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ПРОГРАММА ОРГАНИЗАЦИИ ОБЪЕДИНЕННЫХ НАЦИЙ ПО ОКРУЖАЮЩЕЙ СРЕДЕ

INTEGRATED ASSESSMENT OF TRADE-RELATED POLICIES AND BIOLOGICAL DIVERSITY IN THE AGRICULTURE SECTOR

BACKGROUND DOCUMENT

Division of Technology, Industry and Economics

Economics and Trade Branch

11-13 Chemin des Anémones, CH-1219 Châtelaine, Geneva 10, Switzerland, Tel:
+41.22.917.82.43; Fax: +41.22.917.80.76

E-mail: etu@unep.ch URL: <http://www.unep.ch/etb>

I. Overview of the Initiative

The initiative will build national institutional and governmental capacities in developing countries to assess the environmental, social and economic impact of trade-related and other policies on the agriculture sector, with a particular emphasis on the protection of biological diversity and the promotion of sustainable trade. The focus of this initiative will be the implementation of pilot country projects in six developing countries with balanced representation from Africa, the Caribbean and the Pacific (ACP countries). This initiative will be undertaken by national institutions in close cooperation with national government ministries and regional partners.

As an initial step in this initiative, a general framework and selection of methodologies will be developed for assessing trade-related and other policies impacting the agriculture sector. This general framework will include quantification of these effects, and guidance on how to adapt the general framework assessment methodologies and indicators to local needs and conditions. The general framework will be complemented by the development of indicators for measuring biodiversity status and trends. The framework and biodiversity indicators will build on existing efforts to develop similar methodologies being undertaken by the United Nations Environment Programme's Economics and Trade Branch (UNEP-ETB), the Convention on Biological Diversity (CBD), the Food and Agricultural Organization of the United Nations (FAO), the Institute for Development Policy and Management at the University of Manchester, the International Association for Impact Assessment (IAIA), and others.

National experts and institutions will further refine the framework of methodologies and biodiversity indicators to reflect their particular national circumstances. Once the preliminary methodologies and indicators have been refined, national institutions and government ministries will undertake an assessment of trade-related and other policies impacting a designated agricultural sector. The assessments will cover the actual effects of such policies in their current form (*ex-post* assessment), as well as the effects of possible future negotiations and implementation of the EU-ACP Economic Partnership Agreements (*ex-ante* assessment). A major part of the assessment will focus on the effects of the relevant policies on biodiversity. The assessment will also include an analysis of other environmental, as well as social and economic impacts of the relevant policies.

The final component of the project focuses on designing and implementing an integrated national policy action plan, including traditional regulatory policies, economic instruments and voluntary measures, to respond to the outcomes from the integrated assessment. The policy recommendations will seek to reduce poverty and ensure environmental protection by promoting sustainable trade – thereby contributing to national sustainable development objectives. More specifically, these national policies will enhance any positive effects and mitigate any negative effects to biological diversity identified in the assessment. The initiative is designed to assist in the implementation of the CBD and to enhance opportunities for sustainable trade. Results gathered during the assessment stage will also be used to inform the negotiations and implementation of EU-ACP Economic Partnership Agreements (EPAs) and further develop and refine assessment methodologies and biodiversity indicators.

¹ For the purposes of this initiative, the term “integrated assessment” defines the methodology used to evaluate the three components of sustainable development – environmental protection, social equity and economic growth. Similar assessment methodologies are referred to by other names, such as sustainability impact assessment, strategic impact assessment, etc. Although the names differ, they are similar in their focus on ensuring that sustainability considerations are incorporated into planning and policy-making processes.

II. The Need for the Initiative

This initiative responds to CBD Conference of the Parties (COP) Decision VI/5, which calls for the impacts of trade liberalization on agricultural biological diversity to be studied in cooperation with international organizations, including UNEP. The CBD Executive Secretary recently prepared a report for COP-7 (UNEP/CBD/COP/7/INF/15), which provides an overview of different assessment frameworks currently under development or being used by various intergovernmental and governmental institutions, and to what extent these frameworks examine the impacts of trade on agricultural biodiversity. The UNEP Economics and Trade Branch (ETB) participated in this study and a section of the report is dedicated to describing UNEP's past assessment work on trade-related policies.

The study found that most governments and international organizations are dissatisfied with the current state of affairs with respect to integrating biodiversity concerns into trade-related assessments: one reason often cited for this dissatisfaction is a lack of adequate methodologies available to measure impacts of trade liberalization on agricultural biodiversity. Therefore, the study stressed the need to develop more practical indicator sets for biodiversity assessments. The study also noted that most assessment methodologies considering the impact on biological diversity are driven by, and largely focus on, developed countries, but that, "as many of the biodiversity impacts of trade liberalization agreements are to be expected in developing countries, empowering these countries to conduct corresponding assessments through capacity building appears to be very important." In addition, outcomes from UNEP's past country-level capacity building work on integrated assessment of trade-related policies have confirmed the lack of adequate methodologies and indicators for assessing the impact of trade-related policies on biodiversity.²

More generally, this initiative supports Article 14 of the CBD, which requests States to "introduce appropriate arrangements to ensure that the environmental consequences of its programmes and policies that are likely to have significant adverse impacts on biological diversity are duly taken into account." During the sixth CBD Conference of Parties (COP), CBD Parties committed themselves to a 2010 Strategic Plan, which calls for a significant reduction in the current rate of biodiversity loss at the global, regional and national level. Outcomes from this initiative will support the CBD in achieving these 2010 biodiversity targets, in particular the goal of mobilizing financial and technical resources for developing countries to implement the Convention.

In addition, this initiative responds to a number of international agreements and declarations. The UN Millennium Development Goals call for reducing poverty, and ensuring environmental sustainability, specifically through integrating the principles of sustainable development into country policies and programmes. The initiative also supports the *Plan of Implementation* agreed to at the World Summit on Sustainable Development, which emphasized the importance of taking a "holistic and inter-sector approach to sustainable development," and encouraged the design and implementation of integrated policies, plans and programmes. Moreover, the WTO Doha Declaration recognized the importance of capacity building for developing countries in the field of trade and environment and encouraged "expertise and experience be shared with Members wishing to perform environmental reviews at the national level" (Paragraph 33). Finally, this initiative is being undertaken pursuant to UNEP Governing Council decision GC 21/14, which requested UNEP to assist developing countries to enhance their capacities "to develop and implement mutually supportive trade and environmental policies."

² See Section IV for more information on UNEP's past initiatives on integrated assessment of trade-related policies.

III. Objectives of the Initiative

The specific objectives of this initiative include:

- Building national institutional and governmental capacities to identify and quantify the environmental, social and economic effects of trade-related and other policies impacting the agricultural sector, with a particular emphasis on biological diversity;
- Building national and governmental capacities to enhance sustainable trade in the agriculture sector;
- Enhancing understanding of factors that lead to a loss in biodiversity and protection of biodiversity associated with trade-related and other policies impacting the agriculture sector. The assessments will cover the actual effects of such policies in their current form (*ex-post* assessment), as well as the effects of possible future negotiations and implementation of EU-ACP Economic Partnership Agreements (EPAs) (*ex-ante* assessment);
- Developing and refining integrated assessment methodologies and biodiversity indicators based on the specific circumstances within participating countries, and assessing the contribution of biodiversity to poverty reduction;
- Enhancing the capacity of government policymakers and private sector decision-makers, as well as civil society, to develop and implement an integrated national response to the outcomes from the assessment to promote sustainable trade and biodiversity protection;
- Enabling ACP countries to integrate the sustainable management of biodiversity and other natural resources in their negotiation and implementation of the EU-ACP EPAs; and
- Enhancing civil society engagement in assessment and policy-making processes relating to both CBD implementation and the EU-ACP EPAs.

IV. UNEP Experience with Integrated Assessment

A central challenge facing many countries, particularly developing countries, is how to integrate policies across the economic, social and environmental dimensions of sustainable development while also alleviating poverty and enhancing trade opportunities. In many cases, developing country officials – including those in ACP countries – face serious financial, human, administrative, technical and technological constraints. In addition to these constraints, poor communication and coordination between different actors (including government ministries, policy institutes and other stakeholders) often leads to ineffective, contradictory and, in some cases, perverse policies.

At the national level in many developing countries, trade, economic, environment and other sectoral policies are often developed separately by distinct policy processes. At the international level, coordination between trade and environmental policymakers often reflects a mutual lack of understanding of the linkages between multilateral trade rules and domestic environmental policies. This isolated policy-making is commonly a cause of policy failures, which often becomes evident only after substantial damage to natural and environmental resources, negative impacts on vulnerable social groups, and/or economic losses have already occurred. Loss of national welfare may follow as corrective policies are costly, require time, and some damage is irreversible.

This project is designed to resolve some of these issues by building capacities, addressing constraints, supporting better assessment and analysis of underlying conditions and applicable policies, and encouraging cooperation and coordination among target groups. Integrated assessment can play a vital role in promoting coordination and harmonization of trade, environmental and development policy objectives at the national and international levels. It can be used as a tool to

ensure and continuously maintain the coordination of activities between sectoral ministries when formulating and implementing their activities, whether these are related to trade, environment or development.

As a result of the initiative, participants will be better able to conceive, design and achieve biodiversity, trade and development objectives serving specific local, sectoral, national and regional interests. They will do this by designing and implementing policies or packages of policies, which more effectively integrate biodiversity, trade and development objectives.

This initiative builds closely on and complements other UNEP initiatives. Since 1997, UNEP has carried out three rounds of country projects in a total of eighteen countries focused on integrated assessment of trade-related and other policies, most of which have focused on the agriculture sector. In addition, UNEP-ETB recently initiated a new round of eight country projects. This new initiative, on Integrated Assessment and Planning for Sustainable Development, supports countries in incorporating sustainable development goals into planning and policy-making processes. The country projects all use a “learning by doing” approach and are entirely country driven – conceived, designed and conducted by national institutions and governmental ministries. Each of these successive rounds of country projects has contributed to the further development of integrated assessment methodologies.

Past UNEP-ETB country projects have been successful in increasing national capacities with respect to the development and use of assessment methodologies, undertaking multi-stakeholder participatory assessment processes, designing policies that maximize sustainable development gains from trade, and increasing coordination among government ministries.

In addition, UNEP-ETB has produced a number of training and reference materials, including a “Reference Manual on Integrated Assessment of Trade-Related Policies.” The recent UNEP-ETB publication “Handbook on Integrated Assessment of Trade-Related Policies,” synthesizes experiences gained specifically in the agriculture sector.

Previous UNEP-ETB experience with integrated assessment will assist in the implementation of this new round of country projects. Specifically, the current initiative builds on the third round of country studies which focuses on the effect of trade liberalization in the rice sector in seven countries – China, Colombia, Cote d’Ivoire, Indonesia, Nigeria, Senegal and Vietnam. One of the primary outcomes from this round of country projects was the need to further develop and refine agricultural biodiversity assessment methodologies and indicators. A more detailed description of UNEP capacity building activities, including synthesis reports from country projects, and training and reference materials, is available at: www.unep/ch/etb.

V. Description of Activities

The following is an overview of the main activities of the initiative:

- UNEP, in close cooperation with the CBD Secretariat, will convene a group of international experts in biodiversity, development economics, sociology and integrated assessment to frame activities of the initiative, define target groups, and identify potential contacts and partners in ACP countries. An international expert will oversee the development of a general biodiversity assessment framework that will build on existing efforts by the CBD, FAO and IAIA to develop such methodologies.
- A Launch Meeting will be convened to inform representatives from international organizations (e.g. UNCTAD, UNDP, the World Bank and the FAO), regional organizations (e.g. NEPAD, CARICOM and the PIF) and NGOs (e.g. IAIA, International Institute for Sustainable Development and International Centre for Trade and Sustainable Development) about the

initiative. At the Launch Meeting, participants will have an opportunity to provide guidance on the development of the biodiversity assessment framework and the establishment of international partners.

- Country capacity building projects will be initiated in six developing countries with balanced representation from the three ACP regions. The country projects will be selected by UNEP based on project proposals, and will be conceived, designed, and conducted by designated national institutions in cooperation with government ministries.

Major elements of the country projects will include:

- Finalization of an MoU between UNEP and a designated national institution, with the active participation of relevant government ministries (e.g. agriculture, trade and environment);
- Establishment of a National Steering Committee including representatives from government ministries, international organizations, the private sector, academia, public interest NGOs, affected communities, and other relevant stakeholders, to identify the main issues addressed by the project, define methodologies, provide guidance on integrating project outcomes into a national response, comment on project effectiveness and contribute to project corrections if necessary;
- Preparation of an initial background study that includes a review of past integrated assessment activities in the country, plans for stakeholder involvement, and the specific assessment methodologies and biodiversity indicators that will be applied in the assessment;
- Application of assessment methodologies to trade-related and other policies impacting the agricultural sector to identify the effects on biodiversity, as well as other environmental, social and economic impacts;
- Convening of an initial national workshop to launch the country study. Training will also be provided for national project partners on integrated assessment and agricultural biodiversity assessment methodologies and indicators, and to engage relevant stakeholders;
- Convening of subsequent national workshops, on an annual basis, to discuss project implementation, disseminate project results, and ensure the active participation of stakeholders;
- Convening of international workshops in Geneva, on an annual basis, to update project participants on project implementation and to provide a forum for participants to learn from and establish networks with institutions and colleagues from other participating countries;
- Design of an integrated national response to respond to the outcomes from the integrated assessment;
- Development of an action plan for implementation of the recommended integrated national response; and
- Preparation of country project reports to describe the process and methodologies used in undertaking integrated assessment, the main stakeholders and their participation, the results from the assessment process, and the national policy response developed.

Throughout the project implementation, UNEP will:

- Coordinate, and provide technical backstopping for all aspects of country project implementation, including a presence in the initial and final national workshops for each project.
- Organize back-to-back meetings with the CBD COP-8 and COP-9 to brief CBD Parties on project results and encourage further assessment activities in support of CBD implementation; and

- Organize back-to-back meetings with EU-ACP EPA meetings and negotiations to inform policymakers about the initiative, discuss project results and contribute to the negotiations and implementation of EU-ACP EPAs.

At the conclusion of the country projects, UNEP will:

- Prepare a final synthesis report summarizing the results of the six country projects and the outputs of the regional and international conferences;

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