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ПРОГРАММА ОРГАНИЗАЦИИ ОБЪЕДИНЕННЫХ НАЦИЙ ПО ОКРУЖАЮЩЕЙ СРЕДЕ

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UNITED NATIONS ENVIRONMENT PROGRAMME  
AND CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

## WORKSHOP ON CAPACITY BUILDING ON ENVIRONMENT, TRADE AND DEVELOPMENT

16 JULY 2002

ROOM B-369, RAYBURN HOUSE OFFICE BUILDING

### CHAIRMAN'S SUMMARY

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**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: [eth@unep.ch](mailto:eth@unep.ch) | IRI : <http://www.unep.ch/eti>

UNITED NATIONS ENVIRONMENT PROGRAMME AND CARNEGIE ENDOWMENT  
FOR INTERNATIONAL PEACE

Workshop on Capacity Building on Environment, Trade, and Development  
July 16, 2002  
Room B-369, Rayburn House Office Building

Chairman's Summary

*Introduction*

The Workshop on Capacity Building on Environment, Trade, and Development was held in Washington, D.C., on July 16, 2002, in the Rayburn House Office Building under the sponsorship of the United Nations Environment Programme (UNEP) and the Carnegie Endowment for International Peace in conjunction with the Office of U.S. Congressman J.C. Watts (R-Okla.). The workshop was attended by approximately 150 participants, including representatives of the U.S. and foreign governments, embassies, intergovernmental and non-governmental organizations, think tanks, foundations, universities, corporations, trade associations, law firms, and the media.

The workshop was structured around an annotated agenda composed of four panel discussions and two keynote speeches. In keeping with the objectives of the workshop, presentations and discussions were directed at better identifying countries' capacity building needs and how such services could be better provided by international donors. Many participants framed their comments in terms of the agenda of the upcoming World Summit on Sustainable Development, which begins August 26 in Johannesburg, South Africa.

*Sessions I: Opening of the Meeting*

John Audley of the Carnegie Endowment opened the workshop by discussing recent trends in perception of capacity building on environment, trade, and development. There is a growing awareness, formalized in the November 2001 Doha Ministerial Declaration, that healthy national economies also need sound environmental protection regimes. At the same time, developing countries are wary of accepting trade-environment linkages dictated by developed countries and there has been increased recognition that technical assistance programmes have in many cases failed to materially improve the lives of poor people in developing countries. Developed countries have recently pledged to expand their foreign aid budgets, but they should not wield this aid as a carrot to pressure developing countries into further trade liberalization that might not be in their interest. Further liberalization that does not consider environmental priorities and developing countries' unique economic conditions constitutes a recipe for disaster.

After these introductory remarks, U.S. Undersecretary of Commerce for International Trade Grant Aldonas gave the morning keynote address. The political logic of trade is broken on the international and domestic levels, he said, for two reasons. First, it is difficult for the United States to engage in the trading of market access with other countries when its tariffs are already so low. Secondly, it is difficult to build a political consensus around the economic benefits of trade liberalization when the highest remaining tariff peaks are in import-sensitive

industries that would be disproportionately hurt by further trade agreements. The solution is to broaden our thinking and expand the debate to understand how trade, investment, and development are all linked to each other and to economic growth. This requires not only a new mindset, but new policies to promote sustainable development and reward good governance through increased development assistance, as President Bush intends to do through the Millennium Challenge Account programme. Sustainable development, furthermore, is not just a matter of what the developed world can do for the developing world, but what reforms need to be introduced in developing countries themselves. Economic development can only come when people enjoy true human freedom. This includes property rights, which are non-existent in much of the developing world and in whose absence a black-market economy flourishes, impervious to the benefits of trade. With property rights, people have a stake in both their economy and their environment.

Under questioning, Undersecretary Aldonas clarified his final points. Problems in the international trading system, he said, were a result of a failure to identify the key premises of market economics 50 years ago, but as demonstrated with the Agreement on Trade-Related Aspects of International Property Rights, it is today possible to promote Western legal concepts like property rights in an international context. But property rights alone will not reduce poverty; other barriers to human freedom, such as poor education systems and repression of individual rights, must also be lifted.

Following Undersecretary Aldonas' presentation, Hussein Abaza of UNEP kicked off the first panel. He laid out the objectives of the workshop:

- Promoting a clear understanding of capacity building
- Identifying approaches for effective capacity building
- Identifying the main objectives and priorities for capacity building
- Evaluating short- and long-term priority areas; and
- Discussing the role of governments and intergovernmental and nongovernmental organizations

He then discussed the growth of the international consensus on the need to integrate the environment and social concerns into economic policy from the Rio Summit to the recent WTO Ministerial in Doha. But in spite of efforts to provide capacity building services, he said, results have been modest. In developing countries, there is a lack of capacity to engage in negotiations on trade and the environment, understand trade-environment-development linkages, assess the implications of trade agreements, develop mutually supportive trade and environment policies, or capture environment-related development opportunities. These gaps are primarily due to an inability to forge a consensus on what exactly constitutes capacity-building, the lack of a comprehensive approach, the short-term perspective of current capacity building programmes, the lack of coordination among capacity building providers, the granting of assistance that is neither country-driven nor based on needs assessment, and insufficient monitoring and evaluation.

René Vossenaar of the UN Conference on Trade and Development attempted to provide a definition and framework for trade- and environment-related capacity building. Capacity building, he said, mobilizes participatory approaches to enhance the capacities of policy makers, the private sector, and civil society to: improve competitiveness and trade performance through enhanced environmental quality; ensure that trade liberalization promotes growth, poverty alleviation, and sustainable development; and participate in the

institutions, negotiations and processes that shape international and national policies. Capacity building activities create awareness, promote policy dialogue, improve policy-making, and help beneficiary countries comply with international obligations through workshops, studies, assessments, research, and information sharing. To these ends, Vossenaar highlighted the work of the UNEP/UNCTAD Capacity Building Task Force on Trade, Environment, and Development (CBTF). Launched in 2001, the CBTF has successfully assisted dozens of countries but is prevented by resource constraints from responding to more than 40 other requests. UNCTAD has focused on value-added capacity building projects with a special emphasis on issues arising in connection with the Doha Ministerial.

Jan-Eirik Sørensen of the World Trade Organization emphasized the role of the WTO in trade and environment capacity building. In the Doha Declaration, members strongly reaffirmed their commitment to the idea of sustainable development and encouraged cooperation between the WTO and other international organizations on environmental matters, particularly in the run-up to the Johannesburg summit. The Declaration also highlighted the importance of technical assistance and capacity building on trade and the environment for developing countries. Over the last few years, but particularly since Doha, the WTO has made progress through a series of regional training workshops and through the work of the Committee on Trade and Environment, which identifies relevant policy linkages. The resources of the WTO have been further leveraged through cooperation with UNEP and the secretariats of multilateral environmental organizations (MEAs).

### *Session II: Country Perspectives*

If they are to be effective, capacity building programmes have to be based on the needs and particular experiences of individual countries. After all, it is on the ground in these developing countries, not in the offices of donor agencies and institutions, that capacity building either succeeds or fails. In that light, this session began with presentations from developing country officials charged with implementing programmes to build capacity on trade, the environment, and development. The three panelists' remarks illustrate that developing countries have widely varying capacities to implement sustainable development policies but that all want guidance from the international community as to what their international obligations are and assistance in living up to them.

Alfredo Azpúrua of the Permanent Mission of Venezuela in Geneva highlighted several of his country's accomplishments in environment and natural resources policy: the establishment in 1977 of Latin America's first national environmental ministry; provisions in the 1999 constitution guaranteeing citizens the right to a clean environment and to participate in environmental decision-making, and formalizing the role of environmental assessments in economic policy; and a proactive relationship between government and the business sector in environmental matters, particularly the crucial petroleum sector. Still, the country lacks adequate capacity to engage in the WTO system broadly and the trade-environment nexus in particular. This is especially true in light of various aspects of the Doha agenda, including TRIPS, the relationship between the WTO and MEAs, and trade in ecological goods and services.

Mavis Campbell of the Jamaican Ministry of Agriculture also said her country's thinking about capacity building on environment and trade was accelerated by Doha. The country has

a broad array of environmental and trade concerns and is planning to establish a working group in September 2002 to coordinate government policy with regard to environment and trade in the WTO and other negotiations. Jamaica has many capacity building needs, including development of knowledge and research skills; strengthening of institutions, laws, and regulations; policy development and implementation; sustainability assessments of trade agreements; public education; and financial assistance for increased participation in international negotiations.

Majeed Khan of the Permanent Mission of Pakistan provided a cogent critique of the current capacity building regime. While the WTO has spent millions of dollars on technical assistance programmes, most of it is directed toward the Singapore issues and others not particularly crucial to developing countries. Aid is biased, not targeted to developing country needs, lacks comprehensiveness, or is not coordinated among the various donors. There is also too high a reliance on seminars and workshops that have not proven effective for developing countries and do more to enhance the skills of the trainers than those of the trainees. He identified three areas where donors can help developing countries build capacity where it counts: negotiating capacity, indigenous institutional and research capacity, and dissemination and implementation capacity.

### *Session III: Regional Perspectives*

Capacity building is normally thought of as a relationship between a donor, whether bilateral or multilateral, and a beneficiary country. But it is also possible to build capacity on a regional level, among groups of states sharing similar difficulties or concerns. This is particularly important where funds are scarce or where transnational problems – such as environmental degradation – demand regional solutions. In this session, representatives of four regional NGOs from four different parts of the world shared their strategies for channeling technical assistance to the projects where it is most needed.

Peter Tarr of the Southern African Institute for Environmental Assessment in Namibia reported that his organization's goal is to harness the capacity that does already exist in the region. While there is no shortage of issues to address – poverty, population growth, HIV/AIDS, habitat degradation, biodiversity, fisheries, variable water quality and poor governance among them – there are strategic opportunities, including new regional institutions (African Union and NEPAD), improved policymaking in many countries and dedicated institutions. If Africans began to realize their comparative advantages, including low pollution and wonderful tourism, they might be able to achieve both economic growth and sustainable resource use.

Elicier Vargas of the Tropical Agricultural Research and Higher Education Center (CATIE) in Costa Rica described his organization's dual roles: serving as an education and research center on sustainable development issues while also engaging in outreach projects across Central America. The postgraduate school, which has offered a masters degree in environmental socioeconomics since 1996, aims to enhance management of natural resources and the environment. But it is constrained by several factors, including a shallow faculty pool, a limited capacity to address trade and globalization issues in the curriculum, and an inability to respond to the varying requests from member countries. CATIE's outreach programmes, such as a pilot project in Guatemala that gives communities the right to forest

resources in exchange for proper environmental stewardship, also faces constraints in combining environmental management with an entrepreneurial vision. To achieve its objectives, CATIE hopes to integrate regional and sub-regional NGOs with national institutions, diversify its training programmes, and improve social capital in the region. He believes that economic growth and a vibrant private sector are crucial to sustainability and conservation but finds the region's lack of business skills and knowledge a major competitive disadvantage in the global economy.

Debapriya Bhattacharya of the Centre for Policy Dialogue (CPD) in Bangladesh said that a more activity-driven capacity building regime is necessary if developing countries are to efficiently achieve their objectives. CPD has collaborated with UNEP on "action-oriented policy research" that is country driven, participatory, and inclusive; on using cost-benefit analysis in identifying trade-environment linkages; and in developing "win-win" responses for national policymakers. Countries need effective public-private partnerships and ready-to-apply command and control measure in areas like land zoning and legal reform in order to promote economic growth and environmental protection. Capacity building toward these objectives should embrace a "learning by doing" approach that maximizes effectiveness and builds on existing national capacity. Exercises should take place both within countries and on regional basis.

Abdoulaye Sene of the Institut des Sciences de l'Environnement in Senegal stated that there must be greater policy coherence at all levels – between different sets of national policies and between national and international commitments. There is no synergy between national environmental legislation and MEAs; national trade policies do not incorporate the environment; the private sector has not made any voluntary commitments; there is little collaboration among governments, NGOs, academics, and business; trade negotiators fail to recognize the environmental effects of their decision; and poor countries continue to use products and technologies, like certain pesticides, that have been banned elsewhere in the world. Sene called for greater promulgation of international standards so that international trade does not separate the "haves from the have-nots." Capacity building should train policymakers and others to resolve these policy tensions and design mutually supporting trade and environment policies.

*Lunchtime Keynote: Congressman J.C. Watts (R-Okla.)*

In his address, Congressman Watts said that sustainable development and poverty alleviation in a post-September 11 world are clearly in the national and economic security interests of the United States, and that they can be promoted through building capacity in developing countries. Capacity building programmes should emphasize three main areas, he said:

- TradeAid aims to promote the right conditions under which both trade liberalization and development assistance, working in tandem, can promote economic growth. Good governance – embodying sound economic policies, rule of law, a strong judiciary, civil liberties, free and fair elections and strong property rights – is crucial to self-sustaining development. TradeAid will give countries the technical expertise and training to build capacity and improve infrastructure for all citizens.
- Health care is also an important part of any development agenda. HIV/AIDS, malaria and tuberculosis represent not only a social and humanitarian crisis but an economic one as well, particularly in sub-Saharan Africa. The international community has to

think more operationally about how to implement life-saving programmes for the short and long terms and build health care infrastructure within these countries.

- Education is the third leg on which effective development stands. Education not only promotes individual and social well-being but expedites economic growth and development. Without education, the developing world will continue to lag behind industrial countries and fail to engage effectively in the global economy

Capacity building must give countries the opportunity, not the obligation, to better themselves. Good governance is crucial, as seen in economic success stories like Botswana and Mozambique. Trade must have aid, and aid must have trade, while health care and education must also be part of the development agenda.

In the question and answer session, Congressman Watts was asked about the slow progress of the African Growth and Opportunity Act (AGOA). He responded that AGOA has worked better for some countries than for others, and that's why he is pushing for "AGOA 2" legislation. He cautioned patience because of the importance of making sure that the legislation will have the support of both houses of Congress and the President.

#### *Session IV: Service Provider Perspectives*

The three representatives of capacity building service providers reflected on the opportunities and challenges of helping developing countries build their capacity to engage the international trading system and protect the environment. They agree that service providers need to do a better job coordinating their aid and training efforts and that capacity building must respond to the particular needs of the beneficiary countries.

David Cowles of the U.S. Agency for International Development said that since Doha, the U.S. government has been more strategically focused on where its technical assistance dollars should be going. He identified five particular areas:

- Participation in the multilateral system: Developing countries need more capacity at the negotiating table, where they are usually outgunned by rich country representatives, and more sophisticated analysis to understand the effects of trade policy.
- Implementation: It is relatively easy to sign an agreement but more difficult to comply with one, as developing countries have discovered. They need help figuring out where their compliance is most crucial to an agreement's success, e.g., what agricultural policies need to be changed to comply with the Agreement on Sanitary and Phytosanitary Standards.
- Competitiveness: Both governments and the private sector need to learn the business development and finance skills to make firms more competitive in the global economy.
- Environment: Many developing countries have been against addressing this issue, but it is the key to sustainable development. The U.S. government needs to better address trade-environment policy linkages; of its \$1.3 billion trade capacity building budget and the \$1.7 billion spent supporting environmental programmes, a combined \$84 million went to trade and environment capacity building.

- Informal sector: The black market is not geared for exports, but its supporting services are crucial to a country's economic health. Capacity building needs to promote the growth of micro-enterprises consistent with a country's cultural norms.

Overall, donors need to improve not just the content of their assistance but its coordination, both in capital and on the ground.

Jean-Roger Mercier of the World Bank asked five questions that strike at the heart of what it means to build capacity in the developing world:

- Is capacity building more than just training?
- Where should the needs be defined – in international organizations and among bilateral donors, or in the beneficiary countries?
- What is the appropriate model for capacity building?
- How widely decentralized should programmes be, and does focusing operations on local officials compromise effectiveness in the name of democratic participation?
- How do we ensure that the system provides adequate transparency and accountability?

Mercier said that these questions were very difficult to answer, but it is crucial that a wide variety of government officials, private sector leaders, and community representatives be brought into the fold for them to be answered.

Federico Bonaglia of the Development Centre at the Organization for Economic Cooperation and Development offered a series of capacity building guidelines based on research at the OECD intended to overcome the limits of donor capacity:

- Focus on a broader range of issues than just compliance, using a multi-stakeholder approach to increase support.
- Increase financial resources and the predictability thereof, offering quick disbursements with as few strings attached as possible.
- Emphasize policy coherence by bringing together the trade and development communities and maintaining trade policy neutrality.
- Coordinate donor activity, particularly through joint, multi-donor funding that does not overload the beneficiary country with excessive paperwork.
- In delivering trade-related capacity building, focus more on upstream sensitization and rely more on local talent to meet needs.
- Work to remove barriers that constrain the informal sector.
- Emphasize countries' gains from negotiations.
- Build people, not just institutions.

Trade capacity building must work from a bottom-up approach that helps countries improve their policies and policy-making processes and increases their firms' competitiveness in international markets.

#### *Session V: Next steps, conclusions and recommendations*

Brennan Van Dyke of UNEP opened the closing session with four observations. First, capacity building is more than just training, and must encompass policy development as well. Second, capacity building must be country-driven and - executed, with help from civil society

and local officials. Third, donors must better coordinate their efforts. And fourth, commitments to increase technical assistance and capacity building must be better formalized in advance of the upcoming WSSD and the 2003 WTO Ministerial. It is important, she said, that the global community establish a common work agenda and then prioritize.

Vossenaar agreed, adding that a lot of the Doha work programme is already underway. Abaza said that it is important to empower these countries, giving them ownership of these projects, and help them in practical terms, not just through research. Sørensen added that despite its preeminence in the global trading system, the WTO which he represents is not an environmental agency and should not pretend to provide services it is not equipped to provide; its contributions to economic growth and development will come not just through capacity building but through the lowering of trade barriers as well.

The Chairman then thanked the panelists and participants for their attendance and said that they hoped the discussion was useful and would inform later work at the World Summit on Sustainable Development.

### *Conclusions*

Panelists and attendees at the workshop were in wide agreement on a number of points:

- There is a need to better define what it means to build capacity and how such services should be provided.
- There is insufficient understanding of and agreement on capacity building objectives in the areas of environment, trade, and development.
- It is important that capacity building programmes be tailored to individual country needs and priorities.
- Activities need to be participatory, reaching all relevant stakeholders in a society.
- The capacity of the private sector must be engaged through market-led growth mechanisms, public-private cooperation, win-win strategies that promote environmental stewardship and economic development, and efforts to promote compliance with voluntary standards.
- Capacity building providers and beneficiaries must look to the long term to meet the evolving needs of beneficiaries and produce self-sustaining development strategies.
- Capacity building programmes must rely less on workshops and seminars and more on learning by doing in order to promote negotiating capacity, environmental assessments of trade policies, and improvement in policy design and implementation.
- Capacity building providers must better coordinate their programming efforts and place fewer burdens on those governments and organizations receiving assistance.
- Capacity building should not only target national officials but also national, regional and subregional institutions.