



STANDARDS *and* TRADE
DEVELOPMENT FACILITY

STDF FINANCING STUDY

Making SPS Compliance Investable in Developing Countries

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● STUDY AT A GLANCE

Purpose, scope, and method



Purpose

Map the public and private financing that can strengthen SPS systems, identify what blocks it, and recommend practical actions for governments, DFIs, and industry.



Method

32 key informant interviews across DFIs, governments, technical agencies, and private actors; a desk review of SPS financing frameworks; and three in-depth country case studies.



Scope

Three case studies and 10+ financial models anchor the analysis: Colombia (Hass avocado), Bangladesh (vegetables), and Ethiopia (livestock), each illustrating a different financing pathway.

32

Key informant interviews

3

In-depth country cases

10+

Financing models reviewed

18

Recommendations:
4 governments, 5 DFIs,
3 private sector, 6 STDF

The central message: Strengthening SPS financing is about building the investment readiness that makes existing resources accessible.

● WHY THIS MATTERS

The binding constraint is readiness, not capital

Resources already exist across national budgets, donor programs, DFI portfolios, and commercial value chains. What is missing is the capacity to turn technical SPS priorities into proposals that financing institutions can assess and act on.



Capital is available

- National budgets and medium-term expenditure frameworks
- Donor grants and STDF project financing
- DFIs, agricultural trade, and climate portfolios
- Commercial lending and value-chain finance



Where it stalls

- SPS priorities are not packaged as credible, structured investments
- Compliance is seen as regulatory overhead, not a trade-enabling asset
- Public-private dialogue rarely includes the financial sector
- Lenders do not understand how SPS investment generates returns on investment

Article 9 of the WTO SPS Agreement contemplates technical and financial assistance to help developing members comply. Financing constraints are structurally embedded in the compliance problem, which is why readiness, not money, is the place to act.

● THE FINANCING TOOLKIT

Ten-plus models reviewed, grouped by who pays and why

The full report details each instrument. For today, the point is simpler: instruments cluster by the kind of SPS investment they suit. The case studies show how the right instruments combine in practice.

Public and donor

- Government budget allocations
- Donor grants and technical assistance
- Cost-recovery and user fees models
- Multilateral development bank (MDB) and DFI concessional lending

Blended and shared

- Blended finance (concessional + commercial)
- Public-private partnerships
- Check-off systems and industry levies
- Guarantees and risk-sharing facilities

Commercial and market-linked

- Supplier and supply-chain finance
- Results-based financing
- Compliance-oriented finance (certification)
- Insurance and index-based risk transfer

Note: Pure public goods stay publicly financed, supplemented by donor grants where public budgets are limited, as in many LDCs; mixed public-commercial services suit blended finance; commercially anchored upgrades can carry private capital.

● THE HEART OF THE STUDY

Three case studies; three financing pathways

Each case study began with the same problem, SPS compliance that needed financing, and solved it through a different route. Together they demonstrated how readiness gets built.



Colombia

Hass avocado exports

Bundled market-access model

- Private capital led, because compliance was tied directly to a proven export pathway and risk was shared across the value chain.
- Private sector players complied with minimum access conditions
- Guaranteed ROI that 2X more for compliance motivated investments



Bangladesh

Fresh vegetable exports

Commercial co-financing

- A commercial bank co-financed an STDF grant once SPS compliance was framed as a bankable business opportunity.
- This required engagement with financial institutions focused on business development, structured project design, and a credible commercial case.



Ethiopia

Livestock and meat exports

Public investment, leveraged

- A modest grant aligned to a national plan laid regulatory foundations and helped anchor a US\$176M World Bank program.
- Grants generate the greatest leverage when designed as components of a government-endorsed national investment strategy, not as stand-alone technical projects

● CASE STUDY 1 · COLOMBIA

Bundled market-access financing for Hass avocado

The challenge: SPS compliance demanded large upfront investment with delayed returns, since new orchards take about three years to reach full export productivity.

● FINANCING MECHANISM

- Certification, technical support, financing, and buyer linkage delivered as one package
- ICA financed regulatory credibility; producers financed orchards; exporters financed cold chain
- CorpoHass coordinated the sector; banks entered as SPS credibility cut their risk

● WHAT HAPPENED

- 3,615 registered production units across 33,500 certified hectares
- US exports rose from 12,926 tons (2023) toward 40,807 tons (Aug 2025)
- Geo-referenced traceability strengthened buyer confidence

● THE LESSON

- SPS compliance becomes financeable when commercially anchored in a partnership, not carried alone as regulatory cost
- Risk distributed across institutions, not concentrated at the farm
- Guatemala is already learning from the model

~2x

Export price vs. domestic

33,500 ha

Certified for export

US\$375M

2025 export value

Takeaway: Compliance financed itself once it was tied directly to an investable export pathway and risk was shared across the chain.

● CASE STUDY 2 · BANGLADESH

Commercial co-financing for fresh vegetable exports

The challenge: limited public regulatory capacity and fragmented, historically donor-dependent private SPS investment in a volatile export sector.

● FINANCING MECHANISM

- SAFE-BD project: US\$1M STDF grant for technical compliance capacity
- US\$300K co-financing from IFIC Bank's business development fund, not a CSR contribution
- Grant-funded public goods kept separate from commercial enterprise upgrading

● WHAT HAPPENED

- A commercial bank financed SPS-linked enterprise upgrading for the first time
- Swisscontact presented IFIC Bank a formal business case, not a donation request
- Project gave the bank a vetted pipeline of exporters and agri-SMEs

● THE LESSON

- Grants can catalyze private co-financing when SPS is framed as a business development opportunity
- Engaging the bank on business-development terms, with a credible commercial case, is the transferable lesson
- Separating public-good from commercial activities lets each draw the right instrument

US\$1M

STDF catalytic grant

US\$300K

Commercial co-financing

Business Case

The reframing that unlocked it

Takeaway: A grant became catalytic capital once the bank engaged on business-development terms, backed by a credible commercial case.

● CASE STUDY 3 · ETHIOPIA

Public investment, aligned to national strategy and leveraged

The challenge: livestock exports held back by disease-related trade bans, weak coordination, and SPS systems that no commercial instrument could finance at this stage.

● FINANCING MECHANISM

- STDF grant of US\$569,827 (FAO-implemented) built foundational SPS capacity for meat exports
- Aligned to the national Livestock Master Plan, not run as a stand-alone compliance project
- Positioned within a multi-donor coordination framework

● WHAT HAPPENED

- 15 SOPs revised; quality systems and a national residue plan made operational
- New Animal Health and Welfare Proclamation ratified (2025)
- Helped anchor a complementary US\$176M World Bank livestock program

● THE LESSON

- Aligning a modest grant to a national plan unlocks far larger follow-on finance
- Foundational SPS public goods still require grant financing at this stage
- Compliance is necessary but not sufficient; non-technical barriers can still block market access

US\$0.57M

STDF grant disbursed

US\$176M

WB program anchored

15

SOPs revised and validated

Takeaway: A modest grant, aligned to a national plan, helped anchor far larger investment, but regulatory gains alone do not guarantee market access.

● WHAT THE THREE CASES TEACH

One thread runs through all three

Different sectors, different instruments, one principle: SPS finance moves when compliance is connected to Returns on Investment that a financier can value.



Commercial anchoring

Colombia

Compliance becomes financeable when linked to a proven export pathway and shared risk, not treated as a stand-alone regulatory burden.



Business-development framing

Bangladesh

Grants mobilize commercial co-financing when SPS is presented as a bankable opportunity, with public goods and commercial upgrading financed separately.



National-strategy alignment

Ethiopia

Embedding a grant in a national strategy/plan unlocks far larger follow-on finance, though compliance alone cannot guarantee market access.

● FROM CASES TO FINDINGS

Three central findings from the study

01

Investment readiness is the primary constraint, not capital

Resources exist across budgets, donor programs, Development Finance Institutions (DFIs) portfolios, and value chains. What is missing is the capacity to turn SPS priorities into credible, structured investment proposals.

02

SPS finance performs best framed as trade-enabling infrastructure

When governments speak in terms of export revenue, avoided rejection costs, and supply-chain reliability, SPS investments compete better for budgets and attract DFI and private interest.

03

Private finance contributes only in specific segments and conditions

Core surveillance, inspection, and certification stay publicly financed. Private capital reaches export processing, traceability, cold chain, veterinary services, and contract-embedded quality assurance.

● CROSS-CUTTING LESSONS

Five conditions that make SPS financing work

Across all three cases and 32 interviews, the same conditions separate financing that scales from financing that stalls.

- 1 Readiness over capital** | Investment readiness, not capital availability, is the primary constraint. Build investment-ready proposals and economic briefs for finance ministries and DFIs.
- 2 Trust across the table** | Trust between public and private actors, including the financial sector, is a prerequisite for co-investment. Design dialogue that brings finance into the room.
- 3 Coordination is a finance issue** | Institutional coordination is both a financing and an implementation challenge. National SPS committees are financing enablers, not only governance bodies.
- 4 Evidence beats advocacy** | Political-economy constraints require economic evidence, not only technical solutions. Document and share returns in formats budget decision-makers read.
- 5 Anchor in national frameworks** | Positioning SPS within national investment frameworks is the most reliable path to sustainable financing, and the place STDF grants add the most leverage.

Priority actions, by actor (drawn from the Study's 18 recommendations)

Governments and SPS authorities

- Embed SPS in national investment planning and expenditure frameworks
- Turn diagnostics (P-IMA, PVS, WOAHPVS, PCE and FAO/WHO Food Control System Assessment Tool) into structured, financeable proposals
- Build sustainable cost-recovery with published service standards

Development finance institutions

- Treat SPS as trade-enabling infrastructure, like transport
- Test blended finance, guarantees, and results-based finance in SPS
- Embed SPS inside larger horticulture, livestock, and trade programs

Private sector and STDF

- Invest collectively in shared compliance infrastructure
- Design STDF PPGs with explicit follow-on financing pathways
- Pilot STDF grants as the de-risking component of blended structures

STDF's strongest contribution is not mobilizing finance directly. It is creating the institutional conditions that let others mobilize finance at scale, through P-IMA, project preparation grants, neutral convening, and evidence that speaks to finance ministries and DFI investment teams.

● A PATH TO ACT ON

A phased roadmap from quick wins to transformation

This roadmap sequences the study's 18 recommendations (4 governments, 5 DFIs, 3 private sector, 6 STDF) across three horizons by what is achievable; principal actors are noted per phase.

1. Quick wins

0 to 12 months - Principal actors: STDF, governments, SPS authorities

- Use P-IMA and PPGs to identify priorities and early bankable proposals
- Pilot cost-recovery for one commercial SPS service
- Strengthen cross-ministerial coordination in 3 to 5 countries
- Convene SPS authorities with DFI investment teams

2. System shifts

12 to 24 months -Principal actors: STDF, DFIs, governments

- Build structured investment pipelines in 5 to 10 countries
- Embed SPS in national frameworks as trade infrastructure
- Scale blended-finance pilots and test guarantees with 2+ DFIs
- Map linkages between SPS programs and climate finance

3. Transformation

24 to 36 months -Principal actors: governments, DFIs, private sector, STDF

- Secure predictable multi-year public budgets for SPS
- Mainstream blended finance in DFI agriculture portfolios
- Position STDF as a standing convener of SPS and DFI pipelines
- Institutionalize performance-based financing for SPS

● IN THREE MOVES

Make it investable, build the conditions, connect to capital

SPS financing improves when technical priorities are made investable, institutional conditions support credible co-investment, and STDF's tools connect explicitly to financing rather than running in parallel.



1. Make it investable

Translate SPS priorities into economic propositions: export revenue, avoided losses, market-access gains. Use P-IMA and project preparation grants as investment-preparation tools.



2. Build the conditions

Credible SPS institutions, active national SPS committees, inter-agency coordination, and public-private dialogue that includes the financial sector.



3. Connect to capital

Link SPS proposals to DFI agricultural and trade programs, climate-finance windows, and private-sector co-investment with clear commercial returns.

The money is largely there. The work is readiness, conditions, and connection.



Discussion.

Thank you.

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