



United Nations Environment Programme
United Nations Conference on Trade and Development

TRAINING MODULE

*Introduction to Capacity Building
for Environment, Trade and
Sustainable Development*



Implementing Sustainable Development
*Building capacity for integrated policy
design and implementation*

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Building Capacity for Integrated Policy Design and Implementation

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UNEP Programmes for capacity building for sustainable development: see UNEP WEBSITE at www.unep.ch/etu

UNCTAD work on trade, environment and development: see UNCTAD WEBSITES at www.unctad.org
www.unctad.org/trade_env/index.htm

UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development: see CBTF WEBSITE at www.unep-unctad.org/cbtf/index.htm

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It is widely accepted by the international community that enhancing the effectiveness of capacity building activities is imperative if countries are to address the challenges of sustainable development, poverty alleviation and sustainable trade promotion.

In working towards this goal, the UNEP Economics and Trade Branch (ETB) has facilitated a comprehensive consultation process with a range of international, regional and national institutions, notably UNCTAD, over the last several years. This consultation process has been conducted through a series of international and regional workshops and meetings focused on developing mutually supportive environment, trade and economic policies. Its aim has been to explore ways to enhance capacity building efforts by identifying gaps, key elements, successful delivery mechanisms, and substantive areas for capacity building that reflect national needs and priorities.

Similarly, UNCTAD through its intergovernmental process and numerous capacity building projects has had extensive consultations. Of particular relevance is a comprehensive needs assessment in the context of the project *Building Capacity for Improved Policy Making on Key Trade and Environment Issues*. In addition, UNEP and UNCTAD have jointly organized consultations through a series of regional workshops under the auspices of the UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF). At UNCTAD, work on capacity building on trade, environment and development has been designed and implemented by the Trade, Environment and Development Branch in the Division on Trade in Goods and Services, and Commodities (DITC).

This introductory training module is designed to support capacity building for trade, environment and sustainable development and is part of UNEP's larger initiative for capacity building on integrated policy design and implementation. It has drawn on a number of background papers reflecting the main messages from the consultation process. It also draws on UNCTAD's capacity building work on trade, environment and development and the CBTF.

The UNEP project has been initiated and led by Hussein Abaza, Chief, UNEP Economics and Trade Branch. Mary McCabe (Mary McCabe Publications, Canberra, Australia) developed and designed the training module. The module was based on two UNEP background papers entitled, respectively, *Capacity Building on Trade, Environment and Development: Trends, Needs and Future Directions* (Hussein Abaza and Robert Hamwey) and *Capacity Building for Integrated Policy Design and Implementation for Sustainable Development* (Evelynne Change and Matthew Stilwell). From UNEP Charles Arden-

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United Nations Environment Programme

Economics and Trade Branch

The United Nations Environment Programme (UNEP) is the overall coordinating organisation for environmental activities within the United Nations system. Its mission is to provide leadership and encourage partnerships in caring for the environment by inspiring, informing and enabling nations and people to improve their quality of life without compromising that of future generations.

UNEP's Economics and Trade Branch (ETB) is one of the branches of the Division of Technology, Industry and Economics (DTIE). ETB examines how economics, trade and finance interact with the environment at local, regional, and global levels, and how these linkages in turn affect development. Through an increased awareness of these relationships, the Branch encourages decision makers in governments to integrate environmental, social and economic considerations when developing policies for sustainable development. Its primary mission is to assist governments, particularly developing countries and countries with economies in transition, in their efforts to enhance their institutional and human capacities for integrating environmental considerations in development planning and decision-making.

The work programme of the Economics and Trade Branch consists of four main components: economics, trade, financial services and integrated assessment and planning. These elements are underpinned by a capacity building effort that covers the main elements of the ETB's work programme.

- The economics component focuses on enhancing the capacities of countries, particularly developing countries and countries with economies in transition, to develop and implement assessment tools and economic instruments.
- The trade component focuses on integrated assessment of trade-related policies, enhancing synergies between multilateral environmental agreements (MEAs) and the WTO, and capacity building for environment, trade and sustainable development.
- As policies in the financial and insurance sectors play an increasingly important role today in influencing sustainable development, ETB's finance component seeks to research, catalyse and support proactive initiatives within these sectors.

- The component on integrated assessment and planning focuses on review of macroeconomic policies and trade and agricultural policies in particular. It seeks to enhance the design and implementation of integrated policies to maximize sustainable development gains with a focus on environment, poverty alleviation and trade promotion.

ETB is strengthening its work to enhance the capacity of developing and transition countries to alleviate poverty and to holistically address the environmental, economic and social dimensions of sustainable development. In this context, it is working closely with governments and other stakeholders, including the private sector, NGOs and affected communities, to build capacity for integrated policy design and implementation.

This effort builds on UNEP's trade and environment capacity building program and its country-based work on assessment and policy design. It responds to requests by governments for capacity building on policies to secure sustainable development, with a focus on poverty alleviation. In undertaking this work, UNEP is building on existing partnerships, in particular the joint UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (UNEP-UNCTAD CBTF), as well as its collaboration with the Secretariats of the MEAs and the WTO.

UNEP's goal is to work closely with a broader range of partner organisations – at the national, regional and international level – to promote a cooperative, coordinated and cost-effective approach to capacity building that is demand-driven, and meets the specific needs of its recipients. The overarching aim is to help implement the outcomes and recommendations of the World Summit on Sustainable Development (WSSD), the UN Millennium Declaration, and other important international meetings and conferences.

Further information on UNEP's assessment and policy design tools and training materials is available at the website www.unep.ch/etu and through the Online UNEP EarthPrint Bookshop.

United Nations Conference on Trade and Development

UNCTAD is the focal point within the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development. Agenda 21, UNCTAD X and the Plan of Implementation adopted at the World Summit on Sustainable Development in Johannesburg have all called upon UNCTAD to promote the integration of trade, environment and development policies. UNCTAD's mandate has been implemented through intergovernmental deliberations, policy analysis, empirical studies, briefings, workshops and seminars, using both budgetary and extra-budgetary resources. UNCTAD's activities span a full spectrum of trade and environment issues, which are being addressed from a development perspective. An overview of UNCTAD's work is published in the new annual *Trade and Environment Review*.

Since the early 1990s, UNCTAD has conducted a specific capacity building programme on environment, trade and development. In recent years, the TED TC/CB (Trade, Environment and Development, Technical Cooperation, and Capacity Building) programme has undergone a major change in structure, size and strategy. Activities are increasingly carried out in the framework of longer-term projects, which facilitate follow-up and appropriate sequencing of activities to obtain the desired results. A recent UNCTAD publication (TD/B/WP (XLI)/CRP.1) outlines UNCTAD's vision and strategy concerning the TED TC/CB programme, including: objectives; characteristics; geographical and substantive focus; the integrated set of activities offered; steps taken to secure sustainability of impacts; communication; cooperation with other providers of TC/CB; and the use of indicators of performance and impact. The growth in the programme responds to the UNCTAD X mandate and to growing demands from developing countries following the inclusion of some trade and environment issues in the World Trade Organization (WTO) negotiating agenda at the Doha Ministerial Conference in November 2001, as well as taking practical initiatives to follow-up recent recommendations by UNCTAD's Commission on Trade in Goods and Services, and Commodities.

TED TC/CB activities include exchanges of national experiences, studies, sub-regional seminars, national workshops and training, which, as far as possible, are offered as an integrated package.

In-depth TED TC/CB activities are carried out in around 15 developing countries and focus on specific issues. The project *Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues*, funded by the UK Department for International Development (DFID) is UNCTAD's largest project. The project assists

beneficiary countries in (a) participating effectively in the WTO negotiations and discussions on trade and environment; and (b) developing long-term policies aimed at promoting sustainable development through trade. The project explicitly aims to develop and implement practical and meaningful policy initiatives in at least one specific trade and environment area in each region.

To ensure that the programme reaches a larger number of beneficiaries, these in-depth activities are complemented by other TC activities focusing on awareness raising and information-sharing. The programme also cooperates with the secretariat of the WTO, UNEP, UN regional commissions and other partner institutions. An important part of these activities are being implemented in the context of the UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF). UNCTAD and UNEP are also cooperating in the preparation and publication of comprehensive training modules on a wide spectrum of trade, environment and development topics, including a range of modules prepared by UNCTAD as part of its TrainforTrade programme, which has been published on the UNCTAD website.

UNCTAD has conducted training workshops on trade, environment and development in Benin (22–26 April 2002 and 8–10 May 2003); Mali (28 April – 2 May 2003) and Burkina Faso (5–7 May 2003), all conducted under the TrainforTrade Programme. On 13 May 2003, UNCTAD also delivered a training workshop for officials from the Ministry of Environment and Forests of India, as part of the project on *Strategies and preparedness for trade and globalization in India*, delivered in cooperation with the TATA Energy Resources Institute (TERI) and the Centre for WTO Studies of the Indian Institute for Foreign Trade. Training is an important component in the project *Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues*.

UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF)

The overall purpose of the joint UNEP and UNCTAD Capacity Building Task Force on Trade, Environment and Development, launched in 2000, is to strengthen the capacities of countries, particularly developing countries and countries with economies in transition, to effectively address trade-environment-development issues. The CBTF has been supported by the Governments of Germany, the Netherlands, Norway, Sweden, the United Kingdom and the United States, as well as by the Commission of the European Union.

The CBTF comprises five integrated and complementary activities:

- Thematic Research on major issues in the trade-environment-development domain aimed at designing practical approaches and policies which maximise the contribution of trade to sustainable development;
- Country Projects based on practical learning-by-doing activities involving teams of national stakeholders to enhance countries' capacities to develop mutually supportive trade, environment and development policies;
- Training to enhance countries' appreciation of the relationship and complementarities between trade, environment and development;
- Policy Dialogue to facilitate awareness raising, consultations and the exchange of perspectives among relevant national ministries, experts, practitioners and negotiators at the national, regional and international levels;
- Networking and Information Exchange to provide technical and operational support at the national and regional levels and to widely disseminate the results of CBTF activities.

At the World Summit for Sustainable Development (WSSD), UNEP and UNCTAD launched Phase II of CBTF. It has been classified as a WSSD "Type II" partnership, which will involve a variety of stakeholders in implementation.

Training is an important element of CBTF activities. The first CBTF workshop was held in Havana, Cuba, from 10 to 14 December 2001. It was hosted jointly by the Ministry of Science, Technology and Environment (CITMA) and the Ministry of Industry, Commerce and Tourism (MICTUR) for around 40 participants who made several proposals for

further activities at the national, provincial and regional levels. The second CBTF training workshop was held in Hanoi, Viet Nam, from 17 to 19 December 2001. It was hosted by VIETRADE (Vietnam Trade Promotion Agency, Ministry of Trade of Viet Nam). There were around 40 participants from different ministries and the private sector, as well as experts from the trade and environment ministries of Cambodia and Laos. A national training workshop was held in Luanda, Angola, in May 2003.

The Ministry of Spatial Planning, Housing and the Environment of the Netherlands has funded a CBTF project for Caribbean countries, with a strong training component. As part of this project, a TrainforTrade training module on Environmentally Preferable Products and the Tourism Sector in the Caribbean was prepared (UNCTAD/DITC/TED/MISC/2003/7, November 2003). The module was delivered at a CBTF Capacity Building Workshop held in Kingston, Jamaica, on 27 and 28 November 2003, back-to-back with a WTO Regional Seminar on Trade and Environment (25 and 26 November).

For further information please see CBTF website: www.unep-unctad.org/cbtf.

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Full size copies of OHPs	

NOTE: A PowerPoint presentation accompanies this module. Full size copies of the OHPs are included in the support materials. These can be photocopied on to transparencies if access to PowerPoint software is not available.

Objectives

The module is intended to support capacity building for environment, trade and sustainable development. It includes a strong focus on the role of international trade and trade policies in achieving national sustainable development strategies. It forms part of a larger series of capacity building modules being prepared under CBTF, the UNCTAD TrainforTrade programme and the UNEP project entitled *Implementing Sustainable Development: Building Capacity for Integrated Policy Design and Implementation*, which address a range of issues including Integrated Assessment and Planning, Economics, Environment, Trade and Sustainable Development and Finance.

This module is a tool for trainers who have some background, experience and understanding of issues relating to international trade and capacity building. It is designed to assist them in preparing and delivering training courses for policy makers and those engaged in trade policy-making and negotiations. The objective is to provide an understanding of:

- the importance of capacity building at a local and regional level;
- the objectives of capacity building for environment, trade and sustainable development;
- processes that can be tailored to the needs of policy makers and trade negotiators; and
- available processes and strategies researched and supported by UNEP, UNCTAD and the UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF).

UNEP and UNCTAD are currently, individually and jointly (in the context of the CBTF) updating existing reference materials as well as preparing new reference materials on a number of topics, including:

- capacity building
- environmental requirements and market access
- environmentally preferable products
- environmental goods and services
- agriculture, trade and environment
- intellectual property, trade and environment

- enhancing synergies between MEAs and the WTO in the areas of environment, economics and sustainable development and
- eco-labeling.

Some of these topics are relevant to ongoing negotiations on trade and environment in the WTO, which were launched by the WTO Ministerial Conference in Doha in November 2001.

Adapting the materials

These materials can be used to design and present training courses with the goal of assisting policy-makers to better understand the issues at stake in international discussions, and to identify policies that maximise the benefits of trade and promote progress towards their national sustainable development goals, including poverty alleviation, sustainable trade promotion, and environmental conservation.

The training should be applied and adapted with reference to local and regional conditions and needs. These should be identified at the start of the process and before training commences. This analysis should also assist in incorporating local sources of information, experts, contacts and case studies, which can be used to make the training more relevant, useful and interesting to course participants. Regional and sub-regional institutions, including trade and economic cooperation bodies, may play a particularly important role as a partner in these activities. Care should be taken in analysing any suggested topics for audience participation and small group work to ensure that the questions raised are relevant and within the experience of group members. This may be ascertained during the initial needs assessment, which develops the focus for capacity building activities.

Further suggestions for customising these materials are listed on pages 4 and 5 of the module.

Module components

The module has four main components:

- a suggested half day programme and a detailed session outline together with a checklist for trainers to assist in the design and delivery of the materials;
- copies of suggested overheads available both as hard copy and in electronic version so that they can be modified for local use;
- support materials including a smaller format of the overheads for quick reference during the training session and as a handout to participants, together with a reference and reading list and suggested group activities; and
- hard copy handouts.

The left margin icons are designed for the quick identification of other actions, or materials, that can contribute to the training.



indicates that an overhead projection transparency (OHP) is available at the end of the topic and can be shown at this time to illustrate a point, or to sum up ideas introduced in the session.



indicates a handout that can be copied from the resource materials supplied at the end of the module.

Note: a glossary of frequently used acronyms is at page 30

Customising the session

The following session outline provides:

- basic information for the trainers;
- suggested sequencing for the introduction of material; and
- supporting overhead transparencies.

Within this framework the trainer should take into account:

- ❑ the needs and existing knowledge and skills of participants on the trade and environment policy interface, determined during the needs assessment which precedes the design and delivery of capacity building activities;
- ❑ the need for the session structure to be flexible enough to accommodate participants' questions, suggestions and general discussion on the trade and environment issues which they identify as most relevant to them; and
- ❑ regional and local input from relevant ministries and regional organisations and non-governmental stakeholders including the private sector working on the trade and environment policy interface.

Session presentation timings are indicative only. In particular, time taken for group discussions and other training activities can vary enormously depending on the depth of treatment, the background of the participants and the size of the group. Some prior knowledge of this is essential in planning an effective session and appropriate learning outcomes.

Identifying participant needs

The trainer needs to spend some time at the beginning of the session identifying the needs and expertise of participants and their expectations of the session. Depending on the size of the group this can be done either by:

- ❑ asking participants to introduce themselves, and identify their present position and their major areas of interest (this will not be appropriate if the group consists of participants from within one organisation and presumably known to each other, if not to the trainer); or
- ❑ quickly running through a shortened questionnaire at OHP 2, seeking a show of hands to indicate major interest areas or the trade and environment issues routinely worked on and participant background. Emphasise that this is an introductory course only and that other sessions should give more specific information.

Suggested additional materials for participants are included at the end of the session outline. These can be assembled and distributed:

- as pre course reading where this is possible and appropriate; or
- as handouts during, or after, the session.

Session timings need to include some provision for discussion of these materials if they have not been distributed prior to the course.

Checking the venue

The session timing and venue may be predetermined by a number of factors including the urgency of the training need, the availability of key participants and the availability of suitable meeting rooms on-site. Even when the site is predetermined it is necessary to check that:

- seating and desks are sufficient to accommodate the course numbers;
- the venue is adequately lit and as far as possible removed from normal working areas;
- there is easy access to power points for an overhead projector or other visual aids; and
- small groups have basic recording equipment such as markers, whiteboards and overhead transparencies to aid them in recording and reporting their discussions.

Pre-session information

If possible, some advance material should be distributed confirming the objectives, issue areas and timing of the session based on the information on pages 6 to 8.

Sample half day programme

Capacity building for environment, trade and sustainable development

8:00-8:30	Arrival and registration
8:30-8:45	Welcome
	Introduction of trainer and participants
8:45-9:10	Introduction to the training module <ul style="list-style-type: none">• Objectives• What is 'Sustainable Development'• Capacity Building for Trade, Environment and Sustainable Development (objectives, key approaches, tools)
9:10-9:35	Substantive issues and delivery mechanisms <ul style="list-style-type: none">• Selection and discussion of issues relevant to the region
9:35-10:00	Existing capacity building activities <ul style="list-style-type: none">• Current approaches and further needs
10:00-10:30	Prioritization of recommendations for capacity building <ul style="list-style-type: none">• Activities needed for implementation
10:30-10:45	Summary of the presentation and discussion
10:45-11:15	Coffee Break
11:15-12:15	Key speakers <ul style="list-style-type: none">• Introduction of one / two key speaker• Presentation of key speaker(s)• Discussion (based on participants' questions)
OR	
11:15-12:15	Group activity <ul style="list-style-type: none">• Introduction and instructions for group work• Group work• Presentation of results by each group• Discussion
12:15-12:45	Plenary to discuss the results of the morning's work and agree on follow-up activities
	Closure
13:00-14:00	Lunch

Session objectives

Objectives

- to introduce the concept of capacity building for environment, trade and sustainable development; with a focus on international trade and trade rules;
 - to outline the main approaches, tools and processes for capacity building for the trade-environment-development policy interface;
 - to assist policy makers to identify elements that may be included in existing and future capacity building programmes.
-

Relevance

Trade is central to the implementation of sustainable development. This was widely recognised at the *2002 World Summit on Sustainable Development* in Johannesburg, which emphasised the importance of capacity building in ensuring that developing countries benefit from trade liberalisation. To be effective there must be a capacity to analyse the linkages between trade, environment and sustainable development and design and implement policy responses to them, especially in developing countries and those countries with economies in transition.

Timing

Half a day including brain storming session on major issues at local/ regional level.

Important notes

The material being presented is complex and it is expected that the trainer will read the session notes in preparation for 'talking' to the OHP prompts. It is NOT intended that the trainer read the detailed session notes to participants.

Results of the session, and especially those of the group work, should be documented so that further activities and training can be based on them.

Pre-session checklist

If the trainer is unfamiliar with the subject matter, or with regional issues, it may be valuable to discuss with local stakeholders some of the following questions before undertaking the session preparation:

- How important is trade and foreign investment to the country or region?
 - What are the key export products and markets?
 - Do these include environmentally sensitive sectors?
 - Is there a clear trade policy and a national development strategy?
 - What are the key trade policy issues at present? How has the policy been developed?
 - What are the main trade policy instruments?
 - Is trade policy and environmental policy considered in parallel with other development-related policies?
 - What are the most important environmental issues in the country?
 - Has there been any coordination between trade and environment ministries?
 - What are the decision-making processes?
-

Administration

- Check venue (see page 5).
- Check participant list and prepare nametags etc.
- Copy and collate the session handouts.
- Copy evaluation forms.
- Prepare materials for the group activity (if used):
 - hard copies of OHPs 10 and 11;
 - paper or overhead transparencies for recording the groups' conclusions; and
 - markers or OHP markers.
- Check PowerPoint presentation and beamer/LCD or make overhead transparencies from the full size copies at the back of the module.
- Identify from the participants' list possible discussion leaders.

Session presentation



1 & 2

Welcome participants by introducing yourself and if appropriate asking them to introduce themselves. If they already know each other (e.g. if they are from one organisation or are colleagues from one institution) this approach will provide useful information for the trainer, but be of less value to participants. It may be more profitable to use the shortened needs analysis based on the questions in OHP 2 to establish interests and identify expectations.



3

Outline the session objectives, and the relevance of the topic to the overall concept of environment, trade and sustainable development. Mention that this module focuses on capacity building related to this topic. Emphasise that the participants' questions and observations will be valuable and welcome. Mention that copies of the overheads are available and can be obtained at the end of the session.



1

This topic provides an overview of capacity building in the field of environment, trade and sustainable development.

It draws on the experience of UNEP and UNCTAD at the

- multilateral
- regional and
- bilateral level

in working with national officials and other regional and international organisations to strengthen capacity for sustainable development.

The aim is to assist national and international policy-makers in enhancing their general understanding of the main approaches, tools and processes for capacity building for trade and environment, and to assist policy-makers to identify elements that may be included in existing and future capacity building programmes.

Importantly, this session concentrates on:

- the objectives of capacity building on the trade and environment policy interface;
- processes that can be tailored to the needs of national policy makers and negotiators; and
- available tools and strategies.



3-6

More detailed explanations of the work being done by UNEP, UNCTAD, the CBTF and their partners in this area are in handouts distributed at the end of the session.

Why is there a need for capacity building programmes?



4

Capacity building is required – particularly in developing countries and those with economies in transition – to enable policy makers to integrate environmental and poverty alleviation goals into macro-economic policies, including trade policies, as well as to enhance understanding of trade and development aspects of environmental policies.

This requires a common understanding of capacity building leading to the development of programmes that are:

- comprehensive and integrated,
- sustainable, and
- meet immediate and longer term needs in areas which have national priority.

Trade is in many cases an important external source of development financing.

Governments, in cooperation with international organisations, need to strengthen national institutional capability and capacity to integrate social, economic, developmental and environmental issues at all levels of planning, decision-making and implementation. There is a need to move away from narrow sectoral approaches, progressing towards full cross-sectoral coordination and cooperation.

Both UNCTAD and UNEP are mandated to assist countries in enhancing their capacities to develop and implement mutually supportive trade and environmental policies. Such assistance is geared to reflect the socio-economic and development priorities, as well as the needs and capacities of individual countries.



5

Objectives of capacity building programmes

The objectives of most capacity building programmes in the field of environment, trade and development are to enhance the capacity of governments to:

- fully appreciate and understand the linkages between environment, trade and development;
- assess the economic, environmental and social implications of trade liberalisation;
- implement multilateral trade and environment agreements while maximising the national sustainable development gains of trade;
- capture environment-related development opportunities offered by trade and globalisation; and
- engage effectively in trade and environment negotiations.



2

Briefly introduce the concept of sustainable development

Sustainable development is a key concept that has gained increasing international acceptance during the last two decades. A milestone in this process was the 'Brundtland' report, which defined sustainable development as 'development that meets the needs of today's generation without compromising those of future generations'. Five years later, at the UN Conference on Environment and Development (UNCED), the Earth Summit, governments adopted Agenda 21 detailing the 'New Global Partnership for Sustainable Development in the 21st Century' and the Rio Declaration on Environment and Development both of which underscored the need to integrate environmental considerations with social and economic aspects in order to achieve sustainable development. At the Millennium Summit in September 2000 the States of the United Nations further reaffirmed their commitment to working toward a world in which sustainable development and eliminating poverty would have the highest priority. The Millennium Development Goals (MDGs), which arose out of this conference, have been commonly accepted as a framework for measuring development

progress in a broad cross-section of issue areas including poverty reduction and the environment.

The World Summit on Sustainable Development (WSSD) in Johannesburg in September 2002 recognised trade as the central means of implementation for sustainable development. It emphasised the importance of capacity building in order for developing countries to *benefit fully from trade liberalisation*, and to manage linkages between trade, environment and sustainable development



6

Sustainable development is an evolving concept, which is continually being redefined and reinterpreted. It can be formally stated as the twin principles of intra- and inter-generational equity. In practice, these principles mean taking steps to alleviate poverty, protecting the environment and avoiding the economic marginalisation of many developing countries, and of poorer communities within many countries while maintaining the development opportunities for the generations that follow.

Challenges for sustainable development



7

The challenge of sustainable development may be summarised by comparing three overriding indicators:

- First, human activity is estimated to currently consume or pre-empt 40 per cent of net primary productivity on land.
- Second, 60 per cent of the world's population lives close to or under the poverty line.
- Third, the world's population is projected to double by mid-century with the greatest increase being in the developing world.

Without major policy and technology changes, UNEP and other institutions have concluded that such trends threaten the stability of the world community and the global environment.

Emphasise the need for coordinated long-term capacity building programmes



8

Programmes need to be developed to:

- enhance national institutional and human capacities for integrated assessment of economic policies, including trade policies;
- support development and implementation of market-based and regulatory policies to maximise the net development gains of trade; and
- promote the adaptation and use of environmentally sound technologies for sustainable development and market access opportunities.

Future capacity building efforts in the area of trade, environment and development must go beyond promoting *trade facilitation* as an end in itself, to assisting countries to examine the *quality* of trade, and to facilitate its use as a means of achieving the economic, social and environmental ends of sustainable development. Similarly, it should facilitate the identification of trade and development friendly solutions for environmental problems.



9

Important steps along the way to designing such capacity building programmes include gaining clarity about:

- objectives;
- appropriate processes; and
- the different mechanisms available to deliver capacity building.

Introduce a more detailed discussion of the objectives of capacity building for trade and environment noting that successful capacity building exercises are as much about designing the processes of capacity building, as they are about focusing on end results (e.g. mutually supportive trade and environment policies for sustainable development).



10

Capacity building has a range of objectives. These include enabling policy makers to more effectively:

- assess the environmental, economic and social impacts of both past and proposed future trade, trade liberalisation and trade rules;
- assess the trade impacts of both past and proposed future environmental, economic and social policies;
- develop and implement policy packages to promote integrated national trade, environment and sustainable development policies;



11

- formulate and implement mutually supportive policies to meet national obligations under multilateral trade and environment agreements, while maximising the net development gains of trade liberalisation;

- explore approaches to integrate trade-environment-development policies at the domestic level with national stakeholders, and at regional and global levels with international experts, practitioners and negotiators;
- access information from, and build cooperation with, relevant organisations working in the trade, environment and development domain; and
- engage in ongoing and future trade and environment deliberations and negotiations in a manner that promotes an international policy framework supportive of national sustainable development priorities.



12

Capacity building, if well conducted, can also assist in achieving the objectives of:

- empowering national, sub-regional and regional institutions to build capacity on trade and environment in their country/region during and after the life-cycle of capacity building projects;
- enhancing cooperation with the secretariats of the multilateral environment agreements (MEAs);
- engaging UN regional economic and social commissions, regional environmental organisations, regional economic integration arrangements, research and training institutes with core competence in trade and the environment;
- forging partnerships among the full range of stakeholders

in trade and sustainable development (governments, IGOs, private sector, NGOs) to make the most of existing capacity and create conditions for an *endogenous* process of capacity building in countries and regions; and

- strengthening institutions to ensure they are more responsive, sufficiently resourced, and able to sustain capacity building over the longer-term. In many cases, inter-agency coordination mechanisms can assist in effectively designing and implementing cross-cutting sustainable development strategies and policies.

These processes need to be

- collaborative,
- participatory, and
- multidisciplinary.

This leads to cost-effectiveness, making best use of existing skills, creating self-sustaining approaches, and delivering policy outputs with broad ownership.

When developing capacity building programmes it is necessary to consider how the various elements will be combined, who will be involved, and at which stage.

While there is no single best approach, the following approaches have been shown as increasing the likelihood of success.

Outline some key approaches in supporting countries in their efforts to integrate environment, trade and development policies to achieve sustainable development.

Key approaches



13

UNEP and UNCTAD have found that successful capacity building efforts are conducted in a way that includes some or all of the following elements:

- An initial needs assessment identifying the objectives of capacity building and the associated requirements of a country or region can help to ensure that projects are well targeted, meet the needs of their recipients, and contribute

to a longer-term vision of the capacity and policies needed for sustainable development.

- Following a needs assessment, major stakeholders should be involved in designing a discrete 'stream' of activities to realise the objectives identified in the needs assessment.
- There should be an integrated and well sequenced package of activities, including workshops, policy dialogues, training and studies.
- Throughout the capacity building process, extensive multi-stakeholder participation and sound institutional arrangements will strengthen the process and enhance its legitimacy. Gaining participation is often assisted by the provision of some technical and financial resources, and the opportunity for stakeholders to be involved in follow up and future projects.
- Local experts and institutions should be involved to help develop methodologies and approaches that are adapted to a country's needs and priorities, and promote a cooperative 'learning-by-doing' approach to capacity building.
- Existing institutions with core competence in trade and related economic, social and environmental fields can be involved to build analytical capacities and political support.
- Attracting donor support for larger multi-year grants that are needed to sustain longer-term, integrated programmes is essential. Donors have relevant experience and can often be usefully engaged earlier in the process.
- A key goal of the process of capacity building is often to catalyse the development of a network of institutions and national teams of experts from varied sectors and organisations to ensure that capacity building is broad-based, spans institutions and remains in place even as individuals involved in projects move to assume other functions.
- During and at the end of the stream of capacity building process, its effectiveness should be examined to make course corrections and learn lessons that can be applied to strengthen future activities.



14

What are the issues and who should be involved?

Each of these elements is important. Particularly important, however, is establishing what issues should be covered, who should be involved, and where the gaps are in existing efforts. This can be done using needs assessments to ensure individual capacity building efforts form part of an overarching process, undertaken in collaboration with other partners. Such partners include relevant regional and international organisations. They can move capacity building beyond a ‘meeting-by-meeting’ approach, to become part of a systematic, demand-driven effort to address the emerging needs and long-term requirements.

Introduce the tools found most effective in capacity building programmes. Emphasise that approaches to capacity building may vary according to national needs and priorities, the capabilities of the personnel involved and the resources available.



15

Some of the major delivery mechanisms used in capacity building in the field of trade and sustainable development are:

- **Country projects** – country-based projects that are sector-specific, assess trade and other related policies, and incorporate participation from national stakeholders can foster a learning-by-doing approach to capacity development. Such projects can substantially enhance cooperation and coordination between relevant ministries, other experts and stakeholders.
- **Research** – on major issues on the trade-environment-development interface and on practical approaches to address them, bearing in mind the development priorities of countries. Such research can be carried out at national, regional and/or multilateral levels.
- **Training** – led by local experts with input from foreign experts, training projects can enhance the appreciation, knowledge and skills of policy-makers and other stakeholders of the relationship and complementarities between trade, environment and development.
- **National workshops** – when focused on key trade and environment issues (e.g. economically, socially and environmentally significant trade flows and/or policies)

workshops can build understanding and collect experience towards the development of mutually supportive policies.

- **National policy dialogues** – drawing on a wider range of perspectives than workshops, policy dialogues can help raise awareness, and encourage the exchange of perspectives among experts, practitioners and negotiators. Policy dialogues are particularly valuable in the needs assessment phase of capacity building. They encourage the sharing of existing knowledge and skills.
- **Regional and international policy dialogues** – sharing perspectives between countries and regions allows countries to learn from the successes and failures of others, share best practices and identify new partners for further capacity building and policy-making efforts.
- **Networking and information exchange** – networking and information exchange can be used to share experiences, provide technical and operational support, and to disseminate the results of capacity building activities. Often one of the most important outcomes of a capacity building effort is the relationships and partnerships it creates.

These approaches, and others, may be combined when developing or strengthening national or regional approaches to capacity building.

Discuss the crucial need to identify substantive issues as well as focusing on the various processes and delivery mechanisms described above.



16

To be effective, the process of capacity building should also focus on generating insights into substantive areas of policy-making, identified in the light of national sustainable development priorities. The selection of areas for examination during capacity building efforts will depend on a range of country and region-specific factors. Countries may wish to emphasise the need for capacity building in those trade and environment issues contained in the World Trade Organisation (WTO) Doha Ministerial Declaration, including:

- the relationship between WTO rules and specific trade obligations in multilateral environment agreements (MEAs);

- environmental goods and services;
- fisheries subsidies;
- agriculture and environment;
- environmental standards and market access;
- eco-labeling and process and production methods; and
- the relationship between trade-related intellectual property rights and the Convention on Biological Diversity.

Discuss with participants the issues you have selected from the following list and written up on the whiteboard. Ask them to identify those with local priority. Summarise this list on the blank OHP 17.



17

Issues that warrant consideration at a regional level can include:

- assessment of the environmental, social and economic impacts of trade liberalisation, trade rules, and other related policies;
- the development of long-term plans that integrate trade, economic, social and environmental goals;
- improving market access for exports and compliance with international health and environmental product standards;
- diversification of production and exports of environmentally preferable products and services;
- building supporting certification infrastructure;
- addressing issues of harmonization and equivalence of standards;
- national systems for the management of traditional knowledge;
- technology transfer, dissemination, absorption and cooperation;
- adaptation and use of environmentally sound technologies;
- analysing and responding to relationships between poverty, trade and the environment;
- foreign direct investment and sustainable development;

- ways to enhance synergies between MEAs and the WTO in areas such as technology transfer, notification requirements and technical assistance;
- trade-related intellectual property rights and the environment;
- escalating tariffs, tariff peaks and market access;
- sustainable trade promotion; and
- diversification of product base.

The regional level



18

UNEP's and UNCTAD's experience on capacity building emphasises the potential of working at the regional level. At this level similarities in:

- levels of economic development
- climate and natural resource endowments
- the environment more generally
- sectors of economic importance, and
- culture and language

All provide fertile ground for enhancing cooperation and integrating policies.

Regional institutions provide partners and a focus for capacity building, and can assist in subsequent policy design and implementation. The opportunities to develop capacity building processes at the regional level are significant. It is valuable for policy-makers to explore ways to develop these and ways to link them.



19

Acknowledge that there are many existing international, regional and bilateral arrangements providing capacity building activities. Pose the questions: What is the experience of country officials with these programmes? How can they be tailored more closely to national needs? How can they be coordinated to realise synergies and avoid duplication and redundancy?

A recent workshop on Capacity Building on Environment, Trade and Development organised in Geneva by UNEP in collaboration with the WTO provided an open forum for over 200 participants

including representatives from 82 governments, 22 intergovernmental organisations, including four MEAs, and 27 non-governmental organisations. The meeting assessed capacity building needs and reassessed current approaches to capacity building on environment, trade and development. A report of this meeting is available on the UNEP website at www.unep.ch/etu. Discussion at the meeting centered on the various capacity building efforts undertaken by national development assistance agencies, and regional and international institutions.

Over the past two years UNEP has been conducting a survey on the status of capacity building services in the trade and environment policy interface. This survey was conducted through various international and regional capacity building meetings as well as through responses to questionnaires that were distributed to governments, capacity building providers and beneficiaries. Similarly, UNCTAD has conducted comprehensive needs assessments in the area of trade, environment and development in three developing country regions.

The main message from these workshops, surveys and consultations with governments and capacity building providers was that the key to successful capacity building efforts is as much about designing the processes of capacity building, as it is about focusing on end results (e.g. mutually supportive trade and environment policies for sustainable development). Processes that are collaborative, participatory and multidisciplinary can deliver cost-effectiveness, make best use of existing skills, create self-sustaining approaches, and deliver policy outputs with broad ownership. While there is no single best approach, a number of observations were made about the objectives, processes and approaches, and focus of capacity building activities to increase the likelihood of success.

Strengthening current approaches

There are a range of opportunities to strengthen current approaches to capacity building, including:

- the need to tie capacity-building programmes closely to national priorities, in many cases through a better process of needs assessments;

- the need to strengthen coordination and cooperation between institutions providing capacity building;
- higher levels of participation ('learning-by-doing '), thereby increasing the effectiveness of capacity building efforts, and ownership of new policies and processes resulting from these activities;
- closer consideration of the recipients of capacity building, and strengthened ability to absorb capacity building services; and
- more substantive follow-up and evaluation.



20

Identified needs

The UNEP survey and UNCTAD's assessments also identified a range of needs, which included:

- development of more coordinated, long-term capacity programmes, which are self-sustaining after individual projects come to an end;
- more involvement of national experts, institutions and local communities, including in design, implementation and follow-up of capacity building activities;
- strengthened south-south cooperation, directly between national institutions, and by engaging regional and sub-regional institutions;
- building of institutions and 'centers of excellence' (at local, national and regional levels);
- developing a stronger understanding of the linkages between poverty alleviation, trade and environment;
- inclusion of a policy design and implementation phase, wherever possible, in capacity building activities; and
- better coordination of activities between capacity building providers at the international level including UNCTAD, UNEP, MEAs , UNDP, UN regional commissions and WTO



21

Ask participants to rank the following recommendations to identify the priorities for future activities at local and regional levels. When they have done the ranking, ask them to discuss how the highest ranked recommendations (1st and 2nd priority) could be translated into action in their country or region (what would be the next steps to take, who would be responsible for what, who could provide support/assistance, and so on). It is important to document the outcome of this discussion for further reference.

- **Assessing needs**– a careful assessment of the needs of individual countries and groups should precede any effort to build capacity. Needs assessments should help to clearly identify the objectives of capacity building, map relevant issues, identify relevant national development priorities, explore ways to ensure public participation, and look at how to coordinate capacity building efforts to achieve these goals. Done well, needs assessments arm governments with the tools they need to identify immediate and longer-term requirements and to improve the targeting of capacity building. This in turn leads to better policies and stronger gains from trade.
- **Improving manuals and materials** – better training requires better manuals and materials. Already there are many excellent materials to support capacity building. More, however, can be done to develop reference manuals and materials – such as checklists and menus of options – that can be made country, issue, or sector specific. They can also focus on how to develop needs assessments. Or they can focus on specific issue areas, such as environmental goods and services, integrated assessment, or agriculture. Materials such as these can be used by trainers to help develop more systematic programmes of capacity building that are adapted closely to national needs and requirements.
- **Training the trainers** – scaling up efforts to build capacity will require an increase in the number of trainers and development of their skills and knowledge base. Materials that are tailored to the needs of trainers can help empower practitioners at the local and national levels, and catalyze the next generation of capacity builders.

- **Networking**– building and sustaining capacity over the longer-term will require better networking at the local, national, regional and international levels. Many countries have an untapped wealth of local expertise, located in national ministries, research institutions, universities and non-governmental organisations. Identifying these people, bringing them together, and sustaining their relationships can strengthen national capabilities. Bringing experts together into networks can facilitate a movement from training individual officials to training institutions that can themselves deliver capacity building activities over the longer term.
- **Cooperation and coordination in capacity building** – already there is much cooperation among agencies to build capacity – but more can be done. How, for example, can the relevant international, regional and sub-regional institutions cooperate more closely to provide integrated and coherent efforts to build capacity, across a range of related issues, in response to a national needs assessment? What is the prospect for assisting regional organisations – including regional economic, trade and cooperation arrangements – to assess and identify ways to promote their contribution to sustainable development?

If the training session ends here try to lead the group to an agreement on follow-up based on the previous discussions. Conclude by summarising the presentation, emphasising those key aspects, which apply locally.

If time has been set aside to continue the training conclude by summarising the presentation, emphasising those key aspects, which apply locally. Then continue by introducing the key speaker or group activity described in the following suggested training activities.

Suggested training activities

Where possible, frame the training activities to take account of the local/institutional situation and the work experience of the participants. Where pre-session research has indicated participants with local expertise, invite these people to lead the discussion.

Possible discussion themes

1. Is it possible to design and implement policies to achieve national trade objectives and at the same time maximise sustainability?
 2. Is there enough national capacity to develop such policies? If not, what could be changed?
 3. Which institutions in the region can best contribute to providing the tools policy makers need to support their efforts to ensure sustainability?
-

Speaker themes

Invite two speakers (preferably one from a trade area and one from an environment policy area) with knowledge and experience of national trade and environmental policy design and implementation to comment on the overall approach and current capacity to integrate actions supporting sustainable development.

Note here

Possible speakers.

Those participants who might be invited to lead the discussion.

Group activity

Title: ***Better understanding the linkages between trade, environment and sustainable development***

Aim: To identify the objectives of capacity building and to discuss the processes for capacity building in the country or region.

Group size: 2-3 persons

Duration: 45 minutes plus necessary reporting and discussion time

Resources required:

- Hard copies of OHPs 10 and 11;
 - Paper or overhead transparencies for recording the groups' conclusions;
 - Markers or OHP markers.
-

Description of activity:

- Ask each group to
 1. discuss the objectives for capacity building in the overheads 10 and 11 and to rank in order of importance for their organization.
 2. discuss how the three highest ranking objectives could be met and what action could be taken to achieve them
 3. present their selection with explanations for the choices and their proposed action plan.
- Bring participants together to discuss the results of the prioritisation of the objectives and the activities needed to achieve them. Lead the group to an agreement on the follow-up of this training session based on the results of the group activity and the results of the discussion related to OHP 16 (identification of substantive issues), OHP 17 (region specific issues), OHP 19 (existing capacity building initiatives) and OHP 21 (ranking of recommendations for capacity building).

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CBD	Convention on Biological Diversity
CBTF	Capacity Building Task Force on Trade, Environment and Development (UNEP-UNCTAD CBTF)
EST	Environmentally sound technologies
IGOs	Intergovernmental organisations
MEAs	Multilateral environment agreements
NGOs	Non-government organisations
NSDS	National sustainable development strategies
OECD	Organization for Economic Cooperation and Development
RDP	Regional development plans
TRIPS	WTO Agreement on Trade-Related Aspects of Intellectual Property Rights
UNCED	United Nations Conference on Environment and Development (1992)
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNSD	United Nations Statistical Division
WSSD	World Summit on Sustainable Development
WTO	World Trade Organisation

Introduction to capacity building for environment, trade and sustainable development

Session leader:

Date:

Location:

Your comments on the following aspects of the training session you have just attended would be most valuable. Please add any comments to support your assessment, and contact details if you would like further information, or can provide local materials/insights that could improve the relevance of the session.

Was the event relevant for your work?

Were the objectives clearly stated?

Did the event meet your expectations?

Did you learn anything new?

Would you recommend this activity to others?

Course administration

Tick the box that best describes your assessment of the course administration

— — — —

poor course administration good course administration

— — — —

poor course facilities good course facilities

Your assessment

Tick the box that best describes your assessment of the training session

— — — —

poor coverage of subjects good coverage of subjects

— — — —

hard to understand easy to understand

— — — —

too general too specific

— — — —

insufficient background information too much background information

— — — —

not informative informative

— — — —

not relevant to my needs very relevant to my needs

————
handouts not relevant handouts relevant and useful

————
training poorly organised training well organised

————
Trainer had insufficient knowledge of subject trainer had good knowledge of subject

Comments:

How could the session be improved?

Will the handouts/overheads be useful to you in the future?

Can you suggest any follow up activities? Any case materials which might improve understanding of the local situation?

If so, could you please leave contact details with the trainer.

Your details

Professional background

Organisation/agency

Position/function

First language

Thank you for your participation in this session



1

Introduction to Capacity Building for Environment Trade and Sustainable Development



2

Your interests and knowledge

- Why do you have a general interest in capacity building for trade, environment and sustainable development?
- Would you describe yourself as a STAKEHOLDER?
- Do you participate in trade negotiations?
- What are you looking for from this session:
 - background knowledge?
 - a chance to network?
 - specific skills?
 - other?



3

Session objective

- To provide policy makers with an overview of the main approaches, tools, and processes of capacity building for trade, environment and sustainable development.
- To identify elements for inclusion in existing and future capacity building programmes for trade, environment and sustainable development.



4

Why capacity building?

- to integrate social, economic and environmental issues at all levels of development, decision-making and implementation, and
 - to provide cross-sectoral coordination and cooperation.
-



5

Objectives of capacity building programmes

- to fully understand the linkages between environment, trade and development;
- to assess the economic, environmental and social implications of trade liberalisation;
- to implement multilateral trade and environment agreements while maximising the national sustainable development gains of trade;
- to capture environment-related development opportunities offered by trade and globalisation
- to engage effectively in trade and environment negotiations.



6

Why sustainable development?

Two principles:

- Intra-generational equity
- Inter-generational equity

This means taking steps to alleviate poverty, protect the environment and avoid economic marginalisation, thus improving the welfare of the present generation while maintaining development opportunities for the generations that follow.



7

Challenges for sustainable development

- Human activity consumes 40% of net productivity on land;
- 60% of world's population live close to the poverty line;
- the world's population is projected to double by mid-century with the greatest increase being in the developing world.

Such trends threaten the stability of the world community and the global environment.



8

Need for coordinated long-term capacity building

- to go beyond promoting trade liberalisation as an end in itself;
- to enhance national institutional and human capacities;
- to promote the adaptation and use of environmentally sound technologies; and
- to support market based and regulatory policies to maximise net sustainable development gains of trade.



9

To design effective capacity building programmes:

We must understand:

- the objectives of capacity building
- the appropriate processes, and
- the mechanisms available for delivery of the programmes.



10

The objectives of capacity building

To enable policy makers to:

- assess environmental, economic and social impacts of past and proposed trade policies;
- assess the impacts of past and proposed environmental, economic and social policies;
- develop and implement integrated policy packages;
- formulate mutually supportive policies to meet national obligations under international agreements.



11

The objectives of capacity building

(continued)

- work with stakeholders and international experts and negotiators to integrate trade, environment and development policies;
 - cooperate with relevant regional and national organisations; and
 - promote an international policy framework which supports national sustainable development priorities.
-



12

Making the most of existing capacity

- Forging partnerships with governments, IGOs, the private sector and NGOs;
- strengthening institutions and introducing effective inter-agency coordination mechanisms; and
- using the expertise of regional economic and social commissions, environmental organisations, and research and training institutes.



13

Some key approaches

Successful capacity building often includes:

- initial needs assessment;
- stakeholder involvement;
- sound institutional arrangements;
- methodologies adapted to the country's needs and priorities;
- donor support;
- networking of institutions and national teams; and
- on-going evaluation.



14

Further crucial elements

- What issues most need to be covered?
- Who should be involved
- Where are the gaps in current capacity and capacity building activities in trade and the environment?

The aim is to make a systematic, demand driven effort to meet particular needs and long-term requirements.



15

Tools for capacity building

- Country projects
- Research
- Training
- National workshops
- National, regional and international policy dialogues
- Networking and information exchange



16

Identifying substantive issues

These will depend on a range of country / region specific development priorities including:

- environmental goods and services;
- fisheries subsidies;
- agriculture and the environment;
- environmental standards and market access;
- eco-labelling and process and production measures;
- WTO rules and specific trade obligations in MEAs; and
- the relation between intellectual property rights and the Convention on Biological Diversity.



17

Region-specific issues



18

Working at the regional level

UNEP and UNCTAD have identified the potential of working at the regional level. Similarities exist in:

- levels of economic development;
- climate and natural resources;
- the general environment;
- sectors of economic importance; and
- culture and language.

These enhance cooperation and integration of policies.



19

Existing international, regional and bilateral capacity building activities

- What experience have you had with these programmes?
 - How relevant are they to national issues?
 - Can they be tailored to national needs?
 - How can they be coordinated?
-



20

Current needs to improve capacity building efforts

- Development of coordinated long-term programmes.
 - More involvement of national experts.
 - Strengthening south-south cooperation.
 - Building centres of excellence.
 - Understanding linkages between trade and environment.
 - Inclusion of policy design in capacity building activities.
 - Better coordination between international bodies, e.g. UNEP, UNCTAD, MEAs, WTO, UNDP and World Bank
-



21

Rank the following recommendations for capacity building in your country or region

- Assessing needs.
 - Improving manuals and materials.
 - Training the trainers.
 - Long-term networking.
 - Cooperation and coordination between agencies and institutions.
-

Handout 2 **Sustainable development**

Sustainable development means different things to different people, but the most frequently quoted definition is from the report *Our Common Future* (also known as the Brundtland Report):

‘Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.’

Sustainable development focuses on improving the quality of life for all of the Earth’s citizens without increasing the use of natural resources beyond the capacity of the environment to supply them indefinitely. It requires an understanding that inaction has consequences and that we must find innovative ways to change institutional structures and influence individual behaviour. It is about taking action, changing policy and practice at all levels, from the individual to the international.

Sustainable development is not a new idea. Many cultures over the course of human history have recognized the need for harmony between the environment, society and economy. What is new is an articulation of these ideas in the context of a global industrial and information society.

Progress on developing the concepts of sustainable development has been rapid since the 1980s. In 1992 leaders at the Earth Summit built upon the framework of Brundtland Report to create agreements and conventions on critical issues such as climate change, desertification and deforestation. They also drafted a broad action strategy – Agenda 21 – as the workplan for environment and development issues for the coming decades. Throughout the rest of the 1990s, regional and sectoral sustainability plans have been developed. A wide variety of groups – ranging from businesses to municipal governments to international organizations such as the World Bank – have adopted the concept and given it their own particular interpretations. These initiatives have increased our understanding of what sustainable development means within many different contexts. Unfortunately, as the Earth Summit +5 review process demonstrated in 1997, progress on implementing sustainable development plans has been slow.

Handout 3

Policies and tools at the national level

Background

World trade and foreign investment have grown dramatically over the past 25 years, serving as major drivers for global economic growth. This process, often referred to as globalisation, involves the integration of national economies into a single market for goods and services, and for capital and investment flows. Globalisation has emerged as trade and investment liberalisation policies have become prominent features of restructured national economies throughout the world, substantially removing national market boundaries and linking countries into a single world economy.

With the recent acceleration of global trade, countries throughout the world have benefited from more investment, industrial development, employment and income growth. However, these benefits are unevenly spread across and within countries, and some countries are finding that free trade has significant developmental costs as well as benefits. Many developing countries have witnessed growing trade deficits and falling annual growth rates. From an environmental perspective, increased trade and investment in natural resource-based sectors is placing unprecedented pressures on the world's ecosystems. Many countries have found that economic activities supporting rapidly expanded trade can result in serious environmental degradation unless complementary environmental policies are established.

It is now clear that trade liberalisation, driven by macroeconomic policies and trade-related economic reforms, has negative as well as positive environmental and social impacts. A clear analysis of these impacts and effective policies to reduce negative and strengthen positive impacts are needed. Policy tools are available for these purposes, but there is a need to encourage greater adoption and use of relevant tools which already exist, as well as to develop and apply new ones.

Since its establishment, UNEP has worked with developing countries and countries with economies in transition to assist them in their efforts to assess the environmental impacts of national economic development policies and to address these through policy reform. Over the past decade, these efforts have been supported by UNEP's development of methodologies and guidelines: for environmental impact assessment; for the valuation of

natural and environmental resources and their integration into systems of national accounting; and for the selection, design and implementation of economic instruments to sustainably manage natural and environmental resources.

Goals and Objectives

Better design and application of environmental assessments will help integrate environmental considerations into macroeconomic policies and decision-making, and facilitate sustainable development. With impact assessments feeding into the policy development process, effective market-based incentives can be designed to influence the production and consumption patterns, leading to a more sustainable use of resources and trading activity. The technical challenges of developing and applying policy tools for assessment and policy development are being addressed by UNEP, with emphasis focused on developing practical tools that effectively integrate national environment and development objectives in the context of open and equitable trade relations.

UNEP's work on assessment and policy reform aims to promote the development of mutually supportive trade and environment policies at the national level by integrating environmental considerations into economic decision making. Furthermore, it aims to provide insights to negotiators elaborating multilateral trade rules so that the latter can effectively support national environmental objectives. To achieve these goals, UNEP assists interested countries to:

- assess the environmental, social and economic impacts of national macroeconomic and trade-related policies, and of multilateral trading system policies;
- enhance national awareness of these impacts through multi-stakeholder communication; assign values to natural and environmental resources of design and implement policy packages/instruments, including economic instruments, for specific sectors in order to internalise environmental costs in selected sectors; and
- build the capacity of their negotiators to effectively address trade-related environmental and social concerns through future regional and multilateral trade policy.

Handout 4

Tools for policy design and implementation

Capacity building programmes for environment, trade and sustainable development must be designed, delivered and followed-up to assist beneficiaries in developing appropriate human and institutional resources for policy design, implementation, and assessment. The technical challenges of developing and applying policy tools for assessment and policy design must be addressed by capacity building programmes, which promote practical and implementable tools that effectively integrate national environment and development objectives in the context of world trade. A number of existing tools to assess and design policies, and to access technology, information and expertise, can assist beneficiaries through the policy cycle.

Integrated assessment

Methodologies to assess, at the national level, the environmental, economic and social impacts of trade-related policies and economic activities (both ex-ante and ex-post) in order to identify alternatives for improved trade and environment policies (national and international) that can maximise the net development gains of trade. This tool is also referred to as 'sustainability assessment'.

Natural resource valuation

Methodologies for valuing environmental and natural resources. These methodologies can be used in integrated assessments, cost-benefit analysis, risk assessment and revisions of national accounts to reflect the costs of environmental degradation and natural resource depletion.

Command and control measures

Development and implementation of regulatory policies, and reduction of trade distorting policies, including environmentally damaging subsidies, can help secure sustainable management of natural and environmental resources needed to support national trade and development objectives.

Incentive measures

Market-based incentives, including economic instruments, if properly designed can be effective tools to influence production and consumption patterns so as to enhance sustainability.

Voluntary initiatives

Through national consultations and policy dialogue, industry may agree to undertake voluntary actions, rather than face costly regulatory constraints to assist countries to meet national environment and development objectives. Such actions can result in win-win situations that are often welfare maximising compared to increased regulation.

Technology

Policies and measures supporting sustainable development, as well as 'greener' consumption trends, often require economic agents to adopt and use environmentally sound technologies (ESTs). A number of international mechanisms, offered primarily through MEAs, provide ESTs to developing countries on favourable terms. Identifying and assessing ESTS, and providing the right incentives for their adoption, are needed to enhance countries' capacities to reduce wastes and produce better quality eco-friendly products that are more competitive in international markets.

Institution building

Efforts to establish, build and effectively manage institutions can make national institutions more flexible and less bureaucratic, and ensure they are sufficiently resourced to formulate, design and implement policies, and to sustain capacity building at the national level. Moreover, national institutions must be capable of networking *inter-alia* to facilitate the establishment of 'inter-agency' coordination mechanisms needed to effectively design and implement cross-cutting sustainable development strategies and policies.

Information and networking

Capacity building programmes should provide beneficiaries with access to reliable information and enhance national capacities for its interpretation and analysis and effective participation in international networks.

Handout 5 **Activities for capacity building**

UNEP has developed a range of activities that can be used to complement efforts to build capacity. The role of these activities is discussed below.

Environmental Impact Assessment (EIA)

UNEP continues to work closely with governments to assist them in their efforts to enhance their institutional and human capacities for integrating environmental considerations in development planning and decision-making. As a result of this work, the *UNEP EIA Training Resource Manual* was launched in June 1996 to enable trainers, particularly in developing countries and countries with economies in transition, to develop tailor-made EIA training courses. Widespread acceptance and use of the first edition of the manual has helped build local capacity to develop EIA procedures and legislation, conduct EIAs, and monitor and evaluate the implementation of EIAs. Based on field trials of the manual and requests from governments, a revised edition of the *EIA Training Resource Manual* was produced in 2002 to include a module on *Strategic Environmental Assessment*, focusing on selected sectors of national importance. As a supplement, it includes a *Collection of Case Study Experiences* with EIA, particularly from developing countries. UNEP is also preparing a revised version of its *EIA: Issues, Trends and Practices* that provides an up-to-date overview of EIA for decision makers and practitioners, assisting them in understanding EIA and developing national EIA strategies and procedures.

Economic valuation of natural and environmental resources

UNEP continues to develop and promote the application of methodologies for valuing environmental and natural resources, with particular emphasis on valuing services and quantifying damage incurred through the use of environmental assets. These methodologies can be used in EIA, cost-benefit analysis, risk assessment, in environmental and natural resource accounting, and as a basis for the internalisation of environmental costs. In 2000, UNEP published *Environmental Valuation* which presents the results of a range of international applications of different valuation techniques.

National environmental accounting

UNEP was involved in the preparation of an operational manual on *Integrated Environmental and Economic Accounting (IEEA)* published in December 2000. The manual serves as a reference document for the implementation of integrated environmental and

economic accounting at the national level. It supplements the United Nations handbook and work undertaken by the United Nations Statistical Division (UNSD) and other international and national organisations in this area.

National policy development and reform

Economic instruments are widely recognised as effective tools for the attainment of national environmental objectives. UNEP assists countries with the selection, design and implementation of economic instruments for environmental management in specific sectors of importance to the host country, such as energy, water, agriculture or fisheries. Such instruments are a major component of *UNEP Country Projects on Trade Liberalisation and the Environment* and *UNEP-UNCTAD CBTF Country Projects*.

Integrated assessment of trade and trade-related policies

Recently, UNEP has worked to develop more practical and effective assessment tools to: 1) extend assessment beyond environmental impacts to include social and economic impacts; 2) focus assessments on trade-related policies where impacts are often more difficult to assess; and 3) adopt an ex-ante rather than ex-post approach to assessment and corrective policy development. These efforts have evolved into a programme for research and methodology development for integrated (environmental, social and economic) assessment of trade and trade-related policies.

In early 2000, UNEP commissioned an International Expert Group on Integrated Assessment to develop the *UNEP Reference Manual for the Integrated Assessment of Trade-related Policies*. The manual is UNEP's response to growing demand for a tool to assess trade policies. It is designed to assist both developed and developing country negotiators, policy makers and trade-environment experts to assess multilateral trade policy during its negotiation. The manual will be used a primary reference tool in both *UNEP Country Projects on Trade Liberalisation and the Environment*, and *UNEP-UNCTAD CBTF Country Projects*. UNEP has also prepared a *Guide for Integrated Assessment* to enhance the capacity of countries to design suitable country-specific guidelines to extend the scope of EIA to include environmental, social and economic considerations for sustainable development.

Further information on UNEP's assessment and policy development tools is available at the website: www.unep.ch/etu and through numerous publications available in electronic format online and in hardcopy format through the Online UNEP EarthPrint Bookshop.

Handout 6

Promoting Trade for Sustainable Development

Some examples

Trade and environment issues need to be addressed in the context of a broad agenda for sustainable development. This requires a focus on the key issues of concern for developing countries, such as market access and trading opportunities for environmentally preferable goods and services.

UNCTAD, through its capacity building programme, has adopted a pragmatic and results-oriented approach to assist developing countries in seizing opportunities to promote sustainable development through trade. A number of initiatives have been taken in follow-up to discussions in expert meetings and intergovernmental deliberations in the UNCTAD Commission on Trade in Goods and Services and Commodities. In the last few years, the Commission has convened expert meetings on traditional knowledge (2000), trading opportunities for environmentally preferable products (2001), environmental requirements and market access (2002) and environmental goods and services (2003). There are strong synergies between UNCTAD's intergovernmental work, policy analysis, and capacity building programmes.

Market Access

As countries seek to enhance environmental protection and promote sustainable development, environmental requirements are expected to become more common and more stringent, including in sectors of export interest to developing countries. Apart from environment-related government regulations, there are also an increasing number of industry standards and requirements applied throughout the supply chain, as well as standards set by non-governmental organizations (NGOs). In the context of the project *Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues*, funded by the UK Department for International Development (DFID), a series of country case studies is being implemented for six Asian countries focusing on leather and footwear, electrical and electronic goods, and horticultural products. A technical cooperation project, funded by the Government of the Netherlands, is enabling the UNCTAD secretariat, in cooperation with other institutions, to carry out a range of activities to explore the creation of a Consultative Task Force (CFT) on Environmental Requirements and Market Access for Developing Countries. UNCTAD and the National Institute of Metrology, Standardization and Industrial Quality (INEMTERO) and the Ministry of Industry, Commerce and Tourism are jointly organizing a pre-UNCTAD XI workshop to explore practical ways to enhance the participation of developing countries

in pre-standard setting consultations; promote pro-active adjustment policies in developing countries and assess the concept, coverage and nature of an international clearinghouse mechanism for environmental and health requirements, in particular on voluntary standards.

Environmentally preferable products, such as organic produce

The above-mentioned expert meeting on environmentally preferable products and a CBTF workshop on organic agriculture (Brussels, 21-22 February 2002) provided insights into the capacity building needs of developing countries. For example, initiatives, in the area of certification are being explored in Central America in the context of the project *Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues*. Similarly, national and regional policies are being explored in other regions, such as the Caribbean countries and other small island developing states (SIDS), in the context of the CBTF. A Task Force on *Harmonization and Equivalence in Organic Agriculture* has been established as a joint initiative of UNCTAD, FAO and the International Federation of Organic Agriculture Movements (IFOAM) to assess opportunities for harmonization, equivalence and mutual recognition of organic agriculture standards, regulations and conformity assessment systems. The Task Force also discusses measures to facilitate access to organic markets, in particular by developing countries and smallholders.

Environmental goods and services

UNCTAD is assisting developing countries on issues related to EGS, including through the promotion of policy dialogues (involving trade negotiators, policy makers in environment, trade and other ministries, regulatory authorities and other stakeholders) and studies. UNCTAD, the Tata energy resource institute (TERI) and the Ministry of Commerce and Industry of India organized a national seminar on liberalization in EGS (New Delhi, May 2003) under the project *Strategies and Preparedness for Trade and Globalization in India*.

Several activities have been carried out under the project *Building Capacity for Improved Policy Making and Negotiations on Key Trade and Environment Issues*, including country studies, a regional meeting held in Cuba (March 2003) and national workshops in Nicaragua (June 2003) and Panama (June 2003). These national studies feature prominently in the project. They provide in-depth clarification of both technical and substantial issues relative to EGS and WTO negotiations in this area. The studies include a focus on (a) the structure and characteristics of the environmental services sector in given countries; (b) relevant national legislation; (c) preliminary assessments of present and potential EGS markets; and (d) possible approaches, from a national perspective, to WTO negotiations on EGS trade liberalization. UNCTAD is also assisting interested developing countries in identifying lists of environmental goods and services that reflect their trade, environment and development interests.