

**STDF OPERATIONAL RULES**

1. This document contains the operational rules of STDF and should be read in conjunction with STDF's Medium-Term Strategy (2012-2016) and its annual or bi-annual work plans. As stated in the Medium Term Strategy, STDF's vision and mission statement are the following:

**STDF vision**

Improved sanitary and phytosanitary capacity in developing countries supports sustainable economic growth, poverty reduction, food security and environmental protection.

**STDF mission**

The STDF is a global partnership that supports developing countries in building their capacity to implement international sanitary and phytosanitary standards, guidelines and recommendations as a means to improve their human, animal and plant health status and ability to gain and maintain access to markets.

STDF's mandate is to:

- Increase awareness, mobilize resources, strengthen collaboration, identify and disseminate good practice; and
- Provide support and funding for the development and implementation of projects that promote compliance with international SPS requirements.

The STDF is committed to the Paris Principles on Aid Effectiveness and to achieving the Millennium Development Goals.

2. Section I outlines the organization and governance of the Facility. Section II outlines the eligibility criteria and other requirements for projects and project preparation grants (PPGs) funded by the STDF, including a description of the application and review process. It also contains rules on their implementation and evaluation. Fiduciary responsibilities and arrangements are presented in Section III.

**I. ORGANIZATION OF THE FACILITY**

3. The Facility follows the governance arrangements of the host organization, i.e. the World Trade Organization (WTO). The WTO administers the STDF Trust Fund and provides the Secretary for the Facility. The STDF has no legal personality.

***Membership***

4. The following entities and individuals are members of the Facility:

- (a) STDF's partners who jointly established the Facility, i.e. the Food and Agriculture Organization of the United Nations (FAO), the World Organisation for Animal Health (OIE), the World Bank, the World Health Organization (WHO) and the WTO;

- (b) Donors currently contributing funds to the STDF<sup>1</sup>; and
- (c) Selected experts of developing countries.<sup>2</sup>

5. The Policy Committee may decide to expand membership of the Facility to include other relevant organizations in the Working Group.

### *Structure*

6. The STDF consists of three main bodies:

- (a) The Policy Committee decides on policy and strategy and is responsible for oversight of activities of the Working Group;
- (b) 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
- (c) 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.

### *Policy Committee*

7. The Policy Committee consists of high-level representatives of STDF's partners and donors, as well as selected experts of developing countries.<sup>3</sup> The Policy Committee:

- (a) Sets policy guidelines and provides policy oversight on the overall direction of the Facility;
- (b) Provides guidance on programmes and the Facility's work agenda;
- (c) Evaluates reports on progress of the Facility;
- (d) Considers the results of external evaluations of the Facility and makes recommendations on appropriate actions;
- (e) Oversees efforts by the Working Group in the coordination of SPS-related technical cooperation and the dissemination of good practice in this regard; and
- (f) Seeks to develop a broader financial basis for the Facility through outreach to donors.

8. 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 of the Facility or through a decision of the Working Group. STDF partners host Policy Committee meetings on a rotational basis. The host partner chairs the meeting.

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<sup>1</sup> 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.

<sup>2</sup> Paragraphs 22-23 further explain the selection procedure for developing country experts.

<sup>3</sup> A rotation mechanism applies for representation of donors and developing country experts in the Policy Committee. See paragraphs 21 and 24.

### ***Working Group***

9. The Working Group consists of technical-level representatives of STDF's partners and donors, as well as the experts of developing countries. It also includes participation by the Secretariats of the Codex Alimentarius Commission (Codex) and the International Plant Protection Convention (IPPC).

10. The Working Group approves annual or bi-annual STDF work plans. Work plans are established on the basis of the STDF Medium Term Strategy and its logical framework.

11. Responsibilities of the Working Group include:

- (a) Preparation and overseeing the implementation of STDF work plans, including staffing requirements;
- (b) Approval of the annual report prepared by the Secretariat;
- (c) Exchange of experiences by members in relation to the delivery and coordination of SPS-related technical cooperation;
- (d) Guiding the development of resources for coordination and dissemination of good practice, including databases, training materials, tools and guidelines for SPS practitioners and decision-makers, etc.;
- (e) Review and approval of applications for funding by STDF or making recommendations to fund applications outside STDF;
- (f) Support to fund raising activities;
- (g) Appointing advisory committees for special purposes; and
- (h) Preparation of reports on progress for the Policy Committee.

12. The Working Group has final responsibility for allocating grants. The STDF Secretariat assists it in this task.

13. All decisions of the Working Group are taken by consensus.<sup>4</sup> 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. To the extent possible, STDF meetings will be held back-to-back with WTO SPS Committee meetings.

14. The Working Group selects a chairperson from among the members of the STDF. The chair is rotated on an annual basis. The Working Group also appoints a vice-chairperson who, on the expiry of the chairperson's term, becomes chairperson.

15. The role of the chairperson, or in his or her absence, the vice-chairperson, is to assist the Secretariat in advancing the implementation of STDF's annual or bi-annual work plan. In particular, the chairperson will assist in: (i) preparing and chairing the meetings of the Working Group;

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<sup>4</sup> The provisions of paragraph 83 apply with regard to situations of conflict of interest. In addition, if a motion or recommendation is put forth by a member or the Secretariat, as recognized by the chairperson, the chairperson may determine that consensus has been reached if, upon asking if there is no objection, the members show agreement by their silence.

(ii) selecting developing country experts and independent evaluators of STDF projects<sup>5</sup>; and (iii) approving reports of Working Group meetings.

### ***STDF Secretariat***

16. 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 has the following responsibilities:

- (a) Implementation of the annual or bi-annual work plan of the STDF;
- (b) Helping beneficiary organizations in identifying and/or developing possible projects in priority areas of human, animal and plant health for funding by the STDF or from another funding source;
- (c) Conducting reviews of applications for funding at stage 1 of the review process, other tasks as specified in paragraph 89 and keeping records of applications received and projects approved for funding;
- (d) Receiving project reports from implementing organizations, approving payments and, as necessary, authorizing amendments in project implementation, which maintain the overall goal and purpose of the project.
- (e) Identifying and participating in external events to disseminate information on the STDF and its activities and promote coherence and coordination in the delivery of SPS-related technical cooperation;
- (f) Communicating with donors and assisting in identifying additional sources of funding for the Facility;
- (g) Providing administrative assistance to the Policy Committee and the Working Group in the preparation of meetings, and performing the function of Secretary at these meetings;
- (h) Assuming responsibility for the accounting and financial tasks needed to administer STDF funding; and
- (i) Preparing annual reports on the achievements and finances of the Facility and performing any other duties as required by the Policy Committee or Working Group.

17. In determining whether to participate in external events, the STDF Secretariat will be guided by the following criteria, to be applied on a case-by-case basis:

- (a) Relevance to the STDF Medium-Term Strategy and work plan;
- (b) Participation in the event by STDF partners, donors, etc.;
- (c) Participation of STDF target beneficiaries;
- (d) Possibility of linking participation to past/on-going/planned STDF projects/PPGs and other STDF activities;
- (e) Requests for specific presentations on STDF activities; and

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<sup>5</sup> Reference is made to paragraph 23 and 105.

- (f) Availability of resources.

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

### ***Partners***

19. In addition to their responsibilities as members serving on the Policy Committee and Working Group, partners are responsible for:

- (a) Providing information on past, present and planned activities, in particular in relation to the provision of SPS-related technical cooperation, for compilation by the Secretariat;
- (b) Sharing experience in the implementation of SPS-related technical cooperation, in particular project evaluations;
- (c) Provide technical expertise and guidance in their respective areas in the implementation of the STDF biannual or annual work plan, including projects;
- (d) Sharing training materials for broader dissemination;
- (e) Scrutiny of applications for funding at stage 2 of the review process;
- (f) Review and approving applications for STDF funding, or making recommendations to fund applications outside STDF, at stage 3 of the review process;
- (g) Implementation of STDF-funded projects and project preparation grants under their responsibility, including fulfilling reporting obligations;
- (h) Endorsement of project outputs and outcomes as appropriate; and
- (i) Promotion of the STDF in appropriate fora.

### ***Donors***

20. In addition to their responsibilities as members of the Policy Committee and Working Group, donors are responsible for:

- (a) Providing information on past, present and planned activities, in particular in relation to the provision of SPS-related technical cooperation, for compilation by the Secretariat;
- (b) Sharing experience in the implementation of SPS-related technical cooperation, in particular project evaluations;
- (c) Scrutiny of applications for funding at stage 2 of the review process;
- (d) Reviewing and approving applications for STDF funding or making recommendations to fund applications outside STDF at stage 3 of the review process;
- (e) Exploring possibilities to fund projects positively reviewed and recommended for funding outside STDF by the Working Group; and
- (f) Promotion of the STDF in appropriate fora.

21. To facilitate decision-making, a rotation mechanism applies to donor representation in the Policy Committee. According to this rotation mechanism, donors agree on three representatives to serve on a two-year rotation basis in the Policy Committee. Other donors contributing funds to the STDF who are not included in the rotation mechanism may attend the Policy Committee, in an observer capacity.

### *Developing countries*

22. Membership of the STDF includes a total of six developing country experts, specifically two each from the Americas, Africa and Asia (including the Pacific). At least two experts should have the nationality of a Least Developed Country (LDC) or Other Low Income Country (OLIC).<sup>6</sup> Developing country experts serve the STDF on a two-year rotation basis.

23. Developing country experts are selected by the chairperson of the Working Group from a roster of candidates (maintained by the Secretariat) recommended by STDF's members. At least one of the experts from each region should have knowledge and expertise in the areas of food safety, animal or plant health and trade, and at least one expert from each region should have broad knowledge and expertise of SPS-related market access issues more generally, ideally resulting from current or previous participation in the WTO SPS Committee.

24. To facilitate decision-making, a rotation mechanism applies to representation of developing country experts in the Policy Committee. According to this rotation mechanism, developing country experts agree on three experts to serve on the Policy Committee. The experts who are not included in the rotation mechanism may attend the Policy Committee in an observer capacity.<sup>7</sup>

25. In addition to their responsibilities as members of the Policy Committee and Working Group, developing country experts are responsible for:

- (a) Sharing experience in the request, receipt, implementation and evaluation of SPS-related technical cooperation;
- (b) Scrutinizing applications for funding at stage 2 of the review process;
- (c) Reviewing and approving applications for STDF funding or making recommendations to fund applications outside STDF at stage 3 of the review process; and
- (d) Promoting the STDF in appropriate fora.

### *Observer organizations*

26. Organizations with SPS expertise or implementing SPS-related technical cooperation may participate as observers in meetings of the Working Group on a meeting-by-meeting basis. Requests to observe meetings of the Working Group 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. Observer organizations shall provide information on their past, present and planned activities, for compilation by the Secretariat.

27. Organizations implementing STDF-funded projects and organizations benefiting from STDF-funded projects shall automatically be granted observer status for the duration of these projects to facilitate reporting to the Working Group.

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<sup>6</sup> The most recent OECD Development Assistance Committee (DAC) List of ODA recipients will be used to determine whether a country is classified as LDC or OLIC.

<sup>7</sup> The STDF Trust Fund will only pay for the participation of those experts serving on the Policy Committee, see paragraph 117 (c) below.

28. Observer organizations do not have decision-making responsibilities or powers.

### ***WTO SPS Committee***

29. The STDF Secretary will report to the regular meetings of the WTO Committee on Sanitary and Phytosanitary Measures (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.

## **II. FUNDING OF PROJECTS AND PROJECT PREPARATION GRANTS**

30. The STDF provides funding to assist developing countries in building their capacity to comply with international SPS requirements, as a means to improve their human, animal and plant health status, and facilitate access to markets.<sup>8</sup> Two types of funding are available:

- (a) Project preparation grants (PPGs), up to a maximum of US\$50,000; and
- (b) Project grants, up to a maximum of US\$1 million.

31. The STDF particularly stimulates and supports applications from LDCs and OLICs. The STDF aims to devote at least 40 per cent of the Facility's PPG and project resources to eligible organizations in LDCs and OLICs. This target figure is evaluated during the prioritization of projects by the Working Group and during review of the operation of the Facility.

### ***Application process***

32. Applications for PPGs and project grants should be submitted to the STDF Secretariat by e-mail ([STDFSecretariat@wto.org](mailto:STDFSecretariat@wto.org)) using the application forms agreed by the Working Group.<sup>9</sup> The STDF Secretariat will make the forms available on the STDF website ([www.standardsfacility.org](http://www.standardsfacility.org)).

33. Applications are accepted in one of the three working languages of the WTO (English, French and Spanish). Costs of translation from French and Spanish into English (the working language of the STDF) will be borne by the WTO Secretariat, if and where appropriate. Applications are circulated to the Working Group at step 2 and 3 of the review process in their original language version and, when available, in English translation.

34. Applications may be submitted at any time during the year but must normally be received at least 60 working days in advance of a Working Group meeting to be considered at that meeting. Applications submitted after the 60 working day deadline will be considered at the subsequent Working Group meeting.

35. The STDF Secretariat announces deadlines for the submission of applications on the STDF website ([www.standardsfacility.org](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 through communications to the WTO SPS Committee.

### ***Eligible organizations***

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

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<sup>8</sup> Developing countries should be listed on the most recent OECD Development Assistance Committee (DAC) List of ODA recipients.

<sup>9</sup> Unless the application follows the requirements of the partner or third party, which would be responsible for project implementation, see paragraph 52 below.

- (a) Public sector entities (including regional or international bodies) with responsibility for SPS measures or policy, either in their own right or in cooperation with the private sector. The STDF encourages implementation of projects and activities through public-private partnerships;
- (b) Private sector entities, either in their own right or in cooperation with the public sector. Examples of private sector entities are legally registered farmers' organizations, trade and industry associations, and private enterprises;
- (c) Non-profit non-governmental organizations (NGOs) with expertise in the SPS area and with an organization in the relevant beneficiary country or countries, in cooperation with the public and/or private sector; and
- (d) STDF partners.

37. Applications for funding should have written endorsement from all the organizations referenced as being involved in its implementation. In particular:

- (a) Applications submitted under the responsibility of one government ministry or organization should produce evidence of support for the application across all relevant government ministries or organizations;
- (b) Applications submitted under the responsibility of private sector organizations should include letters of support from the relevant competent governmental authority or authorities;
- (c) Regional applications (i.e. with two or more applicants in different countries) should include letters of support on the part of all the national governments concerned.

38. The STDF should not substitute for other sources of funding available 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.

39. The involvement of STDF partners is fundamental to the conception, development and implementation of projects. 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. The STDF may co-fund applications submitted by partners only after the relevant partner fully explains how the project is separate from or in addition to the partner's current SPS-related activities.

### ***Project Preparation Grants***

40. Funds up to normally US\$50,000 are available for project preparation grants (PPGs), which can be used for any of the following purposes (or a combination thereof):

- (a) Application of SPS-related capacity evaluation and prioritization tools;
- (b) Preparation of feasibility studies that precede project development to assess the potential impact and economic viability of proposals in terms of their expected costs and benefits; and/or
- (c) Preparation of project proposals that can be funded by the STDF or other donors



41. The Working Group may also award such grants to assist eligible organizations in revising project applications, which the Working Group deems of interest but in need of revision before final approval can be granted.

42. The STDF does not provide PPG funds for buildings, vehicles, information technology, laboratory equipment or other major equipment items. Paragraphs 58-59 below also apply to PPG applications.

43. The main criterion in awarding a PPG for the preparation of a project proposal will be the likelihood that its implementation will result in a well-drafted proposal with the potential to achieve sustainable and effective results. Resulting projects may receive funding from the STDF, or from other funding sources. Applicants will be encouraged to consult other potential donors when developing and implementing PPG applications.

43*bis*. PPGs that address the development of national SPS policies should support coherent approaches between competent authorities within the country, and PPGs that address the development of regional SPS policies should support coherent approaches between the national authorities of the participating countries.

44. Applicants may specify a consultant, acceptable to the Working Group, to implement the PPG on their behalf, or request a shortlist of appropriate consultants to the STDF Secretariat as part of the application. Consultants contracted to prepare project proposals are not normally eligible to implement the resulting project.

45. PPGs must be contracted and implementation commenced within six months of the date of approval by the Working Group. If implementation has not begun within this time period, the STDF Secretariat shall withdraw the approval of funding and re-allocate funds to other approved initiatives. Should an applicant whose grant has been withdrawn still wish to implement the PPG, they should re-submit the application for approval at a subsequent Working Group meeting.

### ***Project grants***

46. Funds up to normally a maximum of US\$1 million are available for project implementation. No minimum limit applies on the size of projects funded, but projects should preferably be in the range of US\$250,000 and US\$1 million in size.

47. Beneficiaries must contribute to the project from their own resources, either in the form of financing or in-kind contributions such as staff time, use of premises, vehicles or other already existing assets. In-kind contributions should be costed and included within the project budget, and are subject to audit.

48. The beneficiaries' own contribution to the project depends on the beneficiary country or countries' classification in the most recent OECD DAC List of ODA recipients, as follows:

- (a) Beneficiaries from LDCs and OLICs should contribute at least 10% of the requested STDF contribution to the project;
- (b) Beneficiaries from Lower Middle Income Countries (LMICs) should contribute at least 20% of the requested STDF contribution to the project;
- (c) Beneficiaries from Upper Middle Income Countries (UMICs) should contribute at least 60% of the requested STDF contribution to the project.

49. Beneficiaries 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.

50. The STDF encourages regional projects (i.e. with two or more beneficiaries in different countries). The beneficiaries' own contribution varies according to the involvement of LDCs and OLICs:

- (a) for regional projects with at least one LDC or OLIC, beneficiaries should contribute at least 10% of the requested STDF contribution to the project;
- (b) for regional projects without an LDC or OLIC, beneficiaries should contribute at least 20% of the requested STDF contribution to the project.

50*bis*. The project proposals resulting from STDF PPGs will be considered in the same manner as other PG applications in the course of the review process.

51. Applicants must demonstrate, to the satisfaction of the Working Group, that they are capable of implementing the project. For this purpose, applicants may be required to produce a list of achievements and a record of financial probity. Applicants must not be or have been involved in illegal activities.

52. Alternatively, applicants may specify an STDF partner or third party, acceptable to the Working Group, to implement the project.<sup>10</sup> The third party may be required to produce a list of achievements and a record of financial probity. The prior written consent of the partner or third party must be obtained by the applicant prior to submission of the application to the STDF Secretariat. On the advice of the partner or third party, and in collaboration with the STDF Secretariat, the applicant shall ensure that the application follows the requirements of the partner or third party so as to minimize implementation delays after approval by the Working Group.

53. Projects should not normally be longer than three years in duration.

54. Project grants must be contracted and implementation commenced within twelve months of the date of approval by the Working Group. If implementation has not begun within this time period, the STDF Secretariat shall withdraw the approval of funding and re-allocate funds to other approved initiatives. Should an applicant whose grant has been withdrawn still wish to implement the project, they should re-submit the application for approval at a subsequent Working Group meeting.

### ***Project eligibility criteria***

55. The following type of projects will be given favourable consideration by the Working Group:
- (a) Projects relevant to the identification, development and dissemination of good practice in SPS-related technical cooperation, including projects that develop and apply innovative and replicable approaches;
  - (b) Projects linked to STDF work on cross-cutting topics of common interest;
  - (c) Projects that address SPS constraints through regional approaches; and
  - (d) Collaborative and inter-disciplinary projects focused on the interface / linkages between human, animal and plant health and trade, and benefiting from the involvement of two or more partners or other relevant organizations.

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<sup>10</sup> An acceptable third party may be, for example, another multilateral (e.g. a specialized UN organization) or a regional body.

56. The STDF 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. The STDF does not fund projects whose main objective is to address environmental or labour standards.

57. Projects which include 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).

58. The STDF will not provide funding for buildings, vehicles or other major equipment items, with the qualified exception of information technology, laboratory and minor equipment items that are necessary to achieve the specific outputs and objective of the project. Funding provided for information technology, laboratory and minor equipment items shall not exceed 10% of the total STDF contribution to the project.

59. With respect to laboratory equipment, the STDF will consider for funding only essential items needed to upgrade already existing laboratory capacity. 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.

60. The STDF will not fund basic scientific research.

61. The application should normally include information on the project's background, rationale and justification, its immediate objectives, outputs and activities, inputs and budget, project implementation and management structure, as well as monitoring and reporting arrangements.

62. The application should demonstrate a good understanding of relevant SPS issues and priorities in the country or region. This should include a discussion of the institutional framework for SPS management that identifies the various agencies involved in human, animal and plant health and trade, their respective roles and responsibilities, and the linkages between them.

63. The application should be coherent with national development plans describing how government agencies and development partners aim to contribute to economic growth and poverty reduction, as well as any relevant national strategies or policies, including SPS action plans where they exist.

64. The application should include detailed information about relevant past, present or planned national- or donor-funded projects and programmes related to SPS, human, animal and/or plant health in the country or region, as appropriate, as well as any SPS components of broader agricultural or trade capacity building programmes. It should explain how lessons learned from previous projects have been taken into account in the design of the proposed project, and clarify how it will complement related initiatives. Where applicable, the application should explain how the project relates to the Enhanced Integrated Framework (EIF) and/or Aid for Trade process.

65. In identifying the problem to be addressed through the project, the application should clearly explain the expected impacts of the project on the SPS situation in the country or region, market access and poverty reduction. Applicants should also make links to the achievement of the Millennium Development Goals wherever possible. For projects addressing food safety requirements for market access, consideration should be given, where practical, to improving the public health situation in domestic markets through compliance with Codex standards.

66. The application should be based on national demand and priorities in line with the Paris Principles of Aid Effectiveness. This requires the applicant to demonstrate that relevant stakeholders

in the country/region, including government agencies responsible for SPS management, any relevant national committees and the private sector, if appropriate, actively support the application. Reference is made to paragraph 37 above.

67. The application should explain why the proposal is being submitted to the STDF. It should describe 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 possible, of how the project may be replicated.

68. The application should quantify the benefits of the project for beneficiaries including the expected impact on poverty reduction for smallholders and other producers, employment opportunities, an improved domestic and/or regional SPS situation as appropriate. Projects should represent a cost-effective contribution to addressing SPS obstacles and constraints. As far as possible, applications should justify the costs and benefits of the activities in the proposed project against possible alternatives. The application should also address the financial and institutional sustainability of the project after the end of STDF support.

69. The application should include a logical framework matrix ("logframe"). The purpose of the logframe is to identify the relationship between the immediate objectives of the project, the outputs and the inputs. The logframe should also identify the key risks and assumptions, as well as indicators for monitoring and evaluation.

70. The application should include a detailed work plan that identifies particular activities and when they will be undertaken. Terms of reference for key national or international experts to be involved in implementation of the project should be included. The terms of reference should include information on specific tasks and responsibilities, duration of assignments, number of missions (if appropriate), and required qualifications/experience.

71. The application should include a detailed, complete and reasonable budget. Evidence that the implementing organization(s) has the capacity to manage the level of funding requested should also be provided in the form of a record of financial probity and list of achievements. Reference is made to paragraph 51 and 52 above.

72. The application should clearly identify the organizations(s) responsible for implementation of the project and outline a clear management structure.

73. The application should include a clear schedule for reporting progress in the implementation of the project activities to the STDF. The reporting plan should include provision for six-monthly progress reports (unless agreed otherwise) and a final report at the end of the project.

74. The application should pay attention to how to effectively disseminate information, training materials and knowledge generated through the project, as well as lessons learned.

### ***Review and approval process***

75. Applications are reviewed based on the accuracy, clarity and completeness of the information provided in the application form. Applications are subject to review at three stages:

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

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

77. 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.

78. 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*:

- (a) The eligibility of the application and the applicant(s);
- (b) The technical and professional capacity of the applicant and/or other implementing organizations, if any;
- (c) A technical evaluation of the application to judge its feasibility, practicability and sustainability, including an assessment of the likelihood that the project will achieve its expected outputs, outcome and impact;
- (d) An assessment of the development dimension of the application, in particular any measurable impacts on market access, the domestic, and where applicable the regional, SPS situation, and poverty reduction;
- (e) Linkages to past, present or planned national- or donor-funded projects and programmes related to SPS, human, animal and/or plant health in the country or region - including possibilities for project funding outside the STDF;
- (f) Analysis of the budget;
- (g) Verification of supporting documentation on the financial and economic standing of the applicant(s) and of letters of support; and
- (h) Consideration of the application's alignment with national development strategies.

79. The STDF Secretariat shall not review applications from STDF partners. The STDF Secretariat shall appoint independent external consultants/experts to review applications from STDF partners.<sup>11</sup>

80. The review at stage 2 will:

- (a) Examine the STDF Secretariat or independent review undertaken at stage 1;
- (b) Share applications with organizations active in the beneficiary country or countries which are not part of the STDF;
- (c) Consider the technical content of the application in the light of the body of international standards either adopted or in the process of development;
- (d) For applications in the food safety area, consider the likely benefits for domestic consumers of the proposed activities;
- (e) Evaluate the application's technical content and the likelihood that results will be achieved;

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<sup>11</sup> In selecting independent external consultants/experts for review of applications of STDF partners, the Secretariat shall normally apply the rules and procedures of paragraph 105, as appropriate.

- (f) Assess whether the application 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;
- (g) Assess the possibility of funding the application outside the Facility; and
- (h) Evaluate economic, commercial and institutional viability in the light of experiences elsewhere and established expert views.

81. 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. The applicant must satisfactorily answer all comments made at stages 1 and 2 before the project will be submitted for consideration by the Working Group.

82. At stage 3, the Working Group shall consider alternative funding sources for projects as identified by the Secretariat or by partners and donors. 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.

83. Members shall declare conflicts of interest and shall not review, approve or prioritize applications for which such conflicts exist.<sup>12</sup>

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

- (a) Applications for PPGs;
- (b) Project applications resubmitted from previous Working Group meetings;
- (c) Project applications from or benefiting eligible organizations in LDCs and OLICs;
- (d) Project applications from STDF partners; and
- (e) Project applications from or benefiting eligible organizations in non-LDCs and non-OLICs.

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

85*bis*. The Working Group review and decision on PPGs and PGs will be based on:

- (a) the Secretariat's review of the application;
- (b) the written detailed technical comments provided in advance of the meeting by members of the Working Group;
- (c) the coherence of the concepts behind the PPGs and PGs with the vision and programme goal of the STDF;
- (d) the alignment of the PPG and PG with the activities and needs identified in the beneficiary countries;

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<sup>12</sup> Conflict of interest shall be determined on a case-by-case basis by the chairperson of the Working Group.

- (e) the risk of overlapping or potential synergies with other ongoing or planned projects; and
- (f) the possibility of alternative funding from sources outside the STDF.

86. The Working Group may only approve applications 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 activities focusing on enhancing the delivery and coordination of SPS-related technical cooperation as contained in the applicable STDF work plan, funding PPGs, and lastly to those projects which have the highest quality, replicability and probable impact.

87. Additional applications 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 or PPG to be funded by STDF have been received. If more than twelve months elapse in which no funding has been received with which to commence implementation, the Secretary shall liaise with the applicant on the continued need for the project or PPG and the project or PPG shall be referred back to the Working Group for its reconsideration.

88. Following the approval of projects to be funded by the STDF, the Working Group may further discuss implementation arrangements and the need for tendering.

***Tasks of the STDF Secretariat in grant allocation***

89. The STDF Secretariat has the following tasks:

- (a) Advise and inform potential applicants about the requirements for submission of applications and criteria used for their review;
- (b) Acknowledge receipt of applications;
- (c) Undertake a preliminary review of applications (at stage 1);
- (d) Organize the independent review of applications submitted by STDF partners;
- (e) Submit relevant applications, and the review of the STDF Secretariat, to partners, donors and developing country experts for review (at stage 2);
- (f) Prepare advice for decision-making by the Working Group (at stage 3);
- (g) Follow-up on decisions of the Working Group on revision of projects or PPGs;
- (h) Draft and facilitate the conclusion of contracts with successful applicants, consultants or other implementing organizations;
- (i) Identify funding possibilities for projects positively reviewed by the Working Group and recommended for funding outside STDF, if so requested by the Working Group;
- (j) Ensure applicants are aware of cut-off dates for funding allocations should they fail to commence implementation;
- (k) 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

- (1) Ensure publication of all information on the STDF website about projects approved, on-going and completed.

### ***Implementation***

90. A contract shall be agreed between the WTO as administrator of the STDF Trust Fund and the implementing organization or consultant (in the case of PPGs). The contract – based on the approved project or PPG - shall specify the rights and obligations of both parties in relation to *inter alia*:

- (a) Implementation activities and services provided;
- (b) Duration, remuneration and budget disbursement;
- (c) Performance and requirements for project administration;
- (d) Monitoring and evaluation, periodic reporting, auditing and financial management;
- (e) Ownership of equipment, supplies and other property;
- (f) Intellectual property rights;
- (g) Use, distribution and publication of information;
- (h) Conflict of interest and confidentiality;
- (i) Project termination and arbitration; and
- (j) Liability and privileges and immunities enjoyed by the WTO as an international organization.

91. The schedule of fund disbursements shall be determined on the basis of the specific project or PPG needs and tied to the achievement of targets.

92. The organization implementing the project shall ensure quality control, consistency of implementation against the outputs and outcome established in the project document, and other criteria as outlined in the contract.

93. The organization implementing the project shall make available to the WTO all relevant factual and financial information upon request, including all accounts concerning the approved project or PPG implemented under its responsibility, and a yearly statement of account. The accounting period of reference is the calendar year.

94. Interests earned on the funds provided by the STDF for a particular project shall be identified as such and shown in the financial reports and statements of account.

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

96. The accounts presented by the implementing organization to the WTO shall follow the format and contain at least the same level of detail as the budget approved for a particular project. The implementing organization shall stand ready to answer the questions of the WTO on these accounts, and provide a copy of supporting documents as needed.



97. 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 Trust Fund shall bear the cost of the audit.

98. 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.

99. The WTO may terminate the contract with the implementing organization *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).

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

101. Ownership of equipment, supplies and other property financed from the STDF Trust Fund is vested in the implementing organization. Matters relating to the further transfer of ownership to the beneficiary organization(s), where appropriate, shall be determined in accordance with its applicable policies and procedures.

102. Neither the implementing organization 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 implementing organization and the WTO shall agree that such creations should remain in the public domain.

#### ***Assessment and evaluation of projects***

103. The systematic and independent 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.

104. All approved projects shall be the subject of an independent end-of-project assessment, carried out at the completion of the project by an external evaluator. The independent assessment will be the responsibility of the implementing agency, and the budget for this assessment shall be included in the project budget. The basis for the independent assessment of projects is their final results, according to their logical framework and in particular its indicators. This independent end-of-project assessment shall be included in the final reports submitted by the implementing agency.

105. In addition, at least two projects will be selected every year for an independent ex-post impact evaluation. Ex-post impact evaluations should be carried out on the selected projects 2 to 3 years after their completion. The projects to be thus evaluated shall be selected randomly by the Chairperson during the Working Group meeting, unless the Working Group decides otherwise. The focus of these evaluations would be on the actual impact of the STDF project beyond the immediate project outputs, evaluating, for example, improved market access, reductions in rejections, improvements in national food safety, plant or animal health, etc.

106. The Working Group may also decide that ex-post impact evaluations should be carried out on projects on selected topics. The objective of such strategic evaluations is to identify convergence between topics and regions, in order to exploit the results and common achievements of several projects to ensure long-lasting effects and improved convergence in future projects.

107. For ex post impact evaluations, a shortlist of three independent evaluators, drawn from a roster of consultants maintained by the STDF Secretariat<sup>13</sup>, shall be circulated to the Working Group for comments. The final selection of evaluators shall be made by the STDF Secretariat, in consultation with the Chairperson of the Working Group

### ***Monitoring and evaluation of the Facility***

108. The Working Group shall monitor the operation of the STDF on an annual basis. The Secretariat will prepare a draft annual report for presentation and discussion at the first meeting of the Working Group in the following financial year. The annual report is based on:

- (a) The activities and outputs achieved under the relevant annual or bi-annual STDF work plan; and
- (b) The progress, final and evaluation reports on individual projects.
- (c) The contribution to the strategic results of the STDF Medium Term Strategy.

109. A final report, including audited accounts for the STDF, will be circulated shortly in the following calendar year.

110. The Facility will be evaluated by an external reviewer appointed by the WTO after consultation with the Working Group at least every five years, normally to be concluded one year before the end of the Medium Term Strategy, unless decided otherwise by the Policy Committee. After circulation to and discussion in the Working Group and Policy Committee, the evaluation report will be made available in a public document circulated to the SPS Committee.

### **III. FIDUCIARY RESPONSIBILITIES**

111. 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.

112. 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.

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

#### ***Reporting***

114. The WTO as administrator reports to the Working Group on the financial operation of the Fund. The WTO submits a factual and financial report to the Working Group annually. The report contains detailed information on income and expenditure.

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

#### ***Contributions***

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<sup>13</sup> The Secretariat will maintain a list of potential evaluators, based on recommendations from Working Group members and the Secretariat's own experiences. Members of the Working Group will be consulted by the Secretariat to assist with identifying the most appropriate consultants to undertake a particular ex post impact evaluation. The Secretariat will make the list of potential evaluators available to members of the Working Group.

116. Contributions will be accepted in accordance with the WTO Guidelines on the Acceptance of Contributions, Gifts or Donations from Non-Governmental Donors.<sup>14</sup> 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.

117. Any interest income derived from contributions to the STDF Trust Fund shall be 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***

118. Contributions received shall be used for staffing requirements, activities focusing on the enhanced delivery and coordination of SPS-related technical co-operation as outlined in the relevant annual or bi-annual STDF work plan, PPGs, project grants and other expenditure as approved by the Policy Committee, Working Group or STDF Secretary.

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

- (a) Costs related to activities focusing on the enhanced collaboration of SPS-related technical co-operation as outlined in the relevant annual or bi-annual STDF work plans;
- (b) Costs related to STDF Secretariat participation in STDF meetings;
- (c) Costs related to the attendance at STDF meetings of developing country experts serving on the Working Group and the Policy Committee.
- (d) Costs related to STDF Secretariat travel (e.g. for meetings with donors);
- (e) Independent evaluations of the operation of the Facility;
- (f) Independent reviews of applications submitted by STDF partners;
- (g) Specific mandates to an external auditor for the control of expenses on projects;
- (h) 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).

120. 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.<sup>15</sup> For projects implemented by applicants, partners or third parties, overhead costs are normally shared between the applicant, partner or third party and the WTO on a 12 per cent – 1 per cent basis.

121. 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***

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

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<sup>14</sup> See document WT/L/386/Rev 1 (or subsequent versions).

<sup>15</sup> See document WT/GC/M/32 (or subsequent versions).

123. 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***

124. 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.