

SUMMARY REPORT OF THE STDF POLICY COMMITTEE MEETING

16 December 2008

FAO Headquarters, Rome

Opening remarks by the Chairman of the Policy Committee, Mr Modibo Tiémoko Traoré, Assistant Director General of FAO (Agriculture and Consumer Protection Department)

1. Welcoming participants, Mr Traoré recalled that seven years had passed since the establishment of the STDF. Important progress had been made during this period as confirmed by the recent STDF evaluation. The task for the Policy Committee was to address issues raised in the evaluation through changes to the Operational Rules and the Operating Plan for 2009. Mr Traoré noted that STDF's funding situation was rather critical. While the annual target level of funding of US\$ 5 million had been met in 2007, funds received in 2008 did not match this level, and he invited donors to make efforts to replenish the Facility's Trust Fund. He stressed the role which the STDF could play and stated that FAO remained fully committed to the Facility, both through implementation of STDF projects and in an advisory capacity.

Adoption of the agenda

2. The agenda was adopted. A list of participants is provided in **Annex 1**.

Opening statements by Policy Committee members

3. Ms Sarah Kahn (OIE) outlined concerns with regard to the direction of the Facility, notably with respect to what OIE considered to be a departure from the STDF's original aims. OIE was also worried by what it considered was the undue influence of some donors. She highlighted the evaluation's finding that relatively fewer projects had been funded in the animal health area and reiterated OIE's disappointment with recent assessments of project proposals STDF 15 and 265.

4. The OIE made suggestions of changes to the Operational Rules. The importance of maintaining a degree of flexibility with regard to the eligibility criteria for projects was highlighted, notably in relation to co-funding opportunities for international standard-setting bodies, as their role in the conception, implementation and endorsement of projects was often of primary importance. On the understanding that appropriate modifications would be introduced into the Operational Rules, the OIE underlined its interest in continuing its collaboration with other partners and donors in the STDF.

5. Mr Bernard Hoekman (World Bank) stated that the World Bank was pleased with the operation of the STDF. Regular networking opportunities provided by the STDF were a very positive dimension. Mr Hoekman suggested that the STDF should explore linkages between standards and trade facilitation. Linkages between the two areas would raise the profile of SPS issues and the STDF with national Ministries of Finance. He considered that the STDF offered best value in its co-ordination role.

6. Mr Jorgen Schlundt (WHO) explained that STDF fit well with WHO's global public health strategy, hence WHO's interest in STDF. Improving compliance with SPS standards had effects on the food safety situation and control system of both importing and exporting countries. However, over the last years WHO had not seen any projects that aimed to improve the domestic food safety situation, as most projects were primarily focused on gaining and/or maintaining market access and did not address the public health situation in exporting countries. This matter was of great concern to WHO and the risk was that STDF would be seen as only helping to improve the food safety situation in rich - and not in poor - countries. If this imbalance were not corrected, WHO would reconsider whether or not the STDF fit within its global strategy for public health.

7. Ms Gretchen Stanton (WTO) recalled that the systematic collaboration between the partner agencies was essential to the effective implementation of the SPS Agreement. STDF has further reinforced that collaboration. Further strengthening STDF's coordination and mobilization role should be an important objective, in particular in light of the Aid for Trade initiative, the Enhanced Integrated Framework and the Paris Declaration on Aid Effectiveness. For WTO, creating awareness of the importance of SPS issues through these and other initiatives and arguing for higher prioritization of SPS issues within trade and development strategies should be among the key elements of STDF's future work programme.

8. The continued involvement and participation of all STDF's founding members was emphasized and a periodic review of the various implementation and oversight arrangements with STDF partners was proposed. Overall, the WTO was happy with the conclusions and recommendations of the STDF evaluation but would have liked to see more evaluation of the impact of the STDF in the report. Expanding the current donor base and securing multi-annual commitments were mentioned as important immediate objectives for the Facility. In future, STDF should be used not just to highlight the broader linkages between SPS capacity and market access, but also human, animal and plant health.

9. Mr Ezzeddine Boutrif (FAO) supported the evolution of the STDF towards co-ordination and promotion of good practice. He recalled that the strength of STDF lay in its convening power, its special relationship with WTO and its ability to attract new resources. The regional Aid for Trade workshops had shown the importance of bringing together the relevant players to discuss activities at country and sub-regional level. FAO would like to see STDF increasingly play this role in the future. STDF brought a trade dimension which was not always addressed by FAO and other agencies – and opened new possibilities to attract funding. Within FAO more emphasis was being placed on technical assistance being country-driven. In future, STDF should be instrumental in helping countries to prioritize their SPS needs for programme development. Discussion in the Policy Committee about the role of partner agencies in STDF was important.

10. Mr Peter Cederblad (Sweden) indicated that Sweden was pleased with the proposed linkages with trade facilitation. The Swedish International Development Cooperation Agency (SIDA) was considering a new multi-annual contribution to the STDF of approximately CHF 1.1 million annually for the next five years. Highlighting STDF's difficult financial situation, he encouraged other donors to make multi-annual contributions. Sweden viewed participation of donors in the Working Group as a crucial element but also felt that donors should refrain from decision-making on project funding. One risk was that the process could become too much donor-driven. Sweden also had full trust in the STDF Secretariat and the partners to make the correct assessments of projects.

11. Ms Suzanne Heinen (United States) appreciated STDF's role to help developing countries to better understand the implementation of the SPS Agreement and looked forward to discussing the STDF evaluation. She highlighted the dedication of STDF staff and expressed interest in further improving collaboration.

12. Mr Ohst (Germany) recalled that STDF was a platform of different stakeholders and a good example of donor collaboration. It should continue to find examples of best practice and play a pioneer role in the prioritization of SPS needs and the mobilization of resources. The future focus of STDF should be on innovative projects and impact assessment. Germany appreciated the work and exchange of views in the Working Group and explicitly recommended the organization of more thematic sessions, such as the one on private standards. In this context, he suggested that links with the Trade Standards Practitioners Network (TSPN) should be further explored. The Operational Rules were generally regarded as being good, although fine-tuning in some areas was recommended.

13. Mrs Jennifer Rathebe (South Africa, food safety) thanked STDF for its work and welcomed the positive evaluation of the STDF. She considered STDF a good initiative and hoped that funding

would be forthcoming to take the STDF programme forward, notably in the area of co-ordination. She noted that one aspect of STDF perhaps overlooked by donors was that stakeholders had increasingly started communicating with each other at national level as result of STDF projects.

14. Larry Lacson (Philippines, plant health) recalled that donor funds would not be available forever. An important role of the STDF would be to provide assistance and guidance to developing countries on how to generate more funds internally. This was the only sustainable way to continue. One example mentioned was the development of new legislation that would allow relevant authorities to retain fiscal revenues.

Report by STDF Secretary

15. The Secretariat provided an overview of the Facility's operations in 2008 based on the draft narrative annual report (STDF 280). The Secretariat was well on track with its implementation of the Operating Plan 2008-09 which focused on the areas of coordination, project development, project funding and dissemination of information.

16. At global level, the three thematic events on capacity evaluation tools, private standards and good practice had been successful and further such events on cost-benefit analysis and climate change were planned for 2009. A trend towards increasing participation and analytical involvement of STDF staff in activities of partner and observer organizations was also observed. At regional level, the organization of the three Aid for Trade consultations in Central America, East Africa and the Greater Mekong Delta sub-region was recalled. Follow-up on these consultations would be discussed by the Working Group in February 2009. A promising initiative was the work on a coordinated response to fruit fly in West Africa. At national level, coordination work through the project preparation grants (PPGs) and the link with the Enhanced IF were highlighted.

17. Significant effort had been made to improve the publication and dissemination of information through the newsletter and STDF briefs on specific topics. The website was in the process of being overhauled and a demonstration would be given at the next Working Group meeting in February 2009. Six PPGs (out of 14 applications) were approved for funding in 2008, in accordance with projections in the Operating Plan. In addition, seven projects (out of 29 applications) were approved for funding, also in line with estimates in the Operating Plan. One project, however, had only been conditionally approved and was likely to revert back to the Working Group at its first meeting in 2009. Due to the shortage of funds, all projects approved in 2008 were still in the process of being contracted. Three projects had been completed and two completed projects had been evaluated.

18. Contributions of CHF 2.2 million had been received in 2008. Further pledges totalling CHF 1.8 million has been made and it was hoped that these funds would arrive before the next Working Group. The Secretary noted that it was understandable that donors should decide to hold back on giving further contributions until the outcome of the evaluation had been completed. Delay in receiving funds meant, however, that delays would increasingly be encountered between approval by the Working Group of a project and its contracting. There was a current shortfall in funding of CHF 2.7 million. If existing donors renewed their contributions to the STDF at 2008 levels in 2009, the Secretary predicted that this would give the STDF operating funds of approximately CHF 3.3 million.

19. At its meeting in June 2008, the Working Group had considered a request from the United Nations Economic Commission for Europe (UNECE) for observer status in the STDF. The Working Group had decided to revert this issue to the Policy Committee for a decision. Interventions noted the work of UNECE focused on quality and grading issues and UNECE had not requested observer status in the WTO SPS Committee. The Policy Committee decided not to grant UNECE observer status in the STDF.

Presentation on the evaluation of the STDF

20. Introducing his evaluation report (STDF 248), Mr Stuart Slorach (consultant) stressed his conclusion that the performance of the STDF was good, and in some important areas very good. The Secretariat's performance was also rated highly, although the WHO, OIE and UNCTAD were critical. For OIE and WHO, comments were more related to individual outcomes, while UNCTAD's views seemed to be more related to the views of an individual rather than to the organization as such.

21. Mr Slorach gave a brief overview of the most pertinent conclusions and recommendations. Contacts with Aid for Trade and the Enhanced IF had improved but could still be improved. The three Aid for Trade regional consultations had been successful in addressing SPS-related needs and raising the profile of SPS more generally. STDF is still not widely known and more effort needed to be devoted to disseminating information through the SPS Committee, the website and the newsletter. In particular the website needed improvement and updating, including publication of all STDF documents and a search engine. The newsletter should be evaluated in 2010.

22. The Secretariat's review of funding applications was judged to be good, except by WHO, OIE and UNCTAD. Mr Slorach observed that the Secretariat seemed to strictly follow the Operational Rules in this regard and that it was the Working Group that made the final decisions. If organizations were unhappy about the process then they would have to change the existing rules, rather than complain about the Secretariat. Responding to the criticism that the evaluation did not pay sufficient attention to impact, Mr Slorach reminded participants that STDF had only been operating for a short time, that further indicators on how to measure impact should be developed and that not many projects had been externally evaluated (although the evaluations which had been concluded were generally positive).

23. Funding was identified as a major problem which could cause significant delays in project implementation. It was recommended to broaden the donor base and donors were encouraged to make more long term commitments which in turn would facilitate planning. Mr Slorach suggested that the Policy Committee discuss the issue of partner projects, while noting that the involvement of partners in the implementation of projects was generally considered important. With regard to funding percentages, further differentiation was recommended. While there seemed to be agreement that LDCs + OLCs should fund 10% of the project from their own resources and other countries more, further differentiation could take place with regard to upper middle income countries.

24. The imbalance of projects received in the animal health area compared to other areas was noted as an issue for consideration by the Policy Committee, as well as the issue of public health raised by the WHO. It was also recommended to change the agenda order and take decision items first.

25. Other key conclusions and recommendations highlighted by Mr Slorach included the need for more evaluators to review completed STDF projects, broadening the base of implementing and supervising organizations, maintaining a close relationship with the newly established Enhanced IF Secretariat, starting work on the compendium in 2009, collaboration with TSPN, organization of further regional workshops and improving the information provided to donors. Finally, he recommended improvements to the documentation management system. Mr Slorach concluded that there was a good basis for future work, in particular in the area of coordination since the possibilities for funding projects were - and would probably remain - restricted.

Discussion on the evaluation

26. Mr Tim Leyland (United Kingdom) welcomed the evaluation and requested a clarification on the difference between partner projects and partners as implementing and supervising organizations.. It was explained that there were proposals submitted by STDF partners and proposals submitted by

beneficiary organizations. With regard to the latter, the requesting beneficiary organization could implement the project itself (which would be the preferred situation from a point of view of country ownership and local capacity building) or request a partner or third party to implement the project. If the requesting organization opted to implement the project itself, then there was a need to appoint a supervisory organization, since the WTO (housing the Secretariat) was not a development organization and did not have the capacity and expertise to fulfill this supervisory role.

27. Mr Slorach further explained that each situation had to be judged on a case-by-case basis and mentioned a number of STDF projects as examples. However, the involvement of STDF partners and standard-setting organizations in the implementation or supervision of STDF projects was important in several ways, in particular from a technical perspective and in light of an endorsement of the final project results.

28. The World Bank observed a tension between the areas of coordination and project funding and believed that the future focus of STDF should be much more on coordination. STDF seemed to have developed real value-added in co-ordination and further regional Aid for Trade type workshops and other coordination activities should be envisaged. Within this framework, STDF should also focus on SPS as a public good, raising awareness, dissemination of knowledge and information, etc. Funding for projects at country level should be identified outside the Facility and the importance of the EIF was stressed in this regard.

29. The WTO concurred with the emphasis on coordination and mentioned that STDF was relatively small in comparison to other SPS funding sources. The comparison was made with the OIE Animal Health and Welfare Fund which had funds of approximately € 42 million. Ms Stanton highlighted the value added of project development through STDF's project preparation grant mechanism and stressed that in recent years more projects had been picked up for funding outside STDF. Nevertheless, WTO was reluctant to move away from funding projects altogether, as funding could be useful in some instances for purposes of co-ordination, creation of stakeholder SPS committees, etc. and in other instances when no other source of funding could be found outside STDF.

30. In response, the World Bank mentioned that a project for which no donor could be found was normally not a good project. STDF's coordination role should not be focused on funding small projects but rather on issues related to creating awareness and raising the profile of SPS, also in light of its status as a public good. Larger programmes could be one result of this work and it was here that partner agencies had a role to play, notably from a technical perspective and their capacity building programmes. Germany recalled that the quality not the quantity of projects was key and that more attention should be paid to the selection of implementing and supervising partners.

31. The question was generally raised whether STDF should continue to fund small projects. The United Kingdom mentioned in this regard that the focus on funding projects would naturally become less as STDF would become more experienced in best practice, raising awareness, etc. Some projects could also continue to generate a certain value added. Hence, it was not really necessary for the Policy Committee to take a decision on this issue at this stage. Other participants agreed with this view, while highlighting that the future direction of STDF should increasingly be one of coordination. Some participants believed that STDF would lose its attraction if the possibility of funding were to disappear completely. It was also recalled that STDF could endorse projects without providing the necessary funding. The usefulness of PPGs was again highlighted but funding opportunities had to be explored earlier in the design process.

Review of the STDF Operational Rules and Operating Plan 2008-09

i. Discussion of STDF Operational Rules (STDF 139 rev.2)

32. The Secretariat introduced comments made on the evaluation by the various partners and donors. Comments had been integrated by the Secretariat into a revised set of Operational Rules (STDF 139 rev.2). Some of the proposed changes were of a textual nature, while other amendments were more substantial. The revised set of Operational Rules put more emphasis on STDF acting as a coordination mechanism and included a new Section III dealing with coordination. Other issues that were discussed in depth by the Policy Committee included questions related to which countries should be eligible for funding (through reference to the OECD DAC list), issues surrounding prioritization and the role of partners in the evaluation of projects and endorsement of results.

33. It was decided that the Secretariat would circulate the new text of the Operational Rules (STDF 139 rev.2) shortly after the meeting. Changes agreed at the Policy Committee meeting would be highlighted in track change mode. A deadline for comments on these further changes was established at 16 January 2009. After integration of comments received, the new Operational Rules (STDF 139 rev.2) would be adopted on an ad referendum basis.

ii. Discussion of Operating Plan 2009 (STDF 198 add.1)

34. The Secretariat introduced the Operating Plan 2009, noting that it was an update to the previously approved Operating Plan 2008/09. New areas of coordination work were highlighted, notably with regard to research on impact and development of indicators, contacts with other initiatives (notably TSPN), mobilization of stakeholders on fruit fly in West Africa, and synergies with the Aid for Trade initiative.

35. The Policy Committee agreed with the updated Operating Plan 2009 but wanted to see the linkage with trade facilitation added as an area of further attention in 2009. The OIE wished to see more specific reference to STDF's participation in partner meetings. It was decided that the Secretariat would circulate the new text of the Operating Plan (STDF 198 add 1) shortly after the meeting.

Information from Policy Committee members

36. The WTO informed the Committee of the forthcoming review of the SPS Agreement and on the comparative review to be undertaken on private standards. A questionnaire had recently been circulated to WTO Members on private standards. The World Bank noted that its focus on the issue of private standards was wider than just SPS, but that the WTO research could complement its work in this area. The Codex Secretariat mentioned that it is closely following the developments in the SPS Committee and that the issue of private standards will be further discussed at its next session in July 2009. OIE mentioned that its current work in this area was mostly related to animal welfare and private standards but that it is monitoring work in the SPS Committee and would address animal health issues if Members indicated that this is a cause of concern. FAO referred to its participation in the next CIES conference in February 2009. WTO noted that the Secretariat and the Chairman of the SPS Committee would also attend the CIES meeting.

Other business

37. It was decided that the issue of the vice chair of the Working Group would be addressed at the next Working Group meeting in February 2009. The STDF Secretary noted that the next Policy Committee meeting would be scheduled for December 2009 - with the time and place to be agreed.

Annex 1**STDF POLICY COMMITTEE****List of Participants**

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