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ПРОГРАММА ОРГАНИЗАЦИИ ОБЪЕДИНЕННЫХ НАЦИЙ ПО ОКРУЖАЮЩЕЙ СРЕДЕ

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Draft for comments

## DIVISION OF TECHNOLOGY, INDUSTRY AND ECONOMICS

### ECONOMICS AND TRADE BRANCH

#### Capacity Building on Environment, Trade and Development Trends, Needs and Future Directions

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## **Executive Summary**

Assisting countries to meet the challenges of globalisation places new demands on capacity building programmes. To maximise the net development gains from trade liberalisation, integrated national and international policy-making resulting in mutually supportive environment, trade and development policies is required. In recent years, despite a considerable offering of capacity building services in this area, efforts have neither been adequate nor yielded desired outcomes.

In the follow-up to the WTO Doha Ministerial Conference, as governments seek to develop a more effective approach to environment, trade and development capacity building, there is a need for providers and beneficiaries of capacity building services to reassess current approaches to capacity building and work together to design and implement more effective programmes. Towards this aim, UNEP is initiating efforts to catalyse the formation of new partnerships that can result in the improved effectiveness of capacity building on environment, trade and development. Other efforts have been undertaken in this regard, such as the UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development, established in 2001.

To further promote international cooperation for capacity building on this important policy interface, UNEP, in collaboration with the WTO, organised a major workshop on Capacity Building on Environment, Trade and Development in Geneva on 19/20 March 2002. Workshop discussions clarified the needs of developing countries and those with economies in transition for capacity building, and examined ways in which existing capacity building programmes can be better designed and coordinated to more

effectively meet these needs. Discussions also evaluated the results of a UNEP survey of over 30 organisations engaged in capacity building on environment, trade and development. The survey points to gaps where programmes can be improved. It demonstrates the need to develop coordinated, long-term capacity building programmes of a broader scope to enhance national institutional and human capacities for: integrated assessment of trade policies; the development and implementation of national policies to maximise the net development gains of trade; and the adaptation and use of environmentally sound technologies to promote sustainable development and enhance market access opportunities. Both the survey results and workshop discussions support a design and implementation of programmes based on national needs assessments, engaging the full range of stakeholders in beneficiary countries. Workshop participants also recommended that programmes explore new delivery options based on active collaboration between multilateral, regional, sub-regional and national institutions.

UNEP is convinced that meeting the capacity building challenges of maximising trade's contribution to sustainable development requires both more resources, and the better use of existing ones. Furthermore, it is clear that this objective can only be achieved by enhanced collaboration between UNEP, the WTO, UNCTAD, UNDP, the World Bank, MEAs, regional organisations and NGOs. UNEP thus plans to work closely with these institutions, governments and civil society in meeting the environment, trade and development capacity building requests of developing countries and countries with economies in transition.

### **About this paper**

*This paper combines the results of a survey and discussions of the workshop on “Capacity Building on Environment, Trade and Development” organised in Geneva by United Nations Environment Programme (UNEP) in collaboration with the World Trade Organization (WTO). The workshop provided an open forum for over 200 participants including representatives from 82 governments, 22 intergovernmental organisations, including four multilateral environmental agreements (MEAs) and 27 nongovernmental organisations to assess emerging needs, and reassess current approaches to capacity building on environment, trade and development.*

*The workshop was structured around an annotated agenda and a background paper prepared by UNEP, as well as a survey results obtained from questionnaires on capacity building activities that was sent to over 60 and completed by 30 capacity building service providers. Workshop presentations and discussions sought to better identify countries’ environment, trade and development capacity building needs. To meet these needs, participants provided guidance on actions that capacity building service providers and beneficiaries can collaboratively undertake to enhance the depth, complementarity and coordination of capacity building programmes on this policy interface.*

### **1. Introduction**

There has been increasing recognition, particularly during the last decade, of the importance of capacity building for developing countries and countries with economies in transition to address the challenges of sustainable development. The urgent need for capacity building on trade and environment was further highlighted at the Fourth Session of the WTO Ministerial Conference (Doha, November 2001) where delegates from 144 countries agreed on an agenda for a new round of WTO negotiations.

Future negotiations will, for the first time, cover a range of trade-related environmental issues, both as stand-alone negotiating objectives, and integrated into other negotiating objectives. Ministers reaffirmed their commitment to sustainable development and mutually supportive trade and environment policies and stressed the “importance of technical assistance and capacity building in the field of trade and environment to developing countries”. In this context, the decision by governments to launch a new round of WTO negotiations on trade-related environment and development issues further underscores the need for dynamic, structured, effective, and well coordinated capacity building programmes reflecting beneficiary countries’ current, emerging and long-term needs.

This requires that the international community develop coordinated, long-term capacity building programmes of a broader scope, including to advance the agenda set by the Doha Declaration. Programmes should 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. This should ultimately contribute to assisting countries to formulate their country positions and hence engage more effectively in trade and environment related negotiations.

Although national and international policy-making that integrates environment, trade and development considerations is a relatively new discipline, primarily emerging only during the past decade, a considerable offering of capacity building services in this area has been made by intergovernmental and nongovernmental organisations in recent years. However, despite these efforts, capacity building services have neither been adequate nor yielded desired outcomes. Improving the effectiveness of capacity building programmes must start with an assessment of past efforts.

UNEP conducted a survey of over 30 organisations currently providing trade and environment related capacity building assistance. Results of this ‘stocktaking’ survey, presented as Annex I to this paper, fed into an international workshop “Capacity Building on Environment, Trade and Development” organised in Geneva by UNEP in collaboration with the WTO on 19/20 March 2002. Survey results and workshop discussions reveal the strengths and weaknesses of current approaches to capacity building, and point

to steps that can be taken to restructure the capacity building process for greater effectiveness. This paper synthesises these findings, as well as the experiences of capacity building service providers and beneficiaries as reported in the literature and in international fora, and communicated to UNEP through consultations with governments.

Capacity building service providers and beneficiaries continue to have misconceptions about what represents a useful and effective capacity building package. At the international level, neither a common understanding of, nor agreement on, capacity building requirements in the area of environment, trade and development have been established. Moreover, most service providers have not sufficiently coordinated their programmes inter-alia to ensure a consistent, cost-effective long-term approach to capacity building. Too often, capacity building programmes have been conceived without due consideration given to the specific requirements, needs and conditions of beneficiary countries. In many cases, services have been, and continue to be delivered on an uncoordinated ad-hoc basis by different institutions.

The complex, crosscutting nature of environment, trade and development issues creates the need for multi-disciplinary capacity building to enhance coordination between ministries and other relevant decision-making bodies at the national level, and between countries and international organisations at the international level. However, the scope and depth of programmes have been mostly limited to the delivery of formal training packages, and the convening of seminars and workshops to discuss general conceptual issues. Moreover, most activities within programmes have been one-off exercises, without linkages and lacking related follow-up, evaluation and ongoing needs assessment to respond to emerging policy needs and priorities. It should also be recognised that, to date, the provision of capacity building assistance has generally been based on a flow of services from North to South and West to East, without encouraging the active involvement of regional, sub-regional and national institutions in their design and delivery. This has entailed lost opportunities for enhancing South-South and East-East cooperation.

If developing countries and countries with economies in transition are to reap maximum benefits from integrating into the multilateral trading system they must develop mutually supportive environment, trade and development policies, and effectively implement them. Capacity building efforts must advance beyond currently adopted approaches to achieve this goal, and be clearly defined and extended to meet immediate and long-term country needs.

In advancing the agenda set by the Doha Ministerial Conference, governments seeking to develop a more effective approach to environment, trade and development capacity building should evaluate recent capacity building activities to identify gaps where the process, scope, coordination and follow-up of activities can be improved. There is a need for the international community to develop coordinated, long-term capacity building programmes of a broader scope to enhance national institutional and human capacities for: integrated assessment of macroeconomic policies, including trade policies; the development and implementation of market-based and regulatory policies to maximise the net development gains of trade; and the adaptation and use of environmentally sound technologies to promote sustainable development and enhance market access opportunities. In addition, capacity building programmes should promote good governance, transparency and accountability by encouraging broad public participation and engaging stakeholders from government, the private sector, national institutions, local communities and NGOs in national policy assessment, development and implementation. Design and implementation of programmes should be based on national needs assessments and engage the full range of stakeholders in beneficiary countries. Capacity building programmes should explore new delivery options based on active collaboration between multilateral, regional, sub-regional and national institutions.

Finally, funding in recent years for environment, trade and development capacity building has been unpredictable. Current levels fall far short of meeting the growing demand for capacity building services. Developing modalities to ensure adequate and sustained funding for strategic capacity building programmes remains an urgent priority.

The UNEP survey and workshop identified many unmet needs for capacity building on environment, trade and development and proposed ways to appropriately restructure existing programmes. The remainder of this paper summarises these needs and the approaches towards capacity building proposed to address them:

**Section 2** highlights the important role trade and globalisation play in economic development and describes why trade-related capacity building remains critical to assist countries integrate into the global economy. However, such capacity building must extend to cover trade's environmental and developmental linkages. Such an extension is urgently needed to assist countries integrate environment, trade and development objectives into policy-making to assure a mutually supportive policy framework that maximises the net development gains of trade.

**Section 3** reviews the major challenges and requirements for integrated environment-trade-development capacity building. Outlining major deficiencies of recent efforts, including those identified in the UNEP survey and workshop, it demonstrates how current approaches to capacity building should be restructured. Capacity building programmes should consist of more intensive and participatory country-based efforts aimed at human resource development and institution building through stronger long-term partnerships between service providers and beneficiaries. Such partnerships can ensure the long-term sustainability and continuity of programmes. They should also be repackaged by consolidating and better integrating activities over time to make capacity building responsive to the immediate and long-term needs and development priorities of countries. Organisations providing capacity building services should identify ways to more effectively deliver capacity building services using delivery mechanisms that involve active cooperation with relevant regional, sub-regional and national institutions. Additionally, programmes should be redesigned to cover a wider set of topical issues needed to support countries' sustainable development objectives. Also in Section 3, a set of topics where environment, trade and development capacity building is most needed is proposed. With few exceptions, the need for capacity building on these topics was widely acknowledged by participants during the UNEP Workshop.

In **Section 4**, the paper concludes by presenting a **set of recommendations** put forward by participants at the UNEP Workshop. These recommendations are intended to provide guidance to capacity building service providers and beneficiaries as they work together to design and implement more effective programmes.

UNEP's 'stocktaking' survey of capacity building assistance providers' activities and experiences is presented as **Annex I** to this paper. Based on the UNEP questionnaire and reports in the literature, the survey covers capacity building activities of intergovernmental and nongovernmental organisations and major bilateral development agencies in the area of environment, trade and development.

Finally, **Annex II** presents an example, in concrete terms, of how effective capacity building can be developed is illustrated for one environment, trade and development topic: "*Enhancing synergies between MEAs and the WTO*".

## **2. Background**

### **2.1 The opportunities and challenges of globalisation**

World trade and foreign investment have both grown much faster than global GDP over the past two decades. As a result, national economies are increasingly integrated into a single global market for goods, services and capital. Liberalised trade and investment policies in national economies throughout the world, and the multilateral economic agreements that connect them, have facilitated this process of globalisation.

By stimulating production and investment, and improving access to technologies and knowledge essential for physical and human capital accumulation, international trade provides developing countries and countries with economies in transition with opportunities for economic growth. Moreover, when accompanied by properly designed and executed national policies, trade may contribute to the improvement of national living standards and poverty alleviation. Recognising these benefits, developing countries and countries with economies in transition have restructured and opened their

economies during the past 20 years. Through membership in the WTO – 144 countries are now members – and a wide array of regional trade agreements (RTAs), these countries seek to effectively integrate into the global economy.

Many countries now seek to implement outward-oriented development strategies underpinned by liberal trade and investment policies to increase national incomes, foreign investment, industrial diversification and employment. For most countries, adjusting to national economic restructuring designed to open their economies (most often introduced through comprehensive Structural Adjustment Programmes or SAPs) to the global trade and investment is a difficult task. Difficulties are associated not only with the rapidity with which adjustment and integration take place, but also by the complexity of related policy reform, development and implementation. Trade-related capacity building plays an important role in assisting countries to successfully manage this transition.

However, outward oriented development strategies and trade liberalisation policies alone cannot secure sustainable economic development. Other key requirements include macroeconomic stability, good governance to encourage investment in human and physical capital, efficient physical infrastructure, sustainable management of natural and environmental resources, and institutions providing effective levels of social services for health, education, employment and welfare.

## **2.2. Environmental and developmental linkages of trade**

There has been increasing concern over the potential negative impacts of trade and globalisation processes on environmental and natural resources, particularly in developing countries where recently introduced trade liberalisation policies have spurred rapid economic growth. In many cases, economic reforms to support trade and investment liberalisation have been made without consideration of their environmental and social impacts. As a result, there has generally been an absence of parallel efforts to develop and/or reform environment and development policies to ensure that increases in trade-related economic activity support sustainable development and that net positive impacts are maximised. Some countries have found that economic activity supporting rapidly expanded trade can result in serious environmental degradation when complementary environmental policies are not in place. Pollution of air, water and soil, and unrestrained natural resource exploitation, may grow to levels that jeopardise sustainable development efforts and exacerbate poverty in affected communities. Trade can thereby become unsustainable with its future potential significantly compromised if gains from trade are offset by associated negative environmental impacts. Such scenarios can largely be avoided through assessments of the environmental and developmental impacts of trade-related policies that help countries identify and design mutually supportive environment, trade and development policies.

While trade liberalisation policies adopted to support international trade agreements may have environmental impacts, it is also possible that international environmental agreements may have an impact on trade since they lead to variations in the way countries protect and manage environmental resources that may affect international competitiveness. By clarifying the relationships between multilateral trade and environmental agreements, greater synergies and coherence between them can be developed to manage international trade-environment linkages, particularly in areas where their objectives may seem to conflict, and to promote the transfer of environmentally sound technologies (ESTs).

In addition to posing environmental challenges, trade presents countries with many environment-related development opportunities. Trade opens a global market to exports of unique goods produced using traditional knowledge (e.g., herbal medicines, food, textiles and clothing, and handicrafts) and environmentally preferable production methods (e.g., organically grown food products, organic cotton, natural rubber). Because these goods are produced by rural communities, promoting their export contributes to rural development and poverty alleviation.

## **2.3. The need for capacity building on environment, trade and development**

Recognising the strategic importance of confronting globalisation's environmental and developmental challenges, and exploiting the environmental and developmental opportunities it presents, many countries now seek an integrated approach to trade-related capacity building that encompasses trade's

environmental and developmental linkages. This approach has also been prompted by UNCED's Agenda 21, National Councils for Sustainable Development, the CSD, and the World Bank through its Comprehensive Development Framework.

Despite substantial financial and organisational resources having been devoted to recent capacity building efforts, progress in moving from isolated to integrated policy-making has been limited. For the most part, such programmes continue to be centred on enhancing capacities in the distinct areas of trade, environment or development. By compartmentalising activities in these three domains, and addressing them in an isolated way, capacity building programmes have failed to assist countries in recognising and securing benefits from the important linkages between environment, trade and development. Only through a holistic approach to capacity building can integrated policies be successfully designed and implemented.

Recognition by the international community of the importance of integrated capacity building and technical assistance programmes is increasing (**Box 1**). References to the need for strengthened and more effective capacity building programmes on environment, trade and development have been made by the CSD in 2000 and 2001, UNCTAD X in 2000, and most recently at the WTO Ministerial Conference in Doha in 2001. In Doha, Ministers from 144 countries reaffirmed their commitment to sustainable development and mutually supportive trade and environment policies stressing the "importance of technical assistance and capacity building in the field of trade and environment to developing countries". Moreover, the decision to launch a new round of WTO negotiations on trade-related environment and development issues, underscores the pressing need for more integrated and effective capacity building.

### **3. Challenges and requirements for more effective capacity building**

#### **3.1 Flaws in the delivery of current capacity building programmes**

Assisting countries to meet the challenges of globalisation places new demands on capacity building programmes. To maximise the net development gains from globalisation, integrated national and international policy-making resulting in mutually supportive environment, trade and development policies is required.

When effectively designed, delivered and followed-up, capacity building programmes should succeed in catalysing a self-sustaining endogenous cycle of integrated policy assessment, reform, development and implementation in beneficiary countries. However, few beneficiary countries have attained such self-sufficiency. The effects of ineffective capacity building programmes on beneficiary countries has been acute. In most instances:

- Efficient policies, incentives and technologies needed to facilitate trade, alleviate poverty and protect natural and environmental resources remain under developed.
- National trade and environment policies are designed and implemented separately.
- National institutional capacities required to support, assess and implement sustainable development policies remain inadequate.
- Principles of good governance needed to encourage domestic and foreign investment remain insufficiently practiced.
- Private sector actors are discouraged from tapping international trading opportunities due to a lack of market information and capacity to meet international standards.
- Partnerships between the private sector (including NGOs) and governments are also frustrated by ineffective capacity building.
- National capacities to assess and negotiate multilateral trade and environment agreements continue to be weak.

### **Box 1. Capacity Building**

Although many countries seek to achieve strong economic growth along a path of sustainable development, required levels of human and institutional capacities needed to do so vary considerably from one country to another. By raising or 'building' these capacities, countries are able to achieve higher levels of progress towards sustainable development. Capacity building programmes – provided by bilateral, multilateral and nongovernmental organisations – comprise a set of activities that aims to assist requesting countries in developing national capacity.

The importance of capacity building has been stressed in many international fora, including:

The **United Nations Conference on Environment and Development (UNCED)** and the **UN General Assembly** stress that:

*"Governments, in cooperation ... with international organisations, should strengthen national institutional capability and capacity to integrate social, economic, developmental and environmental issues at all levels of development decision-making and implementation. Attention should be given to moving away from narrow sectoral approaches, progressing towards full cross-sectoral coordination and cooperation".*

UNCED, Agenda 21, 1992

*"International cooperation and support for capacity building in trade, environment and development should be strengthened through renewed system-wide efforts, and with greater responsiveness to sustainable development objectives, by the United Nations, the World Trade Organization and the Bretton Woods institutions, as well as by national Governments."*

UN General Assembly, 'Rio +5 Resolution', 1997

The **Commission on Sustainable Development (CSD)** calls upon the international community to:

*"Assist developing countries seeking integration into the world trading system ... through assistance in developing the institutional capacity and human resources to participate meaningfully and effectively in multilateral trade negotiations and to implement the agreements reached".*

Commission on Sustainable Development, Ninth Session, 2001

The **World Trade Organization (WTO)** recognises:

*"the importance of technical assistance and capacity building in the field of trade and environment to developing countries, in particular the least-developed among them," while encouraging "that expertise and experience be shared with Members wishing to perform environmental reviews at the national level."*

WTO Ministerial Declaration, Doha, 2001

Ministers at the **International Conference on Financing for Development** recognise that:

*"To benefit fully from trade, which in many cases is the single most important external source of development financing, the establishment or enhancement of appropriate institutions and policies in developing countries, as well as in countries with economies in transition, is needed."*

Monterrey Consensus, 2002

More effective capacity building programmes that can stimulate strategic, coordinated, transparent and participatory processes to reverse these tendencies are urgently needed.

To develop a more effective approach to environment, trade and development capacity building, there is a need for capacity building service providers and beneficiaries to reassess current approaches to capacity building and work together to design and implement more effective programmes. As a starting point, there is a need to address deficiencies in current approaches to capacity building, where they exist. Major gaps in recent efforts identified in the UNEP survey and workshop are discussed below.

At the conceptual level, there is a lack of common understanding and agreement between service providers and beneficiaries on capacity building objectives and requirements in the area of environment, trade and development. This is not merely due to the current limited understanding of the linkages between trade, environment and development. A great deal of research and empirical studies in recent years have provided new insights to what kinds of capacity need to be developed to maximise sustainable development against a backdrop of international trade. More significantly, the mismatch results from insufficient attention given by many capacity building providers to detailed needs assessment of beneficiaries. As a result, service providers have insufficient appreciation of beneficiaries' ability to absorb capacity building, leading to programme objectives that are set too high or too low. Another consequence is that the scope of programmes often addresses only some of the environment, trade and development challenges facing beneficiaries and fails to respond to other national priorities.

Certainly, accurate, carefully performed needs assessments are essential if providers' services are to meet the specific priorities, needs and conditions of beneficiary countries. Unfortunately, many programmes continue to be designed to serve the priorities and interests of capacity building service providers rather than beneficiaries. Often for these programmes, the problem of "aid conditionality" remains prevalent with activity implementation and support provided largely by donor experts, institutions and firms. As a result, activities do not sufficiently involve regional, sub-regional and national institutions and experts. Such programmes fail to recognise the fundamental need to implement programmes with 'local' resources to the greatest extent feasible in order to build 'local' capacities.

The effectiveness of capacity building is closely related to the process employed to enhance capacities of individuals and institutions. The inclusion of a broad spectrum of fully engaged stakeholders in capacity building activities has proven to correlate with successful efforts. However, even today, many activities remain insufficiently participatory, failing to reach all relevant stakeholders and secure adequate buy-in to new policies or policy-making processes put in place through capacity building. Involvement of the private sector both in programme delivery and as programme beneficiaries is limited. There is a need to focus more on the establishment of partnerships between the public and private sectors in key areas such as technology cooperation and transfer. Stronger partnerships between sub-regional and regional organisations and international organisations in the delivery of services would also increase the availability of services. Broad multi-stakeholder participation in capacity building activities can help catalyse such partnerships.

Besides participation, a number of other process deficiencies were uncovered in the UNEP survey and workshop. Greater application of "learning-by-doing" capacity building methods, which generate appropriate policies and stakeholder buy-in, as well as build technical capacity, are desired by beneficiaries. Capacity building activities are often isolated one-off exercises, unlinked to those undertaken by the same provider or others. Follow-up of activities is also recognised as insufficient with very limited resources devoted to project evaluation in terms of capacity built and the identification of future capacity building needs. There is also a lack of coordination between the different institutions providing capacity building services. Taken together, these shortcomings mean that many programmes fail to provide a coherent long-term perspective that is required to meet the evolving needs of beneficiaries.

### **3.2 Better approaches to capacity building**

Improving the effectiveness of capacity building requires that service providers build on successes of their previous efforts. It also requires they appreciate the shortcomings of their capacity building programmes and are prepared to address them.

#### **A. Definition and objectives of capacity building**

Capacity building continues to mean different things to different providers and beneficiaries alike. There is a need to establish a common understanding of capacity building. A capacity building service furnished by a provider to a beneficiary should provide the latter with assistance to enhance national capacity to address environment, trade and development issues of national priority. Beneficiaries should be assisted to develop programmes that are comprehensive, sustainable and meet their immediate and long-term national needs and priorities.

It is useful to consider capacity building within the context of a complete policy development and implementation cycle: assessment of *existing policies* → identification of distorting policies and impacts → development of policy packages to achieve sustainable development objectives → implementation → assessment and evaluation of *new/reformed policies*. Programmes should aim to assist the beneficiary country in addressing each element of the policy cycle, rather than only within one or a subset of elements. Programmes should be complete in the sense that they catalyse and sustain a full policy cycle.

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

- Fully appreciate and understand the linkages between environment, trade and development.
- Assess the economic, environmental and social implications of trade liberalisation.
- Formulate and implement policies to meet national obligations under multilateral trade and environment agreements while maximising the national sustainable development gains of trade.
- Capture environment-related development opportunities offered by trade and globalisation.
- Engage effectively in trade and environment negotiations.

Beneficiaries increasingly request that programmes be tailored, based on national needs assessments to ensure that they reflect current and emerging national needs and priorities, and that activities extend and evolve through time to provide graduated assistance over the long-term. To support national priorities and policy objectives, and ensure country ownership of the capacity building process, design and delivery of programmes should therefore be based on national needs assessments and fully engage stakeholders in beneficiary countries.

Within the needs assessment process, beneficiary countries should take the lead in defining the objectives of national and regional capacity building programmes in the field of environment, trade and development. In order to meet these objectives, they should also decide upon tools of implementation, national institutions to be involved, and funding requirements, both national and external.

#### **B. Process**

The nature of the capacity building process – i.e., how technical assistance programmes are designed and delivered – ultimately determines its effectiveness. The following aspects of the capacity building process should be evaluated when assessing and restructuring capacity building programmes:

- **Structure** – Does the programme encompass needs assessment, design, delivery and follow-up? If it does not include a detailed needs assessment, it may not provide long-term, country-specific value.
- **Needs assessment** – Are topics and issues addressed by capacity building of national interest? Do they reflect national concerns and priorities? Are they treated within the context of the beneficiary

country, or in a general way that countries themselves need to translate into national terms? Needs assessment is critical to programme design.

- **Objectives** – Are clear programme objectives set and evaluated? Who sets these objectives? For which elements of the policy cycle is assistance provided?
- **Endogenous vs. exogenous process** – Is the capacity building process country driven – i.e., actively pursued by national stakeholders seeking to address their needs and concerns, and advanced on the basis of their evolving capabilities – or is it driven by the objectives of the service provider?
- **Mode of learning** – Is learning advanced primarily through learning-by-doing or through learning-by-showing?
- **Types of activities** – What kinds of activities are employed in the programme, for example, formal training, policy development, on-the-job training, seminars, projects, research?
- **Complementarity of activities** – Are activities linked and mutually reinforcing?
- **Multi-stakeholder participation** – What is the level of involvement of national stakeholders, institutions and experts? Are regional and sub-regional partners included in programme activities? Broad stakeholder participation promotes good governance, transparency and accountability. A participatory process benefits from stakeholder ownership of national policy assessment, design and implementation. It also helps countries address new challenges in the future by generating the critical mass of experts and institutions at different levels and in varied sectors needed for policy development and implementation.
- **Development, delivery and follow-up** – Do regional, sub-regional and national institutions participate in programme development, delivery and follow-up? Does the programme contribute to the establishment of regional and sub-regional support centres?
- **Coordination** – Is the programme coordinated at the national and international levels with other programmes and efforts?
- **Timeframe** – Is the programme sufficiently well designed to ensure a process of continuous, endogenous capacity building which extends beyond the timeframe of the service provider's activities?
- **Follow-up** – Are long-term partnerships between the provider and beneficiary formed? Is programme effectiveness evaluated? Are additional activities implemented as needed to meet unattained objectives?
- **Financing** – Is there a sufficient and predictable commitment to fund the programme by domestic and external sources?

Any systematic examination of the process characterising recent capacity building efforts should evaluate each of these, as well as any other relevant aspects.

### **C. Activities**

Capacity building activities should be extended to meet short- and long-term country needs. National needs assessment workshops should identify beneficiary needs, priorities and target groups and define a process for implementation of activities, through:

- **Action-oriented research** by national experts focused on specific priority areas.
- **Country projects** – country-based, sector-specific policy assessment, development and implementation activities incorporating national stakeholder consultation and founded on a national learning-by-doing approach to capacity development.
- **Subsequent regional and international policy dialogue** allowing countries to exchange results and experiences of their projects and research.

Over time, undertaking complementary activities such as these, in addition to awareness raising seminars and training, provides for a more integrated approach for capacity building, where each component activity can feed into and reinforce subsequent ones.

#### **D. Tools**

Capacity building programmes must be designed, delivered and followed-up to assist beneficiaries in developing appropriate human and institutional resources for policy development, implementation, and assessment. The technical challenges of developing and applying policy tools for assessment and policy development 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.

### **E. Scope of capacity building**

In broad terms, effective capacity building must enhance national capacities to design and implement mutually supportive environment, trade and development policies at the national and international level; and to fully capture international opportunities for sustainable development offered by globalisation and supported by multilateral agreements. There is a need to develop capacity building programmes of extended scope – i.e., in-depth treatment of a broader set of topics – which could include enhancing national institutional and human capacities in several areas. It must be emphasised that since, in many instances, approaches and methodologies are still needed to address issues in the environment-trade-development debate, efforts should be exerted to develop such approaches and methodologies and hence develop country-specific capacity building packages for their delivery. Based on regional and country-based assessments and feedback from the UNEP Survey and Workshop the following list of topics to be covered by capacity building programmes emerges\*:

#### ***Integrated assessment of trade and trade-related policies***

Capacity building on integrated assessment of the impacts of trade and investment liberalisation policies assists countries in identifying and evaluating the environmental, social and economic impacts of trade liberalisation on specific sectors. They can then identify alternatives for improved trade and environment policies (national and international) that can maximise the net development gains of trade.

In order to provide a proper analysis of the costs and benefits of proposed policies and trade-offs between the various alternatives and policy options, assessments should include a cost benefit analysis which attaches values not only to human-made capital, but, to the extent possible, to natural capital as well. It should be stressed that although environmental and natural resource valuation techniques – developed to assign values to resources for which no markets exist – remain imperfect, they can still provide useful analyses to point to optimal policy options. At the national level, when accompanied by natural resource accounting, they provide essential tools for capturing the value of natural resources being utilised, for internalising environmental costs through policy initiatives, and ultimately guiding the allocation of resources to meet sustainable development objectives.

In follow-up to integrated assessments, policy-makers can coordinate a multi-stakeholder process to develop widely acceptable national response strategies and sets of practical measures, comprising command-and-control regulations, economic instruments and voluntary initiatives designed to reduce potential negative impacts and enhance positive ones. Such "policy packages" can significantly reduce potential trade-related environmental degradation while enhancing trade through the identification and promotion of new trading opportunities and the long-term sustainability of economic activities on which trade is based.

#### ***Approaches and measures for the development and implementation of mutually supportive trade and environment policies***

In developing countries and countries with economies in transition alike, environmental regulations designed before their more active participation in global trade are often overwhelmed by the increased pressure on natural resources transmitted through international markets. The need for environmental policy reform, employing a greater use of economic instruments to manage the environment with incentives rather than rules, using enhanced monitoring and enforcement, would improve the efficiency of resource allocations needed to support sustainable development. Development and implementation of market-based and regulatory policies, and reduction of trade distorting policies, including environmentally damaging subsidies, can help ensure the sustainability of natural and environmental resources needed to support national trade and development objectives

#### ***Natural resource valuation and accounting***

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\* One government expressed its view that the scope of environment, trade and development capacity building should not cover natural resource valuation, traditional knowledge and environmentally sound technologies. It maintains that sufficient capacity building work already occurs outside of the environment, trade and development context on these topics.

Current systems of national accounts provide misleading information on national economic growth. Decisions are often taken narrowly on the basis of incomplete projections of GDP growth, which neglect social and environmental indicators and costs associated with natural resource depletion and environmental damage. The real impacts of trade are seldom revealed in systems of national accounts (SNAs). Natural resource accounting is a tool that enhances the accuracy of SNAs by reflecting the depletion and degradation of natural resources resulting from development activities. Attempts should be made to demonstrate how the environmental, economic and social impacts of trade policies can be incorporated in SNAs so that trade policy options capable of maximising welfare and sustainability can be identified.

***Enhancing market access for exports through compliance with international health and environmental product standards***

Securing greater market access is a major trade objective of developing countries, but assistance in this effort is particularly needed in LDCs, where knowledge of international standards remains to be improved and ability to comply with standards is limited. In addition, for goods where market access is secured, ecolabels can enhance market penetration while allowing for product differentiation. The latter can support the higher profit margins producers need to finance the greater cost internalisation of environmental externalities, both within the firm and through national policies.

***Developing national systems for the management of traditional knowledge***

The knowledge, innovations and practices of indigenous and local communities (referred to as "traditional knowledge", TK) have many applications that can help in alleviating poverty in rural areas. Traditional knowledge provides the basis for food and medical care, generating incomes for local and indigenous communities, and conserving biodiversity. Many developing countries have expressed the urgent need to develop national systems to manage traditional knowledge by providing incentives for the production and export of TK-based goods.

***Adaptation and use of environmentally sound technologies (ESTs) to promote sustainable development and capture market access opportunities for exports of environmentally preferable products (EPPs)***

Access to, and local adaptation of, ESTs can improve the local efficiencies of global production chains while providing the physical capital needed to support EPP production. In turn, EPPs provide opportunities for countries to meet growing consumer preferences for 'green' products, add value to their exports, and achieve export diversification. Additionally, in countries where outdated production technologies continue to be used, there is a need to demonstrate how capital replacement with ESTs can be financed not only by efficiency gains, but also by higher export volumes of EPPs.

The widening technology gap between developed and developing countries needs to be addressed if developing countries are to be able to adopt new environmental standards for international trade. Increased access to environmentally sound technologies and capacity to develop and adapt technologies to meet developing countries needs and priorities should be included in capacity building programmes. The private sector can be engaged in this.

***Poverty, trade and environment***

There are close linkages between poverty and environmental degradation in developing countries, particularly LDCs. Capacity building must help countries to identify and enhance synergies between economic growth brought about through trade liberalisation, the eradication of poverty, and enhanced environmental protection. Examples of synergies are TK-based goods and EPPs which are often produced by poor rural communities (as recognised in the LDC-III Programme of Action for the Decade 2001-2010). Promoting their production and export to global markets thus contributes to poverty reduction. There is a need to develop trade policies that promote poverty alleviation and the equitable distribution of the benefits of trade.

### **Capacity building to enhance synergies between MEAs and the WTO**

Growing global interdependencies, both economic and environmental, increase the need for policy coherence and coordination at all levels, and demand renewed efforts to build mutually supportive relationships between MEAs and the WTO. Strengthening the mutual supportiveness and coherence of trade and environment policies, rules and institutions is required to maximise their joint contribution to sustainable development, and are likely to yield significant benefits for MEA parties and WTO Members, particularly developing countries. Efforts to build links between national co-implementation of these agreements would benefit both developing countries and countries with economies in transition. This will necessitate coordination between trade and environment ministries and other relevant government bodies, and should include public input in the process.

In cooperation with the secretariats of relevant MEAs and intergovernmental organisations, capacity building should also assist countries to participate in the further development of MEAs and in the work of the Conferences of Parties related to the trade-environment interface. This cooperation should also assist countries to make effective use of supportive instruments available under MEAs, in particular in the areas of financial aid, technology transfer and institution building.

Opportunities for joint capacity-building activities between MEAs and the WTO are explored in more detail in **Annex II**.

### **Building national capacities for the negotiation of WTO Agreements with environmental implications**

Capacity building activities are needed to support more effective and better-informed negotiations by trade negotiators of developing countries and economies in transition, on WTO processes and other negotiations with environmental implications. Some of these have already been mentioned above:

- The relationship between existing WTO rules and specific trade obligations set out in MEAs;
- TRIPS, environment and traditional knowledge;
- Environmental measures and market access for developing countries;
- Integrated assessments of trade liberalisation.

Others include the trade and environment issues contained in the WTO Doha Ministerial Declaration:

- **Environmental goods and services** – upcoming negotiations will consider the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services.
- **Fisheries subsidies** – negotiations aim to clarify and improve WTO disciplines on fisheries subsidies, taking into account the importance of this sector to developing countries.
- **Agriculture and environment** – there is a need to support negotiators on negotiations aimed at: substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support. Significantly, special and differential treatment for developing countries shall be an integral part of all elements of these negotiations, as will provisions to enable developing countries to effectively take account of their development needs, including food security and rural development. The environment is another "non-trade concern" that is likely to figure prominently in these negotiations.

Building capacities on these issues would inform countries' negotiating positions and improve national implementation of multilateral trade and environmental agreements. Developing countries, in particular, have requested capacity building for their negotiators on environment-trade-development issues to help ensure that key objectives are met. Among these are:

- International agreements should permit countries to protect natural resources while remaining competitive;
- Environmental protection should not be used as an excuse for trade protectionist measures;
- Enhancing market access for their exports;

- Certification of traded goods as being produced in a manner supportive of MEAs should not create excessive trade barriers;
- Improving their access to environmentally sound technologies.

Capacity building must be geared to providing negotiators with the tools, data, analyses and networks required for them to formulate negotiating strategies that can lead to WTO Agreements that support these objectives.

The above is a preliminary listing of important topics to be covered by environment, trade and development capacity building programmes. It is meant to provide an illustrative set of areas where capacity building assistance is needed and desired. Needs assessments would certainly identify others.

#### **4. Recommendations from the UNEP Workshop**

The main message from the UNEP Workshop was that in order to improve the effectiveness of capacity building on environment, trade and development, service providers must not only build on successes of their previous efforts, but they must also acknowledge gaps in programme effectiveness and be prepared to address them. Based on this premise, workshop discussions provided a set of recommendations for developing a more effective approach to environment, trade and development capacity building:

##### ***Recommendations on capacity building objectives***

- Enhance coordination and cooperation between international institutions, national governments and local stakeholders to define agreed on capacity building objectives, ensure complementarity and avoid duplication.
- Place greater emphasis on institution building at the national and regional levels.
- Design programmes that can support a process of continuous in-country capacity building that extends beyond the timeframe of the service provider's activities – i.e., build "sustainability" into the capacity building effort.
- Clearly differentiate short, medium and long-term activities of capacity building programmes.
- Assist countries, particularly least developed countries, determine their capacity building needs and design activities and programmes to meet them.
- Build national networks of experts and institutions at different levels and in different sectors needed for policy development and implementation.
- Strengthen south-south cooperation, directly between national institutions, and by engaging relevant regional and sub-regional institutions.
- Promote South-South cooperation in capacity building to build on ongoing South-South efforts that are already underway.
- Ensure that research institutions are beneficiaries of capacity building, given that individuals often stay longer in posts in these institutions than in governments.

##### ***Recommendations on the capacity building process***

- When needed, assist developing countries prepare requests for assistance and project proposals.
- Ensure programmes are implemented based on accurate needs assessments.
- Ensure that capacity building programmes are flexible and adaptable, in order to meet evolving needs.
- Develop active partnerships between service providers and beneficiaries to ensure that national needs and priorities are met by activities which also reflect national conditions.
- Involve national experts and institutions, including from local communities, in the development, implementation, follow-up and evaluation of capacity building activities.

- Place more emphasis on including civil society in capacity building activities, including those relating to assessment of the effects of trade and trade policy.
- Ensure all activities are based on a participatory process benefiting from multi-stakeholder ownership of national policy analysis, design and implementation.
- Adopt a participatory approach in capacity building on environment, trade and development to promote good governance that is supportive of sustainable development.
- Arrange back-to-back meetings at both regional and international levels to ensure a cost-effective method to enhance broad participation and promote policy integration.
- Complement training and seminars with intensive and participatory, country-based, learning-by-doing activities.

### **Recommendations for capacity building activities**

- Design activities to assist negotiators – both in Geneva and capitals – in preparing for international negotiations, particularly those of the WTO, and in participating effectively in related fora, such as the WTO CTE and WSSD.
- Develop more activities which assist countries with the complete policy cycle, including policy analysis, design and implementation.
- Further develop activities to assist countries to comply with international obligations under multilateral trade and environment agreements.
- Increase public awareness and understanding of environment, trade and development issues through educational programmes.
- Develop a global database on capacity building programmes and activities being implemented in countries and regions to assist providers and beneficiaries in ensuring efficient provision of, and participation in, various activities.
- Provide better training for customs officers, especially in the light of growing illegal trade, which often has significant negative environmental impacts.
- Develop educational programmes to train environmental economists in developing countries and regions where there is a shortage of such expertise.
- Promote more accurate valuation of natural resources required to ensure that resources are not underpriced, and that local communities can receive a fair price for their products.
- Consider the effects of trade liberalisation on monitoring and enforcement of MEAs.
- Harmonise, to the extent possible, reporting requirements of MEAs, which are currently a major task for many developing countries.
- Better coordinate and integrate capacity building programmes of MEAs, with each other, and with those of the WTO, UNCTAD, UNEP and other relevant institutions.
- Include a policy implementation phase in capacity building activities whenever possible.
- Support additional research and case studies to examine whether the identification or certification of traded goods as being produced in a manner supportive of MEAs creates more trade barriers or more trade opportunities.
- Support additional research and case studies to clarify the relationship between poverty, trade and environment.
- Explore the relationship between Special and Differential Treatment and trade and environment interlinkages and policy integration in capacity building activities.

These recommendations are intended to provide guidance to capacity building service providers and beneficiaries as they work together to design and implement more effective programmes.

**Next Steps**

The process initiated by the workshop can be used to catalyse a global strategy on capacity building on environment, trade and development. Future actions proposed by participants included:

- Developing a global internet-accessible database of ongoing environment, trade and development capacity building activities, including those conducted by MEAs and other IGOs.
- Regular preparation and distribution of an environment, trade and development capacity building newsletter describing ongoing activities.
- Encouraging capacity building service providers to use the lists of capacity building "gaps and needs" elaborated in the workshop as a draft checklist to assist in their design of capacity building activities.
- Convening of regional workshops in collaboration with regional and sub-regional institutions to promote the integration of workshop recommendations into ongoing and planned capacity building programmes and activities. These regional workshops will define regional needs and priorities and produce work plans for the development and implementation of capacity building in each region.
- Developing and implementing collaborative capacity building activities on enhancing synergies between MEAs and the WTO, particularly in the context of WTO Regional Seminars on Trade and Environment.

As was emphasised during the workshop, each of these actions will clearly need to involve the active participation of providers and beneficiaries of capacity building activities, and more coordination and information exchange between them.

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## **Annex I**

### **Survey of Environment, Trade and Development Capacity Building Programmes**

UNEP's 'stocktaking' survey of capacity building assistance providers' activities and experiences is now partially complete. It represents an initial step towards the development of a global database on environment, trade and development capacity building. The survey is based on responses to a questionnaire prepared by UNEP and sent to over 100 intergovernmental and nongovernmental organisations and major bilateral development agencies engaged in providing trade- and/or environment-related capacity building services. The aim of the survey, which has become an ongoing exercise, is to take stock of existing efforts to build capacity on environment, trade and development, and help identify gaps where improvements are can be made.

Only capacity building service providers were invited to participate in the survey. Questionnaires were sent to over 100 organisations in mid-January, from which 30 responses were received by UNEP. The questionnaire, which is available via internet at:

[http://www.unep.ch/etu/etp/events/upcming/CB\\_questionnaire.pdf](http://www.unep.ch/etu/etp/events/upcming/CB_questionnaire.pdf)

remains available for relevant organisations to complete and return to UNEP for inclusion in the UNEP Survey. UNEP will make preliminary results of the survey available in the near future on its website. Data provided by organisations through completed questionnaires will be added to the survey as they are received.

#### **1. Organisations invited to participate in the survey**

The following institutions that were invited to participate in the survey\* in January 2002, those listed in bold responded with completed questionnaires:

Africa Resources Trust (ART) United Kingdom	AusAID
African Centre for Technology Studies (ACTS) Kenya	Basel Convention
African Development Bank	Black Sea Economic Cooperation Pact (BSE)
African Economic Research Consortium (AERC) Kenya	<b>British Institute of International and Comparative Law UK</b>
African Regional Organization for Standardization (ARSO)	<b>Canadian International Development Agency (CIDA)</b>
African, Caribbean and Pacific (ACP) General Secretariat	Caribbean Community Secretariat (CARICOM) Guyana
Agency for International Trade Information and Cooperation (AITIC) Switzerland	Caribbean Development Bank (CDB)
ASEAN	Carnegie Endowment for International Peace USA
Asian Development Bank Institute (ADBI)	Centre for International Environmental Law (CIEL) USA
Asian Institute of Technology	Centre for the Promotion of Imports from Developing Countries (CBI) Netherlands
Asian Institute of Technology Thailand	Centro de Formación para la Integración Regional (CEFIR) Uruguay
Asia-Pacific Economic Cooperation (APEC)	Charles Stewart Mott Foundation USA
Asociación Latinoamericana de Integración (ALADI) Uruguay	

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\* UNEP encourages any of the organisations listed here, that have not yet participated in the UNEP Survey, to complete the survey questionnaire and return it to UNEP via internet.

CITES

**Civics Awareness Society (CAS) Nepal**

**Comisión Centroamericana de Ambiente y Desarrollo (CCAD)**

Commission de l'Océan Indien (COI) République de Maurice

Commission for Environmental Cooperation (CEC) Canada

Common Fund for Commodities

Common Market for Eastern and Southern Africa (COMESA)

Commonwealth Secretariat

**Consumer Unity and Trust Society (CUTS) India**

**Consumers International UK**

**Convention on Biological Diversity (CBD)**

Council of the Baltic Sea States (CBSS)

Denmark Royal Danish Ministry of Foreign Affairs

Department for International Development (DFID) UK

Department for International Development Co-operation Finland

East African Development Bank (EADB)

Economic and Social Commission for Asia and the Pacific (ESCAP)

**Economic and Social Commission for Western Asia (ESCWA)**

Economic Commission for Africa (ECA)

Economic Commission for Latin America and the Caribbean (ECLAC)

Economic Community Of West African States (ECOWAS)

ENDA Tiers-Monde Senegal

Environmental Defense Fund USA

European Bank for Reconstruction and Development

European Commission

European Free Trade Association (EFTA)

Finland Ministry of Foreign Affairs

Focus on the Global South Thailand

Food and Agriculture Organization (FAO)

Ford Foundation USA

**Foundation for International Environmental Law and Development (FIELD) UK**

Friends of the Earth

Friends of the Earth United Kingdom

Fundación Ecos Uruguay

German Association for Technical Cooperation (GTZ)

Global Environment Network Malaysia

Global Secretariat - Global Forum on Sustainable Food and Nutritional Security Brazil

Greenpeace International Netherlands

Gulf Cooperation Council (GCC)

**Heinrich Boell Foundation USA**

Indian Institute of Technology India

Indigenous Environmental Network USA

Indigenous Peoples' Biodiversity Network (IPBN) Peru

Indira Gandhi Institute of Development Research India

Indonesian Eco-Labeling Institute (LEI) Indonesia

Institute for Agriculture and Trade Policy (IATP) USA

**Institute for Development Policy and Management UK**

Institute for Sustainable Development Nepal

Instituto Interamericano de Cooperación para la Agricultura (IICA) Costa Rica

Instituto Tercer Mundo Uruguay

Inter-American Agency for Cooperation and Development (IACD) USA

Inter-American Development Bank (IADB)

Intergovernmental Authority on Development (IGAD)

**International Association for Impact Assessment (IAIA) Hong Kong**

International Centre for Sustainable Development (IISD) Canada

International Centre for Trade and Sustainable Development Switzerland

International Chamber of Commerce (ICC) France

International Confederation of Free Trade Union Switzerland

International Development Research Centre (IDRC) Canada

International Forum on Globalization (IFG) USA

International Fund for Agricultural Development (IFAD)

**International Institute for Sustainable Development (IISD) Canada**

International Labour Office (ILO)

**International Plant Genetic Resources Institute (IPGRI) Italy**

International Standards Organization (ISO)

International Textiles and Clothing Bureau (ITCB)

International Trade Centre (ITC)

**International Union for the Protection of New Plant Varieties (UPOV)**

Islamic Development Bank

IUCN - The World Conservation Union  
Switzerland

Japan International Cooperation Agency (JICA)

Latin American Association of Development Financing Institutions Peru

Latin American Economic System (SELA)  
Venezuela

League of Arab States

L'organisation internationale de la Francophonie (OIF)

Ministry for Economic Cooperation and Development (BMZ)

Natural Resource and Conservation Authority  
Jamaica

Natural Resources Defense Council (NRDC)  
USA

Natural Resources Institute United Kingdom

Netherlands Ministry of Foreign Affairs

Northern Alliance for Sustainability Netherlands

**North-South Centre USA**

North-South Institute Canada

Norway Ministry of Economic Affairs

Norway Ministry of Foreign Affairs

Norwegian Agency for Development Cooperation (NORAD)

Norwegian Forum for Environment and Development (NFED) Norway

Organismo Internacional Regional de Sanidad Agropecuaria (OIRSA) El Salvador

Organization of African Trade Union Unity (OATUU) Ghana

Organization of African Unity (OAU)

Organization of the Islamic Conference (OIC)

OXFAM United Kingdom

Pacific Financial Technical Assistance Centre  
Fiji Islands

Pacific Islands Forum Secretariat Fiji Islands

Resource Management & Policy Analysis  
Institute Kenya

**Resource Africa South Africa**

Secretaría de Integración Económica  
Centroamericana (SIECA)

Secretaría General de la Comunidad Andina  
Peru

Secretariat for the Vienna Convention and the  
Montreal Protocol

**Secretariat for the Basel Convention (SBC)**

Secretariat of the Pacific Community (SPC)

Sierra Club USA

Sistema Económico Latinoamericano (SELA)

South Asia Watch on Trade, Economics and  
Environment (SAWTEE) Nepal

South Asian Association for Regional  
Cooperation (SAARC)

South Asian Seas Sri Lanka

South Centre Switzerland

South Pacific Forum Secretariat

Southern African Development Community  
(SADC) Botswana

**Southern and Eastern African Trade Information and Negotiations Initiative (SEATINI)**

**Southern Alliance for Indigenous Resources (SAFIRE) Zimbabwe**

Stockholm Environment Institute (SEI) USA

Sustainable Development Policy Institute  
Pakistan

Sweden Ministry of Foreign Affairs

Swedish Environmental Research Institute  
Sweden

Swedish International Development Agency  
(SIDA)

Swedish North-South Coalition Sweden

**Swiss Agency for Development and Cooperation (SDC)**

Swiss Agency for the Environment, Forests and  
Landscape (SAEFL)

Swiss Coalition of Development Organisations  
Switzerland

**Swiss State Secretariat for Economic Affairs (SECO) Switzerland**

Tata Energy Research Institute (TERI) India  
Thailand Environment Institute (TEI) Thailand  
The Agency for International Trade and Cooperation (AITIC)  
The Andrew W. Mellon Foundation USA  
The John D. and Catherine T. MacArthur Foundation USA  
The Nippon Foundation Japan  
The Norwegian Forum for Environment and Development Norway  
The Pew Charitable Trusts USA  
The Rockefeller Foundation USA  
The Woodrow Wilson Center USA  
The World Conservation Union (IUCN)  
The World Resources Institute USA  
Third World Network Malaysia  
**U.S. Agency for International Development (USAID) USA**  
Union du Maghreb Arabe (UMA)  
Union Economique et Monétaire Ouest Africaine (UEMOA)  
**United Nations Conference on Trade and Development (UNCTAD)**

**United Nations Economic Commission for Europe (UNECE)**  
**United Nations Environment Programme (UNEP)**  
**United Nations Institute for Training and Research (UNITAR)**  
United Nations Organisation for Industrial Development (UNIDO)  
United Nations University (UNU)  
University of Manchester United Kingdom  
World Bank  
**World Bank Mediterranean Environmental Assistance Programme**  
**World Business Council for Sustainable Development (WBCSD)**  
World Customs Organization (WCO)  
World Economy, Ecology and Development (WEED) Germany  
World Health Organisation (WHO)  
World Intellectual Property Organization (WIPO)  
**World Trade Organization (WTO)**  
World Wide Fund for Nature (WWF) Switzerland  
Worldwatch Institute USA  
ZERO - A Regional Environmental Organization  
Zimbabwe

## **2. Brief descriptions organisations participating in the survey**

Several organisations provided descriptive information on their capacity building activities on environment, trade and development:

- British Institute of International and Comparative Law UK (to be provided)
- Canadian International Development Agency (CIDA) (to be provided)
- Civics Awareness Society (CAS) Nepal (to be provided)
- Comisión Centroamericana de Ambiente y Desarrollo (CCAD) (to be provided)
- Consumer Unity and Trust Society (CUTS) India (to be provided)
- Consumers International UK (to be provided)
- Convention on Biological Diversity (CBD) (to be provided)
- Economic and Social Commission for Western Asia (ESCWA) (to be provided)

### **Foundation for International Environmental Law and Development (FIELD)**

FIELD was founded in 1989 in order to tap the tremendous potential of law at the international, regional and domestic level and to encourage environmental protection and sustainable development. The result of that initiative, twelve years later, is a vibrant and thriving organisation whose advice and assistance is sought by governments, non-governmental organisations, inter-governmental organisations and industry.

FIELD's mission is to assist economically disadvantaged states. The TISD Programme is currently working with UNCTAD to strengthen research and policy-making capacity on trade and the environment in ten developing countries (Bangladesh, Brazil, Costa Rica, Cuba, India, Philippines, South Africa, Tanzania, Tunisia and Uganda). Three workshops and two roundtable meetings involving policy-makers, non-governmental organisations and developing country research institutions have examined a range of trade and environment issues from the perspective and experiences of the developing countries. The topics include the relationship between intellectual property rights and the environment; market access and trade liberalisation; environmentally preferable products, particularly organic products; sectoral studies of textiles and garments, agriculture and fisheries products; technology transfer issues in relation to the WTO and in relation to Agenda 21 and Multilateral Environmental Agreements; and domestically prohibited goods.

The aim of the project is to enhance understanding of the issues, to improve policy co-ordination at the national level and to improve the ability of developing countries to participate effectively in multilateral negotiations on trade and environment. A follow-up to this 18-month project will focus on identifying specific trade and environment issues of common concern to countries at a regional level so that outputs can be fed into regional arrangements and initiatives.

- Heinrich Boell Foundation USA (to be provided)
- Institute for Development Policy and Management UK (to be provided)
- International Association for Impact Assessment (IAIA) Hong Kong (to be provided)

#### **International Institute for Sustainable Development (IISD) Canada**

IISD's work on trade, investment and sustainable development began in 1991. It seeks to find those areas of synergy where trade, environment and development can be mutually beneficial, and to help policy makers exploit those opportunities. It seeks to identify areas of conflict among the three policy spheres, and help find ways to minimize them. And it seeks to increase civil society's understanding of the issues, and create mechanisms of openness by which that understanding can help make better policy.

In keeping with ISD's focus on North-South issues, its work on trade and investment has a special emphasis on the problems and concerns of developing countries in trade and sustainable development debates. IISD's focus is on helping trade law and the institutions that shape it—such as the World Trade Organization—integrate the objectives of sustainable development. To help ensure that development issues are effectively addressed, IISD works to build capacity for trade and sustainable development in developing countries, while seeking to increase civil society's understanding of the issues and creating mechanisms of openness by which improved understanding can help make better policy.

In 1997, IISD and IUCN launched a collaboration to build capacity on the issues of trade and sustainable development in developing countries called the Trade Knowledge Network. Its aim is to increase awareness, knowledge and understanding of the issues among developing country research institutions, NGOs and governments. The first phase of this project is now completed. TKN is a clearinghouse for developing country research on trade and sustainable development issues. Apart from providing access to country-level case studies written by network members, the TKN Web site is used by members to publicize their new and existing research and to collaborate on research. TKN member organizations are from: Argentina, Canada, China, Vietnam, El Salvador, Pakistan, South Africa and Switzerland. The IISD website, [www.iisd.org](http://www.iisd.org), provides further information on this initiative.

- International Plant Genetic Resources Institute (IPGRI) Italy (to be provided)
- International Union for the Protection of New Plant Varieties (UPOV) (to be provided)
- North-South Centre USA (to be provided)

- Resource Africa South Africa (to be provided)
- Secretariat for the Basel Convention (SBC) (to be provided)
- Southern and Eastern African Trade Information and Negotiations Initiative (SEATINI) (to be provided)
- Southern Alliance for Indigenous Resources (SAFIRE) Zimbabwe (to be provided)
- Swiss Agency for Development and Cooperation (SDC) (to be provided)
- Swiss State Secretariat for Economic Affairs (SECO) Switzerland (to be provided)
- U.S. Agency for International Development (USAID) USA (to be provided)

### **United Nations Conference on Trade and Development (UNCTAD)**

Agenda 21 and UNCTAD IX provided UNCTAD with a mandate to promote the integration of trade, environment and development policies. UNCTAD's special role is to examine trade and environment issues from a development perspective. This mandate has been implemented through intergovernmental deliberations, policy analysis, empirical studies, briefings, workshops and seminars, using both budgetary and extra-budgetary resources.

The General Assembly, at its nineteenth special session in September 1997, requested UNCTAD to continue to play a key role in the implementation of Agenda 21, through the integrated examination of linkages among trade, investment, technology, finance and sustainable development.

Since the early 90s, UNCTAD has had a specific capacity building programme on environment, trade and development. In assisting developing countries to pursue trade as a tool for sustainable development, UNCTAD's activities span a full spectrum of trade issues from an environment-development perspective. UNCTAD's primary objective is to help developing countries integrate themselves more fully into, and derive benefits from, the multilateral trading system. UNCTAD's work focuses on policy analysis and consensus building to identify more clearly the implications of multilateral trade rules for the development prospects of developing countries.

UNCTAD's activities also help to ensure balance in the trade and environment debate by highlighting issues of concern to developing countries, and strengthening the development dimension. In this regard, UNCTAD identifies policies to address major constraints faced by many developing countries in responding to environmental challenges, such as lack of technical, financial, institutional and supply capacities. UNCTAD's work more generally takes into account the environmental and developmental needs and situations of each country. UNCTAD also strives to enhance understanding of the economic and developmental implications of trade measures used for environmental purposes, including the effects of environmental requirements on developing countries' exports.

UNCTAD's capacity building activities are carried out through global, regional and country projects, often in partnership with other UN organisations and with international and regional NGOs. An important base for these activities is the UNCTAD TrainForTrade programme that has recently been enriched with the development and launching of a set of 8 comprehensive modules on a wide spectrum of trade, environment and development topics. In 2001 the latter were successfully field tested in several developing countries.

- United Nations Economic Commission for Europe (UNECE) (to be provided)

### **United Nations Environment Programme (UNEP)**

Since 1994, through its Trade and Environment Programme, UNEP capacity building activities on trade and environment have incorporated a broad range of research, capacity and consensus-building activities focusing on the trade and environment policy interface. These have included the negotiation and implementation of multilateral environmental agreements (MEAs) and assessing the environmental

effects of trade-related policies. UNEP's programme provides countries with assistance to enhance national capacities to understand and address the key linkages between trade and sustainable development such as process and production methods, technology transfer, globalised production,

TRIPs and the environment, trade in genetic materials, production subsidies and environmental risk analysis. To support capacity building, UNEP undertakes research aimed at producing a wide range of application-oriented guides for practitioners on integrated assessment of trade and trade-related policies, environmental resource valuation, environmental accounting and economic instruments for environmental management.

At the core of UNEP's capacity building work are UNEP Country Projects on Trade and the Environment that enhance the capacities of governments to undertake integrated environmental, social, and economic assessments of national trade liberalisation policies and multilateral trade rules. This assistance enables them to formulate cost effective regulatory and economic instruments and voluntary initiatives at the national level to maximise the positive contribution of trade to sustainable development. By engaging Governments, research institutions, NGOs and civil groups, UNEP Country Projects have enhanced in-country capacity to analyse and respond to the trade-environment-development linkages in nearly twenty participating developing countries and countries with economies in transition.

UNEP's research and country projects are complemented by policy dialogues that bring together experts and decision-makers, from developed and developing countries, to exchange experiences and viewpoints, raise awareness and enhance appreciation understanding of critical issues. These activities take place in the form of seminars, briefings, conferences, workshops and round-tables, convened in multiple locations, but especially in parallel with major trade and environment conferences and in developing countries. These activities have been increasingly inter-linked over time, and made more directly relevant to policy-making processes in the WTO and other trade policy fora.

### **UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development**

The establishment in 2000 of the UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF), has enabled UNEP and UNCTAD to coordinate and strengthen their capacity building activities in the area of trade, environment and development. The overall purpose of the CBTF is to strengthen the capacities of countries, particularly developing countries and countries with economies in transition, to effectively address trade-environment-development issues. Conceived to provide a dynamic mechanism able to respond to the diverse needs and requirements expressed by Governments for technical assistance, the CBTF employs a collaborative partnership-based approach to capacity building, comprising five integrated and complementary activities:

- Thematic Research on major issues in the trade-environment-development domain and on practical approaches to sustainably address them, bearing in mind the development priorities of countries;
- Country Projects based on practical learning-by-doing exercises 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 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.

Clearly the agreement to negotiate contained within the WTO Doha Ministerial Declaration will have important implications for the kind of work that the CBTF will undertake. The fact that the CBTF is a demand-driven project means that there is a built-in mechanism to enable the task force to respond to

new policy developments and the consequently evolving needs of developing countries. All projects undertaken are based on proposals submitted by institutions in the beneficiary country.

Due to the extra-budgetary nature of the CBTF, its activities are launched in phases according to the timing and availability of financial resources contributed by donors. In early 2001, with financial support from the Governments of the United Kingdom, Norway and Germany, UNEP and UNCTAD launched a first round of CBTF projects. Seven were at the national level in Costa Rica, Cuba, Indonesia, Lebanon,

Mexico, Venezuela and Vietnam, and one is at the sub-regional level for least developed countries in Africa. With subsequent funding provided by Sweden and the United States in late 2001, UNEP and UNCTAD are initiating a second round of CBTF projects in early 2002, including some under the CBTF Programme for LDCs (see below). These include two policy dialogue projects for Portuguese-speaking LDCs (Angola, Cape Verde, Guinea Bissau, Mozambique, Sao Tome) and a country project in Cambodia. Two other second-round CBTF projects will be announced during Spring 2002. Additionally, with support provided by the European Commission, a CBTF workshop on developing country production and export of organic food products was organised in Brussels in February 2002.

A special CBTF 'Programme for LDCs' was recently developed and proposed at the UN LDC III conference in Brussels, in May 2001. The Programme fosters the creation of long-term partnerships between UNEP, UNCTAD and LDC government ministries and nongovernmental organizations. These partnerships will undertake country-driven training, research and policy analysis projects, and policy dialogues at the national and regional levels. The Programme, which will be closely coordinated with other intergovernmental organizations, will assist LDCs and their development partners in supporting the implementation of important elements of the Programme of Action for the Least Developed Countries (2001-2010), adopted at LDC-III, by providing coordinated support to LDCs to integrate trade and environmental objectives into national development strategies and policies. Taking into account the mandates of UNEP and UNCTAD, and the Programme of Action for LDCs, it is envisaged that the programme will focus on issues including:

- Poverty and the Environment
- Market Access
- Niche Markets, including Environmentally Preferable Products (EPPs)
- Environmentally Sound Technologies (ESTs)
- Harnessing Traditional Knowledge for Development and Trade
- Multilateral Environmental Agreements (MEAs)
- Regional Integration
- Trade Liberalisation, the Environment and Sustainable Development

Programme implementation will start gradually in a number of LDCs that have expressed strong interest in CBTF activities. A number of these countries have prepared, or are currently preparing, CBTF project proposals. The Government of Sweden provided start-up funding for the Programme in late 2001.

#### **United Nations Institute for Training and Research (UNITAR)**

Through its training activities in international trade, UNITAR seeks to provide government officials with enhanced understanding and knowledge of WTO agreements (including GATT, GATS and TRIPS) while enhancing their negotiations skills. UNITAR also offers tailor-made workshops for countries negotiating accession to WTO with in-depth analyses of possible implications for their national economies, and steps to be taken to meet WTO regulations and recommendations on how to make best use of WTO membership. UNITAR also has a training programme for the Application of Environmental Law, launched in 1997 in partnership with IUCN's Commission on Environmental Law and UNEP. The programme has been designed to reach representatives of both governmental and nongovernmental organizations in developing countries and countries with economies in transition. It involves distance learning along with inaugural or follow-up workshops and seminars held at regional or sub-regional

level, and selected efforts for environmental law capacity building at national level. UNITAR is currently integrating its training programmes in international trade and environmental law.

- World Bank Mediterranean Environmental Assistance Programme (to be provided)
- World Business Council for Sustainable Development (WBCSD) (to be provided)

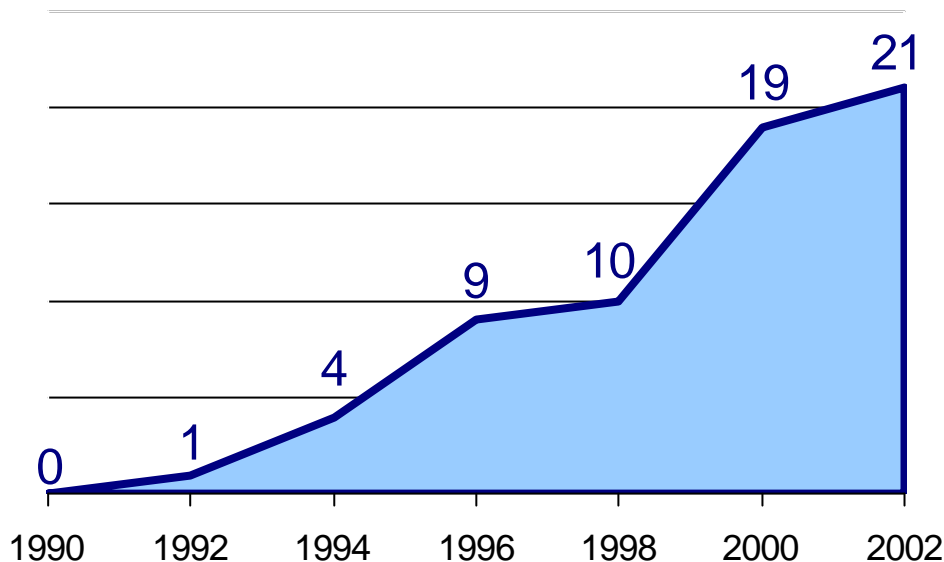
### **World Trade Organization (WTO)**

The WTO technical assistance programme informs members of their rights and obligations under the WTO Agreements and assists them in implementing WTO Agreements. Environmental issues are treated when they are relevant to the implementation of an agreement, for example, in the Technical Barriers to Trade Agreement (TBT) and Sanitary and Phytosanitary Measures (SPS). The WTO Trade and Environment Division (TED) offers regional seminars on trade and environment for developing and countries with economies in transition. UNCTAD and UNEP provide resource persons. These engage capital-based officials from ministries of trade and environment, over a two and half day period. The seminars provide an opportunity for more in-depth examinations of ongoing negotiations and relevant GATT/WTO rules with respect to trade and environment issues. Issues of particular concern to different regions, such as the market access impact of eco-labelling schemes, or the environmental benefits of removing trade restrictions and distortions, are discussed.

The most recent regional seminars held since the Doha Ministerial are being adapted to meet capacity building needs related to the Declaration from that conference. Some earlier regional seminars have been held back-to-back with workshops involving civil society participants, arranged in collaboration with ICTSD (see below), which have served to enhance interaction between civil society, NGOs and trade and environment officials within the region.

### 3. Some preliminary survey results

The following composite data are from the feedback of the 30 organisations that have participated in the survey to date:



**A. Date since which participating organisations began capacity building programmes and activities on environment, trade and development** (For 21 of 30 participants responding. Vertical axis is cumulative number of organisations for a given year.)

#### B. Coordination / Collaboration

- 63 % collaborate with UN, 30 % with the WTO, and 25 % have no collaborating partners
- 95 % seek enhanced coordination and collaboration with other CB service providers

#### C. Resource Constraints

- 95 % : unable to fully meet CB requests due to resources constraints
- Most are lightly staffed; avg. staff size is 4
- As a group, 25 % of staff time is spent on fundraising

#### D. Perceived Needs for Activities

- 88 % : activities should be better integrated with each other
- 100 % : activities should be more intensive and country-based
- 67 % : activities should be offered for a broader set of topics
- 83 % : activities should be developed to assist negotiators

#### E. Perceived Needs for Programmes

- 96 % : programmes should have better geographical distribution of activities
- 90 % : programmes should be delivered in cooperation with regional and sub-regional institutions

- 75 % : programmes should have a shared and consistent approach
- 89 % : programmes would be strengthened by an international plan or programme of action for capacity building on environment, trade and development

## **Annex II**

### **Capacity building to enhance synergies between MEAs and the WTO**

Growing global interdependencies, both economic and environmental, increase the need for policy coherence and coordination at all levels, and in particular between multilateral environmental agreements (MEAs) and the WTO. Strengthening the mutual supportiveness and coherence of trade and environment policies, rules and institutions is required to maximise their joint contribution to sustainable development, and reinforce countries' tendencies to develop multilateral solutions to trade, environment and development challenges. Greater coordination, coherence and collaboration between the MEA and WTO Secretariats should yield benefits for all their parties and Members, particularly developing countries. Cooperation between these international bodies will be complemented by, and should help reinforce, coordination at the national level, if this cooperation is built with the broad participation of national trade, environment and development officials.

Over the past two years, UNEP has convened a series of five meetings between the Secretariats of various MEAs and the WTO, also involving governments, other intergovernmental organisations and NGOs. The process has sought to identify means to increase the complementary functioning and implementation of MEAs and the WTO, so as to promote sustainable development. The meetings have identified a number of concrete steps that could be undertaken to increase cooperation and complementarity between trade and environment regimes. These include the following:

- Greater participation by MEA Secretariat staff in WTO regional seminars on trade and environment.
- Obtaining observer status for MEA Secretariats in relevant WTO committees.
- Enhanced information flow between the two regimes and training of officials to understand the respective regimes.
- Working together to avoid potential trade and environment disputes, and to ensure that efforts to resolve current disputes draw upon expertise in the environmental community.
- Identifying natural resources that might be exploited sustainably, thereby furthering economic, developmental and environmental ends.
- Cooperative research, analysis and design of policy tools such as economic instruments for environmental protection and assessments of the environmental and related economic and social effects of trade and trade liberalisation.
- Enhanced cooperation with civil society.
- Collaborative efforts between MEAs, the WTO and UNEP to ensure more coherent and effective capacity building for implementation of international agreements.

While the first and last of these actions explicitly relate to capacity building activities undertaken by MEAs, the WTO and in some cases UNEP, all of them could either contribute to increasing understanding of trade, environment and development linkages, or will require capacity-building to develop appropriate policy responses. As there are in excess of 20 MEAs with trade-related provisions, this does constitute a substantial coordination challenge. In addition there is the need to integrate regional, sub-regional, non-governmental and national institutions into capacity-building activities to enhance synergies between MEAs and the WTO.

This section provides some examples of how capacity building activities might be developed and coordinated so as to achieve specific objectives identified in the 'MEA-WTO process' that has been facilitated by UNEP. Much of this will consist initially of bringing together diverse capacity building activities of different institutions, integrating and then reinforcing them. A current example of this is provided by the WTO Regional Seminars on Trade and Environment, which have increasingly incorporated presentations and other capacity-building inputs from UNCTAD, UNEP and MEA Secretariats.

A prerequisite for developing effective cooperative capacity building activities will be securing new and additional financial resources for this purpose, as both the MEAs and the WTO will have to maintain their own, independent capacity building programmes. One example of how this might be done would be for the MEA Secretariats, UNEP, UNCTAD and others to prepare a joint programme of activities and funding requirements to develop new capacity-building materials, and sustain their presence in the WTO Regional Seminar programme on Trade and Environment. Fund-raising efforts should extend to enhancing civil society participation in national and regional level capacity building activities too.

As a preliminary step in considering the options set out here, the MEAs, WTO and UNEP could offer briefing and feedback sessions for the Permanent Missions in Geneva, focused on draft proposals for collaborative capacity building activities. The materials prepared for such briefing sessions could help define more clearly where there is an effective and desirable division of labour between these institutions, as well as issues on which there is potential and even a need for closer cooperation.

### ***Capacity-building for better compliance and implementation of international environmental and trade agreements***

It has been recognised that for many developing countries, lack of capacity and limited technical, technological and financial resources are all important factors limiting implementation of MEAs. These constraints can be addressed in the context of MEAs themselves, but it is clear that trade can make an important contribution to increasing developing countries' abilities to comply with MEA obligations. Examples of this are trade in environmentally sustainable technologies (ESTs), and situations where revenues secured from trade allow increased investment in environmental protection and ESTs. Joint capacity building efforts by MEA, UNEP and WTO Secretariats, in collaboration with other relevant organisations such as UNCTAD, can help maximise the contribution of trade and trade-related policies towards meeting MEA objectives. The MEA-WTO process has identified the following specific areas, among others, in which cooperation and joint capacity building activities by international organisations could achieve this end.

Integrated assessments of trade-related policies at the national level help to identify challenges faced by countries while trying to implement MEAs in the context of trade liberalisation. For example, the Conference of the Parties (COP) of the Convention on Biological Diversity (CBD) has been mandated to undertake an assessment of the effects of trade liberalisation on agricultural biodiversity. UNEP has initiated work to apply methodologies for the 'integrated assessment' of the effects (environmental, economic and social) of trade liberalisation on the agricultural sector. This work is being undertaken with the participation of the WTO and CBD Secretariats, FAO, and UNCTAD, all of which could contribute to associated capacity building activities.

Training of customs officers on regulations required by MEAs is necessary for more effective implementation of these agreements. The Secretariats of the Convention on International Trade in Endangered Species (CITES), the Montreal Protocol on Substances which Deplete the Ozone Layer, and the Basel Convention consider such training vital to reinforce implementation of controls on illegal trade in endangered species, ozone depleting substances, and hazardous wastes respectively. Joint training workshops for customs officers, on the implementation of MEA provisions and WTO rules, would strengthen compliance actions with both trade and environment agreements, and build synergies between them. In this regard, existing efforts of the Secretariat of the Basel Convention, together with CITES, and other MEAs, the World Customs Organization (WCO) and Interpol, for the training of customs officers as well as Port authorities in Asia, should be expanded to all regions. These efforts attempt to match the expressed needs from Parties to MEAs from all regions for the delivery of integrated capacity building programmes, in line with enhancing the concept of 'environmental customs'.

Collaborative implementation of technology transfer and technical assistance measures in MEAs and the WTO, and cooperative capacity building activities in support of this implementation, could enhance the mutual supportiveness of these agreements. The Secretariats of the Basel Convention, the Framework Convention on Climate Change and the CBD have all expressed interest in developing synergies between provisions on technology transfer contained in those agreements, and related provisions in the TRIPS Agreement and other WTO agreements. Collaborative capacity building

activities could focus on expanding trade in environmentally sustainable technologies (ESTs) on more favourable terms for developing countries, and also enhancing the capacity of those countries to develop and adapt technologies to meet their own requirements. There may be a need to develop a common MEA-UNEP agenda for the delivery of technology transfer and development capacity building activities that is supportive of the implementation of the MEAs concerned. Preliminary action taken by MEAs in this area in consultation with regional centres (such as the regional centres for training and technology transfer) may be valuable.

***Capacity-building for enhancing coordination between environment and trade ministries at the national level***

There is a broad recognition that the development of mutually supportive trade and environment policies requires more interaction and cooperation between respective national policy-makers in these two sectors. There are a number of ways in which trade and environment policy coordination at the national level could be enhanced, through joint workshops, preparation of training and capacity building materials, and research activities.

Increased participation of environment officials in the WTO Committee on Trade and Environment (CTE), including those responsible for negotiation and implementation of MEAs, enhances inter-ministerial contact and understanding at the national level. Since October 2000, UNEP has been providing financial support to environment officials from developing countries and economies in transition to attend CTE Sessions, and has also been organising back-to-back meetings on related issues (e.g., fisheries subsidies and MEA-WTO interactions). Similarly, the WTO Secretariat is now planning to hold side events at some MEA COPs, for example COP 6 of the CBD in April 2002. These exercises also enhance cooperation and coordination between the relevant secretariats, themselves.

Collaborative training and preparation of capacity building materials and activities by the MEA and WTO Secretariats, and UNEP could provide valuable guidance to national officials seeking to integrate policy objectives. The UNEP and WTO Secretariats have already prepared a joint paper on compliance and dispute settlement procedures in the WTO and MEAs, with input from their secretariats, to identify potential synergies. Similar joint analysis could be undertaken on the design and application of economic instruments for environmental purposes, and be developed into capacity building materials and activities.

Country case studies on environment, trade and development interactions can help bring relevant ministries together, and build national networks and in-country capacity to address these policy linkages. The secretariats of the WTO and MEAs, together with UNEP and other relevant institutions like UNCTAD, could undertake such studies cooperatively, with the participation of relevant national ministries and other stakeholders. Such studies might be focused on sectors of particular relevance to the implementation of specific MEAs, for example the energy, chemical, forestry and agricultural sectors.

Aid agencies and development cooperation ministries could become important collaborators for the secretariats of MEAs, the WTO and UNEP, helping them to strengthen their capacity building efforts on policy integration at the national level. Developing capacity building materials and activities supportive of national sustainable development strategies, in accordance with MEA and WTO objectives, could be a fruitful area of cooperation.

***Collaborative capacity building activities between the MEAs, the WTO and UNEP at regional and sub-regional levels.***

The recent collaboration between the WTO and MEA secretariats, and UNEP, in the context of the WTO Regional Seminars on Trade and Environment, demonstrates both the need for and potential of joint capacity building activities between these institutions. At the regional and sub-regional level, balanced groups of trade and environment officials, from countries with shared levels of development, economic priorities, environmental challenges, and linguistic and cultural commonalities are often able to progress faster with policy integration challenges than officials working at a global level. Coordinated

and complementary capacity building activities could be offered in the context of regional and national sustainable development plans. There is already interest in the European Commission in supporting regional capacity building activities, perhaps including some of those outlined below.

Regional workshops and training seminars provide a potentially powerful and cost effective tool to bring trade and environment officials together to explore and enhance synergies on specific policies and issues. In addition to the opportunity offered by the WTO's Regional Seminars on Trade and Environment, UNEP intends to employ its network of regional offices (notably in Africa, West Asia, Asia-Pacific, and Latin America and the Caribbean) to enhance regionally-based capacity building activities. The expressed interest of Parties to MEAs for regional training and activities addressing both trade and environment issues (such as the above mentioned WTO Regional Seminars) underlines the need to develop a comprehensive and focused programme of activities covering policy development and mechanisms for technology transfer and development. In this regard, MEAs (such as the Basel Convention, which has 12 regional centres offering support for the conduct of training and technology transfer-related programmes) provide a valuable framework in which the collaboration of interested partners, including industry, can help meet the needs of Parties.

Regional organisations for economic integration (such as Mercosur in Latin America, and SADC in Southern Africa), which in some cases are expanding their activities into cooperation on environmental policies and/or sustainable development strategies, may also be of relevance. Capacity building activities could be cooperatively developed by the WTO, MEAs and UNEP in economic sectors that relate closely to implementation of some MEAs (e.g., the energy, agriculture and water sectors).