

## UNEP's Manual on Integrated Assessment: Maximizing the net development gains of trade-related policies

### What is "integrated assessment?"

Trade can have positive and negative economic, environmental and social effects; this is well known. These effects vary across individuals, households, regions and ecosystems; across companies and across industries. And they vary with the types of trade and trade policies in question.

economic and social effects of trade and trade policies. Thus, integrated assessment provides a tool for countries to develop agendas that meet their specific conditions and policy priorities.

### The benefits of integrated assessment

As well as providing policy-makers with a better basis for promoting their national interests, integrated assessment has a number of auxiliary benefits. The multidisciplinary nature of integrated assessment increases cooperation between the relevant ministries, enhancing their mutual understanding of tools and policy objectives in the trade and environment sectors. This type of cooperation builds capacity for policy integration, facilitating the identification of "win-win" situations in which trade liberalization can benefit the environment and development.

Transparent and participatory assessments not only facilitate communications within the government, they also help the general public understand and appreciate trade policy reforms. Assessments produce clear economic and scientific rationales for the design and implementation of such policy reforms in a manner that takes into account environmental and developmental objectives, and helps to design environmental and other policies that maximize the net development gains from trade.

### UNEP's work in this area

UNEP's *Reference Manual on Integrated Assessment of Trade-Related Policies* is a new tool designed to help policy-makers and practitioners—in developed and developing countries—to conduct integrated assessments of the economic, environmental and social impacts of trade policy

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Integrated assessment evaluates these impacts at a national level, capturing different aspects of these impacts in a single study. This provides policy-makers with a full picture of the changes that might arise from trade policy reforms.

Integrated assessment is a new tool that can be used for a number of purposes. Governments can use it to simply explore the interactions between trade, environment and development policies. Taking it one step further, the assessment can provide the basis for the design and application of "packages" of policies that together are supportive of sustainable development. And it can serve as the basis for a strengthened, informed position in trade-related negotiations.

The flexibility of integrated assessment methodologies allows governments and research institutions to select their aims, and then determine how they wish to respond to the environmental,

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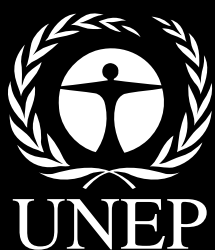
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and trade liberalization. The manual breaks new ground by guiding the reader through the process of preparing and conducting an integrated assessment. It does not prescribe the use of a specific methodology, offering instead a range of options and approaches that the user can combine and adapt to address differing national circumstances. The manual also provides guidance for designing appropriate policy responses to maximize the benefits and minimize the negative impacts of trade and trade liberalization. It synthesizes national experiences with this type of assessment to date, drawing valuable lessons for future practice.

The manual is the product of an extensive and inclusive drafting process, involving an international group of experts including the team leaders of UNEP country projects on assessment—a suite of 11 national-level integrated assessments. It thus brings together conceptual and theoretical expertise of assessment methodologies with the practical expertise of those who have been applying and developing assessments on the ground.

### A practical guide

The manual begins by addressing decisions that must be taken at the outset of an assessment, such as the economic and geographical/ecosystem focus, the timeframe over which it is conducted, and particular sustainable development priorities that may be emphasised. Issues of public participation, the choice of indicators and capacity building are also covered.

### Geographical/ecosystem focus

An assessment will usually cover impacts at the national level, but occasionally will focus on one or two selected regions, sectors or ecosystems. Alternatively, it may include selected international impacts, though such a broad scope makes the exercise considerably more difficult.

### Timing

The choice among the different timing options is directly related to the role the assessment will play. It can be undertaken as part of deliberations within national governments aimed at formulating approaches to trade policy and liberalization.

It can be undertaken before, alongside or following international trade negotiations, to investigate the environmental and social impacts of policies that may be, or have been, introduced.

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*Ex-ante* assessments can help to design adequate and timely trade policies, and the introduction of accompanying environmental policies. *Ex-post* assessments provide a retrospective examination of the environmental, economic and developmental effects of a trade policy, enabling the design of environmental and other policies to promote sustainable development. *Ex-ante* and *ex-post* assessments can provide lessons and data for future assessments.

### Public participation

In order for an integrated assessment to be perceived as legitimate, credible and independent, it is vital to incorporate a strong public participation component. As well as giving the public some measure of ownership of the resulting policy, this kind of openness strengthens the analysis by providing data, insights and information that are not available in a more closed exercise.

*Sapphire Miners, Madagascar (Chris Hellier/UNEP).*

### Specific assessment techniques

There are a number of challenges in framing an integrated assessment. The analyst must decide what assessment methodologies are appropriate, what types of policy should be assessed and what types of impacts should be measured. The manual considers a range of techniques that might be employed to undertake an integrated assessment, including macro-economic models and

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*Green field, Vietnam (Pham Nguyen Yung Nguyen/UNEP).*

sector-based or micro-economic analysis. These include such tools as cost-benefit analysis, risk assessment, life-cycle analysis, global commodity chain analysis and scenario building. The manual also addresses the problems of valuing environmental impacts, and outlines a number of possible methodologies for evaluation.

### Policy responses to integrated assessment

The manual provides guidance on how to maximize the policy relevance of an integrated assessment, and make the transition from analysis to policy. It outlines a range of potential policy responses, from the macro-economic to the micro-economic, and including environmental and social policy changes.

Policy responses can take the form of the modification of trade agreements under negotiation, or of trade-related policies. Alternatively, policies can be adopted following the implementation of a trade agreement to mitigate any harmful environmental or social impacts and to promote positive effects. These “flanking” policies can be implemented at the national, regional or global level. The manual shows how an integrated assessment at national level may lead to the identification of global or regional policy priorities, and considers the role of international organizations in promoting a policy response.

### Evaluation and monitoring

Finally, it is important to examine how the results of an integrated assessment translate into policies, and the extent to which those policies maximize net development gains. It is also important to check the predictions of the analysis against reality, in an effort to improve the methodology for future practice. Integrated assessments should therefore include specific provisions for evaluation and monitoring. A follow-up process may also be necessary to track the long-term effects of trade policies and agreements, and to identify where future integrated assessments might be needed.

### Capacity building for integrated assessment

The manual is intended to increase the awareness of the benefits of integrated assessment and the capacity of governments and other institutions to undertake them. However, a range of other materials and activities will be required to spread the practice of assessment. Training materials, such as the module of the UNCTAD TrainForTrade series that focuses on integrated assessment have been developed, and are being applied in the field. Some projects initiated under the auspices of the UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF) will focus on building capacity for assessment.

Governments and policy research institutes can choose to develop their capacity by adopting a “learning by doing” approach, as exemplified by the 11 UNEP country projects on assessment



conducted to date. In each of these projects the capacity of the research institutes and the governments to undertake environmental or integrated assessment of trade-related policies has been enhanced. These projects have also provided crucial input for the development of this reference manual. The sharing of experiences on assessment recommended in the Doha WTO Ministerial Declaration will also spread the capacity to undertake assessments.

### A timely guide

The manual is a timely aid to policy-makers, given the references to assessment that appear in paragraphs 6 and 33 of the WTO Ministerial Declaration that launched the Doha round of multilateral trade negotiations in November 2001. There is also growing interest in the contributions that economic and environmental assessment can make to the design of policies for sustainable development more generally, in the run up to the World Summit on Sustainable Development in Johannesburg in August and September 2002. Integrated assessment is quickly becoming one of the most valuable tools available for policy-makers concerned with achieving environmental, economic and social progress.

The manual can be ordered from UNEP or downloaded at the following site: <http://www.unep.ch/etu/etp/acts/manpols/rmia.htm>.

French and Spanish translations of the manual will be published shortly.

*El Niño, Thailand  
(Le Hoai  
Phuong/UNEP).*

### UNEP Publications

*“From Globalization to Sustainable Development, UNEP’s work on trade, economics and sustainable development,”* UNEP, Geneva, 2002.  
<http://www.johannesburgsummit.org/html/documents/prepcom4.html>  
and <http://www.unep.ch/etu/wssd/index.htm>

*“Environment and Trade: A Handbook,”* (also available in French and Spanish) UNEP-IISD, 2000.  
[http://www.unep.ch/etu/publications/Envi\\_and\\_Trade.htm](http://www.unep.ch/etu/publications/Envi_and_Trade.htm)

*“Reference Manual for the Integrated Assessment of Trade-Related Policies,”* UNEP, Geneva, 2001.  
[http://www.unep.ch/etu/publications/Envi\\_and\\_Trade.htm](http://www.unep.ch/etu/publications/Envi_and_Trade.htm)

The UNEP country case studies on trade and environment (integrated assessments at the sectoral level) are available on:  
[http://www.unep.ch/etu/publications/Ctry\\_studies.htm](http://www.unep.ch/etu/publications/Ctry_studies.htm)

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