

STANDARDS AND TRADE DEVELOPMENT FACILITY

SYNERGIES BETWEEN STDF WORK AND THE WTO'S INFORMAL WORK PROGRAMME ON MSMEs

1. The Standards and Trade Development facility (STDF) promotes safe and inclusive trade opportunities, supporting farmers, processors, traders and governments in developing countries to meet international standards and access regional and global markets. Through SPS capacity building projects and project development, and its global coordination platform and knowledge hub, the STDF's work helps micro, small and medium-sized enterprises (MSMEs) to benefit from these opportunities, contributing to the UN's 2030 Agenda.
2. As a financing mechanism, the STDF provides grants to improve SPS capacity in developing countries, based on national demand and priorities. The private sector – including MSMEs – participates in and benefits directly from many STDF projects to improve SPS capacity and boost trade. MSMEs are actively engaged in many projects that address SPS challenges throughout value chains. In addition, MSMEs benefit from other STDF projects to build institutional SPS capacity or reduce the transaction costs of implementing SPS measures.
3. STDF projects have helped MSMEs to better understand and meet international standards for food safety, animal and plant health to take advantage of trade opportunities, and have improved collaboration between MSMEs and government authorities.¹ For instance, in Sri Lanka, an STDF project ([STDF PG 343](#)) built the SPS capacity of public and private sector involved in the cinnamon value chain. MSMEs benefitted from training on food safety and hygiene, which has helped to improve the quality and safety of their cinnamon production and expand exports to high-end markets. Six cinnamon processing centres were upgraded and certified to international standards. Overall, the project triggered a transformational change in the industry, enabling companies like Cinnamon Legends – the number one exporter of cinnamon worldwide – to expand their operations, generating jobs and higher incomes.
4. STDF project preparation grants (PPGs) provide support for MSMEs, government agencies and other stakeholders in developing countries to discuss how to address SPS challenges and develop projects and mobilize resources for sustainable SPS solutions.
5. As a knowledge platform, the STDF brings together organizations and experts working on agriculture, health, trade and development to identify and disseminate good practice and enhance the overall effectiveness of SPS technical cooperation. STDF's thematic work on diverse topics – including public-private partnerships, facilitating safe trade, prioritizing SPS investments for market access and good regulatory practice – is relevant for WTO's work to support MSMEs. Many of the experiences, lessons and good practices developed through this work can be further disseminated and scaled-up to benefit MSMEs involved in the agri-food sector and trade worldwide.
6. STDF's ongoing work on [Good Regulatory Practice \(GRP\)](#) aims to develop knowledge and approaches to improve the development, implementation and review of SPS measures which can **promote a more predictable regulatory environment for SMEs**. Consultations with the private sector (including MSMEs) is a key pillar of regulatory development and a core principle of GRP, and is likely to result in more transparency about SPS regulations, as well as regulations that are fit for purpose and that can be implemented more easily by the private sector. The STDF's work on this topic will provide examples of how public-private consultation and information sharing with MSMEs and other private sector actors can support the effective of SPS measures. Development of a practical "checklist" will help government authorities to make use of GRP principles and tools to improve the development and implementation of SPS measures.
7. STDF's [P-IMA](#) framework (Prioritizing SPS Investments for Market Access) is an evidence-based approach to inform SPS planning and decision-making, including on resource allocation, which can support efforts to **increase access to trade finance for MSMEs**. P-IMA links SPS investments to policy goals from export growth to agricultural productivity, and poverty reduction, as well as the

¹ See STDF's Briefing Note for more examples of how the STDF works with MSMEs and other private sector actors: www.standardsfacility.org/sites/default/files/STDF_Briefing_Note_15.pdf

SDGs. The process engages all relevant public and private sector stakeholders, including MSMEs, to discuss and prioritize multiple SPS investment needs. Through this process, P-IMA generates evidence on the likely impacts of SPS investments, which helps to mobilize resources to address SPS challenges facing the export of agri-food products to regional and international markets.

8. An ongoing STDF project ([STDF/PG/606](#)) is supporting selected COMESA Members to use the P-IMA framework to identify and prioritize SPS bottlenecks affecting major value chains, and mobilize resources for follow-up. MSMEs – and the private sector associations and platforms that represent their interests – are key partners in this project and can support mainstreaming the key SPS priorities within government policies, giving them an opportunity to contribute to the development of their sectors through targeted investments for improving productive capacities and market access for their products.²

9. STDF's work on [Facilitating Safe Trade](#) has identified good practices and recommendations to reduce SPS procedural obstacles (e.g. more controls than necessary, multiple inspections, longer than necessary waiting times, uncertainty, arbitrariness and unpredictability) which helps to **reduce trade costs**. More attention and resources to facilitate safe trade – building on the recommendations of STDF's work and based on synergies developed through the STDF partnership – benefits the private sector by reducing the complexity, cost and time of doing business. MSMEs are likely to benefit most as SPS trade costs tend to be fixed costs.

10. The STDF has organized high-level events to raise awareness about the importance of facilitating safe trade, with a focus on how [electronic SPS certification](#) can reduce trade costs. It has also supported the organisation of regional workshops (with TFAF) to build capacity and cooperation among SPS border agencies and customs in accordance with the WTO SPS Agreement and the TFA.³ The STDF's ePhyto project (STDF/PG/504), which is developing and piloting a system for the exchange of electronic phytosanitary certificates, is expected to have major benefits for SMEs.

11. STDF's work on [Public-Private Partnerships](#) (PPPs) has identified good practices and recommendations to strengthen collaboration between governments and the private sector to improve compliance and improve SPS outcomes. Many of these recommendations have been taken up in STDF projects, several of which operate based on a PPP model. Part of the STDF's PPP work has looked at **regulatory trends of interest to MSMEs**. STDF's publication on the role of PPPs to strengthen SPS capacity (in collaboration with the Inter-American Development Bank) analysed the move by some regulatory authorities (including in the United Kingdom and the Netherlands) to make use of private certification schemes to inform their risk management and more effectively target available government resources for inspection.⁴ These trends have also been analysed in recent Trade Policy Reports, including the 2018 Trade Policy Review of the United States. While this approach offers opportunities to improve SPS compliance, the cost of compliance with third-party assurance programmes is disproportionately burdensome for small-scale operators (FAO, 2010).

12. Two new STDF Project Preparation Grants (PPGs) – in Central America and Africa – will develop regional projects to pilot how voluntary third-party assurance programmes may be used to improve SPS compliance in developing countries. For instance, to inform their risk management decisions by regulatory authorities, better target inspections and build the food safety and export capacity of small-scale operators including MSMEs. The PPGs build on recommendations from STDF regional research in Southern Africa that identified opportunities to strengthen SPS compliance through more collaboration between regulatory authorities and the private sector. It is also linked to work by the Codex Committee on Food Import and Export Inspection and Certification Systems (CCFICS) to develop guidance on the use of voluntary third-party assurance programmes by national food control systems.

² See:

www.standardsfacility.org/sites/default/files/STDF_Briefing_Driving_better_decision_making_PIMA.pdf

³ See: www.standardsfacility.org/sites/default/files/Briefing_Facilitating_safe_trade.pdf

⁴ See: www.standardsfacility.org/public-private-partnerships

About the STDF

The Standards and Trade Development Facility (STDF) is a global partnership that helps developing countries gain and maintain access to markets by tackling sanitary and phytosanitary (SPS) gaps, and promoting food safety, animal and plant health. It works to support sustainable economic growth, poverty reduction, food security and environmental protection. The STDF was established by the Food and Agriculture Organization of the United Nations (FAO), the World Organisation for Animal Health (OIE), the World Bank Group (WBG), the World Health Organization (WHO) and the World Trade Organization (WTO). The STDF also benefits from active participation from the other standard-setting bodies under the SPS Agreement, i.e. the Codex Alimentarius Commission and the International Plant Protection Convention (IPPC). The partnership is housed in the WTO and supported by a number of donors. For more information: www.standardsfacility.org or email: stdfsecretariat@wto.org
