



Designing Country Projects

Economics and Trade Branch
UNEP

April 2002

UNEP Workshop on Integrated
Assessment on the AoA

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Overview

- ☛ UNEP approach in the Reference Manual
- ☛ New elements proposed in the guide



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In this session we are going to discuss the design of the country projects. Firstly we would like to provide a review of our past work on the framework for assessments: the Reference Manual for the Integrated Assessment of Trade-related policies. Secondly I shall introduce some new elements proposed in the meeting document "A guide for design and implementation of the UNEP country projects focusing on the rice sector."

Objective of UNEP Projects

- ☛ To deliver useful and feasible policy recommendations to the governments for immediate use and implementation



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First of all, I would like to emphasize that one of the major objectives of UNEP country projects is to deliver useful and feasible policy recommendations to the governments. These policy recommendations are ideally for immediate use and implementation.

UNEP Reference Manual

- ☛ Provides a systematic way to an integrated assessment
- ☛ Provides an array of methodologies
- ☛ Produced in tandem with past UNEP country projects
- ☛ Produced with the help of international experts

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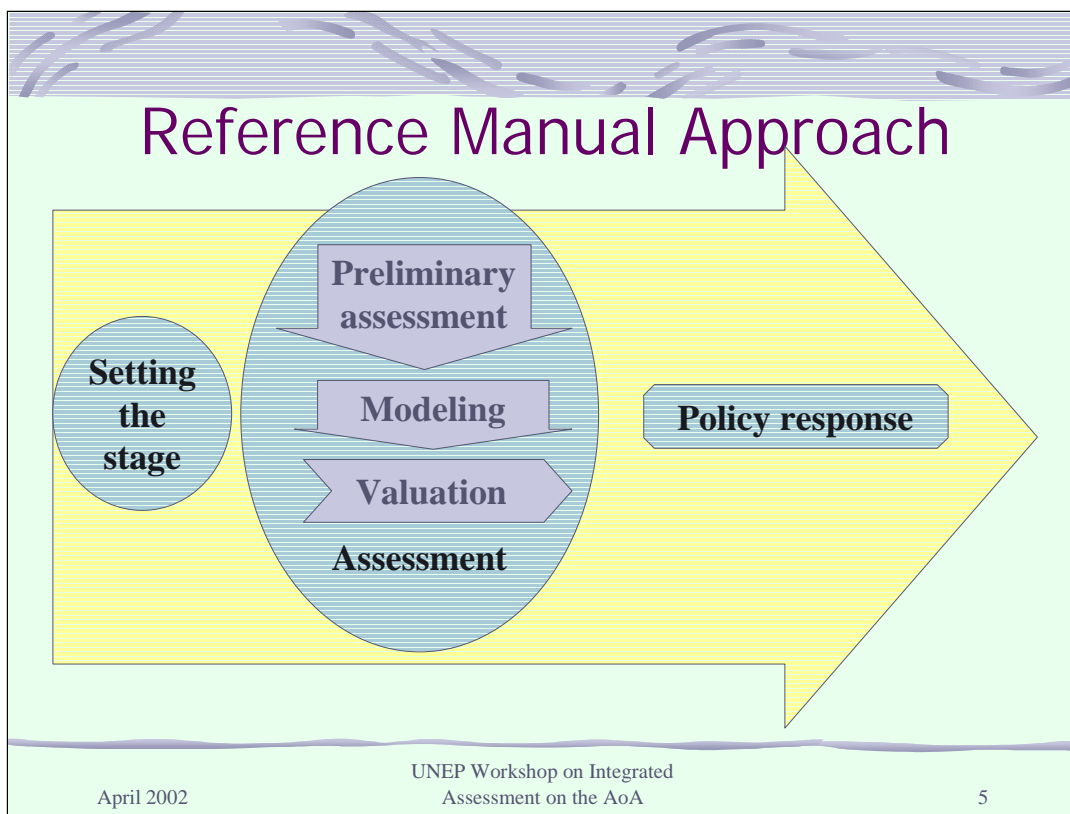
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The UNEP Reference Manual provides a systematic way to approach an integrated assessment. By “integrated assessment” we mean an assessment that deals with not only environmental but also social and economic aspects of the impacts induced by changes in trade policies and agreements. This builds on past UNEP work on environmental impact assessment, but has been adapted to reflect the need of developed and developing country governments to look at both environmental and developmental concerns.

The Reference Manual provides a wide range of advice and tools to help conduct integrated assessment. It does not prescribe any specific methodology or approach. Rather the countries are encouraged to develop a tailor-made approach to an integrated assessment.

Development of the Reference Manual has flowed naturally from past UNEP experiences in conducting country projects to examine impacts of trade-related policies and many team leaders from the past country projects participated in the expert working group which produced the Reference Manual.



Integrated Assessment in the Reference Manual takes a three-step approach. The first step is "setting the stage." The second step is "assessment," which has three sub-steps of preliminary assessment, modeling and valuation. The last step is the "policy response".

Step 1: Setting the Stage

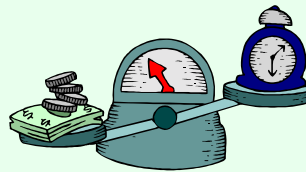
- ☞ Purpose of the assessment
- ☞ Focus (trade agreement, region, etc.)
- ☞ Timing (ex-ante, ex-post, concurrent)
- ☞ Stakeholders involvement
- ☞ Indicator availability
- ☞ Capacity-building



The first step of the integrated assessment makes important decisions on the purpose of the assessment, focus, timing, stakeholder identification, indicator availability and capacity building opportunities. These need to be clearly stated at the outset of the assessment.

Step 2: Assessment

- Preliminary assessment
- Modeling
- Valuation



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The second step of the integrated assessment is composed of three sub-steps. Based on the decision made in the first step, the country conducts an assessment. Firstly the country needs to screen the most important impacts to be discussed in depth in the assessment by conducting a preliminary assessment. The most well-known tool for the preliminary assessment is called an OECD approach.

Secondly, the country needs to model the causal relationships behind the identified impacts. Modeling exercise make an hypothesis on how certain trade policies affect the economy, society and the environment. In other words, modeling reveals the mechanism and the path through which trade policy finally brings about positive or negative changes to the economy, society and the environment.

Thirdly, the impacts need to be measured by available indicators so that the government can change the trend, if necessary. For example, if there is a negative impact from trade policies, the government needs to know not only the policy parameters available to them, but also how much they need to use their limited resources to mitigate the negative impacts.

Step 3: Policy Response

- ☛ Policy recommendations
- ☛ Implementation
- ☛ Monitoring and evaluation

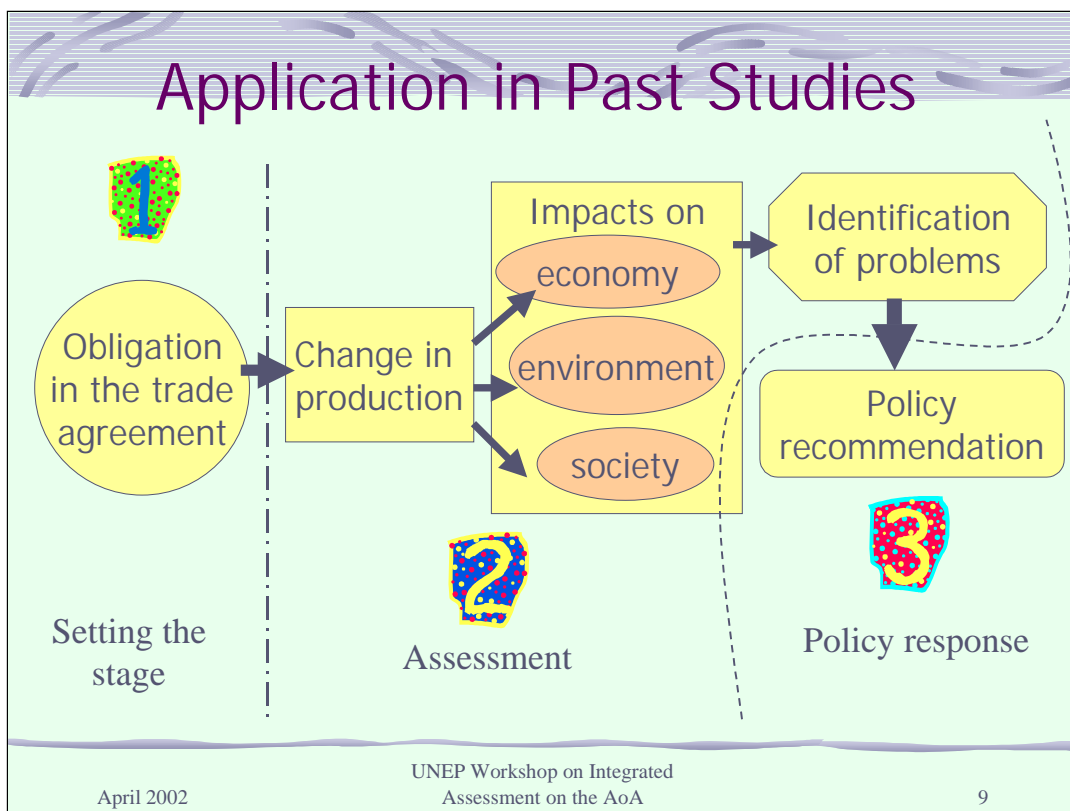


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The last step is to propose policy recommendations to the government for implementation. When they are implemented, follow-up should also be in place to make sure that these policies are functioning well.

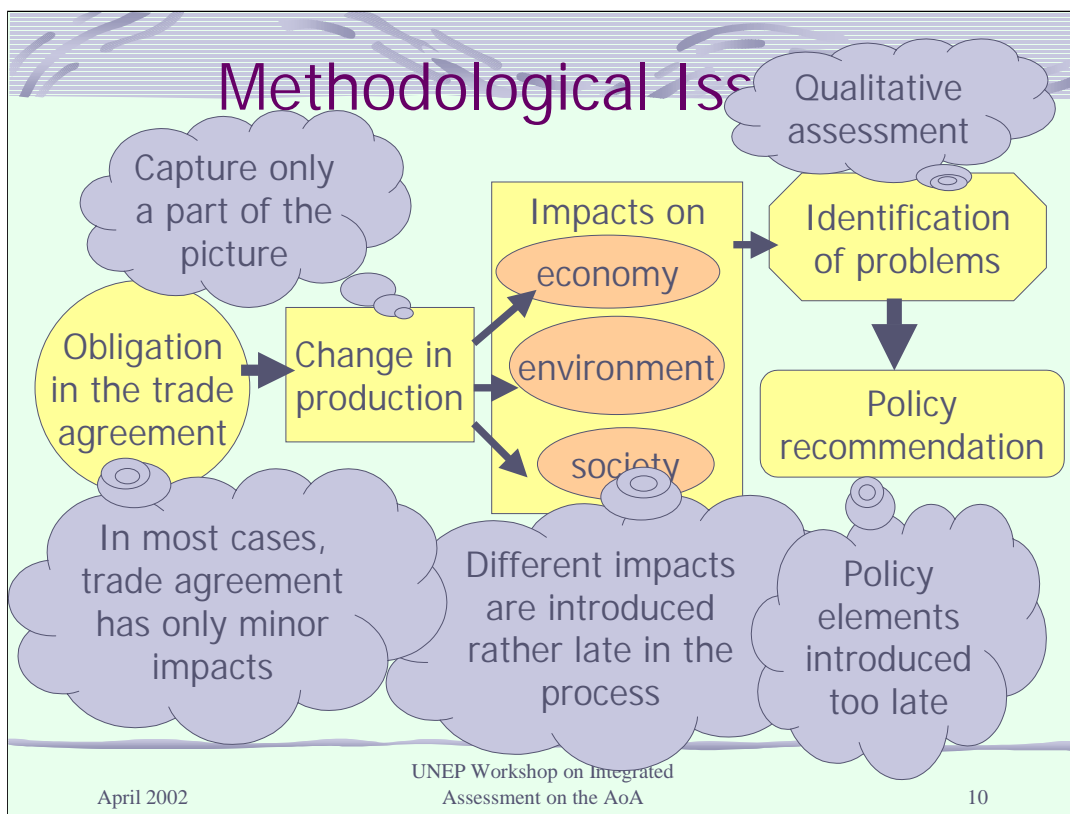


Now we review how the Reference Manual approach was applied in past country studies. There were three stages, setting the stage, assessment and policy response as discussed.

In the first step, obligations or commitments to the WTO trade agreements were examined.

In the second step, researchers calculated the magnitude of the change in production as a result of the anticipated trade policy change. Then researchers deduced how impacts would occur in the economy, the environment and the society. From the impacts identified, policy problems were identified.

In the last step, policy recommendations were made in qualitative manner based on the information gathered in the last step.



Some methodological problems were discovered in the past studies. Firstly, even though the assessments start by analysing trade agreements, in the end most studies revealed that, in fact, trade agreements only account for a part of the problems to be dealt with at the national level.

Secondly, change in the trade agreements directly translates into change in production. This might capture only a part of the problem involved in the process of trade liberalization. Other elements such as the changes in other macro economic policies or social policies might need to be taken into account from the outset.

Thirdly, impacts discussed in the next step are only derived from production change, not from all the many other aspects. Therefore the impacts discussed may not be comprehensive. All elements deserve more attention at the earlier stage.

Fourthly, problems are addressed in a qualitative manner. As a consequence, the supporting arguments to the proposed policies sometimes appear as subjective and arbitrary.

Finally, policy elements are introduced at the last stage, meaning that the policy recommendations often appear isolated from the assessment process.

New Elements

- Policy oriented assessment
- Identify policy variables at the outset
- Modeling to manipulate policy variables
- Present more than one policy option

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Based on these reflections, we propose that the assessment should integrate several new elements.

Firstly, the assessment needs to be policy-oriented. We need to start from analyzing the policies, and end with policy response.

Secondly, policy variables or policy parameters, that could be changed by the government, need to be identified at the outset. In many cases, assessment only gives the concluding policy statements without revealing the underlying reasons and are thus too abstract for governments to implement as policies. The study needs to give further detail on policies.

Thirdly, policy variables need to be linked to the desired outcome from the policy change. The causal relationships behind the policy options need to be clearly shown so ensure successful policy implementation to bring about the desired outcome.

Fourthly, the proposed policy recommendation is compared with alternatives in order to further demonstrate the reasoning behind the recommendations.

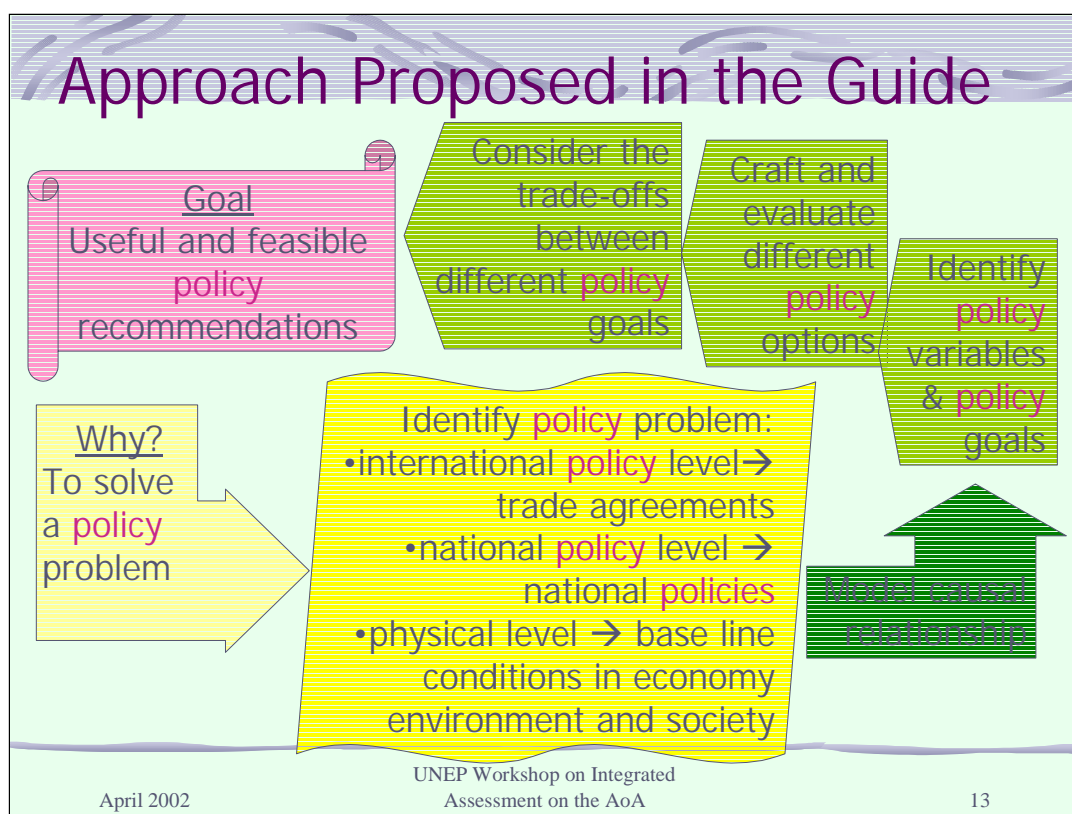
Especially the third and fourth points are very difficult and challenging tasks, but our studies should consider them.

Objective of UNEP Projects

- To deliver useful and feasible policy recommendations to the government for immediate use and implementation



Once again, I would like to come back to the objective of our projects which is to deliver useful and feasible policy recommendations.



To make the studies policy oriented, we propose following steps to be included in the project design.

Firstly, the study needs to identify the policy problem to be addressed. Policy problem does not mean that existing policies have defects. It rather means the problem to be solved by the government with its policies. This is because if the study focus on the problem that cannot be solved by the government, the advice is, by definition, not useful.

Secondly, to identify the policy problem, information needs to be collected at three different levels: international policy level, national policy level, and physical level. Such information shall provide what has happened in the past, and what is the current trends and what are available options for the country to choose from.

Thirdly, the information collected needs to be arranged to show a causal relationship.

Fourthly, in order to solve the policy problem, policy variables or parameters must be identified and assigned to the model so that the government can influence the current situation as predicted in the model. Policy goals also need to be identified to guide the government decisions.

Fifthly, different policy options are crafted by the researchers to achieve the identified policy goals, using the available policy variables.

Lastly the efficiency of the policy options are compared against alternatives.