

STDF PROJECT PREPARATION GRANT (PPG)

APPLICATION FORM

The Standards and Trade Development Facility (STDF) provides Project Preparation Grants (PPGs), up to a maximum of US\$50,000, for the following purposes (or a combination thereof):

- application of SPS-related capacity evaluation and prioritization tools;
- preparation of feasibility studies that may precede project development to assess the potential impact and economic viability of proposals in terms of their expected costs and benefits; and/or
- preparation of projects proposals that promote compliance with international SPS requirements, for funding by the STDF or other donors.

Applications that meet the STDF's eligibility criteria are considered by the STDF Working Group, which makes the final decision on funding requests. Complete details on eligibility criteria and other requirements are available in the *Guidance Note for Applicants* on the STDF website (www.standardsfacility.org). Please read the *Guidance Note* before completing this form. Completed applications should be sent by email (as Word documents) to STDFSecretariat@wto.org.

PPG Title	Strengthened food safety and quality compliance in select Sri Lankan spices through the application of geographical indication schemes
Budget requested from STDF	USD 41,000
Full name and contact details of the requesting organization(s)	Cinnamon Training Academy (CTA)
Full name and contact details of contact person for follow-up	Sarada De Silva, Chairman, Cinnamon Training Academy

I. BACKGROUND AND RATIONALE

1. What is the purpose of this PPG? Explain whether it is requested to: (i) apply an SPS-related capacity evaluation or prioritization tool; (ii) prepare a feasibility study (prior to project development) to assess the potential impact and economic viability of proposals in terms of their expected costs and benefits; and/or (iii) prepare a project proposal for consideration by the STDF or other donors?

The purpose of the PPG is to develop a project proposal/document based on value chain (VC) analyses of select Sri Lankan spices, namely pepper, cloves, and nutmeg (PCN), for consideration by potential donors, including the STDF. The VC analyses would identify the gaps in compliance with food safety and quality (FSQ) measures in select Sri Lankan spices and would aid in **the selection of one of three spices for geographical indication (GI) protection** guided by a cost-benefit analysis. Within the timeframe of the PPG, potential donors would be consulted to gauge interest in the resulting project.¹ The final output of this PPG would be a project proposal/document, including an annex of VC analyses, a bibliography of reference documents, and a compendium of key activities carried out during the PPG.

¹ Based on the likelihood of securing donor-funding, the project proposal/document would be written in the preferred/required format of potential donors.

A felt need of the spice industry is the strengthening of SPS compliance along the VC and higher value addition through quality differentiation for better market access. The project proposal/document would directly respond to this need by proposing a GI system linked to industry-wide quality control and assurance standards per export market requirements. In other words, **the right to use the GI for a selected spice would be linked to compliance with SPS requirements**. Below are some innovative & replicable, regional, and collaborative features of the proposed project to be formulated through the PPG:

Innovative and Replicable Approaches	<p>GI is a particularly systematic tool for linking SPS-related parameters/requirements to traceability and for catalysing capacity building and collective actions of and connectivity between value chain actors, which are necessary conditions for effectuating food safety. The same approach could be overlaid on other products with GI potential beyond spices.</p> <p>The training curricula developed under the CTA is also a replicable element for spices beyond Ceylon cinnamon, including but not limited to pepper, cloves, and nutmeg (PCN).</p>
Regional Approach	<p>A regional approach would be pursued to reduce SPS-related non-tariff barriers for GI products, including the harmonization of national standards with regional standards and participation in sectoral mutual recognition arrangements. Such an arrangement would lessen the burden of proof for the producer in the importing countries and facilitate greater certainty of market access, which is not guaranteed even for GI-certified products.</p>
Collaboration	<p>Over the course of the PPG, consultations with relevant technical implementing agencies would be had to identify potential partners that would facilitate the extraction of maximum benefits of GI legal protection for upstream value chain actors. Likewise, the support of facilitators such as inter-professional associations, industry associations, chambers of commerce, academia, and extension service agencies would be sought to ensure a collaborative and interdisciplinary approach to strengthen the compliance capacity of VC actors to meet minimum FSQ requirements of GI specifications.</p>

2. Explain the key SPS problems and/or opportunities to be addressed. Clarify why these issues are important, with attention to market access and poverty reduction. Describe, if relevant, how these issues relate to SPS priorities in the Enhanced Integrated Framework's Diagnostic Trade Integration Studies (DTIS), the findings of SPS-related capacity evaluations, national poverty reduction strategies, sector development strategies or policies, etc. See Qn. 7. (b) – (d) of the Guidance Note.

Background

SPS measures stand starkly among the nontariff barriers faced by Sri Lanka. The lack of coherence in and poor design of the legal and institutional frameworks for SPS and the gaps compared with international norms/practices in SPS-related infrastructure have dampened prospects for export development. However, a private sector-led approach that addresses supply-side constraints for sectors with the greatest export potential can improve the trade-enabling environment. The National Export Strategy of 2018-2020 put forth by the Export Development Board identifies spices as a priority export sector and one where changes in supply-side factors can have a significant impact on the growth and trajectory of relevant industries and affected communities.

Sri Lanka exports a wide range of spice products, of which the most promising, beyond the acclaimed Ceylon cinnamon, are **pepper, cloves, and nutmeg (PCN)**. As with Ceylon cinnamon, the respective PCN industries are characterized by low productivity, small holdings, lack of incentives, poor business management and marketing, lack of investment, lack of value addition (e.g. exporting in unprocessed form), and, most prevalently, the shortage of skilled labor and the low use and application of international food safety and quality-related (FSQ) best practices.

Export rejections are mostly on account of **mycotoxin and microbiological contamination**. Of the EU's Rapid Alert System for Food and Feed Safety alerts in the herbs & spices category from 2016 to 2018, almost three-quarters of rejections are due to mycotoxin (e.g. aflatoxin and ochratoxin), followed by a quarter due to microbiological contamination (e.g. salmonella and e.coli); other contamination issues include pesticide residues and lead due to inconsistent application of Good Agricultural Practices (GAP).

To mitigate the trade-restrictive effects of SPS-related non-compliances, the spice industry can convoke a reorientation of the agricultural labour market to harmonize its practices with international standards and regulations (e.g. Codex Alimentarius), to boost productive capacities, and to diversify product range. By zeroing in on aforementioned firm-level market failures, particularly the dearth of human capital investment and SPS non-compliances, the overall strengthening of the VC would be achieved, which would facilitate greater access to high-end, SPS and quality-conscious markets.

Traceability is an intrinsic value in GI. The contribution of GI protection to SPS compliance and to socioeconomic development are well documented. GI is a particularly systematic tool for linking SPS-related parameters/requirements to traceability and for catalysing collective actions of and connectivity between VC actors, which are necessary pre-conditions to effectuating food safety. Despite their export potential, PCN products are still being exported in negligible quantities and its smallholders are unable to comply nor able to demonstrate compliance to capture additional earnings due to FSQ differentiation.

To implement a GI regime for one of the PCN spices, inter-professional associations can play a key role in (1) upskilling/equipping smallholders to leverage the latest techniques/technology to bring out the best of a product while maintaining terroir-specific know-how and practices; (2) mobilizing VC actors to define the minimum quality specifications for the GI product in question, which, by default, would imply compliance with SPS requirements, and the code of practice; and (3) facilitating the adoption of GI-cum-SPS-related standards and regulations based best practices. Collectively, these actions would enable smallholders to command a premium for their GI products, stimulate investment in the industry, and generate socioeconomic returns for supported communities. The impact on poverty alleviation and inclusive economic diversification would be acutely and imminently felt as large numbers of workers in the informal sector, particularly women and youth, would be absorbed into productive jobs in the formal sector and positive spill-overs from intersectoral linkages, such as in food, cosmetics, pharmaceuticals, fisheries and tourism, would likewise stimulate employment.

PPG: Define the problem and propose a solution.²

At each stage of the VC for pepper, cloves, and nutmeg, respectively, FSQ-related compliance gaps/constraints/bottlenecks would be analysed. The VC analyses would also aim to respond to the following questions, which would be the basis for determining the appropriate selection of **one of the** aforementioned **three spices for GI protection**:

- (1) Is there evincing potential for competitive advantage in terms of quality differentiation and cost leadership for a product from a delimited production area?
- (2) Do benefits of GI protection exceed the costs?
- (3) Would producers accept forms of control/verification and third-party product certification?

The VC analyses would be an annex to the project proposal/document and the basis for the proposed solutions/project design. The project proposal/document, to be developed as a result of this PPG, would comprise the following specific objectives and indicative macro-activities (subject to adjustment based on the VC analyses).

² Please refer to the table of activities in response to Section II, Question 8, which expounds on activities to be carried out over the course of the PPG.

SPECIFIC OBJECTIVES / INDICATIVE MACROACTIVITIES: *To holistically and systematically address SPS-related supply-side constraints along the stages of the VC (e.g. production, post-harvest, processing, trade) through the GI lens, the following SPS-related interventions encapsulated in **specific objectives (SO) and indicative macro-activities are proposed for the project proposal/document.** In the project inception phase, to determine possible linkages, synergies, and complementarities with other SPS-related interventions for selected spices, a mapping of previous, ongoing, and planned SPS-related interventions would be conducted.*

Specific Objective 1: SPS-related compliance of upstream actors strengthened to meet requirements of product specifications and market requirements

Under a STDF co-funded project implemented by the United Nations Industrial Development Organization (UNIDO), the Cinnamon Training Academy (CTA) has a nationally accredited vocational training program for cinnamon harvesting/processing certifiable to Level 4 of the National Vocational Qualification (NVQ) framework, which is internationally recognized. An inter-professional association, such as the CTA, with sufficient technical and coordination capacity is required to foster the necessary set of technical skills/know-how, to build a foundation of social construction necessary to organize and to converge VC actors under a single system of representation with shared rules of production/practices, and to effectively cultivate and champion the brand value of GI-certified products.

In view of technically and socially capacitating field/factory officers to prepare to harmonize their practices under a common framework, particularly the rules of production, control procedures, and cueing quality, in line with international standards and regulations and particular market requirements, the broadening of CTA's mandate and diversification of its service menu are recommended. To encompass the preeminent spices beyond Ceylon cinnamon, namely pepper, cloves, and nutmeg (PCN), the CTA would necessarily be restructured and rebranded as the Spice Training Academy (STA). As done for Ceylon cinnamon, national competency standards and curricula for each spice would need to be respectively defined/designed. Further, the STA would seek to be accredited by the Tertiary and Vocational Education Commission (TVEC) for offering certification up to Level 4 within the NVQ framework for each spice. The training curricula for each spice would be based on defined product specifications. The training would encompass increasingly complex levels of SPS-related requirements, such as compliance with chemical features, microbiological information, biological details and organoleptic characteristics, to set up the groundwork for eventual GI implementation for one of the selected spices within the project lifespan.

○ **ACTIVITY 1.1: Define and/or update product specifications.**

A data inventory on objective characteristics, raw inputs, and production/processing methods for each spice would be the basis for defining and/or updating product specifications. A literature review, physicochemical analysis, and interview of the relevant community of producers/processors will need to be conducted. The resulting new/updated product specifications would be a reference document to develop a tailored curriculum towards NVQ certification in SO 1 / Activity 1.2.

Means of Verification: New/updated product specifications for pepper, cloves, and nutmeg, respectively.

○ **ACTIVITY 1.2: Develop national competency standards and curricula.**

Develop national competency standards (NCS) and training curricula for each spice based on product specifications to prepare upstream actors, primarily spice producers/processors, for compliance with product specifications. The NCS and training curricula for each spice must be accredited by TVEC.

Means of Verification: NVQ-certifiable training curricula for pepper, cloves, and nutmeg, respectively. The training curricula must be responsive to eventual GI implementation.

- **ACTIVITY 1.3: Capacitate the Cinnamon/Spice Training Academy to expand the service menu for training of spice field/factory officers.**

As trainings would be housed at CTA (rebranded as the STA), STA would need to be capacitated to offer such trainings. To this end, trainers for spice harvesting/processing would be trained and certified by the University of Vocational Technology (UNIVOTEC), which awards degrees considered equivalent to degrees awarded by any other university under the purview of the University Grants Commission in Sri Lanka. Further, toolkits and equipment would be necessary to accommodate trainees in a model bought tree factory (BTF), a clustered processing system, at the STA where demonstration workshops would be conducted.

Means of Verification: Training-of-trainers curricula for spice field/factory operations; procurement documents for toolkits and equipment for BTF.

- **ACTIVITY 1.4: Upskill upstream actors to prepare for GI implementation.**

International market demand for Sri Lankan PCN continues to outpace available supply. Thus, a felt need of the spice industry, particularly plantation owners/supplier of raw materials, is to qualify labourers as spice harvesting/processing technicians under the NVQ framework. NVQ-certified spice technicians would be regarded as competent to fulfil requirements of the labour market for spice harvesting/processing. The expanded service menu at STA would help to increase the supply of spice technicians, thereby facilitating the increase in quality and quantity of Sri Lanka-originating spices compliant with SPS and quality-related export market requirements. The trainings would also help spice technicians to move away from using myopic production methods that reduce yield in the medium-to-long run, grade spices, and use production/processing methods that comply with quality management systems-based best practices and (GI) product specifications, with special attention to mitigating aflatoxin and microbiological contamination and organoleptic analyses.

Means of Verification: Assessment report by the National Apprentice and Industrial Training Authority (NAITA) or Vocational Training Authority (VTA); NVQ certificates.

Specific Objective 2: (Shared) processing centers certified against quality management systems (QMS) standards to increase the quantity and quality of SPS-compliant, value-added Sri Lankan spices

In the previous STDF-funded project, cinnamon processing centers have been upgraded to the point of GMP certification, a particular success case being the Kahawatte Plantation predominantly operated by women. In the same vein, the STA would play a key role in mobilizing the contributions of industry stakeholders of all sizes/levels, private sector investment, and the donor community towards upgrading and, where necessary, establishing GMP-certified processing centers across the island to reach economies of scale in both quantity and quality. Depending on the absorptive capacity/maturity of selected enterprise in question, certifications for standards in the ISO 22000 family could be explored, particularly ISO 22005 to facilitate traceability along the VC. The contributions of the aforementioned actors would necessarily reflect a financial stake in realizing this specific objective. Even for smallholders, the project would encourage and facilitate their active contribution and investment in the establishment of shared processing centers for group processing. The principle behind the respective contributions is to encourage a spirit of ownership so that the intervention is participatory and inclusive of upstream actors who are not typically represented in larger scale endeavours of this nature.

- **ACTIVITY 2.1: Bridge SPS-compliance gaps in processing centers to prepare for GI implementation.**

Based on a bespoke diagnostic assessment of producers/processors in the selected spice value chain for GI protection, SME beneficiaries with sufficient absorptive capacity for export readiness would be competitively selected to facilitate the achievement of quality management systems certification that, at minimum, ensures effective application of GAP and GMP.

Means of Verification: Bespoke diagnostic report and workplan towards QMS certification; final audit reports for QMS standards.

○ **ACTIVITY 2.2: Introduce a blended finance program to facilitate the upgrading/establishment of (shared) processing centers.**

To unlock private sector opportunities for competitively selected SMEs that are not yet able to meet fully commercial financing terms but have the promise to be sustainable and have strong development impact, a blended finance program would be introduced. Grant funding would be leveraged to attract loans from local financial institutions. The element of subsidy from the project would vary depending on the level of export readiness of the SME. To align interests, risks, and returns, the participating SME's investment must represent no less than a third of the total investment in the processing center.

Means of Verification: Bespoke diagnostic report and workplan towards QMS certification; final audit reports for QMS standards.

Specific Objective 3: GI roadmap (up to the point of the control plan) drawn out to increase the presence and value of Sri Lanka originating spices in the world market

An ongoing European Union (EU) funded project implemented by UNIDO is supporting the implementation of the GI roadmap for Ceylon cinnamon drafted under the previous STDF co-funded project implemented by UNIDO. As of 2016, the legal framework for GI was not in place. Therefore, UNIDO supported the National Intellectual Property Office (NIPO) in completing the required amendments to the Intellectual Property Act for GI in December 2017 and prepared the application dossier and all supporting documents/actions (e.g. product specifications, control plan, blueprint for traceability system, registration of a GI association, promotional plan) with an eye towards registering Sri Lanka's first GI with the European Commission. As it is foreseen that Ceylon cinnamon would be the first successful GI registration by the closure of the ongoing project in 2020, the momentum could be leveraged to register at least one of the remaining preeminent spices to uplift the spice industry and other allied industries.

To diagnose the underlying SPS-related challenges along the PCN VCs, an analysis on the magnitude and extent of the constraints at each VC stage would be required. To ensure a participatory approach, all VC actors would be consulted to strike the right balance in the rules that govern production. Through SO 1, upstream actors would be prepared to comply with requirements in collectively defined product specifications. Through the relational assets forged through a more solid social construction in SO 2, all VC actors would be ready to depart from a convergent strategy aimed at qualifying a GI product. Further, GMP-certified processing facilities in SO 2 would, again, undergo upgrading to meet the more stringent requirements of implementing a traceability system that permits tracing of all steps of the product journey from farm to table and to test if the processes adhere to the code of practice, including verification and control schemes. Correspondingly, competent bodies would need to be capacitated for the internal/external control of GI. The industry would also need to be supported to ensure that marketing strategies are in tune with consumer behaviour/preferences in the target market. And not least, to spread the benefits of implementing the GI scheme, the Spice Council would facilitate a buy-back linkage between exporters and buyers, wherein each exporter would establish sourcing contracts with smallholder beneficiaries selected under the project; through SO 1 and SO 2, the smallholders would be capacitated to supply products conforming to food safety standards.

○ **ACTIVITY 3.1: Define the code of practice for the GI protection of the selected spice.**

To define a code of practice (set of rules for production/processing) for GI protection of the selected spice, upstream actors along the VC must be organized. Beyond upstream actors, the process of defining the common rules would require a multi-stakeholder approach with the support of facilitators such as industry associations, chambers of commerce, academia, and extension officers. The organization of the VC would result in the formation of a GI association.

Means of Verification: Code of practice; GI association constitution; registration of the GI association with the Registrar of Companies

- **ACTIVITY 3.2: Design a verification system linked to a code of practice.**

To guarantee product conformity with quality specifications/parameters, including SPS dimensions, and product traceability, a verification system would need to be established, which could be in the form of a third-party certification. The verification system would be based on a control plan defined by an industry association that would determine the critical points and sanctions per each requirement in the code of practice. Once the control plan is in place, the GI association can manage internal controls (e.g. traceability, organoleptic/final product testing, etc.) and manage relations with an external certification body. A competent body to manage external controls would need to be designated to provide assurance that relevant requirements have been followed. To attest to controls in place, an IT-based traceability system would need to be designed and constructed.

Means of Verification: Internal and external control plans for the selected spice; blueprint of traceability system for the selected spice.

- **ACTIVITY 3.3: Capacitate internal and external control bodies.**

To ensure the core elements of internal control (e.g. auto-control by the producers, control by the producer association, and control by the GI association) and external control by the competent body are in place, training would be delivered on three levels for three different target groups: (1) The competent body managing external control would be trained on control mechanisms and on compliance with GI specifications in accordance with ISO 17065, the standard for bodies certifying products; (2) The competent body responsible for external control would be capacitated until it is proficient enough to deliver trainings to the GI association and (public) extension service agencies on internal control and on compliance with GI specifications; (3) finally, VC actors (e.g. producers, processors/grading technicians, and packagers/exporters) would receive training on control mechanisms, compliance with GI specifications, and use of the GI name.

Means of Verification: Training curricula and guidelines on control mechanisms, compliance with GI specifications, and use of the GI name / labelling.

- **ACTIVITY 3.4: Prepare a protected geographical indication application.**

Once the GI specifications and internal/external control plan have been established, an application dossier would be prepared to register the name of the spice product as a protected geographical indication (PGI). If the PGI is to be registered with the European Commission, the application dossier, also called the Single Document, would summarize the GI specifications (e.g. GI name, description of the product, definition of geographical area, proof of origin, description of the method of obtaining the product, link between quality and geographical origin, designated bodies verifying compliance with provisions of the specification, and labelling) as well as other accompanying information.

Means of Verification: PGI application dossier.

Specific Objective 4: Greater certainty of market access secured for GI products through standards harmonization and/or participation in regional mutual recognition agreements.

The harmonization of national standards with regional/international standards would establish clarity on the properties of a product, including SPS and quality dimensions. Participation in sectoral mutual recognition arrangements with regional/international standards bodies and the eventual harmonization of technical requirements through a single regulatory regime for the sector in the region, would, to a certain extent, reduce the degree/cost of conformity assessment activities (testing/inspection) on the producer side as minimum SPS and quality-related regulatory requirements would be reciprocal in all MRA partners; in other words, the burden of proof would be lessened for the producer. To secure greater certainty of market access, which GI certification alone would not guarantee, support would be extended to the Sri Lanka Standards Institution and

the relevant regulatory agencies to participate in a MRA and work towards standards harmonization and better regulatory practice.

o **ACTIVITY 4: Explore a regional approach to reduce SPS-related non-tariff barriers for GI products.**

Pursue harmonization and mutual recognition of standards, including participation in Codex sub-committees on spices and herbs, to reduce divergence in comparability to work towards similar regulatory requirements in the region for the spices sector. To do so, SLSI would be supported in the formulation/revision of harmonized standards and relevant regulatory agencies would be supported in establishing a methodology for mutual recognition such that equivalence is achieved for the protection level of the spices/products in question.

Means of Verification: List of recommended standards for harmonization; methodology for mutual recognition

3. Which government agencies, private sector, academic or other organizations support this PPG request? Letters of support from each of these organizations would be advantageous (Appendix 1). See Qn. 7. (e) of the Guidance Note.

- **Government:** Department of Commerce; Ministry of Skills Development and Vocational Training
- **Public-Private Partnerships:** The Cinnamon Training Academy; The Spice Council

4. How does this PPG complement and/or build on past, ongoing and/or planned national programmes and/or donor-supported projects? See Qn. 7. (f) of the Guidance Note.

While the proposed PPG targets firm-level, supply-side constraints through a VC development approach to strengthen the preparedness of VC actors and undergirding trade support institutions in implementing GI, the ongoing EU-funded, UNIDO-implemented project complements the proposed PPG by addressing the constraints in the legal and institutional framework for SPS and bridging the SPS-related infrastructure gaps compared with international norms/practices.

A wide array of regulations issued between 1980 to 2017 cover various dimensions of FSQ, protection of plants & animals and environmental protection. However, both the Food Act of 1980 and the subsequent 18 regulations are outdated, designed in silo, lack coherence with other SPS-related legislation, and/or do not delegate appropriate authority or decision-making power to the relevant agency to take action in cases of non-compliance. Consequently, disjointed coordination amongst regulatory authorities and duplication of functions result in higher procedural costs on exporters, such as significant delays in the issuance of certificates based on test reports and cumbersome or duplicative clearance procedures, and regulatory or information gaps due to the absence of legal drafting facilities, such as delayed issuance of technical regulations or absence of timely information on export restrictions. Finally, SPS-related infrastructure that are requisite for cost and time efficient conformity assessment, risk analysis, and inspection, and the absence of adequate laboratory facilities and equipment and accredited conformity assessment bodies for testing methods beyond systems certification are imminent challenges to the country. These constraints are faced head on by the present project through a twofold intervention: (1) The establishment of a National Quality Council and a National Food Authority, both apex bodies for coordinating the institutional actors for quality infrastructure (QI) and food control, respectively; and (2) the capacitation of conformity assessment bodies (CAB) and small and medium-sized enterprises (SME) to become accreditation and certification-ready, respectively. The same beneficiaries of the present project, that is the institutions and CABs that comprise the QI system, are the same trade support institutions that would service the beneficiaries in the proposed PPG, that is the actors along the PCN VC.

Further, as referenced in the background/rationale, the present project dedicates two sub-expected results that build on the foundations of the previous STDF co-funded UNIDO-implemented project. Under the present project, four national competency standards and four corresponding curricula for cinnamon field and factory operations have been devised and/or revised. Having been accredited by TVEC in 2018 for offering trainings within the National

Vocational Qualification (NVQ) framework, CTA is now able to offer trainings certifiable to NVQ Levels 3 and 4; thus far 371 persons have been certified to NVQ Level 3 and 34 to NVQ Level 4.

The past project also handed over the GI baton, so to speak, to the present project to carry forward the finalization and implementation of the GI roadmap for Ceylon cinnamon. The consolidation of the legal framework for GI and the registration of Ceylon cinnamon GI with the EC is near the finish line, which would enable Sri Lanka to herald Ceylon cinnamon as its first GI and bring Sri Lanka that much closer to the aspirational vision of making Ceylon cinnamon a “one-billion-dollar industry.” The proposed PPG would leverage GI momentum in the present project to propel the registration of other products with terroir-specific qualities and promising export potential.

5. Have you discussed this PPG request – or funding for the project proposal which would result from it – with any potential donors (bilateral, multilateral, Enhanced Integrated Framework, etc.)? If so, provide details below and indicate potential sources of funding for the resulting project. See Qn. 7. (g) of the Guidance Note.

Initial discussions were broached with the EC’s DEVCO as well as Ministry of Finance. Further, letters of support have been issued by the Ministry of Skills Development and Vocational Training, the Department of Commerce (WTO focal point housed in DoC), The Spice Council, and the United Nations Industrial Development Organization (as the technical implementing agency).

6. Briefly explain how cross-cutting issues (e.g. related to gender, the environment) are relevant for this PPG and, if appropriate, how they will be addressed.

GI allows producers to translate terroir-specific traditions and values into economic terms and to capture the additional rents. Further, the linkage between market development for GI denominated products and income/livelihood improvement is well documented, particularly for women and youth as working conditions are favourable for nursing mothers and new entrants into the industry. Likewise, the empirical data validating the linkage between GI and biodiversity/sustainable agricultural production is robust. Economies of scale in both quantity and quality could be achieved as strengthened connectivity between VC actors contribute to the increase in production and the minimum quality requirements of GI enable producers to enjoy higher premiums.

II. IMPLEMENTATION & BUDGET

7. Who will take the lead in implementing this PPG? If particular national experts and/or international consultants are proposed, attach a copy of their Curriculum Vitae and record of achievements (Appendix 2). If no names are provided, the STDF will provide a shortlist of consultants if the PPG request is approved.

National Expert (NE): TBD during PPG
International Expert (IE): Palmira Lopez-Fresno, Ph.D.

8. In the table below, briefly describe the main activities to be carried out under this PPG and specify who would be responsible. Provide an estimate of the budget required (e.g. for national/international expertise, travel and DSA of consultants, stakeholder meetings or workshops, general operating expenses, etc.).

Activity	Deliverables	Time	Responsible	Estimated Budget (USD)
Identify/review relevant documents, studies, assessments focused on food safety and quality (FSQ) related challenges in PCN production and trade.	Bibliography of documents reviewed/referenced.	2 weeks	NE & IE	2,000
Map out key challenges along the	VC analyses for	8 weeks	IE	18,000

PCN VCs against specific FSQ requirements in existing/potential markets for Sri Lanka originating PCN and the capacity of relevant VC actors to meet those requirements. Determine the selection of one of the three spices for GI protection.	spices.			
Consult framers (e.g. government agencies involved in agro development and the implementation of SPS controls) and stakeholders (e.g. producers, exporters, industry associations, research institutes) in Sri Lanka to incorporate their insights on where intervention would be appropriate/beneficial to ensure alignment with national development priorities and to enhance ownership of the resulting project.	Minutes from bilateral stakeholder consultations.	2 weeks	NE	5,000
Given the distinct nature of challenges and particular structure of each of the PCN spices, propose feasible, cost-effective and, sustainable solutions to tackle FSQ-related supply-side constraints along the VC in the project proposal/document. The resulting project proposal/document should purpose to (1) elaborate expected outcomes, outputs, and activities based on a coherent logframe to measure performance, sources of verification, and key assumptions; (2) identify the roles of concerned stakeholders and practical mechanisms for project implementation/management; (3) draft an estimate budget reflecting the scope and scale of planned activities; (4) identify potential donors, private sector investors, and direct beneficiaries; (5) ensure the inclusion of cross-cutting gender/youth mainstreaming and minimization of environmental trade-offs; (6) a timeline and workplan for project implementation; (7) identify risks and propose mitigation strategies.	Draft project proposal/document.	2 weeks	NE & IE	8,000
Present, discuss, and validate project proposal/document with all VC stakeholders during a final stakeholder Workshop.	Minutes from multi-stakeholder workshops.	1 week	NE & IE	4,000
Finalize successive versions of the project proposal based on	Final project proposal/	1 week	NE & IE	2,000

feedback received from all VC stakeholders.	document.			
Write a brief implementation report on the outcomes of the PPG, including annexes (e.g. VC analyses and bibliography of all documents reviewed/references and stakeholders consulted).	Executive report on the outcomes of the PPG, including annexes.	1 week	NE & IE	2,000
TOTAL		19 weeks		41,000

Appendixes:

Appendix 1: Letters of support from each of the organizations supporting this PPG.

Appendix 2: Curriculum Vitae and record of achievements for any consultants proposed to implement this PPG.