



UNITED NATIONS
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PROGRAMME

UNITED NATIONS
CONFERENCE ON
TRADE AND DEVELOPMENT



Capacity Building Task Force on Trade Environment and Development

UNEP-UNCTAD CAPACITY BUILDING TASK FORCE ON TRADE, ENVIRONMENT AND DEVELOPMENT

TERMS OF REFERENCE

I. BACKGROUND

1. UNEP and UNCTAD have been actively cooperating in the field of trade, environment and development through a Memorandum of Understanding signed in July 1997. Country demand for, and participation in, jointly supported UNCTAD-UNEP activities has been strong, and many Governments from both developing and developed countries have expressed their interest in seeing such activities broadened in scope and expanded to reach a wider field of beneficiaries. These activities - which have included the organisation of joint expert meetings, the undertaking of policy-oriented studies and the implementation of country projects - have had a significant effect on enhancing capacities to assess the sustainable development impacts of trade liberalisation, and to promote the integration of trade and environment policies, particularly in developing countries and countries with economies in transition.

2. At the start of the new millennium, and in the context of future trade, environment and development discussions, many countries have expressed their desire that UNEP and UNCTAD should step-up their joint efforts to further strengthen country capacities to promote trade expansion and develop their economies in an environmentally friendly and sustainable manner. The UNEP and UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF) was conceived as a response to expressed needs and requirements of Governments. This document presents an outline of CBTF objectives and activities resulting from extensive consultations and dialogue with Government officials. The CBTF is being initially implemented for a three-year period, with a continuation of its existence to be decided upon after a review of implementation results in late 2002.

II. RATIONALE

3. The CBTF has been conceived to combine the unique strengths of UNEP to build capacities on environmental aspects of trade, and of UNCTAD to build capacities on the development aspects of trade. By enhancing synergies between UNEP and UNCTAD, and drawing on the two organisations' technical expertise and comparative advantages, the CBTF will more efficiently make resources available to a wider range of beneficiaries in developing countries and countries with economies in transition. With access to both organisations' global networks, and through cooperation with the WTO, interested Governments, intergovernmental organisations (IGOs) and non-governmental organisations (NGOs), the CBTF will be able to launch and sustain a coordinated global programme of demand-driven activities, and make a long-term commitment to them.

4. There is a need to ensure proper communication, coordination and collaboration between international organisations working in the trade-environment-development domain. The CBTF thus seeks to build synergies and enhance coordination between these organisations and to draw on the technical expertise of NGOs in an effort to foster capacity building for balanced integration of trade, environment and development policies.

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III. EXPERIENCE

A. UNCTAD

5. UNCTAD's major 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, taking 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 for environmental purposes for countries at different levels of development, including the effects of environmental requirements on developing countries' exports.

6. Given the growing recognition that equity considerations also need to be emphasised in the multilateral trading system, UNCTAD is uniquely positioned to contribute in this area by bringing the concerns of developing countries to the fore. UNCTAD can help developing countries identify areas that are of interest to them and enhance the developed countries' understanding of the needs and concerns of developing countries. This is a unique advantage that UNCTAD offers in the area of consensus building around well-defined trade and development issues as derived from its mandate.

7. The UNCTAD Secretariat has already developed a comprehensive programme for capacity building on trade, environment and development in order to ensure that developing countries fully participate in and derive real benefits from the multilateral trading system. In response to strong interest expressed by a number of Least Developed Countries (LDCs), UNCTAD's technical co-operation is increasingly paying attention to the particular conditions and needs of the LDCs in an effort to make a substantial contribution to the pursuit of their development objectives.

B. UNEP

8. UNEP already plays a crucial role at the trade and environment interface, undertaking a range of research, capacity and consensus-building roles, including in support of the negotiation and implementation of multilateral environmental agreements (MEAs). Issues researched encompass many of the key linkages between trade and sustainable development such as process and production methods, technology transfer, globalized production, economic reforms and the environment, trade in genetic materials, production subsidies and environmental risk analysis. UNEP also undertakes research aimed at producing a wide range of application-oriented guides for practitioners on environmental assessment and incentive tools including environmental impact assessment, environmental resource valuation, environmental accounting and economic instruments for environmental management. UNEP research has an overall objective of reconciling and integrating trade and environment policies.

9. UNEP acts also to enhance the capacities of Governments to undertake environmental assessments of trade liberalisation policies, and design and implement necessary environmental and other macroeconomic policies to maximise the positive contribution of trade to economic development. For example, by engaging Governments, research institutions, NGOs and civil groups, UNEP's Country Studies on Trade and the Environment have enhanced in-country capacity to analyse and respond to the trade-environment-development interface in developing countries and countries with economies in transition. The CBTF will extend and reinforce the capacity-building element of many of UNEP's activities in partnership with UNCTAD and other institutions.

10. Another strength of UNEP is its ability to catalyse action in the private sector through its collaboration and networking with industry and the financial services sector on the development and implementation of private sector initiatives for sustainable development. In bringing together its partners from the private sector with those from Governments, research institutions, environmental

NGOs and civil groups, UNEP is in a unique position to convene policy dialogue events engaging a full spectrum of stakeholders, and to access its partners' global knowledge and experience.

IV. OBJECTIVES

11. The overall purpose of the CBTF will be to strengthen the capacities of countries, particularly developing countries and countries with economies in transition, to effectively address trade-environment-development issues. To support this aim, the CBTF will help beneficiaries, at their request, to:

- Undertake comprehensive analyses of the relationships between trade, environment and development;
- assess the environmental and developmental impacts of trade policies, as well as the trade and developmental implications of environmental policies with a view to maximising the potential benefits;
- develop and implement policy packages to promote integrated national trade, environment and development policies;
- explore approaches to address trade-environment-development issues at the domestic level with national stakeholders, and at regional and global levels with international experts, practitioners and negotiators;
- participate effectively in trade-environment-development deliberations;
- access information from, and build cooperation with, relevant organisations working in the trade-environment-development domain.

V. ACTIVITIES

12. In response to the country needs expressed to UNCTAD and UNEP, and given resource constraints, the CBTF will facilitate five integrated and complementary activities, which will be constructed around a collaborative partnership-based approach:

- **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 Studies** 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.

13. Activities will be specifically designed to meet the expressed needs of CBTF beneficiaries. Each of these activities, for which UNEP and UNCTAD will seek appropriate extra-budgetary resources, is briefly described below.

A. THEMATIC RESEARCH

14. The CBTF will build on ongoing research at UNCTAD and UNEP on trade, environment and sustainable development issues and on the development of practical approaches and methodologies to promote trade, manage environmental resources, meet national development priorities and promote additional research, both in-house and by consultants and research institutions particularly from developing countries.

15. The focus of research will be on topics selected to respond directly to the expressed needs of beneficiaries, with emphasis placed on the special role of thematic topics in achieving sustainable development. The topics for research for an initial three-year period are:

- Trade-related intellectual property rights and the environment;
- Trade distorting subsidies;
- Technology transfer, dissemination, absorption and cooperation;
- Foreign direct investment and sustainable development;
- Environmental standards and market access;
- Trade, environment and poverty alleviation;
- Integrated assessment techniques to analyse the impact of recent trade liberalisation, and project the impact of proposed trade agreements, in specific sectors at the national level;
- Production of, and trading opportunities for, environmentally friendly products;
- Eco-labelling and process and production methods (PPMs);
- Common but differentiated responsibilities under Agenda 21 and their role in trade agreements;
- Escalating tariffs, tariff peaks and market access;
- The implications of precautionary approaches to the formulation of sustainable development policies, including in trade policies.

B. COUNTRY STUDIES

16. Many developing countries and countries with economies in transition require, and have requested, financial and technical support to undertake assessments and to develop mutually supportive trade and environment policies and strategies. UNEP has responded to such requests through its support of a recently completed First Round of *Trade and Environment Country Studies*. These projects assisted developing countries in undertaking assessments of the impacts of trade liberalisation on specific sectors of special importance and developing policy response measures to mitigate negative impacts and enhance positive ones. Sectors studies included fisheries in Bangladesh, mining in Chile, transport in India, water in Romania, forestry in the Philippines, and fisheries in Uganda. The country studies, conducted by local experts through national institutions, adopted a multi-stakeholder approach, and emphasised a 'learning by doing process'. The projects were also designed to provide practical and implementable policy packages including market-based incentives, regulatory measures and voluntary initiatives.

17. UNCTAD, with the collaboration of the Foundation for International Environmental Law and Development (FIELD), has been implementing a project on strengthening research and policy-making capacity on trade and environment in developing countries. This project assists ten developing countries (Bangladesh, Brazil, Costa Rica, Cuba, India, Philippines, South Africa, Tanzania, Tunisia and Uganda) to (i) deepen their understanding of the complex relationships between trade and environment; (ii) improve policy co-ordination at the national level; and (iii) participate effectively in multilateral deliberations on trade and environment in the WTO, UNCTAD and other forums. The project includes the preparation of a large number of country studies by researchers and policy makers in developing countries on national experience in dealing with various trade and environment problems. UNCTAD has also been conducting country projects on strengthening capacities for trade and environmental policy co-ordination in India and Vietnam, which encompass a number of studies on, inter alia, the impact of environmental factors on market access and competitiveness; ways and means to improve access to environmentally sound technologies; the contribution of foreign direct investment to sustainable development; the implications of the ISO 14001 standard for continued market access and improved environment performance; and trading opportunities for environmentally preferable products.

18. The success of both organisations' efforts on country-based projects has led to demand from numerous additional countries to participate in similar studies.

19. The CBTF will respond to country demand for much needed studies. Through the CBTF, UNCTAD and UNEP will closely cooperate on country studies aimed at strengthening the capacities of developing countries to assess the environmental impacts of trade policies and the trade implications of environmental policies, and to develop appropriate packages of policy measures. The results of the country studies will provide empirical lessons to be used to reinforce research, training,

and policy dialogue. During its initial three-year period, the CBTF plans to support and backstop the implementation of 16 Country Studies on Trade and Environment.

C. TRAINING

Training must respond to the specific needs of countries. Through the CBTF, UNCTAD and UNEP will thus assist countries, particularly developing countries and countries with economies in transition, to conduct a short national needs assessment for trade-environment training. The CBTF will also assist requesting countries in developing a tailored trade-environment training programme, to be delivered at the national level by in-country experts and national institutions. The CBTF will facilitate the preparation of training modules for specific target groups, drawing on ongoing work, such as UNCTAD's *TrainforTrade* Programme, as well as completed UNEP and UNCTAD country studies and training resource materials. These activities will enhance the capacities of developing countries to promote integrated and mutually supportive national policies. During its initial three-year period, the CBTF plans to provide technical assistance for the development of trade, environment and sustainable development training programmes in eight countries.

D. POLICY DIALOGUE

20. A number of critical issues in the environment, trade and sustainable development debate have been identified by Governments as requiring additional dialogue among stakeholders because of their complexity and the divergence of Government views on some of them.

21. Policy Dialogue activities of the CBTF therefore seek to bring experts and decision-makers, from developed and developing countries, together in informal and unofficial dialogue to exchange views, raise awareness and enhance appreciation of these issues. These activities will take place in the form of seminars, briefings, conferences, workshops and round-tables.

22. These events will be convened in multiple locations, but especially in parallel with major trade and environment conferences and in developing countries. Taken together, they will form an ongoing policy dialogue process with structured debate evolving progressively over time.

23. During its initial three-year period, the CBTF plans to support and coordinate the implementation of:

- 3 conferences of international experts
- 9 national/regional seminars or workshops (3 each year)
- 9 national/regional briefings or round-tables (3 each year)

These meetings are in addition to national seminars, workshops, briefings and round-tables that take place in connection with CBTF country studies and training activities.

E. NETWORKING AND INFORMATION EXCHANGE

24. The CBTF will enhance networking between the trade, environment, and development communities and effectively engage them in its activities. The CBTF will facilitate and widely disseminate relevant information on trade, environment and development including the publication of outputs of its activities to experts, practitioners, policy-makers, negotiators, and Government officials as well to collaborators participating in CBTF activities. Outputs include newsletters describing current and planned activities, research and country study publications, training manuals and interactive courses, databases, and policy dialogue reports of all CBTF briefings, seminars, workshops and conferences. In order to facilitate instant electronic access to CBTF outputs from anywhere in the world, and provide a forum for electronic discussions, a CBTF website will be established, maintained and continuously updated.

VI. OPERATIONAL ARRANGEMENTS

A. TRUST FUND

25. Activities to be implemented through the CBTF will be provided for by extra budgetary resources to both UNEP and UNCTAD. A trust fund will therefore be established by UNEP and jointly managed by UNEP and UNCTAD in accordance with the United Nations rules and regulations. The disbursement of funds will be made to both UNCTAD and UNEP on the basis of an agreed programme of work developed in response to Governments' needs and requirements. Activities to be undertaken in collaboration with other national and international collaborating institutions and organisations will be supported by the trust fund through UNCTAD and UNEP.

B. BACKSTOPPING BY SECRETARIATS

26. The UNEP Economics and Trade Unit of the Division of Technology, Industry and Economics and the UNCTAD Trade, Environment and Development Section will be the focal points in both organisations for the CBTF. The two focal points will be responsible for providing technical and administrative support for CBTF activities. Each focal point will designate at least one staff member to provide administrative backup and handle day-to-day CBTF-related work.

C. COUNTRY SELECTION FOR TRAINING AND COUNTRY STUDIES

27. The CBTF will work closely with Governments and civil society, particularly those of developing countries, to assist them in their efforts to enhance their institutional and human capacities for integrating environmental considerations in development planning and decision-making. Efforts will also be made to ensure a balanced geographical distribution of beneficiaries. Special attention will be given to providing services to least developed countries, where the combined developmental and environmental challenges are greatest, and where limited financial, technical and human capacities are currently unavailable to address them.

D. MEETINGS AND CONSULTATIONS WITH GOVERNMENTS

28. The CBTF will convene periodic meetings (monthly/or as agreed upon) for Governments' Permanent Representatives in Geneva and Nairobi. These meetings will provide a consultation forum between UNCTAD-UNEP and Governments on priority setting of activities for implementation, the development of the CBTF's detailed work programme, the preparation of terms of reference of studies and research, collaboration with intergovernmental and non-governmental organizations and policy dialogue topics and venues. The meetings are also intended to brief Geneva and Nairobi-based Officials on the overall status of implementation of CBTF activities.

E. COLLABORATION WITH OTHER ORGANISATIONS AND INSTITUTIONS

29. The CBTF will work closely with the WTO as well as other relevant organisations within the United Nations system in particular UNDP, FAO, UNIDO, the United Nations University (UNU), UNITAR, as well as regional economic commissions. In consultation with Governments, the CBTF will also coordinate its activities with intergovernmental and non-governmental organisations, particularly from developing countries, and with regional and sub-regional organisations and trade agreements. Additionally, the CBTF will promote collaboration with national and regional institutions and will identify/designate regional centers of excellence to assist in the implementation of the CBTF activities.

F. SUPPORT SERVICES

30. To make full use of online publishing and communication via the world-wide web, a CBTF website will be established, maintained and continuously updated. The website will provide information on ongoing and planned activities and initiatives of the CBTF. It will also provide a forum for information exchange and interaction between collaborators and beneficiaries. A newsletter will be issued on a quarterly basis through the website. Databases will be developed in connection with certain analytical activities, in particular the country studies.

VII. FINANCIAL SUPPORT

31. A trust fund will be established to support the work of the Task Force as well as other joint technical cooperation activities.

32. Budget and description of financial arrangements to be provided.

VIII. UNEP AND UNCTAD FOCAL POINTS

33. The UNEP and UNCTAD focal points are:

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