

Policy Responses and Follow-up

Session 4

Objectives of an integrated assessment

- To support a structured and well-informed negotiation between relevant stakeholders
- To ensure that stakeholders gain insight into the risks and opportunities of a policy.
- To help to ensure informed decision-making is provided.

Purpose of session 4


- Introduce guidelines on how to design appropriate policy responses and follow-up activities for implementation.
- Give an overview of different options for policy reform.

The main topics of session 4

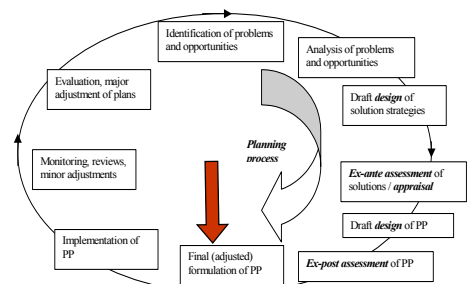
1. Criteria for defining policy responses
2. Categories of policy responses
3. Follow-up
4. Monitoring
5. Scope of improvement

Phases of an integrated assessment

Integrated assessments are often undertaken in five phases:

- Phase 1: preparation and planning
- Phase 2: preliminary assessment
- Phase 3: in-depth analyses of identified key issues
- Phase 4: comparison and integration of results
- **Phase 5**: Above results are used to formulate policy responses, follow-up activities and monitoring indicators. 

Planning cycle



(1) Criteria for defining policy responses

- Relevant
- Realistic
- Cost-effective
- Feasible

It is more effective to propose a single policy response that meets all above criteria, than several responses that are not well elaborated.

(2) Categories of policy responses

Policy responses can be classified into two main categories:

- Recommendations to *modify* a policy
- Responses that suggest *complementary measures* or *flanking* policies

(2) Categories of policy responses (continued)

Preference should be given to modifying policies:

- Being more proactive to avoid negative impacts rather than compensating or mitigating them;
- Win-win options can be incorporated at the early stages ;
- Helping decision makers reconsider the trade policy and integrate sustainability issues.

(2) Examples of modifying policy responses

- The nature or level of a subsidy
- The timing or sequencing of measures
- Inclusion of safeguards, standards or bottom-lines
- Inclusion of win-win options
- Focus on national sustainability goals
- Inclusion of institutional measures

(2) Complementary or “flanking” measures

To complement the positive impacts and reduce or offset the adverse impacts of a certain policy.

- Command-and-control measures
- Market-based / economic measures
- Engaging the public / voluntary measures
- Institutional measures

(2) Command-and-control policies

Command-and-control policies rely on control by governments rather than price system and markets.

- Land zoning
- Licensing
- Legal reform
- Regulatory measures
- Standard setting
- Insurance and liability policies

(2) Market-based instruments

Market-based instruments can address market distortions arising from environmental and social externalities.

- Tax policies
- Subsidies
- Deposit refund systems
- Environmental funds
- User fees and administrative charges
- Monetary and credit policies

(2) Tax policies

Tax policies include:

- Environmental taxes
- Emission and effluent taxes (imposed on pollutant)
- Differential tax structures (levied according to the amount of pollution generated)
- Tax differentiation (applied to sustainable and unsustainable products)
- Investment tax incentives (credits for pollution control equipment)

(2) Subsidies

Subsidies can be used to promote sustainable development, and can be removed from products that have negative environmental impacts.

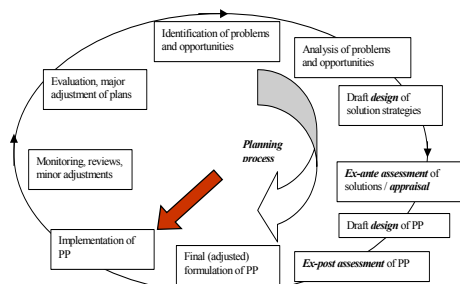
For example, the removal of subsidies on pesticide use in agriculture could help offset the negative environmental impact of expanded agricultural production due to trade liberalisation.

(2) Engaging the public / voluntary measures

Mechanisms to enhance involvement of civil society and private sector.

- Voluntary measures, e.g. eco-labels, energy efficiency standards, voluntary agreements, codes of conduct;
- Transparency, through timely dissemination of information such as statistical data, research results, project-related information or negotiation results.

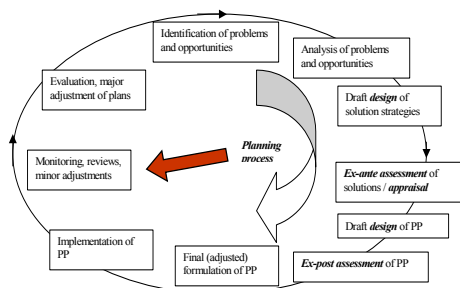
Planning cycle



(3) Checklist for follow-up activities to implement policy responses

- Detailed action plan ;
- Further negotiation with decision makers and stakeholders;
- Strengthening existing institutions to help implementation of the policy responses;
- Conduct pilot projects to demonstrate the value of the proposed policy responses;
- Studies of more detailed integrated assessment method.

Planning cycle



(4) Monitoring

An effective monitoring system should meet following criteria:

- Cost-effective
- Focused
- Accountable
- Transparent

Relevant indicators are identified during the integrated assessment, and will include sustainability indicators.

(4) Monitoring institutions

- Mandate a competent research institute
- Link to ongoing government initiatives
- Establish an independent commission
- Involve stakeholders where possible
- Ensure adequate capacities and funding for monitoring
- Use a mix of above options.

(5) Scope for improving integrated assessment

Efforts to strengthen capacity in integrated assessment should build on experiences:

- Expanding *ex-ante* assessments;
- Making trade work for the poor;
- Encouraging trade as a means of implementing sustainable development.