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ПРОГРАММА ОРГАНИЗАЦИИ ОБЪЕДИНЕННЫХ НАЦИЙ ПО ОКРУЖАЮЩЕЙ СРЕДЕ

Chairman's Summary

Capacity Building for Integrated Policy Design and Implementation for Sustainable Development

Developing Mutually Supportive Trade and Environment Policies

Jeju Island, Republic of Korea, 27-28 March 2004

I. Introduction

This meeting on *Capacity Building for Integrated Policy Design and Implementation for Sustainable Development*, which was co-hosted by the Ministry of Environment for the Republic of Korea and the United Nations Environment Programme (UNEP), brought together over 140 participants from 48 national governments, numerous intergovernmental organizations including the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Institute for Training and Research (UNITAR), the United Nations University (UNU), the World Bank and the World Trade Organization (WTO), representatives from the Secretariats of the Basel Convention, the Ramsar Convention on Wetlands and the United Nations Framework Convention on Climate Change (UNFCCC), numerous academic institutions and international, regional, national and non-governmental organizations to Jeju Island, Republic of Korea on 27-28 March 2004.

This meeting builds on a broad consultation process facilitated by UNEP through a series of international and regional workshops and meetings held in collaboration with several international partners including UNCTAD, under the auspices of the UNEP-UNCTAD Capacity Building Task Force (CBTF) on Trade, Environment and Development. The findings of this process are included in the paper entitled "Enhancing Capacity Building for Integrated Policy Design and Implementation for Sustainable Development" which was prepared by the UNEP Economics and Trade Branch (ETB), Division of Technology, Industry and Economics (DTIE), and served as a background paper to the meeting.

The aim of the meeting was to contribute to ongoing international efforts to improve the effectiveness of capacity building programmes in support of integrated policy design and implementation in the areas of economics, trade and the environment. Specifically, the meeting sought to:

- Discuss existing capacity building initiatives;
- Assess the effectiveness and identify the shortcomings of current capacity building efforts;
- Promote international cooperation on capacity building for the promotion of integrated policy design and implementation for sustainable development;
- Identify capacity building needs and priorities for the implementation of Multilateral Environmental Agreements (MEAs);
- Identify capacity building needs and priorities in the Asia region; and
- Propose recommendations for more effective, coordinated and demand-driven capacity building programmes.

The meeting was opened by H.E. Ms. Park Sun-Sook, Vice Minister of Environment for the Republic of Korea, and UNEP's Executive Director, Dr. Klaus Töpfer, in the presence of Mr. Kim Hak-Su, Executive Secretary of UNESCAP representing the five UN Regional Economic Commissions. Welcoming remarks for the meeting were also provided by Ms. Monique Barbut, Director of the UNEP Division of Technology, Industry and Economics. The background, objectives and structure of the meeting were provided by Mr. Hussein Abaza, Chief of the UNEP Economics and Trade Branch.

The first day of the meeting was divided into two sessions. Session I focused on major initiatives, approaches, gaps and requirements for effective capacity building. During the first part of the session, representatives from several international organizations gave their perspectives on these topics. Mr. Jamil Ahmad, Deputy Permanent Representative, Permanent Mission of Pakistan to UNEP in Nairobi chaired these discussions and Mr. Julio Garcia Burgués, Head of Unit, Environment, European Commission and Mr. Mark Halle, Director, Trade and Investment Programme, International Institute for Sustainable Development, served as the rapporteurs. The second half of Session I focused on country and regional perspectives and was chaired by Mr. Claus Sorensen, Director, International Affairs, European Commission, and the rapporteur was Mr. Barry Sadler, Senior Associate, International Institute for Environment and Development. In Session II, representatives from several MEAs discussed means of enhancing capacity for promoting implementation of MEAs. This session was chaired by Mr. Hugo Martinez, Chief, Agriculture Policy Department, Studies and Agrarian Policies Bureau, Ministry of Agriculture,

Chile, and the rapporteurs were Ms. Andrea Brusco, Director, Sustainable Development & Environment Secretariat, Ministry of Health, Argentina, and Mr. Sebastian Winkler, Senior Policy Officer, Policy, Biodiversity, International Agreements Unit, IUCN –The World Conservation Union.

The second day of the meeting addressed current approaches to effective capacity building for integrated policy design and implementation, and was structured along three parallel Working Groups. Working Group 1 addressed priorities and approaches for effective capacity building and was chaired by Mr. Telly Eugene Muramira, Director for Policy, Planning and Information, National Environment Management Authority, Uganda. The rapporteurs for the working group were H.E. Mr. Pedro L. Pedrosa Cuesta, Ambassador and Permanent Representative of the Republic of Cuba to UNEP and Mr. Jiri Dusik, Team Leader, Environmental Assessment Team, Regional Environmental Centre for Central and Eastern Europe (CEE). Working Group 2 addressed enhancing coherence at the national level between economic, trade and environment policies and was chaired by Mr. Richard Ballhorn, Director General, Department of Foreign Affairs and International Trade, Canada. Rapporteurs for this Working Group were Ms. Alicia Lozano, Adviser, International Affairs, Ministry of Environment, Housing and Territorial Development, Colombia, and Mr. Jan Joost Kessler, Integrated Assessment Specialist, AIDEnvironment. Working Group 3 discussed supporting implementation of MEAs through capacity building activities. This working group was chaired by H.E. Mr. Beat Nobs, Ambassador, Swiss Agency for the Environment, Forests and Landscape. Rapporteurs for Working Group 3 were Mr. Nabil Zakout, Assistant to the Director General, Environment Quality Authority, Ministry of Environmental Affairs, Palestine, and Mr. Scott Vaughan, Director, Unit for Sustainable Development and Environment, Organization of American States.

The final session focused on capacity building for integrated policy design and implementation in Asia and was chaired by Dr. Ru Tuihe, Director, Division of International Organizations, Department of International Cooperation, State Environmental Protection Agency (SEPA), China, and the rapporteurs for this session were Mr. Indra Darmawan, Head of Sub Division for Natural Resources Management, National Planning Board/BAPPENAS, Ministry of Development Planning Agency, Indonesia, and Mr. Fulai Sheng, Senior Director, Centre for Conservation and Government, Conservation International.

This Chairman's Summary sets out some of the main findings arising from the meeting. Without attempting to itemize all of the important contributions made, it provides an overview of the main issues raised by participants and some suggestions made for future efforts to strengthen capacity building. It does not represent a consensus document by governments or other participants attending the meeting. Rather, it is offered as a source of information, and to seek further input and guidance from governments and partners as part of an ongoing, informal and collaborative initiative to enhance capacity building for integrated policy design and implementation for sustainable development in the field of economics, trade and the environment.

II. *Main Findings and Recommendations*

A. *Priorities and Approaches for Effective Capacity Building*

Over the past several years it has become increasingly evident that building the capacities of individuals, organizations and governments is essential in the quest for sustainable development. In order to enhance the effectiveness of capacity building activities, there is a need for international, regional and national governmental and non-governmental institutions to reassess current approaches and to build on past successes. However, to develop a more effective approach to capacity building, it is first necessary to identify challenges and shortcomings in current initiatives.

During the meeting, representatives from several international organizations, including Mr. Ulrich Hoffman from the UNCTAD Secretariat, Mr. Jian Xie, Senior Environmental Specialist, the World Bank, Ms. Vesile Kulacoglu, Director, Trade and Environment Division, WTO Secretariat, and Mr. M.A. Khan, Chief, Environment Division, UNESCAP, presented the capacity building activities undertaken by their respective organizations and the lessons learned from these activities. In addition to the points raised in these presentations, participants noted the following challenges and shortcomings to current capacity building programmes:

- Demand for capacity building initiatives aimed at policy integration has grown significantly in recent years, and current efforts are unable to satisfy this demand.

- There is currently insufficient country ownership in capacity building activities. In addition, there is often a lack of active dialogue and involvement of key stakeholders in the activities, particularly in the early stages of designing strategies and actions.
- Many capacity building activities are not demand-driven and fail to take into account important differences in governance, culture, traditions and the role of civil society.
- While there is increasing cooperation among international organizations working on the integration of trade and environment policies, more should be done to enhance coordination and share best practices, information and experiences.
- Scarce financial resources are not the only obstacles to capacity building. In some instances, resources exist, but the major obstacle is delay in obtaining the funds.
- Capacity building initiatives currently lack an effective system of monitoring, reporting and evaluation. Specifically, capacity is undermined when there is no continuity in the activities, including follow-up, or if there is a lack of adequate resources (i.e. technology, equipment) available to perform and maintain the activities.

The manner in which capacity building programmes are designed and implemented will determine their effectiveness and impact. Participants at the meeting considered how the various elements should be combined, who should be involved and at which stage, and noted the following key elements to successful capacity building:

- In order to maximize the positive impact of capacity building within the constraints of limited resources, efforts need to focus on key development policies that most affect sustainable development, including trade, economic and environmental policies. Capacity building should be linked to key decision-making processes at all levels.
- Greater effort must be made to link capacity building efforts to PRSP frameworks and the Millennium Development Declaration to ensure that the capacity building efforts address poverty alleviation.
- Capacity building strategies and targets need to be identified by the collaborating countries to ensure that they are demand-driven and to increase country ownership, preferably through stakeholder participation and as part of National Development Plans or other planning processes. Moreover, capacity building strategies and programmes should be based on needs assessments including analysing existing capacities.
- Capacity building should be seen as a continuous process to increase awareness and to develop analytical and decision-making capabilities. Tied to this, capacity building should have a long-term perspective (not as one-off exercises). There is also a need for better benchmarks to monitor and evaluate the impact of capacity building efforts and to assess their long-term impacts.
- Exchange of information is a key component of capacity building, including the provision of non-partisan information and the translation of international legal instruments into basic language that can be easily understood by stakeholders.

Participants offered a range of additional suggestions on the role of key actors in developing more effective capacity building activities. These included:

- Better and closer coordination of capacity building activities between different intergovernmental organizations based on their respective competencies, including between UNEP and UNDP. It was suggested that such international coordination could take place through regular regional meetings of key intergovernmental organizations, international organizations, regional commissions, governments and NGOs.
- Involvement of local authorities and relevant decision makers, such as parliamentarians and politicians in capacity building activities was stressed.
- Strategic partnerships with the private sector could lead to improved capacity building results given their technical and financial resources to carry out such activities. A current project between the Swiss

Government and the Basel Convention working with cell phone companies on cell phone disposal was cited as an example of such collaboration.

B. Enhancing Coherence at the National Level Between Economic, Trade and Environment Policies

There is broad recognition that the development of mutually supportive economic, trade and environmental policies is essential to maximizing the contribution of trade and other economic activities to sustainable development. There are a number of tools and capacity building activities that can enhance such policy coordination, such as strategic impact assessment, integrated assessment, sustainability assessment, comparative assessment, sustainability frameworks and indicators and natural resource accounting.

Participants at the meeting discussed the lessons learned, the challenges and constraints associated with the use of assessment methodologies, and explored ways to improve the use of these tools. Major points raised by participants included:

- There is a strong need for country-specific assessment approaches and indicators, country-specific case studies, and a focus of the resulting action plans at local level.
- Instead of identifying flanking policies, there is a need to mainstream assessment into policy planning processes.
- A major challenge is to mainstream the results of integrated assessment into policies. Recommendations are not followed through to the point of negotiating with decision makers and implementing policy changes.
- Integrated assessment should not be applied to every single decision. There is a need to clearly define the cut-off criteria in view of limited government resources and capacities.
- A range of useful new tools was mentioned, including environmental management accounting, annual environmental reporting and eco-labelling schemes.

Participants discussed the roles of key actors – both individually and collectively – in promoting greater coherence between environmental, economic and other policies at the national level. Some key points from the discussion include:

- There is a need and opportunity for more coordination and information exchange between key actors regarding experiences with integrated assessment. There is also a need for improved dialogue, both at the national level (including inter-ministerial dialogue and integrated planning processes) and at the international level (networks focusing on exchange of experiences and lessons learned). Moreover, there is a need to account for differences in terminology, language, assumptions and approaches by various actors.
- Capacity building should support the internalization of economic externalities through the use of market-based instruments, natural resource accounting, and economic instruments.
- There is a need for strengthening the capacity of developing country negotiators to actively participate in the environment and trade agenda.
- The training of trainers is a useful delivery mechanism and should be undertaken in terms of long-term professional development in training skills and substantive issues. Moreover, training kits and manuals should be developed in local languages and adapted to local decision-making context (translation from other languages and decision-making frameworks is often difficult), and produced jointly by developing and developed countries to ensure its relevance.
- It was noted that the mass media (television, radio and the internet) can be an effective capacity building tool by facilitating distance learning and increasing awareness.
- It was noted that UNEP should continue to promote integrated assessment as a means to ensure consistency of economic and trade policies with national environmental commitments. UNEP's methodology for integrated assessment should be disseminated to more countries. UNEP should also

- consider developing guidance that is based on wide international consensus, such as an international framework for integrated assessment.
- UNEP should continue to play an active role in capacity building in the field of trade and environment through the UNEP Network of Institutions for Sustainable Development (NISD).
 - The UNEP Working Group on Economic Instruments should continue to promote the use of economic instruments for sustainable development.

C. Supporting Implementation of MEAs through Capacity Building Activities

For many developing countries, and countries with economies in transition, insufficient capacity and limited technical, technological and financial resources have impeded the implementation of MEAs.

At the meeting, representatives from various MEAs, including Ms. Sachiko Kuwabara-Yamamoto, Executive Secretary of the Basel Convention on Hazardous Wastes, Mr. Peter Bridgewater, Secretary General of the Ramsar Convention on Wetlands, and Mr. Richard Kinley, Acting Deputy Executive Secretary of the UNFCCC presented their capacity building activities and the lessons learned from these activities. Ms. Monique Barbut, Director of the UNEP Division of Technology, Industry and Economics, also presented capacity building activities and lessons learned on behalf of the Secretariats of the Montreal Protocol, the Rotterdam Convention on Prior Informed Consent, and the Stockholm Convention on Persistent Organic Pollutants.

Following the comments by MEA Secretariats, participants in the meeting discussed the role of capacity building to promote implementation of MEAs, and ways to strengthen ongoing efforts. Among other things, the MEA Secretariats and participants noted:

- Potential synergies between MEAs and the WTO can be enhanced by considering the relationship between the objectives of the MEAs and the negotiating items outlined in the WTO Doha Declaration such as environmental goods and services, technology transfer, and information exchange, including MEA observer status in relevant WTO committees. However, interlinked capacity building among the environment, trade and development regimes can only be attained if the processes are mutually supportive. The multilateral trading system must become more open and allow for the participation of MEAs in its process, and in particular, in the WTO's Committee on Trade and Environment (CTE) Special Session.
- In general, capacity building activities in support of MEA implementation must be flexible and must reflect changing needs over time. Specifically, capacity building activities should shift from an ad-hoc, short-term, supply driven approach to a more integrated, targeted, long-term, demand driven and sustainable approach.
- While some capacity building activities are more appropriately undertaken within an individual MEA, other capacity building activities can be designed to promote an integrated approach to MEA implementation, including through the clustering of MEAs into categories such as the PIC/POP and Basel Conventions in relation to the chemicals cluster, and CITES, the Convention on Biological Diversity and the Ramsar Convention in relation to biodiversity-related issues.
- Capacity building is needed in both developing and industrialized countries, although the focus of capacity building priorities may differ. Broadly, a particular priority in developing countries relates to institutional capacity building, while in developed countries, emphasis should be on policy coherence.
- Integrated assessments have the potential to support policy coordination and coherence by integrating or mainstreaming MEA commitments within national economic development programmes, poverty reduction strategies, natural resource management, as well as identifying a longer-term perspective of environmental, social and other priorities. Integrated assessments can also help to identify the extent to which MEAs affect a broad range of economic sectors - from energy and transportation to agriculture and public health.

- However, it was noted that ensuring policy coherence remains difficult, given the number, scope and complexity of MEAs. A key challenge is to ensure that decisions taken in one MEA negotiation body do not contradict or offset decisions taken elsewhere.
- Participants stressed that the process of capacity building is pivotal in increasing understanding among different stakeholders about the underlying objectives related to the implementation of MEAs.
- There is currently a fundamental lack of continuity and coordination of capacity building activities. A common framework or system for capacity building activities in support of MEA implementation could help to structure capacity building efforts at the national and regional levels. Such a system could pool dispersed resources and initiatives, similar to the World Bank Institute for the Bretton Woods Institutions.

A range of measures is available at the national level to help implement MEAs. Participants noted the role of integrated assessment and economic instruments, as well as of a number of other measures. Some major points made by participants in the discussion included:

- Integrated assessments can be used to help identify incentives and disincentives related to the implementation of MEAs, while supporting policy coherence by ensuring that a policy used in support of one MEA is not offset by a policy followed under a different agreement. Broadly, assessments can help to ensure that policies such as use of economic instruments will maximize win-win outcomes.
- It was noted that developing countries should not be overburdened by additional assessment requirements. However, assessments can build upon national reporting requirements mandated within different MEAs and PRSPs.
- Command and control is not the only tool available for MEA implementation; economic instruments can also provide the necessary incentives for implementation. For instance, certain objectives of the Basel Convention might be achieved by creating the right incentives for producers and consumers.
- It is expected that economic instruments will play an increasingly important role in MEA implementation: the example of emissions trading under the Kyoto Protocol was noted. At the same time it was noted that economic instruments will form part of a package of MEA implementation policies, which also include regulations.

Cooperation between environment, trade, planning and other sectoral ministries at the national level is a prerequisite for more integrated policy-making. In the specific context of MEA implementation, participants noted a number of ways that various stakeholders could contribute to capacity building efforts in support of MEA implementation:

- Different stakeholders have different roles in capacity building to support MEAs. These actors include MEA Secretariats, which have an important role related to identifying needs and gaps. A special emphasis was also placed on the role to be played by the UN Regional Economic Commissions, UNITAR, the UNU, the World Bank Institute, and the Global Environment Facility. It was noted that the constellation of different stakeholders will differ depending on national circumstances.
- Given the limited resources available to MEA Secretariats for engaging in major capacity building activities, it was noted that the Secretariats should aim to act as a catalyst for other organizations working on such activities.
- Governments often have multiple objectives, including development, trade liberalization and environmental protection. In recent years, progress has been made by environment officials in understanding economic and legal issues related to trade policy, while trade officials have learned more about environmental priorities and policies. Although links have improved between trade and environmental ministries at the national level, more work is needed to ensure coherence given that there are often basic differences in assumptions and approaches that need to be understood.
- Capacity building efforts in support of MEA implementation must link to the larger trade and sustainable development agenda. There have been numerous requests from governments for capacity building activities to support implementation of MEAs, such as assessment of the impact of subsidies on MEAs, the use of economic instruments in support of MEAs, assessment of the impact of trade-related policies

- on MEA implementation, technology transfer and the removal of tariffs on environmental goods and services. UNEP should continue to play a role in responding to these government requests and supporting the implementation of MEAs.
- Assessing the impact of environmental regulations on the exporting capacity of developing countries was also noted as a specific need that is not sufficiently considered in capacity building activities.
 - It was noted that an important part of capacity building is government-to-government cooperation, particularly South-South cooperation.
 - Finally, the role of donors in supporting capacity building was noted, with emphasis placed on ensuring that clear, coherent approaches to country-driven capacity building are adopted. It was also noted that the Global Environment Facility might provide an improved system for ensuring a coordinated approach in the disbursement of funds among MEAs.

D. Capacity Building for Promoting Integrated Policy Design and Implementation in Asia

The meeting included a session dedicated to identifying capacity building needs and defining challenges and opportunities for capacity building related to integrated policy design and implementation in Asia. Several experts and policy makers in the region presented their experiences with capacity building, including Mr. Jamil Ahmad, Counsellor and Deputy Permanent Representative, Permanent Mission of Pakistan to UNEP in Nairobi, Mr. M.A. Khan, Chief, Environment Division, UNESCAP, Mr. Ricardo-Melendez-Ortiz, Executive Director, International Centre for Trade and Sustainable Development (ICTSD), and Mr. Mark Halle, Director, Trade and Investment Programme, International Institute for Sustainable Development (IISD). The presentations underscored the importance of Asia given its growing population, large consumer market, enormous natural resources, fast-growing economies, and high level of interregional partnerships. Other major points raised during these presentations included:

- While Asia shares with other regions a range of needs and priorities related to capacity building for integrated policy design and implementation in the areas of trade, economics and the environment, it also has a number of unique capacity building needs and priorities. Local ownership should be promoted in any capacity building activities.
- Trade and environment issues are particularly important in Asia in the context of globalization; trade interests of Asian countries could be negatively affected if environmental regulations in the export markets are ignored.
- Capacity building should focus proactively on addressing various underlying concerns: e.g. agricultural reforms, safeguard of livelihoods, perverse subsidies, market access, opportunities for resource-efficient production, export competitiveness derived from environmental enhancement, and proper use and management of bio-technologies.
- Capacity building should also focus on strengthening: (a) institutional coordination (through APEC coordinating bodies, inter-ministerial committees and working groups and task forces); (b) legislative and regulation support (constitutional provisions – environmental protection acts, sectoral legislation, integrated policies in trade and environment issues); (c) development of economic instruments (eco-labelling, subsidies and rebates, taxation and tariffs); and (d) information and awareness campaigns (websites, pamphlets/posters) for relevant stakeholders.
- A range of capacity building delivery mechanisms were identified for the Asia region including training (training for trainers), advisory services, networking and formulation of guidelines.
- There is a need to recognize and support the role of regional and subregional bodies in capacity building, with an emphasis on enhanced inter-agency cooperation in national policy-making processes.
- A reduction in development assistance for Asia is a cause of concern; it reduces the resources for participation in capacity building.

- There is a need to include parties outside of government to determine capacity building needs and designing capacity building initiatives.
- Education institutions also have a role to play in the promotion and application of integrated assessment.
- Efforts should be made to establish targets and indicators for evaluating capacity building activities in Asia.

In addition to these points, the unique cultural aspects of Asia were noted. There was a plea for more attention to the role of spirituality and indigenous knowledge in addressing development issues in Asia.

Recommendations for UNEP's future work

Based on the numerous comments from participants, the Chairman summarized the following key recommendations for UNEP's future work on capacity building for integrated policy design and implementation for sustainable development:

- UNEP should continue to play an active role in capacity building for integrated policy design and implementation. In so doing, UNEP should ensure that capacity building activities are tailored to national needs and support efforts to integrate environmental considerations into national planning policies such as PRSPs, as well as the goals set out in the Millennium Development Declaration.
- UNEP should continue to engage in capacity building activities that support implementation of MEAs, such as assessment of the impact of subsidies on MEAs, the use of economic instruments in support of MEAs, assessment of the impact of trade-related policies on MEA implementation, technology transfer and the removal of tariffs on environmental goods and services.
- UNEP should continue to promote integrated assessment as a means of ensuring the complementarity of economic and trade policies with environment policies. UNEP should consider developing guidance on integrated assessment that will be based on wide international consensus, such as an international framework for integrated assessment.