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**PROGRESS REPORT ON THE FOLLOW-UP TO THE RECOMMENDATIONS OF
AND DISCUSSIONS ON THE EVALUATION OF UNCTAD'S PROGRAMME ON
TRADE, ENVIRONMENT AND DEVELOPMENT***

Note by the UNCTAD secretariat

Executive summary

The present report provides information on actions taken in response to each of the nine recommendations contained in document TD/B/WP/165 as well as additional recommendations by the Working Party at its forty-first session. It builds on an earlier note by the secretariat (TD/B/WP(XLI)/CRP.1) describing steps already taken by the secretariat to improve its technical cooperation/capacity building, which were explicitly welcomed by the Working Party, and gives additional information on actions taken by the secretariat in the 10 months since the Working Party's evaluation.

* The submission of this document was delayed because of the need to take into account the outcome of UNCTAD XI.

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I. INTRODUCTION

1. The Working Party (WP) on the Medium-term Plan and the Programme Budget decided to review at its forty-third session in September 2004 the implementation of the recommendations arising from the in-depth evaluation of UNCTAD's technical cooperation/capacity-building (TC/CB) programme on trade, environment and development (TED), which was undertaken by the Working Party at its forty-first session in September 2003. The present report was prepared in response to that decision.

2. For the Working Party's forty-first session, the secretariat prepared a note on its TC/CB programme (TD/B/WP(XLI)/CRP.1). That note (a) described steps already taken by the secretariat to improve its TC/CB, which were explicitly welcomed by the WP; (b) provided information on more recent projects not considered in the evaluation report; and (c) provided detailed factual information on the programme. The present report draws upon the first note by the secretariat and gives additional information on actions taken by the secretariat in the 10 months since the Working Party's evaluation to respond to its recommendations.¹ These actions were taken in relation to TED TC/CB operations in Geneva as well as the implementation of specific TC/CB activities, in particular activities in the field.

3. With regard to field activities, in this 10-month period the programme's TC/CB work mainly comprised implementation of the project entitled *Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues*, funded by the United Kingdom's Department for International Development (DFID). Work carried out in the context of the UNEP/UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF) included a regional workshop for English-speaking Caribbean countries held back to back with a WTO Regional Seminar on Trade and Environment (Kingston, Jamaica, November 2003)² and a Training Workshop on Integrated Assessment for African Countries Nairobi, Kenya, (19-20 July 2004).

4. In addition to these field activities, in line with UNCTAD's role as the focal point within the United Nations for trade and development, the UNCTAD secretariat has promoted two pragmatic initiatives aimed at identifying solutions to particular problems: the Consultative Task Force on Environmental Requirements and Market Access for Developing Countries (CTF) and the UNCTAD/FAO/IFOAM³ International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF). It has also organized, together with the Commonwealth Secretariat, a workshop to identify possible elements of national *sui generis* systems for the preservation, protection and promotion of traditional knowledge for the purpose of developing a tool kit of options for national policy makers. Finally, the *Trade and Environment Review* was launched, which in a specific chapter provides a visible platform for dissemination of results of analytical work and information on TC/CB activities.

¹ As the BIOTRADE Initiative was not covered in the evaluation, it is not discussed in the present document.

² As part of a project funded by the Ministry of Spatial Planning, Housing and the Environment of the Netherlands as a follow-up to the World Summit on Sustainable Development (WSSD).

³ International Federation of Organic Agriculture Movements.

5. Section II of this report describes actions taken in response to each of the nine recommendations contained in the evaluation team's report. Section III describes the secretariat's response to other recommendations made at the Working Party's forty-first session.

II. IMPLEMENTATION OF THE RECOMMENDATIONS OF THE EVALUATION TEAM

Recommendation 1: The Trade, Environment and Development programme should create a vision and a strategy for handling technical cooperation.

6. In response to this recommendation, the secretariat has made concrete efforts to delineate clearly the vision and strategy of its TC/CB programme and to communicate it to its stakeholders. The elements of this vision and strategy were outlined in the conference room paper (TD/BWP(XLI)/CRP.1) prepared by the secretariat for the consideration of the Working Party's forty-first session. These elements were also communicated in October 2003 to the members of the newly created TED mailing list database (please see information under recommendation 2 below).

7. Stated briefly, the overarching long-term objective of the TED TC/CB programme is to enhance the capacities of developing countries to analyse issues at the interface of trade and environment and address them at the national, regional and international levels in a manner consistent with their development priorities. To achieve this, the more immediate objectives are to assist interested developing countries in:

- Improving policy coordination at the national level between ministries of trade and environment and between Governments and other relevant stakeholders;
- Designing national policies to address specific trade and environment issues;
- Participating effectively in negotiations and discussions on trade and environment in the WTO and other international forums;
- Addressing the relationship between environmental and health requirements in international markets, and export competitiveness and market access for developing countries, including taking advantage of new trading opportunities.

In addition, UNCTAD promotes practical mechanisms aimed at addressing specific problems identified in UNCTAD's TC/CB or intergovernmental work.

8. The secretariat has a three-pronged approach to the breadth versus depth issue. First, in-depth TC/CB activities are carried out in a limited number of countries to help ensure greater impact. Second, a wider group of developing country policy makers benefit from regional and international workshops and the secretariat's cooperation with other organizations (e.g. providing secretariat resource persons to WTO Regional Seminars on Trade and Environment) and national Governments. Third, information generated for and from TC/CB activities is disseminated as widely as possible through publications, e-mail and the website (www.unctad.org/trade&dev).

9. With regard to UNCTAD's own programme, current TC/CB activities focus on three subjects:

- Environmental requirements, export competitiveness and market access (including trading opportunities for environmentally preferable products, in particular organic agriculture);
- Trade liberalization in environmental goods and services (EGS);
- Protection and sustainable use of biodiversity and traditional knowledge (including the BIOTRADE Initiative).

10. Various elements of this strategic approach have been discussed with donors and beneficiary countries in recent months. On environmental requirements and market access, for instance, the Mission of Canada to the WTO, in cooperation with the UNCTAD secretariat, organized a meeting on environmental requirements and market access on 22 January 2004, which, among other issues, discussed the preliminary results of the DFID-funded project and their implications for a more holistic and proactive approach on the subject, going beyond the WTO framework. This meeting involved a number of relevant international stakeholders, including international organizations, research institutions, NGOs and trade diplomats.

11. On the same issue, the Ambassador of the Philippines to the United Nations in Geneva convened a meeting with the Asian beneficiary countries, the United Kingdom's DFID and the UNCTAD secretariat on 23 April 2004 to take stock of mid-term implementation of the project entitled *Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues* and to discuss its vision and strategy. Elaborating on the follow-up prospects of the project, DFID representatives indicated their intention to coordinate bilaterally with interested donors in support of the CTF. At the end of June, DFID briefed other EU member countries at a meeting in Brussels on the preliminary results of project implementation by UNCTAD and follow-up plans in the context of the CTF.

12. The pre-UNCTAD XI UNCTAD/Inmetro⁴ Workshop on Environmental Requirements and Market Access for Developing Countries (Rio de Janeiro, 7 and 8 June 2004) provided an opportunity to discuss the concept and terms of reference of the CTF and to build a common strategy concerning the CTF, shared by beneficiary countries, donors, the UNCTAD secretariat, other institutions, private sector organizations and NGOs.

13. In recent months, the UNEP and UNCTAD secretariats have stepped up their efforts aimed at revamping and redefining the training activities in the context of CBTF. In this context, a CBTF training module entitled *Introduction to Capacity Building for Environment, Trade and Sustainable Development* has been developed; it describes approaches to capacity building under CBTF aimed at supporting developing countries in their efforts to integrate trade, environment and development in order to achieve sustainable development.

Recommendation 2: The Trade, Environment and Development programme should devise a communication strategy.

14. The secretariat has given considerable attention to this recommendation. The communication strategy of the TED Branch (TEDB) comprises the following elements:

⁴ Inmetro is the National Institute of Metrology, Standardization and Industrial Quality of Brazil.

- (a) *The website* is the backbone of the communication strategy. The secretariat makes every effort to ensure that information on all activities is available on the site. This includes draft and final publications, and documentation for meetings, including background papers, country case studies and summary reports. The site serves as a working tool in preparing and disseminating the results of activities. It is updated regularly.
- (b) *TED mailing list database*. In response to the recommendation, the Branch has developed a mailing list database containing some 800 names. Information on key activities and publications is sent out regularly to those on this mailing list, usually by e-mail.
- (c) *Newsletter*. In response to the recommendation, the Branch has launched a newsletter on TED activities. Two issues have been prepared, and they have been circulated to those on the mailing list, and also through other channels. In addition, a CBTF newsletter was launched in June 2004.
- (d) *The Trade and Environment Review*. This new annual publication was launched in early 2004. Each issue will contain a section summarizing recent TED TC/CB activities. In addition, the Review provides an opportunity to disseminate approaches to and substantive findings of the TED TC/CB programme. For example, the first issue of the Review contains an article that builds on the TED TC/CB programme in the area of environmental goods and services.
- (e) *Submissions/reporting to relevant intergovernmental bodies*. The secretariat regularly makes presentations or prepares written submissions reporting on its work to bodies such as UNCTAD's Commission on International Trade in Goods and Services, and Commodities, the WTO (Committee on Trade and Environment (regular and special sessions) and the Committee on Technical Barriers to Trade), the OECD, the FAO (Commission on Genetic Resources), WIPO and the Convention on Biological Diversity.
- (f) *Briefings/meetings for key target audiences*. The secretariat regularly organizes briefing or information sessions with key stakeholders. In the past 10 months, these have included an UNCTAD XI parallel event on *Promoting Trade for Sustainable Development* and a civil society briefing on environmental requirements and market access during the annual WTO public symposium in May 2004.
- (g) *Information for the press*. In cooperation with UNCTAD's Press Office, the TEDB regularly prepares information for the press (e.g. press releases, e-briefs) on newsworthy activities.

Recommendation 3: The Trade, Environment and Development programme should develop measurable indicators for its projects performance.

15. TED's main TC/CB project, *Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues* ("DFID II"), and the CBTF Phase II project include logical frameworks, describing objectives and key outputs and for each of them objectively verifiable indicators (OVIs), means of verification and assumptions.

16. In the case of DFID II, the logical framework includes OVIs such as (a) sustainability of the project activities; (b) synergies with other initiatives; (c) enhanced analytical, institutional, legal and managerial capacity to address key issues; (d) better national policy coordination; (e) more frequent and in-depth stakeholder involvement and consultation at

national level; (f) practical and meaningful policy initiatives in priority areas; (g) promoting regional cooperation on meaningful initiatives; and (h) more active participation in post-Doha discussions and negotiations in the WTO. The UNCTAD secretariat considers that such indicators have been useful in the monitoring of project implementation and periodic reports to donors. Such OVIs are also useful in the development of new projects.

17. The secretariat has also stepped up efforts aimed at obtaining feedback from project participants, including through systematic use of questionnaires following the completion of project activities. In the 10-month period, the secretariat received feedback through completed evaluation questionnaires from 108 participants⁵ in TC/CB meetings.

Recommendation 4: The Trade, Environment and Development programme should undertake internal training to develop the programme staff.

18. In response to this recommendation, TED actively looks for courses offered by the United Nations Office at Geneva that could enhance staff capacities to develop and manage TC/CB projects. It was possible to secure a spot for one staff member in a training workshop on improving project management skills, held in October 2003.

19. To further strengthen project delivery, TED has recruited a full-time L staff member, against extrabudgetary resources, for project backstopping.

Recommendation 5: The Trade, Environment and Development programme should ensure better targeting of activities and better selection of workshop participants.

20. In response to this recommendation, the secretariat is devoting more time and attention to these issues. Prior consultations with beneficiary countries are carried out to identify the target core institutions and individuals to be invited to activities. Results obtained from evaluation forms completed by participants are a means of measuring success in this matter. For activities carried out in the past 10 months, over 97 per cent of participants who returned evaluation questionnaires (105 out of 108) indicated that the activity had met the needs of their organization and was relevant for their work.

Recommendation 6: The Trade, Environment and Development programme should improve the follow-up of the projects.

21. One of the options for follow-up set out by the evaluation team was project/initiative handover. In this respect, recommendation 9 is also relevant to follow-up.

22. The secretariat feels that these recommendations are very important and has stepped up its efforts to ensure follow-up and hand-over. Activities are now part of long-term projects, which enhances follow-up with individual participants as well as institutions. Emphasis is placed on synergies with other organizations and initiatives and involvement of a wide range of national stakeholders to enhance sustainability and long-term results.

23. As mentioned in the introduction, the main TC/CB project currently being implemented is *Building Capacity for Improved Policy Making and Negotiation on Key*

⁵ For each activity, on average 50 per cent of the participants returned completed questionnaires.

Trade and Environment Issues. Environmental requirements and market access are one of the key themes addressed by this project. One important follow-up activity is the CTF. It will follow up on a number of general and sector-specific recommendations made, such as improvement of management of information on environmental requirements and exchange of national experiences on proactive adjustment strategies. More detailed information about this project's follow-up and handover is given under recommendation 9.

24. In addition, the secretariat has taken to heart the suggestion in the annotation to recommendation 6 and regularly sends out information deemed to be of interest to those in the TED mailing list database, described above.

Recommendation 7: The Trade, Environment and Development programme should pay attention to the whole value chain.

25. The TED programme has given careful consideration to this recommendation. It feels that UNCTAD itself should focus on trade-related aspects of the value chain and, at the same time, strengthen its partnerships with other organizations that have competence in the area of production and infrastructure, particularly UNIDO and FAO. For example, its work on organic agriculture is carried out together with FAO and IFOAM, which have the technical competence in agricultural production and in organic agriculture methods, certification and accreditation. As a result of national and subregional project activities for the six Asian beneficiary countries of the above-mentioned DFID-funded project, recommendations have been made to UNIDO on addressing the supply-capacity problem of azo-free dyes and their quality, as well as on setting up a national or subregional product testing centres for leather goods and footwear.

Recommendation 8: The Trade, Environment and Development programme should improve outreach.

26. In the evaluation team's report, it was stated that the term "outreach" refers to domestic stakeholders finding channels to allow them to cascade information on CB to the ground level (farmers, companies, etc.). The secretariat strongly encourages its partners in beneficiary countries to do this. It also makes every effort to include a broad range of stakeholders in project activities, including companies and organizations operating at the grassroots level. For example, in recent activities carried out in Asia under the DFID II project, nearly half the participants were from private sector companies directly affected by the issues under discussion, including representatives of national associations of the Asian Coalition for Small- and Medium-sized Enterprises.

27. Outreach has also been improved through the publication of the results of national studies and facilitation of their broad dissemination at national and regional levels (e.g. national studies on EGS in Central America and the Caribbean).

Recommendation 9: The Trade, Environment and Development programme should plan how to hand over the project after completion of the activities.

28. As indicated under recommendation 6, many of the recommendations and issues for further work arising from the DFID II project will be taken up by the CTF. Certain follow-up

recommendations have also been handed over to other organizations – for example, recommendations from the subregional workshop on leather and footwear and the Vietnamese national training workshop on intensifying research and development work on azo-free dyes have been handed over to UNIDO for the cleaner production centres. UNIDO has also been alerted about the desire to set up a national or subregional product testing centre for footwear, as proposed by the national training workshop held in Viet Nam. A recommendation on exchanging national experience in regulating foreign and national trade in second-hand computer equipment, made by the subregional workshop on electrical and electronic products, has been handed over to the recently created Basel Convention Partnership on Electronic Scrap. In addition, activities will be handed over to national authorities. China and Viet Nam, for example, have indicated an interest in setting up early warning systems on environmental requirements at sectoral level with UNCTAD support. China also plans to hold a national meeting on environmental requirements and export competitiveness as a follow-up activity.

29. In the Central American part of the project, project hand-over and follow-up are currently being discussed with beneficiaries. The creation of national working groups and networks of government ministries and other stakeholders on EGS and other priority issues has been recommended by participants in national and regional workshops.

30. End-of-project handover arrangements will also be incorporated into future project design.

III. IMPLEMENTATION OF THE ADDITIONAL RECOMMENDATIONS OF THE WORKING PARTY

31. In addition to endorsing the recommendations of the evaluation team (taking into account the observations made on the report during the meeting), the Working Party at its forty-first session asked the secretariat to increase its efforts to extend the geographical coverage of its TC/CB programme on TED to all regions, particularly Africa.

32. The secretariat has taken this recommendation to heart. There has recently been a new contribution to the UNEP-UNCTAD CBTF, allowing CBTF Phase II activities to commence on a larger scale. The UNEP and UNCTAD secretariats have agreed that the focus of those activities will be Africa. The first steps in this regard are: (a) a Training Workshop on Integrated Assessment for African Countries, to be held in Nairobi, Kenya, on 19 and 20 July 2004 (as a direct follow-up to the CBTF Cape Town Meeting in May 2003) and (b) a national workshop in Angola (as a follow-up to the first national workshop in Angola, held in May 2003). Activities in 2005 in Africa are under discussion. The UNCTAD secretariat will also make every effort to ensure that future fund-raising efforts will have a strong African component.

33. As explained in a special CBTF newsletter issued on the occasion of UNCTAD XI, CBTF II will also support selected capacity-building activities in certain other regions, including small island developing States (as a follow-up to previous activities, in particular the above-mentioned workshop for Caribbean countries), LDCs and Andean countries.