secretariat include the following areas:

- Maintaining regular and close contact with partners to ensure that their initiatives are publicized within the STDF and more broadly;
- Awareness raising on the importance and role of SPS capacity building in enhancing trade and development, in particular by maintaining close contacts with multilateral, regional and bilateral SPS-related co-operation programmes - especially the Enhanced Integrated Framework and Aid for Trade Initiatives;
- Collection of information and improving the reporting on SPS-related technical cooperation and its sub-categories food safety, animal and plant health;
- Organization of global level workshops of an informative and consultative nature, for instance with representatives of the private sector, non-governmental organizations (NGOs) working in the field of SPS capacity building and consumer organizations, on specific thematic SPS-related topics to be identified by the Working Group;
- Organization of regional consultations between donors, beneficiaries and regional organizations on technical co-operation priorities and funding mechanisms;
- Identification of good practice in the request, provision and receipt of SPS-related technical co-operation;

- Research on indicators of impact and on effectiveness of SPS-related technical cooperation;
- Mobilizing additional funds for SPS-related technical cooperation, liaising with donors and other funding mechanisms and preparation of a compendium on sources of technical cooperation;
- Dissemination of information on SPS-related technical cooperation activities, including capacity evaluation assessments, training materials, project evaluations, etc., through the Working Group, the SPS Committee, the STDF website, the STDF newsletter, consultations with partners, donors and observers and other interested organizations such as the Organization of Economic Co-operation and Development (OECD), as well as other fora as appropriate.

IV. FUNDING OF PROJECT PREPARATION GRANTS AND PROJECTS

(a) *Call for proposals*

35. Proposals for funding are solicited through notifications on the STDF website (<http://www.standardsfacility.org>). Partners and donors may also circulate announcements through their own websites and through their on-going communications with beneficiaries. The WTO provides regular announcements of calls for proposals through communications to the SPS Committee. Special effort is made to stimulate applications from LDCs or OLICs.

36. Requests for funding must be made in the format agreed by the Working Group for project preparation grants and project grants (see Annex I or as otherwise updated) and include a detailed budget. Applications for project funding shall normally include a Logical Framework (Log Frame) matrix.

37. Proposals must be submitted in electronic copy to the STDF Secretary by specific deadlines, normally at least 60 working days in advance of each Working Group meeting. Proposals are accepted in one of the three working languages of the WTO (English, French and Spanish). Proposals tabled after the 60 working day deadline are considered at the subsequent Working Group meeting. Costs of translation from French and Spanish into English (the working language of the STDF) will be borne by the WTO Secretariat. Proposals will be circulated to the Working Group in their original language version and, when available, in English translation.

(b) *Project Preparation Grants*

38. Project preparation grants (PPGs) aim to help overcome constraints faced by developing countries in the articulation of their SPS needs and are a key mechanism in mobilizing resources outside the STDF.⁷ Grant funds up to approximately US\$30,000 are available for project development. Such grants may also be awarded to assist eligible organizations revise project proposals which the Working Group deems of interest but in need of revision before final approval can be granted.

39. PPGs are also a mechanism ensuring synergy with other on-going initiatives. For example, in the Diagnostic Trade Integration Studies (DTIS) conducted under the Enhanced

⁷ Project preparation grants which make use of capacity evaluation tools developed in the areas of food safety, animal health, plant health and bio-security are encouraged. An overview of SPS capacity evaluation tools is contained in document G/SPS/GEN/821.

Integrated Framework, priority actions in the SPS area have been identified. PPGs have been used to bridge the gap between the identification of these needs and their articulation in project proposals.

40. The main criterion in awarding PPGs is the likelihood that the project developed may receive funding. Emphasis shall be placed on generating funding from sources other than the STDF during the PPG process, e.g. from a bilateral donor, through the Enhanced Integrated Framework, etc.

41. Applicants may specify a consultant to prepare a project on their behalf or request a shortlist of appropriate consultants as part of their funding application. Consultants contracted to prepare project proposals are not normally eligible to implement the resultant project.

(c) Project grants

42. Limited grant financing up to normally a maximum of US\$600,000 in STDF funding is available for project implementation. No minimum limit applies on the size of the projects funded, but projects should preferably be in the range of US\$150,000 and US\$600,000 in size.

43. Funding available from the STDF for projects is dependent on the beneficiary country or countries' classification in the OECD Development Assistance Committee List of ODA recipients.⁸ Applicant contributions to project funding must be from their own resources.

44. Regional projects (i.e. with two or more applicants in different countries) are particularly encouraged. For regional projects which include at least one LDC or Other Low Income Country (OLIC) the STDF will provide up to 90 per cent in grant funding. For regional projects without an LDC or OLIC, the STDF will provide up to 80 per cent in grant funding.

45. For other applicants, STDF funding is available as follows:

- For applicants from LDCs or OLICs, up to 90 per cent of the project value can be funded by STDF;
- For applicants from Lower Middle Income Countries (LMICs), up to 80 per cent of the project value can be funded by STDF; and
- For applicants from Upper Middle Income Countries (UMICs), up to 40 per cent of the project value can be funded by STDF.

46. Applicants from UMICs must additionally demonstrate that the project will have positive spill-over effects for other LDCs, OLICs and/or LMICs, e.g. through innovative or demonstration projects.

47. The applicants' own contribution to the project can be either in the form of financing or in-kind contributions such as staff time, use of premises, vehicles or other already existing assets. Such in-kind contributions should be costed and included within the project budget and are subject to audit.

⁸ For the OECD Development Assistance Committee List of ODA recipients see: <http://www.oecd.org/dataoecd/62/48/41655745.pdf>.

(d) *Eligible organizations*

48. The following organizations are eligible to apply for STDF funding:

- (i) Public sector entities (including regional or international bodies) with responsibility for SPS measures or policy either in their own right or in co-operation with the private sector.

Applications from the public sector must encourage concrete elements of public-private co-operation and consultation. Public and private organizations may enter into a contractual relation to conduct a particular project or activity jointly, e.g. public-private partnership, or public-private co-operation. Such co-operation assumes by definition that there can be no exclusivity. All interested private sector parties must have an equal chance to participate. The public sector should use a transparent competitive procedure to select a private sector entity or give reasons why this is not necessary (e.g. co-operation with a representative industry organization or a pilot project from which others can benefit). Once a decision is made, allocation of public funds should be transparent and granting of contracts should be limited to cases where accountability standards are audited and met through monitoring and evaluation procedures.

- (ii) Private sector entities and/or partnerships. Eligible private sector entities are:

- legally registered farmers' and/or professional service provider organizations;
- legally registered trade and industry associations.

Eligible partnerships are:

- one or more farmers' and/or professional service provider organizations with one or more private enterprises and/or trade and industry organizations and/or one or more public sector entities and/or one or more non-profit non-governmental organizations;
- one or more trade and industry associations with public sector entities and/or non-profit non-governmental organizations.

- (iii) STDF partners (FAO, OIE, the World Bank, WHO and WTO).

- (iv) Non-profit non-governmental organizations (NGOs) with expertise in the SPS area operating in developing countries with an eligible organization in the relevant developing country or countries.

49. The STDF should not substitute for other sources of funding available to the beneficiary either nationally or from the development community more generally. The STDF shall, in as much as possible, attempt to match requests for assistance with other available sources of funding.

50. Applicants must show, to the satisfaction of the Facility, that they are capable of implementing the requested project. For this purpose, applicants will be required to produce a record of achievements and a record of financial probity. Applicants may also specify an

STDF partner or third party acceptable to the Working Group to supervise implementation of the project. The prior written consent of the partner or third party must be obtained by the applicant.⁹

51. Alternatively, the applicant may specify an STDF partner or third party acceptable to the Working Group to implement the project. When the implementation services of a partner or third party are proposed, the applicant shall ensure that the prior written consent of the partner or third party is obtained. On the advice of the partner or third party, the applicant shall also ensure that the application follows the requirements of the partner or third party so as to minimize implementation delays after approval. Applicants must not be or have been involved in illegal activities.

(e) *Project eligibility criteria*

52. To be eligible, projects or project preparation grants must address one or more of the following three themes:

- **Theme 1: SPS capacity evaluation and planning tools, including the need for and implications of international standards and their application.**
- **Theme 2: Capacity building for public and private organizations, notably with respect to market access.**
- **Theme 3: Information sharing on standards and co-ordination of technical co-operation activities.**

53. The main objective of the project must be to:

- (i) enhance capacity to meet official or commercial requirements in the sanitary and phytosanitary field and so gain or maintain market access;¹⁰ and
- (ii) better protect human and animal health and plants against disease and pest hazards related to cross border trade.¹¹

54. The proposal should quantify project benefits for beneficiaries, in particular poverty reduction effects for smallholders and other producers, improved employment opportunities, improved domestic, and where applicable regional, SPS situation.

55. The proposal should describe how the project relates to past, present or planned SPS-related projects offered in the beneficiary country or beneficiary countries. Projects which build on previous or on-going projects, or which are new interventions, may be funded. Projects which duplicate past, present or planned SPS-related projects will not be funded.

⁹ An acceptable third party may be, for example, another multilateral (e.g. a specialized UN Organization) or a regional body.

¹⁰ The Facility supports projects whose aim is to achieve compliance with commercial standards only as part of a broader market access strategy which also fulfils official SPS requirements. The STDF does not “officially” endorse commercial schemes or fund projects whose sole focus is on compliance with a single commercial standard. Under theme 1, an eligible area of research is the cost of compliance with commercial standards.

¹¹ For projects which address food safety issues, consideration shall be given, where practical, to improving the public health situation in domestic markets through compliance with Codex standards.

56. The project should be a cost-effective contribution to resolving a specific SPS implementation issue. Costs and benefits should be justified against possible alternatives, including that of inaction.

57. The proposal should have written endorsement from all the organizations referenced as being involved in its implementation. In particular, projects submitted under the responsibility of one government ministry or organization should produce evidence of support for the project across all relevant government ministries or organizations. Projects submitted under the responsibility of private sector organizations should include letters of support from the relevant competent governmental authority or authorities. Regional projects should include letters of support for the project on the part of all the national governments concerned.

58. The proposal should include a clear organizational and decision structure, a detailed list of activities, a log frame matrix, cost and cost components and proposed funding. Projects should have clear, measurable outcomes against which an evaluation of their success can be made. The project should include a clear reporting schedule with a particular emphasis on meeting project targets - including an inception report, regular progress reports, draft final report and a final report. Reporting obligations will be further specified in the contract. The project should make provision for an ex post independent evaluation. It should also show how the results of the project will be disseminated.

59. Projects should not normally be longer than two years in duration. Project preparation grants must be contracted and implementation commenced within six months of the date of approval by the Working Group. For project grants, the same period is twelve months in duration. If implementation has not begun within these time periods the Secretariat shall withdraw the approval of funding and re-allocate funds to other approved initiatives. Any monies transferred to the project applicants shall be returned without delay. Should the applicant whose grant has been withdrawn still wish to implement the PPG or project, supporting documentation must be re-submitted for approval at the subsequent Working Group meeting.

60. The involvement of partner organizations can be crucial to the conception, development, and implementation of SPS projects, particularly for projects submitted under Themes 1 and 3 in Section IV(e) paragraph 52. For projects submitted by STDF partners, activities that would normally be undertaken as part of that partner's operations will not be financed. The STDF should not substitute for the regular budgetary resources of the partners. Project expenditures may not be used to cover core staffing and infrastructure-related costs. As cited in Section II(e) paragraph 21(ii), partners are expected to provide information on the projects they are implementing. This should include information on financing. STDF may co-fund partner projects only after the partner fully explains how the STDF co-funded project is separate from or in addition to the partner's current SPS-related activities. Any projects submitted by partners must demonstrate the following characteristics:

- corresponding demand for the project from a developing country or group of developing countries. All things being equal, priority shall be provided to proposals involving a group of countries over proposals involving a single country;
- collaborative project ideas, i.e. benefit from the involvement of two or more partners;
- and/or an innovative approach;
- and/or contribute to better co-ordination of SPS-related technical co-ordination or the dissemination of best practice;
- and/or address gaps in the quality and accessibility of SPS information;
- and/or address gaps in available training materials.

61. Partner or third party representatives shall report in writing at each Working Group on projects under their implementation or supervision.

62. Projects whose main objective is to address environmental or labour standards are not funded by the STDF. The Facility supports projects whose aim is to achieve compliance with commercial standards only as part of a broader market access strategy which also fulfils SPS requirements. The STDF does not "officially" endorse commercial schemes or fund projects whose sole focus is on compliance with a commercial standard. Projects whose primary aim is the delivery of workshops will only be funded if they are training-based and accompanied by a set of tangible outputs in the trainees' home countries (e.g. a plan for the onward dissemination of knowledge gained or for the implementation of an international standard).

63. The STDF will not provide funding for buildings, vehicles or major equipment items, with the qualified exception of information technology and laboratory equipment. With respect to laboratory equipment, the STDF will consider for funding only essential items needed to upgrade already existing laboratory capacity to implement specific project objectives. The STDF will not fund the construction of new laboratories. Furthermore, the purchase of laboratory equipment should be considered in relation to other issues such as the presence of adequate alternative laboratory capacity in the country or region, a plan for accreditation, access for private operators and the presence of trained staff to operate new equipment. The STDF will not fund pure scientific research.

(f) Review and Approval Process

64. Proposals are subject to review at three stages:

- On receipt by the STDF Secretary (stage 1);
- By STDF partners, donors and developing country representatives with expertise in the technical subject area and/or expertise in the potential beneficiary country or region (stage 2); and
- By the Working Group (stage 3).

65. All proposals must pass through the stages elaborated above. Review at stage 2 may be accompanied by a site visit if deemed necessary.

66. All reviews at stages 1 and 2 are conducted prior to each Working Group meeting. Review at stage 1 will be completed by the Secretariat and communicated to the Working Group no later than 20 working days before each meeting. To enable this process to function properly, proposals must be submitted to the STDF Secretariat before a pre-determined date, normally at least 60 working days before each Working Group meeting.

67. The preliminary review at stage 1 by the STDF Secretariat shall be guided by the OECD Paris Declaration on Aid Effectiveness and consider *inter alia*:

- (i) the eligibility of the project and applicant;
- (ii) the technical and professional capacity of the applicant and other collaborating organizations, if any, to undertake the actions described in the project proposal;
- (iii) a technical evaluation of the proposal to judge its feasibility, practicability and sustainability, including an assessment of the

likelihood that the project will achieve its expected outcome and impact;

- (iv) an assessment of the development dimension of the project, in particular any measurable impacts on market access, the domestic, and where applicable the regional, SPS situation, and poverty reduction;
- (v) linkages to past, present or planned bilateral or multilateral donor programmes (in particular the Enhanced Integrated Framework) – including possibilities for project funding outside the STDF;
- (vi) financial analysis of the project budget;
- (vii) verification of supporting documentation on the financial and economic standing of applicants and letters of support; and
- (viii) consideration of the project's alignment with national development strategies.

68. The STDF Secretariat shall not review applications from STDF partners. The STDF Secretariat shall appoint independent external consultants/experts to review partner project applications.¹²

69. The review at stage 2 will:

- (i) scrutinize the Secretariat or independent review at stage 1;
- (ii) share applications with organizations active in the beneficiary country or countries which are not part of the STDF;
- (iii) consider the technical content of the project in the light of the body of international standards either adopted or in the process of development;
- (iv) for projects in the food safety area, consider the likely benefits for domestic consumers of the proposed activities;
- (v) evaluate the project's technical content and the likelihood that results will be achieved;
- (vi) assess whether the project complements past, present or planned activities in the relevant technical area and fits with needs identified by partners (e.g. through the use of capacity evaluation tools) and donors;
- (vii) assess the possibility of funding the project outside the Facility; and
- (viii) evaluate economic, commercial and institutional viability in the light of experiences elsewhere and established expert views.

¹² In selecting independent external consultants/experts for review of partner project applications, the Secretariat shall normally apply the rules and procedures of Section IV(k) paragraph 103, as appropriate.

70. Stage 3 involves the review and possible approval for STDF funding by the Working Group of those projects which have successfully passed through stages 1 and 2. All comments made at stages 1 and 2 must be satisfactorily answered by the applicant before the project will be submitted for consideration by the Working Group.

71. At stage 3, the Working Group shall consider alternative funding sources for projects as identified by the Secretariat or by partners, donors and observers. The Working Group may review a particular project positively but recommend that the project be funded outside the Facility, and, if necessary, instruct the Secretariat to assist the applicant in exploring alternative funding sources.

72. Members shall declare conflicts of interest and shall not review, approve or prioritize projects for which such conflicts exist.¹³

73. The Working Group reviews projects which have successfully passed through reviews at stages 1 and 2 in the following order:

- (i) Projects resubmitted from previous Working Group meetings;
- (ii) Requests for project preparation grants;
- (iii) Projects from or benefiting eligible organizations in LDCs and/or OLICs;
- (iv) Projects from partners; and
- (v) Projects from or benefiting eligible organizations in non-LDCs and non-OLICs.

74. Projects within each category are examined according to the date of their receipt by the STDF Secretary, with those received the farthest in advance of each meeting being examined first.

75. The Working Group may only approve projects for funding by the STDF within the limit of the financial resources of the Facility for that year's operations (including funds carried over from previous years). In the event the financial resources of the Facility are insufficient to fund all the projects approved, the Working Group shall give priority first to staffing requirements necessary to fulfil existing Facility commitments, then to funding the implementation of STDF's coordination activities contained in the applicable STDF work programmes, funding project preparation grants, and lastly to those projects which have the highest quality, replicability and probable impact. The Working Group aims to devote at least 40 per cent of Facility project resources to beneficiaries in LDCs or OLICs. This target figure will be evaluated during the prioritization of projects by the Working Group and during review of the operation of the Facility.

76. Additional projects for funding by the STDF may be approved in principle by the Working Group, but implementation may only commence once funds covering the total value of the project to be funded by STDF have been received. If more than 12 months elapses in which no funding has been received with which to commence implementation, the Secretary shall liaise with the beneficiary on the continued need for the project and the project shall be referred back to the Working Group for its reconsideration.

¹³ Conflict of interest shall be determined on a case-by-case basis by the chairperson of the Working Group.

77. Following the approval of projects to be funded by the STDF, the Working Group shall discuss implementation arrangements for each project, in particular in relation to the provision of implementation or oversight services by partners or third parties, and the need for tendering.

(g) *Tasks of the STDF Secretariat in grant allocation*

78. The STDF Secretariat has the following tasks:

- Advise and inform possible applicants about all requirements for submission of applications and criteria used for review of projects;
- Acknowledge receipt of applications;
- Undertake a preliminary review of funding applications (at stage 1);
- Organise the independent review of project proposals submitted by partners;
- Submit project proposals to partners, donors, developing country representatives for review (at stage 2);
- Prepare advice for decision making by the Working Group (at stage 3);
- Follow-up on decisions of the Working Group on revision of projects;
- Draw up contracts with successful applicants;
- Identify funding possibilities for projects positively reviewed by the Working Group and recommended for funding outside STDF if so requested by the Working Group;
- Ensure applicants are aware of cut off dates for funding allocations should they fail to commence implementation;
- Organize the publication of tenders for project implementation, where applicable, on the STDF website and the websites of partners responsible for the project tender; and
- Ensure publication of all information on the STDF website about projects approved, on-going and completed.

(h) *Project implementation by applicants*

79. A contract shall be agreed between the WTO as Administrator of the Trust Fund and the successful applicant (and where applicable with the STDF partner or third party implementing or providing oversight services). A standard draft contract is included in Annex II. The contract – based on the approved project proposal - will specify the rights and obligations of the applicant in relation to *inter alia*:

- Implementation activities and services provided;
- Duration, remuneration and budget disbursement;
- Performance and requirements for project administration;
- Periodic reporting, auditing and financial management;
- Ownership of equipment, supplies and other property;
- Intellectual and industrial property rights;
- Use, distribution and publication of information;
- Conflict of interest and confidentiality;

- Project termination and arbitration; and
- Liability and privileges and immunities enjoyed by the WTO as an international organization.

80. The schedule of fund disbursements shall be determined on the basis of the specific project's needs. As a general rule, 15 per cent of the budget will normally be disbursed on signature of the contract. Further budget disbursements will be tied to the achievement of project targets. Normally, these additional disbursements will total 65 per cent on approval of interim reports and 20 per cent on approval of the final report.

81. The applicant makes available to the WTO (or where applicable to the partner or third party providing oversight services) all relevant factual and financial information upon request, including all accounts concerning the approved projects implemented under its responsibility and its yearly statement of account.

82. All declared expenses in the project accounts will be supported in the bookkeeping records of the applicant by original documents (invoices, vouchers, contracts, order forms, tickets, etc.).

83. The accounts presented by the applicant to the WTO (or where applicable to the partner or third party providing oversight services) shall follow the format and contain at least the same level of details as in the budget approved for a particular project. The applicant shall stand ready to answer the questions of the WTO (or where applicable the partner or third party providing oversight services) on these accounts, and provide a copy of supporting documents as needed.

84. The WTO may decide to give a specific mandate to an external auditor for the control of project expenses incurred. In such a case, the STDF shall bear the cost of the audit.

85. The aggregate of the amounts budgeted for the project together with any estimated payments in respect of support services shall not exceed the total resources available to the STDF.

86. The WTO may terminate the contract with the applicant *inter alia* if unforeseen increases in commitments or expenditures are expected or realised (whether due to inflationary factors, fluctuation in exchange rates or unforeseen contingencies).

87. Upon expiration or termination of a project, the applicant shall reimburse to the STDF any unused balance, including accrued interest, within three months, unless otherwise agreed in writing with the WTO.

88. Ownership of equipment, supplies and other property financed from the STDF is vested in the applicant. Matters relating to the further transfer of ownership shall be determined in accordance with its applicable policies and procedures.

89. Neither the applicant nor the WTO shall seek or invoke intellectual property rights on intellectual creations – including but not limited to techniques, methods, procedures, and any other information for better managing SPS market requirements - that may arise or emerge, directly or indirectly, as a result of a project. The applicant and the WTO shall agree that such creations should remain in the public domain.

(i) *Obligations of partners or third parties in project oversight*

90. The Working Group designates an STDF partner to implement or oversee the implementation of each activity financed by the STDF. Suitable third parties acceptable to the Working Group may also be designated to implement or oversee activities financed under the Fund.¹⁴ Partners or third parties providing oversight services for STDF projects may charge direct costs related to the provision of these oversight services to the project budget. A partner or third party may also be asked to tender an approved project and supervise both the tender process and implementation of the project by an independent contractor.

91. Partners or third parties overseeing projects provide, *inter alia*, the following services:

- monitoring that the applicant implements the project according to the project's terms of reference and in accordance with the project's timetable;
- reporting to the Working Group on project implementation;
- transmission to the WTO of all relevant factual and financial information, including project reports and a yearly statement of account and verification, if necessary, that declared expenses in the yearly statement of accounts are supported in the bookkeeping records of the applicant by original documents (invoices, vouchers, contracts, order forms, tickets, etc.);
- identify problems as and when they arise and recommend steps to resolve them;
- where necessary agree changes in project design or timetable to accommodate solutions to implementation problems; and
- responsibility for dissemination of project materials and drawing lessons from implementation of relevance to other projects and or programmes.

(j) *Obligations of partners or third parties in project implementation*

92. The partner or third party shall have sole responsibility for projects it implements once they have been approved by the Working Group.

93. On the basis of the budget approved by the Working Group for the project, the WTO shall transfer from the Fund to the partner or third party the agreed amount, including overheads or administrative costs.

94. The partner or third party shall make available to the WTO all relevant factual and financial information, including project reports and a yearly statement of account, concerning the approved projects implemented under its responsibility. The accounting period of reference is the calendar year.

95. All declared expenses in the yearly statement of accounts will be supported in the bookkeeping records of the partner or third party by original documents (invoices, vouchers, contracts, order forms, tickets, etc.).

¹⁴ An acceptable third party may be, for example, another multilateral (e.g. a specialized UN Organization) or a regional body.

96. Interests earned on the funds provided by the STDF shall be identified as such and shown in the financial reports and statements of account.

97. The accounts presented by the partner or third party to the WTO shall follow the format and contain at least the same level of details as in the budget approved for a particular project. The partner or third party shall stand ready to answer the questions of the WTO on these accounts, and to provide a copy of supporting documents as needed.

98. In consultation with the partner or third party, the WTO may decide to give a specific mandate to the external auditor of the partner or third party for the control of the expenses incurred under a particular project. In such a case, the STDF shall bear the cost of the audit.

99. The aggregate of the amounts budgeted for the projects together with any estimated payments in respect of support services shall not exceed the total resources available to the STDF.

100. If unforeseen increases in commitments or expenditures occur (whether due to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), after consultation with the partner or third party, the assistance to be provided under the STDF may be reduced, suspended or terminated by the WTO.

101. Upon expiration or termination of a project, the partner or third party shall reimburse to the STDF any unused balance, including accrued interest, within three months, unless otherwise agreed in writing with the WTO.

(k) Monitoring and evaluation of projects

102. The systematic monitoring and evaluation of projects undertaken by the Facility is one way in which information can be gathered about the relative effectiveness of different approaches to SPS capacity building. The applicant, STDF partner or third party implementing or overseeing the project ensures quality control, consistency of implementation against the objectives and outputs established in the project document, and other criteria as outlined in the contract.

103. All projects funded by the STDF shall include provision for an independent ex post evaluation, unless otherwise directed by the Working Group. For evaluations, a shortlist of three independent evaluators, drawn from a roster of consultants, should be circulated to the Working Group for comment. Final selection of independent evaluators shall be made by the Secretariat, in consultation with the chairperson of the Working Group as necessary. The basis for evaluation of the project is the activities and outputs described in the project document – in particular, a measurable impact on market access, improved domestic, and where applicable regional, SPS situation, and poverty reduction.

104. Good practice in SPS-related technical cooperation shall be endorsed by partner organizations, as appropriate, and disseminated widely by the STDF Secretariat.

(l) Monitoring and evaluation of the Facility

105. The operation of the STDF is evaluated by the Working Group on an annual basis. The Secretary prepares a draft narrative report for evaluation at the last meeting of the Working Group in each financial year. The report is based on (a) implementation of the tasks foreseen in the work programme for the operation of the STDF and (b) the monitoring and evaluation reports submitted by partners or third parties on individual projects. A final report, including audited accounts for the STDF, is circulated in the following calendar year.

106. The STDF is evaluated by an external reviewer appointed by the WTO after consultation with the Working Group at least every four years. After circulation to the Working Group, the evaluation is made available in a public document circulated through the SPS Committee.

V. FIDUCIARY RESPONSIBILITIES

107. The WTO serves as the Administrator of the STDF. The WTO Financial Rules and Regulations, together with the financial and administrative provisions contained in this document shall apply to the management of the STDF.

108. Financial and accounting records are kept in Swiss Francs. Financial transactions and financial statements are subject to internal and external auditing procedures laid down in the WTO Financial Rules and Regulations.

109. The WTO is free to subcontract certain of the Secretariat functions and use the services of outside experts as it deems it necessary.

Reporting

110. The WTO as Administrator reports to the Policy Committee through the Working Group on the financial operation of the Fund. The WTO submits a factual and financial report to the Policy Committee annually. The report contains detailed information on income and expenditure.

111. The accounting period of reference is the calendar year.

Contributions

112. Contributions are accepted in accordance with the WTO Guidelines on the Acceptance of Contributions, Gifts or Donations from Non-Governmental Donors.¹⁵ Contributions are deposited into a bank account designated by the WTO. Contributions received in currencies other than Swiss Francs may be converted in conformity with standard WTO practice.

113. Any interest income derived from contributions to the STDF Trust Fund is credited to the Fund in accordance with the applicable WTO regulations, rules and practices. Interest earned on contributions shall be identified as such and shown in the financial reports and statements of accounts.

Expenditure

114. Contributions received shall be used for staffing requirements, coordination activities, project preparation grants, project grants and other expenditure as approved by the Policy Committee, Working Group or STDF Secretary.

115. The following expenditure shall be charged directly to the STDF Trust Fund:

- costs related to implementation of coordination activities (as outlined in section III) contained in the annual or biennial STDF work programmes;
- costs related to STDF Secretariat participation in STDF meetings;
- costs related to the attendance at STDF meetings of developing country representatives participating in the rotation mechanism;
- costs related to WTO Secretariat travel (e.g. for meetings with donors);

¹⁵ WT/L/386/Rev 1.

- independent evaluations of the operation of the STDF;
- independent reviews of partner projects;
- specific mandates to an external auditor for the control of expenses on projects;
- staffing and operational needs directly related to the administration of the STDF by WTO (with the exception of the STDF Secretary appointed by the WTO Secretariat).

116. The WTO charges overhead costs equivalent to 13 per cent of direct costs financed by the STDF Trust Fund in accordance with the decisions of the WTO General Council.¹⁶ For projects implemented or overseen by partners or third parties, overhead costs are normally shared between the partner or third party and the WTO on a 12 per cent – 1 per cent basis.

117. The aggregate of the amounts committed and expenditures incurred for the projects together with the staffing and other operational costs shall not exceed the total resources available to the STDF Trust Fund.

Remaining Funds and Termination

118. Unexpended contributions at the end of a WTO financial year should normally remain available in the STDF Trust Fund in order to finance eligible projects and other related costs in the following year.

119. The WTO shall terminate the STDF Trust Fund upon completion of all projects identified pursuant to these operational rules and after satisfaction of all commitments and liabilities arising there from. Upon expiration or termination of the Trust Fund established for the STDF, the WTO undertakes to reimburse to donors any unused balance of the contributions in Swiss Francs.

Arbitration

120. In case of dispute as to the interpretation or application of the provisions contained in these operational rules, parties shall first seek to reach an amicable solution. Any dispute which cannot be solved amicably shall be settled by final and binding arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organizations and States, or the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organizations and Private Parties, whichever are applicable. The number of arbitrators shall be one. The language to be used in the arbitral proceeding shall be English. The place of arbitration shall be Geneva, Switzerland. Unless the parties agree on the name of an arbitrator within one month of the request for arbitration by either party, the appointing authority shall be the Secretary-General of the International Bureau of the Permanent Court of Arbitration, the Hague, The Netherlands.

¹⁶ WT/GC/M/32.

ANNEX I: FACILITY APPLICATION FORMS

GRANT APPLICATION FORM

1. Project title	Include the project title.
2. Theme 1, 2 and/or 3	Include the STDF theme(s) that the project will address.
3. Starting date	Include the starting date. Project implementation must commence within <u>twelve</u> months of the date of approval by the STDF Working Group.
4. Completion date	Include the completion date. Projects can be no longer than <u>two years</u> in duration.
5. Requesting organization(s)	<p>Include full contact details of the organization(s) and the relevant contact person(s).</p> <p>Projects submitted under the responsibility of one government ministry or organization must include letters of support for the project across <u>all</u> relevant government ministries or organizations. Projects submitted under the responsibility of private sector organizations must include letters of support from <u>all</u> relevant competent governmental authority or authorities. Regional projects must include letters of support for the project on the part of <u>all</u> the national governments concerned (Appendix 1).</p>
6. Implementing organization(s)	<p>Include full contact details of the implementing organization(s) and the relevant contact person(s).</p> <p>The organization (if similar to the requesting organization) must show that it is capable of implementing the project. For this purpose, the organization must produce a record of achievements and a record of financial probity. Alternatively, the organization may specify an STDF partner or third party to implement the project.¹⁷</p> <p>When the implementation services of a partner or third party are proposed, the applicant shall ensure that the prior written consent of the partner or third party is obtained. On the advice of the partner or third party, the applicant shall also ensure that the application follows the requirements of the partner or third party so as to minimize implementation delays after approval.</p> <p>The proposal must have written endorsement from <u>all</u> the organizations referenced as being involved in its implementation (Appendix 2).</p>

¹⁷ A third party may be for example another multilateral (e.g. a specialized UN Organization) or a regional body.

<p>7. Project background and rationale</p>	<p><u>Attach</u> description of the project background and rationale (Appendix 3), which shall:</p> <ul style="list-style-type: none"> • describe the relevant sector(s) or sub-sector(s) and explain their importance, describe the obstacles and constraints, and highlight their causes and effects. • explain the impacts the project is expected to have, in particular the impacts on market access, the SPS situation and poverty reduction (for projects which address food safety issues, consideration shall be given, where practical, to improving the public health situation in domestic markets through compliance with Codex standards). • describe how the project fits within national development strategies and policies. • justify the costs and benefits of the project against possible alternatives; the project should be a cost-effective contribution to solving obstacles and constraints. • identify and describe linkages to or coordination with related past, present and planned bilateral or multilateral donor projects and programmes, and explain how the project will complement and build on those technical cooperation initiatives. • examine the sustainability of the project and highlight the project's added value and expected catalytic role, including how the results of the project will be made available for possible wider use and suggestions where the project may be replicated, where possible.
<p>8. Project management</p>	<p><u>Attach</u> a description of the management structure of the project (Appendix 4). Depending on the type and complexity of the project, the establishment of a Project Steering Committee (PSC) may be considered.</p>
<p>9. Project objectives</p>	<p>State briefly but in specific terms the overall and immediate objectives which the project is expected to achieve in the logframe matrix (Appendix 5). The objectives must show relationship to the key STDF objectives and be formulated as the expected future improved situation after successful implementation of the project.</p> <p>Projects whose main objective is to address environmental or labour standards are not funded by the STDF. The Facility supports projects whose aim is to achieve compliance with commercial standards only as part of a broader market access strategy which also fulfils SPS requirements. The STDF does not "officially" endorse commercial schemes or fund projects whose sole focus is on compliance with a commercial standard. Projects whose primary aim is the delivery of workshops will only be funded if they are training-based and accompanied by a set of</p>

	tangible outputs in the trainees' home countries (e.g. a plan for the onward dissemination of knowledge gained or for the implementation of an international standard).
10. Project outputs	Specify clearly the project outputs (expected results) as the specific products of the project activities undertaken in the logframe matrix (Appendix 5). The outputs must be defined in terms that permit their verification in quantity, quality and time, be consistent with the project's objectives, and provide the basis for the elaboration of a clear and detailed Work Plan. Where possible, project benefits for final beneficiaries, such as smallholders, other producers, groups having or seeking employment, and consumers, must be quantified.
11. Project activities	Itemise and sequence the main project activities in the logframe matrix (Appendix 5). Where possible, this includes the organization of a final project workshop at the end of the project to present and share the results of the project with stakeholders. <u>Attach</u> a detailed Work Plan (Appendix 6), which defines all the substantive activities required to produce the outputs of the project. The Work Plan will serve as an instrument for monitoring project implementation and achievement.
12. Timetable	Attach a detailed Timetable (Appendix 7), which includes the start and completion date of the project and provides an indication of when each of the project activities shall be implemented and outputs produced. Projects cannot normally be longer than <u>two years</u> in duration. The Timetable will serve as an instrument for monitoring project implementation and achievement.
13. Private/public sector co-operation	Detail the arrangements for public/private sector co-operation, if any, in the project.
14. Budget	Specify the total project cost in US\$ <u>here</u> and <u>attach</u> a detailed breakdown of the proposed uses of the funds ¹⁸ (Appendix 8). The relationship between the projects inputs and the respective project activities supported by each input must be clear. Provision must also be made for an independent end of project evaluation (normally of approximately US\$15,000). The breakdown must at least include the following components: <u>Personnel services</u> . Detailed costs of project staff (national/international expert/consultants as well as other personnel) to be used in the project must be provided. <u>Attach</u> terms of reference (TOR) for key project staff to be used in the project, including specific tasks and responsibilities, qualifications required, the total duration of the assignment and, where appropriate, the number of missions (Appendix 9).

¹⁸ Grant financing up to normally a maximum of US\$600,000 is available for project implementation. No minimum limit applies on the size of the project, though projects should preferably be in the range of US\$150,000 and US\$600,000 in size

	<p><u>Travel.</u> Detailed costs of travel of project staff must be provided. This includes international flights, in-country flights, Daily Subsistence Allowance (DSA), car rental etc..</p> <p><u>Training.</u> Detailed costs of providing training (study tours, workshops and seminars) must be provided. Training costs may be related to expenses of participants travelling to the training site, costs required for setting up the training, training materials etc.</p> <p><u>General operating expenses.</u> Detailed costs to cover miscellaneous expenses required for the implementation of the project, such as telephone communication, photocopying etc. must be provided.</p> <p><u>Equipment.</u> The STDF does <u>not</u> provide funding for buildings, vehicles or major equipment items, with the qualified exception of <u>information technology and laboratory equipment</u>. With respect to laboratory equipment, the STDF will consider for funding only essential items needed to upgrade already existing laboratory capacity to implement specific project objectives. The STDF will <u>not</u> fund the construction of new laboratories. Furthermore, the purchase of laboratory equipment must be considered in relation to other issues such as the presence of adequate alternative laboratory capacity in the country or region, a plan for accreditation, access for private operators and the presence of trained staff to operate new equipment.</p> <p>Where appropriate, detailed costs of information technology and/or laboratory equipment to be funded by the Facility must be provided. A specified list of such equipment must also be provided (Appendix 10).</p>
15. Non STDF contributions	<p>Funding available from the STDF for projects is dependent on the beneficiary country classification in the OECD Development Assistance Committee List of ODA recipients.¹⁹</p> <p>Regional projects (i.e. with two or more applicants in different countries) are particularly encouraged. For regional projects which include at least one LDC or Other Low Income Country (OLIC) the STDF will provide up to 90 per cent in grant funding. For regional projects without an LDC or OLIC, the STDF will provide up to 80 per cent in grant funding</p> <p>For other applicants, STDF funding is available as follows:</p> <ul style="list-style-type: none"> • For applicants from LDCs or OLICs, up to 90 per cent of the project value can be funded by STDF • For applicants from Lower Middle Income Countries (LMICs), up to 80 per cent of the project value can be

¹⁹ For the OECD Development Assistance Committee List of ODA recipients see: <http://www.oecd.org/dataoecd/62/48/41655745.pdf>

	<p>funded by STDF</p> <ul style="list-style-type: none">• For applicants from Upper Middle Income Countries (UMICs), up to 40 per cent of the project value can be funded by STDF <p>Applicants from UMICs must additionally demonstrate that the project will have positive spill-over effects for other LDCs, OLICs and/or LMICs, e.g. through innovation or demonstration projects.</p> <p>The applicant's own contribution to the project can be either in the form of financing or in-kind contributions such as staff time, use of premises, vehicles or other already existing assets. Such in-kind contributions should be costed and included within the project budget and are subject to audit.</p>
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Appendix 1: Supporting letters

Appendix 2: Endorsement of implementing organizations

Appendix 3: Description of the project background and rationale

Appendix 4: Description of the project management structure

Appendix 5: Logframe matrix (attached)

Appendix 6: Work Plan

Appendix 7: Timetable

Appendix 8: Budget

Appendix 9: TORs of key project staff

Appendix 10: Equipment list

Appendix 5: Logframe matrix for STDF projects

	Project description	Measurable indicators	Sources of verification	Assumptions and risks
Overall objectives (goals)	What are the broader development objectives (goals) to which the project contributes?	How are overall objectives to be measured (quantity, quality and time)?	What are the sources of information (and methods to collect and report it) for these indicators?	What are the external factors and conditions necessary to sustain overall objectives in the long run?
Immediate objectives (purpose)	What are the immediate and specific development objectives at the end of the project?	How are objectives to be measured (quantity, quality and time)?	What are the sources of information (and methods to collect and report it) for these indicators?	What are the external factors and conditions necessary to achieve objectives? Which risks should be taken into consideration?
Expected results	What are the tangible products and services delivered by the project to achieve its purpose?	How are results to be measured (quantity, quality and time)?	What are the sources of information (and methods to collect and report it) for these indicators?	What external factors and conditions outside project control must be met to obtain the expected results on schedule?
Activities	What are the key activities to be carried out and in what sequence to produce expected results?	What are the work programme targets (milestones)? What are the means and costs required to implement these activities (provide summary for each)?	What are the sources of information to measure progress in implementation?	What external factors and conditions outside project control must be met to implement the planned activities on schedule?

PROJECT PREPARATION GRANT (PPG)

APPLICATION FORM

1. PPG title	Include the PPG title.
2. Theme 1, 2 and/or 3	Include the STDF theme(s) that the PPG will address.
3. Starting date	Include the starting date. PPG implementation must commence within <u>six</u> months of the date of approval of the STDF Working Group.
4. Completion date	Include the completion date.
5. Requesting organization(s)	<p>Include full contact details of the requesting organization(s) and the relevant contact person(s).</p> <p>PPGs submitted under the responsibility of one government ministry or organization should include letters of support from other relevant government ministries or organizations. PPGs submitted under the responsibility of private sector organizations should include letters of support from relevant competent governmental authority or authorities. Regional PPGs should include letters of support for the PPG on the part of <u>all</u> the national governments concerned (Appendix 1).</p>
6. Proposed consultant(s)	<p>The requesting organization(s) may specify one or more consultants to prepare a project on their behalf, in which case full contact details of the consultant(s) must be provided, as well as a Curriculum Vitae and a record of achievements (Appendix 2).</p> <p>Alternatively, the requesting organization(s) may request the STDF Secretariat to provide a shortlist of appropriate consultants.</p>
7. PPG background and rationale	<p><u>Attach</u> description of the PPG background and rationale (Appendix 3), which shall:</p> <ul style="list-style-type: none"> • describe the relevant sector(s) or sub-sector(s) and explain their importance, describe the obstacles and constraints, and highlight their causes and effects. • explain the impacts the resultant project is expected to have, in particular the impacts on market access, the SPS situation and poverty reduction. • describe how the resultant project fits within national development strategies and policies. • identify and describe linkages to or coordination with related past, present and planned bilateral or multilateral donor projects and programmes, and explain how the resultant project is expected to complement and build on

	<p>those technical cooperation initiatives.</p> <ul style="list-style-type: none"> • examine the sustainability of the resultant project and highlight its added value and expected catalytic role, including how the results of the resultant project are expected to be available for possible wider use and suggestions where the resultant project may be replicated, where possible.
8. Resultant project objectives	State briefly the objectives which the resultant project is expected to achieve. The objectives should show relationship to the key STDF objectives and be formulated as the expected future improved situation after successful implementation of the project.
9. PPG outputs	Specify the PPG outputs, which will normally include the preparation of a fieldwork report and a project proposal in accordance with the applicable format for project grants.
10. PPG activities	<p>Itemise the main PPG activities <u>here</u>. Where possible, the activities must include the organization of a workshop to present and discuss the report and the proposed project with stakeholders and receive their comments.</p> <p><u>Attach</u> a detailed Work Plan (Appendix 4), which defines all the substantive activities required to produce the PPG outputs. The Work Plan will serve as an instrument for monitoring PPG implementation and achievement.</p>
11. Timetable	Attach a detailed Timetable (Appendix 5), which includes the start and completion date of the PPG and provides an indication of when each of the project activities shall be implemented. The Timetable will serve as an instrument for monitoring PPG implementation and achievement.
12. Private/public sector co-operation	Detail the expected arrangements for public/private sector co-operation, if any, in the resultant project.
13. Budget	<p>Specify the total PPG cost in US\$ <u>here</u> and <u>attach</u> a detailed breakdown of the proposed uses of the funds²⁰ (Appendix 6). The relationship between inputs and the respective PPG activities supported by each input should be clear.</p> <p>The breakdown should at least include the following components:</p> <p><u>Personnel services</u>. Detailed costs of the selected consultant(s), if any, to be used for the preparation of the project must be provided. <u>Attach</u> terms of reference (TOR) for the proposed consultant(s), if any, including specific tasks and responsibilities and, where appropriate, the number of missions (Appendix 7).</p> <p><u>Travel</u>. Detailed travel costs of the selected consultant(s), if any,</p>

²⁰ Grant financing up to a maximum of US\$30,000 is available for project preparation.

	<p>must be provided. This includes international flights, in-country flights, Daily Subsistence Allowance (DSA), car rental etc. The costs of flights must be estimated on economy basis.</p> <p><u>Workshops.</u> Detailed costs of workshops, if any, to present and discuss the report and the proposed project with stakeholders must be provided. Workshop costs may be related to expenses of participants travelling to the workshop site.</p> <p><u>General operating expenses.</u> Costs to cover miscellaneous expenses required for the implementation of the PPG, such as telephone communication, photocopying etc.</p> <p>The STDF does <u>not</u> provide PPG funds for equipment (buildings, vehicles, information technology, laboratory equipment or other major equipment items).</p>
14. Non STDF contributions	Specify inputs, if any, provided by the requesting organization(s).

Appendix 1: Supporting letters

Appendix 2: Curriculum Vitae and record of achievements

Appendix 3: Description of PPG background and rationale

Appendix 4: Work Plan

Appendix 5: Timetable

Appendix 6: Budget

Appendix 7: TORs for consultant(s)

ANNEX II: STANDARD DRAFT CONTRACT

This Contract is entered into between () (the Contractor), represented by (), and the World Trade Organization (the WTO), represented by ().

Article 1 – Objective

1. The objective of this Contract is to define the terms and conditions in relation to the implementation by the Contractor of STDF project () entitled () (the Project) (**Annex I**). The Project is financed by the Standards and Trade Development Facility (STDF).

2. The Contractor agrees that this Contract applies exclusively to the implementation of the Project and that this Contract does not establish any employment relationship between the WTO and any of the employees/collaborators of the Contractor.

Article 2 – Duration

The contract shall run from () until ().

Article 3 - Performance

1. The Contractor shall implement the Contract according to the highest professional standards. The Contractor shall have sole responsibility for complying with all legal obligations incumbent on it, whenever they may arise.

2. The Contractor agrees that () has been designated to provide supervision and oversight services in relation to the implementation of the Contract. The Contractor agrees and accepts to follow the instructions and recommendations of () in this regard. The WTO shall immediately inform the Contractor of any change in the designation of supervising agency in writing.

3. The Contractor shall not represent the WTO and shall not implement this Contract in any way that would give such impression.

4. The Contractor shall index and register all documents and information in its possession relating to the implementation of the Contract. The Contractor shall stand ready to provide this information to the WTO upon expiration or termination of the Contract as referred to in Article 13.

5. The Contractor shall forthwith inform the WTO, with the relevant details, of any event that could lead to the non-performance or delayed performance in the implementation of the Project. The Contractor and the WTO may agree together on measures to be taken.

Article 4 – Sub-contracting

1. The Contractor shall not, without the prior written authorization of the WTO, assign the rights and obligations arising from this Contract in whole or in part, nor shall it sub-contract, or cause the Contract to be performed in practice by any other third party.

2. In the absence of authorization referred to in the previous paragraphs, or in the event of failure to observe the terms thereof, the assignment by the Contractor shall not be enforceable against and shall have no effect on the WTO.

Article 5 – Reporting

1. The Contractor shall report to the WTO on progress in the implementation of the Project through an inception report and thereafter through progress reports at six monthly intervals (i.e. bi-annual) during the life of the Project. A short implementation status report shall be provided 14 days in advance of each STDF Working Group meeting.

2. The Contractor shall submit a final Project report to the WTO no later than (), unless otherwise agreed in writing by the WTO.

3. On receiving an inception, progress or final Project report, the WTO may approve the report concerned with or without comments, reservations or requests for additional information, or request a new report.

4. The WTO will provide the Contractor with templates for reporting.

Article 6 - Financial management

1. The Contractor shall implement the Contract in a sound financial manner.
2. The Contractor shall make available to the WTO all relevant factual and financial information upon request, including all accounts concerning the Project, and a yearly statement of account, with a view to ensuring that the Contract is being properly implemented. All declared expenses in the Project accounts shall be supported in the bookkeeping records of the Contractor by original documents (invoices, vouchers, contracts, order forms, tickets, etc.).
3. The accounts presented by the Contractor to the WTO shall follow the budget presented in **Annex I**. The Contractor shall stand ready to answer the questions of the WTO on these accounts, and provide a copy of supporting original documents as necessary.
4. The WTO may arrange for an audit to be carried out for the control of Project expenses incurred and verification of the Contractor's compliance with the Contract. In such a case, the WTO shall bear the cost of the audit. The Contractor shall facilitate the auditing body in the performance of its task.

Article 7 – Transfer of Project funds

1. The WTO shall transfer the funds, up to a total sum of up to (), to the Contractor in accordance with the following schedule:
 - () per cent of the Project funds within 30 days after approval of the Project's inception report by the WTO;,
 - () per cent of the Project funds within 30 days after approval of the Project's first interim report (month 6) by the WTO;
 - () per cent of the Project funds within 30 days after approval of the Project's second interim report (month 12) by the WTO;
 - () per cent of the Project funds within 30 days after approval of the Project's third interim report (month 18) by the WTO;

- The outstanding balance within 30 days after approval by the WTO of the final Project report
 - against presentation of a final invoice by the Contractor with supporting documentation.
2. Transfers to the Contractor will be made to the following bank and account:
- Bank name:
 - Account number IBAN
 - In the name of :
 - "Address IBAN"
3. Transfers shall be deemed to have been made on the date on which the WTO's account is debited.
4. The Project funds referred to in paragraph 1 include an amount of up to () for an independent ex post evaluation of the Project. Upon completion of the Project WTO shall contract an evaluator to carry out the evaluation. The selection of the consultant and the terms of reference for the evaluation shall be the sole responsibility of the WTO.
5. Under no circumstances may the Project funds be exceeded. The WTO shall accept no liability for expenses not reflected in the budget.

Article 8 - Ownership of equipment, supplies and other property

Ownership of equipment, supplies and other property financed by the STDF shall vest in the final Project beneficiaries. Matters relating to the transfer of ownership by the Contractor to the final beneficiaries shall be determined in accordance with its applicable policies and procedures.

Article 9 - Intellectual and industrial property rights

Neither the Contractor nor the WTO shall seek or invoke intellectual property rights on intellectual creations – including but not limited to techniques, methods, procedures, and any other information for better managing SPS market requirements - that may arise or emerge, directly or

indirectly, as a result of the Project. The Contractor and the WTO agree that such creations should remain in the public domain.

Article 10 – Use, distribution and publication of information

1. The WTO shall be entitled to use, distribute and publish, for whatever purpose, by whatever means and on whatever medium, all information relating to the Project, in particular the identity of the Contractor, the Contract, the subject matter, the duration, and the reports.

2. The WTO shall not be required to distribute or publish documents or information supplied related to the Project. If it is decided not to publish the documents or information supplied, the Contractor may not have them distributed or published elsewhere without the prior written authorization from the WTO.

3. Any distribution or publication of information related to the Project by the Contractor shall require prior written authorization from the WTO and shall mention in an appropriate manner the financing by the STDF. It shall state that the opinions expressed are those of the Contractor only and do not represent the WTO's official opinion.

Article 11 – Conflict of interest and confidentiality

1. The Contractor shall take all necessary measures to avoid any risk of conflict of interest. Should a conflict of interest arise, the Contractor shall notify the WTO forthwith thereof in writing. The WTO has the right to verify if the measures are adequate and may require that additional measures be taken if necessary.

2. The Contractor declares that no conflict of interest exists between the implementation of the Project and any of its other activities.

3. The Contractor undertakes to treat in the strictest confidence any information that is deemed confidential and commercially sensitive by the WTO.

4. The Contractor shall not publicize its collaboration with the WTO in any way without the prior written authorization from the WTO.

Article 12 – Liability

1. The WTO shall not be liable for any damage sustained by the Contractor in the performance of this Contract.
2. The Contractor shall be liable for any loss or damage caused by itself in the performance of this Contract. The WTO shall not be liable for any act or default on the part of the Contractor during the performance of this Contract.
3. The Contractor fully guarantees the WTO, and agrees to indemnify it, against any action, claim, or proceeding brought by a third party against it as a result of damage caused by the Contractor in the performance of this Contract.
4. In the event of any action brought by a third party against the WTO in connection with the performance of this Contract, the Contractor shall assist the WTO.
5. The Contractor shall have the necessary insurance against risks and damage, notably in respect of civil and professional liability, relating to the performance of this Contract. A copy of all insurance contracts shall be sent to the WTO upon request.

Article 13 – Termination

1. The WTO may terminate this Contract without prior notice and without recourse to any legal proceedings:
 - (a) where implementation of the Project has not effectively commenced within three months of the signature of the Contract by both parties;
 - (b) in case of non performance and/or delayed performance in the implementation of the Project and no agreement as referred to in Article 3 (5) has been reached;
 - (c) where a change in the Contractor's legal, financial, technical, or organizational situation could have a significant effect on performance in the implementation of the Project;

(d) where the Contractor or any person under its responsibility involved directly or indirectly in the implementation of the Project has been found guilty by the competent bodies of serious professional misconduct;

(e) where the Contractor is declared bankrupt, is wound up, has been wound up by court order or is in composition with its creditors entailing suspension of business, is in receivership, or is in any other comparable situation provided for by the laws or regulations of its country;

(f) where the Contractor has made false, incomplete or incorrect statements or has failed to provide information in attempting to obtain the Contract or any benefit resulting therefrom;

(g) where unforeseen increases in commitments or expenditures are expected or realized (whether due to inflationary factors, fluctuation in exchange rates or unforeseen contingencies;

2. The termination procedure shall be initiated by registered letter with acknowledgement of receipt. The termination shall take effect from the day after receipt of the letter terminating the Contract.

3. On receipt of the letter terminating the Contract as referred to in paragraph 2, the Contractor shall:

(a) complete the tasks begun in accordance with the Contract, unless agreed otherwise in writing by the WTO;

(b) take all appropriate measures to minimize costs, prevent damage and cancel or reduce its commitments,

(c) reimburse all amounts not spent at the date of termination, unless otherwise agreed in writing by the WTO.

Article 14 – Amendments

Any amendment to this Contract or its **Annexes** shall be the subject of a written agreement concluded by the authorized representatives of the contracting parties. An oral agreement shall not be binding on the contracting parties.

Article 15 - Arbitration

1. In case of dispute as to the interpretation or application of this Contract, parties shall first seek to reach an amicable solution.
2. Any dispute which cannot be solved amicably may be referred to arbitration by either party in conformity with the arbitration clause contained in **Annex II** to this Contract.

Article 16 – Privileges and immunities

No provision of this Contract shall be deemed to waive any privilege or immunity enjoyed by the WTO as an international organization.

Article 17 – Official correspondence

1. All official correspondence relating to the Contract shall be sent to:
 - (a) On behalf of the Contractor:

Mr/Ms:

Function:

Full official address:

Tel:

E-mail

- (b) On behalf of the WTO:

Secretary of the STDF

Centre William Rappard

Rue de Lausanne 154,

CH-1211 Geneva 21,
Switzerland
Tel: +41 22 739 5747
E-mail: STDFSecretariat@wto.org

Article 18 - Annexes

1. The following documents are annexed to this Contract and form an integral part of it:

Annex I: Project document

Annex II: Arbitration Clause

2. In case of conflict between the text of this Contract and any of its Annexes, the text of the Annexes shall prevail.

<u>For the Contractor</u>	<u>For the WTO</u>
Location:	Location:
Date:	Date:
Signature	Signature:

ANNEX I

Project document

ANNEX II

Arbitration clause

1. Any dispute, controversy or claim arising out of or relating to the interpretation, application or performance of this Contract, including its existence, validity or termination, which was not solved amicably in accordance with Article 15 of this Contract, shall be settled by final and binding arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organizations and States, or the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organizations and Private Parties, whichever is applicable, as in effect on the date of this Contract.
2. The number of arbitrators shall be one.
3. The language to be used in the arbitral proceedings shall be English.
4. The place of arbitration shall be Geneva, Switzerland.
5. Unless the parties agree on the name of an arbitrator within one month of the request for arbitration by either party, the appointing authority shall be the International Bureau of the Permanent Court of Arbitration, The Hague, The Netherlands.