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Actions taken by UNCTAD in assisting developing countries to implement Agenda 21

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I. INTRODUCTION

1. The United Nations Conference on Environment and Development (UNCED), which took place in Rio de Janeiro in June 1992, called upon UNCTAD to play an important role in the implementation of Agenda 21, taking into account the importance of the interrelationships between development, international trade and the environment and in accordance with its mandate in the area of sustainable development (paragraph 38.26). In addition, the section on “*International policies to accelerate sustainable development in developing countries*” of Agenda 21, in particular paragraphs 2.21 and 2.22, listed UNCTAD among the international organizations called upon to address a number of issues in the area of trade, environment and development. The General Assembly, at its nineteenth special session to review and appraise the implementation of Agenda 21 (“Rio+5”), requested UNCTAD to continue to play a key role in the implementation of Agenda 21 through the integrated examination of linkages among trade, investment, technology, finance and sustainable development (General Assembly resolution S-19/2, annex).

2. This note reviews actions taken or planned by UNCTAD in assisting developing countries to implement Agenda 21, in particular in the areas of trade, environment and development, commodities, investment and debt (Agenda 21, Chapter 2), technology (Chapter 34), enterprise development (Chapter 30), small island development States (Chapter 17) and gender (Chapter 24). UNCTAD’s work on trade and investment is also relevant for certain aspects of Agenda 21 implementation in the areas of sustainable production and consumption patterns (Chapter 4), climate change (Chapter 9), sustainable use of biological diversity (Chapter 15) and environmentally sound management of hazardous wastes for recycling (Chapter 20).

II. MAJOR ACTIONS

3. UNCTAD has been assisting developing countries on issues of Agenda 21 through: (a) intergovernmental discussions and deliberations aimed at consensus building; (b) policy research and data collection; and (c) technical cooperation programmes implemented through a combination of field activities and research work. UNCTAD seeks to effectively exploit synergies between these main functions of the organization. This section highlights salient actions, focusing on recent activities and ongoing or planned initiatives.

UNCTAD Technical Cooperation

Technical cooperation is one of the three main functions of UNCTAD. Total expenditures under UNCTAD's technical cooperation programmes amounted to US\$ 24.1 million in 2000, of which 43 percent was directed towards the Least developed countries (LDCs). A recent secretariat report observes that:

“Technical cooperation activities (carried out in the year 2000) helped in shaping a more enabling environment for beneficiary countries to benefit from the process of globalization and liberalization. More specifically they: helped to enhance the capacity of beneficiary countries for focused and effective policy making and effective participation in bilateral, regional and multilateral negotiations involving trade, investment and development; bolstered institutional development; helped to increased awareness on global development issues; facilitated sharing of experience; enhanced regional cooperation; and helped to strengthen cooperation between various stakeholders in beneficiary countries, in particular between Government, NGOs and the private sector.”

TD/B/48/5 and TD/B/WP/139, page 3. Available on: <http://www.unctad.org/en/docs/wpd139.en.pdf>

A. Trade

4. Chapter 2 of Agenda 21 on “*International policies to accelerate sustainable development in developing countries*” proposes a large number of activities falling under UNCTAD's mandate and expertise in the area of international trade and development. UNCTAD's major objective in the area of trade is to assist developing countries to integrate themselves into, and derive benefits from the international trading system and to increase their participation in world trade.¹ Another objective of UNCTAD is to support capacity-building in developing countries so as to strengthen their effective participation in the multilateral trading system. Major areas of work to achieve these objectives, carried out by the Division on Trade in Goods and Services and Commodities (DITC), include: (a) trade negotiations and commercial diplomacy; (b) trade analysis and information; (c) competition policy and law and consumer protection; (d) commodities and (e) trade, environment and development. The last two areas are dealt with separately below.

¹ UNCTAD's work in relation to Chapter 2, in particular programme area A, *promoting sustainable development through trade*, focuses on trade and development needs of developing countries. The UNCTAD X plan of Action recognizes that “trade policies and trade liberalization should be more consistent with overall development objectives and make a more decisive contribution of alleviating poverty” (paragraph 52). Similarly, paragraph 3 emphasizes the need to consider the social, human and environmental dimensions of development.

5. UNCTAD's work on the *positive agenda* aims at assisting developing countries in their preparations for ongoing and future multilateral trade negotiations.² In this context, in the period 2000-2001 alone, UNCTAD organized over one hundred seminars, workshops, advisory missions and training events.³ Over the same period, the *Commercial Diplomacy*⁴ programme organized 37 training events. In recent years UNCTAD has significantly expanded technical assistance in countries in accession to the WTO. In the period 2000-2001, assistance was provided to 20 out of 30 acceding countries, including all acceding LDCs. UNCTAD has also assisted developing countries in areas such as market access, agriculture, services, regional integration and special and differential treatment. In the area of trade analysis and information, UNCTAD seeks to enhance understanding of structural changes and new developments in international trade and to identify the implications of existing and emerging multilateral trade rules for the development prospects of developing countries. UNCTAD has been assisting developing countries through a large number of studies.⁵ In addition UNCTAD has collected and disseminated data⁶ and software systems to developing countries, in particular through the TRAINS programme.⁷

B. Trade, environment and development

6. Agenda 21, listed UNCTAD among the organizations called upon to “*making trade and environment mutually supportive*” (paragraph 2.21) and “*developing an environment/trade and development agenda*” (2.22). UNCTAD member States and the UNCTAD secretariat have fully responded to this challenge. The eight session of UNCTAD (Cartagena, February 1992) had

² Positive Agenda and Future Trade Negotiations UNCTAD/ITCD/TSB/10, 508 pp. Sales No.: E.00.II.D.8. ISBN 92-1-112475-1. See also: Veena Jha and Rene Vossenaar, “*Breaking the Deadlock, A Positive Agenda on Trade, Environment and Development*”, in Gary P. Sampson and Bradnee W. Chambers, editors, *Trade, Environment and the Millennium*, United Nations University Press, 1999 and UNCTAD, *Trade and Environment in Future Multilateral Negotiations: Handbook for Trade Negotiators from Least Developed Countries*. New York and Geneva, 1999.

³ Meetings on trade, environment and development were held, for example, in Cairo, Manila and New Delhi. The UNCTAD secretariat provided substantive support to workshops on trade and environment for Pacific island countries (with the FORUM secretariat, Suva, 1999), member States of Economic and Social Commission for Western Asia (with ESCWA, Beirut, 1999), Venezuela (with the International Centre for Trade and Sustainable Development, Caracas, 1999), the League of Arab States (with UNEP, Cairo, 1999) and Arab countries (with UNEP, Bahra in, 2000).

⁴ <http://www.unctad.org/commdip/>.

⁵ In particular the *Policy Issues in International Trade and Commodities Study Series*. For more information see: http://www.unctad.org/en/pub/ditctab_list.en.htm.

⁶ Agenda 21, paragraph 21, reads as follows; “GATT, UNCTAD and other relevant institutions should continue to collect appropriate trade data and information. The Secretary-General of the United Nations is requested to strengthen the Trade Control Measures Information System managed by UNCTAD”.

⁷ <http://www.unctad.org/trains/index.htm>.

provided UNCTAD with a mandate on trade and environment.⁸ UNCTAD Member States renewed and enlarged this mandate at the ninth⁹ (Midrand, May 1996) and again at the tenth (Bangkok, February 2000) sessions of the Conference.

The Plan of Action adopted at UNCTAD X: trade and environment

Paragraph 146: Calls on UNCTAD to “ensure balance in the trade and environment debate by highlighting issues of concern to developing countries and strengthening the development dimension.” This requires:

- Identifying policies to address major constraints faced by many developing countries in responding to environmental challenges;
- Enhancing understanding of the economic and social implications of trade measures for environmental purposes, including the effects of environmental requirements on developing countries’ exports;
- Identifying specific capacity-building needs of developing countries and promoting a broad programme of capacity-building on trade, environment and development.

Paragraph 147: Calls for analysis and consensus building with a view to identifying issues that could yield potential benefits to developing countries, focusing on:

- Economic and developmental implications of MEAs;
- Promotion of indigenous development and transfer of ESTs through the implementation of relevant provisions of the TRIPS Agreement (e.g. Articles 7 and 66.2);
- The protection of traditional knowledge and cooperation on research and development on technologies associated with the sustainable use of biological resources;
- Trade and developmental effects of environmental measures, in particular on small and medium sized enterprises (SMEs);
- Trading opportunities for environmentally preferable products;
- The promotion of trade and investment contributing to economic growth and sustainable development, *inter alia* in biological resources, such as the Biotrade Initiative;
- Adequate valuation of natural resources with a view to enhancing competitiveness of goods and services generated by those resources;
- Trade, environmental and developmental implications of biotechnologies;
- R&D capacity-building in support of the UN Commission on Science and Technology for Development (UNCSTD);
- Continuing its work as task manager for trade, environment and development for the UN Commission on Sustainable Development.

⁸ Paragraphs 154-155 and 163 of the *Cartagena Commitment*.

⁹ Paragraph 91(iv) of *A partnership for growth and development*, TD/377.

7. Over the years, UNCTAD has taken numerous actions to assist developing countries in the area of trade, environment and development through intergovernmental work, studies, seminars, workshops and training, covering a large number of issues highlighted in Agenda 21 and subsequent discussions in the Commission on Sustainable Development. In doing so, UNCTAD has been co-operating closely with other intergovernmental organizations and major groups (see section III.A), including as task manager on trade, environment and sustainable development. This section highlights actions taken to assist developing countries on specific areas, in accordance with UNCTAD's mandate. Broad capacity-building programmes, covering a wide range of issues, are examined in section III.B

1. Multilateral environment agreements¹⁰

8. UNCTAD has been assisting developing countries, in particular by:

- Promoting empirical analysis of the developmental implications of policy instruments used in MEAs;¹¹
- Supporting multi-stakeholder discussions at the national level aimed at: promoting policy co-ordination; promoting pro-active policy measures to reduce domestic adjustment costs, if any, of trade measures; identifying suitable packages of supportive measures; and facilitating the creation of conditions conducive to access to and effective use of environmentally sound technologies;
- Facilitating co-operation among developing countries, particularly at regional level;
- Identifying innovative policies to achieve global environmental objectives

9. Capacity building activities in the context of the Basel Convention include: (a) support to a multi-stakeholder forum advising the Government of the Philippines on the development and implementation of a comprehensive national strategy on sustainable management of lead, including sound lead recovery; (b) a project for sound regional collection and recycling system for scrap vehicle batteries for twelve Central American and Caribbean countries under the *UNEP/UNCTAD Capacity-Building Task Force on Trade, Environment and Development (CBTF)*; and (c) a series of workshops for rapidly industrializing countries, aimed at developing an international standard for environmentally sound management of waste destined for resource recovery. With regard to the latter, UNCTAD, in co-operation with the Thailand Environment Institute and the Basel Convention Asia-Pacific Centre for Hazardous Waste Management Training and Technology Transfer, is providing support to a panel of Government and private

¹⁰ UNCTAD held an *Expert Meeting on Positive Measures to Promote Sustainable Development, Particularly in Meeting the Objectives of Multilateral Environmental Agreements* in November 1997. See also the issues paper prepared by the UNCTAD secretariat (TD/B/COM.1/EM.3/2).

¹¹ See, for example: Veena Jha and Ulrich Hoffmann (eds.), *Achieving Objectives of Multilateral Environmental Agreement: A Package of Trade and Positive Measures – Elucidated by results of developing country case studies*, UNCTAD, Analytical Studies on Trade, Environment and Development, No. 4, Geneva, 1999.

sector experts from Brazil, China, India, Malaysia, Philippines, Saudi Arabia, South Africa and Thailand. A Workshop on *Building National Capacity in Rapidly Industrializing Countries on Sustainable Management of Recoverable Material/Resources* was held in Bangkok, 20-22 September 2001. The workshop was also attended by the International Lead Management Center (ILMC), the International Council on Metals and the Environment (ICME) and the International Lead and Zinc Study Group (ILZSG).

10. On climate change, under the UNFIP/UNF project “*The Launching a Plurilateral Greenhouse Gas Emissions Trading System*”, UNCTAD has been supporting research to foster the development of rules and modalities with regard to both international emissions trading and credits trading.¹² In addition to its research work, UNCTAD has recently initiated a significant training and capacity building effort, with a focus on developing countries and countries in transition. In June 1997, UNCTAD joined forces with the Earth Council to create the Greenhouse Gas Emissions Trading Policy Forum. The Fifth Rio Policy Forum “*Trade and Climate Change: The State of the GHG Market*” was held in Rio de Janeiro in August 2001. UNCTAD also participates in an interagency project to facilitate the identification of projects within the Clean Development Mechanism (CDM) of the Kyoto Protocol of the UNFCCC. The CDM project is implemented by UNDP, UNCTAD and UNIDO under the overall coordination of the UNFCCC Secretariat. The UNCTAD component focuses on upstream activities relating to CDM investments, more specifically CDM facilitation and CDM promotion. Project activities currently focus on Brazil. A project coordination meeting was held with Brazilian counterparts on 1 September 2001.

11. UNCTAD is also assisting developing countries in achieving the objectives of the Convention on Biological Diversity, for example through the BIOTRADE initiative and work on traditional knowledge (see below).

2. Environmental requirements and market access

12. UNCTAD has taken various initiatives to help enhance understanding of the effects of health- and environment-related requirements on developing countries’ exports. Recent actions include support to research and policy dialogues under a project on “*Standards and Trade*”, funded by the International Development Research Centre (IDRC) in Canada. The main objectives of the project are: (a) to enhance understanding of the potential trade barrier effects of

¹² UNCTAD's work on greenhouse gas emissions trading started in 1991. The goal is to reduce the impact of climate change by helping foster the development of an integrated global emissions trading system in which all countries would participate based on the accepted principle of common but differentiated responsibilities. The secretariat issued a major report on the subject in May 1992, as a contribution to the work of the Earth Summit held in Rio de Janeiro in June 1992. Since then, UNCTAD has contributed its experience and expertise in commodities trading towards research and capacity-building in the area of greenhouse gas emissions trading. Over the years, this work has been funded by: the Governments of Germany, Netherlands, Norway, the United Kingdom, USAID, the United States Environmental Protection Agency and the UN Foundation.

environmental, sanitary and health requirements and (b) to identify policies at the national and international levels to avoid unnecessary adverse economic effects on developing countries. So far, the project has convened regional meetings in South Asia (New Delhi, from 11 to 13 January 2001), Central America (San Jose, 20 August 2001) and Eastern Africa (Kampala, 13 September 2001) and several reports have been prepared. These will be discussed in a workshop scheduled in Geneva in 2002.

13. The secretariats of UNCTAD and the World Bank are exploring cooperation involving this workshop and possible follow-up activities. Similarly, the secretariats of UNCTAD and the OECD are coordinating activities under similar projects. These involve in particular the 2002 workshop under this project and an OECD international workshop of key stakeholders, under the OECD project on “*the development dimension of trade and environment: strengthening OECD and developing country co-operation to help developing country exporters meet environmental standards*”.

3. Promoting trading opportunities for environmentally preferable products.

14. The CSD has repeatedly emphasized that consumer preferences for environmentally preferable products (EPPs) offer new trading opportunities for developing countries. UNCTAD, through its work on trade, environment and development and on commodities, has taken several actions to assist developing countries to increase production of EPPs and take advantage of new trading opportunities for such products, through studies,¹³ workshops and technical cooperation projects. In doing so, UNCTAD has been cooperating with, among others, the International Trade Centre (UNCTAD/WTO), FAO and the International Institute for Environment and Development (IIED). UNCTAD is supporting initiatives such as the creation of a Sustainable Trade Centre.

15. An Expert Meeting on *Ways to enhance the production and export capacities of developing countries of agriculture and food products, including niche products, such as environmentally preferable products* was held in Geneva, from 16 to 18 July 2001. The International Movement of Organic Agriculture Movements (IFOAM), UNCTAD and FAO will jointly organize an *International Conference on Standards and Certification Requirements for Organic Produce* in February 2002. A CBTF workshop will be held in Brussels, in February 2002, to discuss among other things policy options to create and to seize trading opportunities for organic agricultural products from developing countries (see below).

¹³ For example: UNCTAD, *Environmentally Preferable Products (EPPs) As a Trade Opportunity for Developing Countries*, UNCTAD/COM/70, 19 December 1995 and *Profiting from Green Consumerism in Germany: Opportunities for Developing Countries in Three Sectors: Leather and Footwear, Textiles and Clothing, and Furniture*, UNCTAD, Analytical Studies on Trade, Environment and Development, No. 1, Geneva, 1999.

4. Environmental goods and services

16. UNCTAD has assisted developing countries in enhancing understanding of issues in the area of environmental goods and services (EGS). For example, early work on environment and competitiveness examined some issues related to exports of environmental goods. An Expert Meeting on Strengthening Capacities in Developing Countries to Develop their Environmental Services Sector was held from 20 to 22 July 1998.¹⁴

5. Environmental protection and competitiveness

17. UNCTAD has assisted developing countries in enhancing understanding of the linkages between environmental protection and competitiveness. The Ad Hoc Working Group on Trade, Environment and Development addressed competitiveness issues in two sessions (June and November 1995). In preparation of UNCTAD IX, the Government of Finland hosted a topical seminar on environment, competitiveness and trade: a development perspective.¹⁵ This topic has subsequently been addressed in country projects (e.g. in India and Viet Nam, see below), paying special attention to the conditions of small and medium-sized enterprises (SMEs). In general, pro-active approaches have been identified and further promoted.¹⁶ The role of environmental quality in enhancing competitiveness will be further explored in the build up to the eleventh session of the Conference.

6. Eco-labelling

18. The UNCTAD secretariat carried out pioneering research on eco-labelling. Such work started with an examination of the potential trade implications of eco-labelling, in particular for developing countries.¹⁷ The Ad Hoc Working Group on Trade, Environment and Development also considered potential environmental and developmental implications of eco-labelling.¹⁸ UNCTAD participated in an international seminar on *experiences in eco-labelling*, aimed at promoting the national implementation of eco-labelling programmes in Brazil, organized by the

¹⁴ To aid the discussions, the UNCTAD secretariat prepared a report on *Strengthening capacities in developing countries to develop their environmental services sector* (TD/B/COM.1/EM.7/2). The final report of the Expert Meeting is contained in TD/B/COM.1/18 - TD/B/COM.1/EM.7/3 (<http://www.unctad.org/en/special/c1em7ou.htm>).

¹⁵ Report of the topical seminar on environment, competitiveness and trade: a development perspective, Helsinki, Finland, 18-19 January 1996. Available on: <http://www.unctad.org/en/special/u9m002.htm>.

¹⁶ René Vossenaar and Veena Jha, "Competitiveness: An Asian Perspective". In Simon S.C. Tay and Daniel C. Esty, editors, *Asian Dragons and Green Trade*, 1997.

¹⁷ UNCTAD, *Eco-labelling and market opportunities for environmentally friendly products*, Report by the UNCTAD Secretariat, TD/B/WG.6/2, 1995. See also: Simonetta Zarrilli, Veena Jha and René Vossenaar, *Eco-labelling and Trade*, Macmillan, 1997.

¹⁸ UNCTAD, *Trade, environmental and developmental effects of eco-labelling*. Report by the UNCTAD secretariat, TD/B/WG.6/5, 1995.

Ministry of the Environment of that country (São Paulo, 10 May 2000). UNCTAD, in cooperation with the International Trade Centre (UNCTAD/WTO) could assist interested developing countries in exploring options for viable eco-labelling programmes, for example in the framework of the UNEP/UNCTAD CBTF. Cooperation with the Global Eco-labelling Network is also being explored. In addition, UNCTAD's experience on eco-labelling could be useful in identifying ways to ensure that eco-labelling programmes take into account the conditions and needs of developing countries.

7. Environmental management systems (EMS) and ISO 14001.

19. Agenda 21, in particular Chapter 30, emphasizes the potential benefits of environmental management systems. UNCTAD held an Expert Meeting on Trade and Investment Impacts of Environmental Management Standards, particularly the ISO 14000 series, on Developing Countries (Geneva, 29-31 October 1997).¹⁹ The Expert Meeting adopted a series of recommendations, including one on how to promote the wider use of environmental management systems (EMS) in developing countries. Several UNCTAD/UNDP country projects on trade, environment and development (e.g. in Cuba, India and Viet Nam) have included components on EMS. Participants in recent CBTF training workshops in Havana and Hanoi have identified EMS among the priority issues for further work.

8. Trade liberalization and sustainable development

20. The CSD has repeatedly emphasized the important contribution that the removal of trade obstacles and distortions can make to sustainable development. Discussions have focused on (a) subsidies that contribute to overcapacity in the fisheries sector; (b) agricultural export subsidies; (c) tariff escalation and (d) restrictions on trade in environmental goods and services. UNCTAD has emphasized that more work is needed to extend these proposals to other products of export interest to developing countries, such as textiles and clothing, leather and leather products, footwear, forest products, minerals and mining products, other natural resource-based products and primary commodities.

21. UNCTAD, in particular as task manager for the Commission on Sustainable Development, has contributed to building consensus on the benefits of national integrated assessments of trade liberalization and trade policies, at the national level. UNCTAD has participated in several events organized, for example, by the Organisation for Economic Cooperation and Development (OECD), the World Wide Fund for Nature (WWF)²⁰ and others. UNCTAD has also been closely co-operating with UNEP in the promotion of a series of case

¹⁹ To aid the discussions, the UNCTAD secretariat prepared report TD/B/COM.1/EM.4/2, 19 August 1997.

²⁰ René Vossenaar, Approaches to Sustainability Assessments & Opportunities for Cooperation and Coordination between Intergovernmental Organizations. The International Experts Meeting on Sustainability Assessments of Trade Liberalization. Quito, Ecuador, 6-8 March 2000. FFLA and WWF, Full Meeting Report

studies. Further analytical work and national policy dialogues are expected to be carried out under the CBTF.

9. Sustainable development of natural resources

22. Appropriate reflection of key environmental costs and benefits in prices of natural resources and commodities tends to send strong signals to investors and consumers, encouraging more sustainable production and consumption patterns. Based on the analysis of supply, processing and demand of a large number of commodities, UNCTAD has identified rubber as one of the few commodities in which environmental costs and benefits could be duly reflected without jeopardizing producing countries' competitiveness and market shares.²¹ Against this background, since 1988, UNCTAD, in co-operation with the International Rubber Study Group (IRSG), organized four international workshops on opportunities and constraints for internalizing environmental costs and benefits in prices of natural rubber and rubber products.²² Apart from Government representatives from the major rubber producing and consuming countries, the workshops have also been attended by a large number of private sector experts from the rubber, tyre and chemical industries.

10. The BIOTRADE Initiative

23. UNCTAD's BIOTRADE Initiative seeks to enhance the capability of developing countries to produce value-added products and services from biodiversity for both domestic and international markets. BIOTRADE country programmes have been developed and implemented in the Amazonian and Andean regions addressing issues related to legal and policy frameworks, bio-business development and trade promotion, development of sustainability criteria, information systems and financial tools. An Amazonian regional project was started in March 2000 and covered Brazil, Colombia, Ecuador and Peru. Another project was established with the Corporación Andina de Fomento (CAF) and the Andean Community (CAN) to collaborate in the implementation of BIOTRADE in the Andean countries. This project includes collaboration with the Inter-American Development Bank (IADB) on the implementation of the Andean Biodiversity Strategy. Regional BIOTRADE workshops have facilitated exchange of experiences of the country programmes. Several other member States (for example Bolivia, Costa Rica and Venezuela) have requested to benefit from country programmes, committing strong institutional support for their successful implementation. As a direct result of BIOTRADE, the concept of

²¹ UNCTAD, *Sustainable development and the possibilities for the reflection of environmental costs in prices* (TD/B/CN.1/29), Geneva, 1995.

²² UNCTAD and the International Rubber Study Group (IRSG), *Rubber and the Environment, Proceedings of the second joint workshop of UNCTAD and IRSG on the opportunities and constraints for internalizing environmental costs and benefits in prices of rubber and rubber goods*. (Bali, October 1998). See also, UNCTAD, *Analytical Studies on Trade, Environment and Development*, No. 3, Geneva, 1999. IRSG/UNCTAD, *Proceedings of the workshop on rubber and the environment*, Antwerp, 9 November 2000, London, December 2000.

trade and investment in biodiversity products and services has been integrated into national and regional biodiversity strategies of the Andean countries.

11. Traditional knowledge

24. UNCTAD held an Expert Meeting on “*Systems and National Experiences for Protecting Traditional Knowledge, Innovations and Practices*“ in October/November 2000. The Trade Commission, at its fifth session (19-23 February and 23 March 2001) adopted agreed recommendations at the national level, for the international community and UNCTAD. A large number of expert papers have been published on UNCTAD’s Trade, Environment and Development website (www.unctad.org/trade_env/index.htm) and an edited hardcopy monograph will be published in early 2002. UNCTAD/UNDP country projects in India and Viet Nam, as well as the BIOTRADE Initiative have assisted developing countries in this area. UNCTAD has been participating in activities under India’s national biodiversity strategy, in particular in the areas of commercialization and traditional knowledge (TK). A comprehensive project on “*Harnessing Traditional Knowledge for Development and Trade*” has been developed specifically in response to the Commission’s recommendations. It comprises a series of regional and international workshops on specific aspects of the TK problematique, supported by analytical studies, for which donor support is currently being sought. Traditional knowledge is also a main topic considered by the UNCTAD/ICTSD *capacity-building project on TRIPS and Development* (see below).

12. Biotechnology

25. An Ad Hoc Expert Group (AHEG) on *Industrial and Environmental Biotechnology: Implications for Trade and Development* met on 15 and 16 November 2001.²³ The AHEG advanced the work done by the UN Commission on Science and Technology for Development (CTSD) by addressing issues relating to the industrial penetration and global governance of biotechnology. The AHEG has opened the way for inter-governmental work and technical assistance in a number of areas, including the role of technology cooperation in trade relations and the scope for biotechnology application in textiles, leather and food. A DITE/DITC group has been created to propose concrete steps towards making the Science and Technology Diplomacy Initiative by the UNCSTD (see below) fully operational.

13. The issue of exports of domestically prohibited good (DPGs).

26. Domestically prohibited goods issues have been one of the salient subjects analyzed and discussed under a technical co-operation project on strengthening research and policy-making

²³ A background paper on *Industrial and Environmental Application of Biotechnology. Developing Countries in a New Bioeconomy* was prepared by Calestous Juma and Victor Konde Belfer Center for Science and International Affairs, Kennedy School of Government, Harvard University.

capacities in developing countries (For more information, see section III.2.b below). In the June 2000 meeting of the CTE, one delegation recommended that DPGs should be one of the priority items of the UNEP/UNCTAD CBTF. The setting up of a study group on DPG issues under CBTF, in co-operation with other intergovernmental organizations is under consideration,

C. Commodities

27. Agenda 21, Chapter 2, emphasizes the importance of *improving international cooperation in commodity trade and the diversification of the sector* (paragraph 2.16). UNCTAD has been providing information and analysis on international commodity markets and assisting developing countries in designing policies aimed at enhancing the contribution of the commodity sector to sustainable development and economic diversification, promoting the application of modern commodity price risk management and financial instruments, and increasing their participation in value-added chains. For example, under a project on “*capacity-building for diversification and commodity-based development*”, financed from the UN Development Account, seven regional and subregional workshops were held for African (three workshops), Central American, Central Asian and Pacific island countries, Asian LDCs and countries with economies in transition. A national workshop was held in Cuba in 2001 and other workshops (Gambia, Guinea and the Philippines) are under preparation. In addition, a large number of developing countries have requested specific assistance in capacity building, which will be provided subject to the availability of resources.²⁴

28. A significant number of developing countries has been assisted in making use of risk-limiting instruments, including through awareness raising activities and training. UNCTAD’s work on structured commodity finance, warehouse receipt finance, emerging commodity exchanges has led some Governments (Cameroon, Cuba, Ghana, Zimbabwe) to review their policies in order to facilitate risk management and structured commodity finance by private sector operators. Assistance was provided to the ACP countries in the negotiating process for the Cotonou Partnership Agreement, particularly on the reshaping of compensatory mechanisms.

29. In recent years, UNCTAD’s work on commodities has paid specific attention to assisting developing countries in improving natural resource management, increasing the production and exports of environmentally preferable products (including fair-trade products) and enhancing understanding issues related to the internalization of environmental costs and benefits. For example, UNCTAD has been assisting developing countries in improving the management of natural resources and sustainable resource-based development through capacity-building and policy networking activities (supported by the *Natural/Mineral Resources Forum* website

²⁴ Information on these activities can be found on the website <http://www.unctad.org/infocomm/anglais/indexen.htm>

www.natural-resources.org), with a focus on mineral-dependent economies in Africa, Latin America and the Caribbean. Work has also been carried out on a framework for the formulation of sustainable development strategies in areas dependent on mining.

30. UNCTAD will continue to assist developing countries in using their commodities sector to promote sustainable development. It is envisaged that this will include actions that can improve the use by developing country Governments of the “policy space” in the field of commodities resulting from WTO negotiations, enhance the competitiveness of their commodity sector and remove supply side obstacles to increased exports and retained value added.

D. Investment issues

31. With a view to increasing investment flows to developing countries and the benefits they derive from these flows, the objective of UNCTAD’s work on investment is to improve understanding of issues and policy choices in international investment, as well as to strengthen their ability to participate in discussions and negotiations. UNCTAD serves as the focal point within the UN for all matters related to foreign direct investment (FDI) and transnational corporations (TNCs). UNCTAD produces the *World Investment Report (WIR)*²⁵ and has been implementing a number of capacity building programmes for developing countries.

1. Promoting FDI in developing countries

32. UNCTAD’s Division on Investment, Technology and Enterprise Developments (DITE) is implementing a series of technical cooperation programmes to assist developing countries in attracting FDI, in particular:

- *LDC Investment guides.* Investment guides are the concrete products of a collaborative venture with the International Chamber of Commerce (ICC). The objective is to bring together parties with complementary interests, such as: firms that seek new locations and countries that seek new investors. Guides have been completed for Bangladesh, Ethiopia and Mali. An investment guide for Mozambique is under preparation;

²⁵ The 1999 WIR *Foreign Direct Investment and the Challenge of Development* paid specific attention to the environment, covering issues such as environmental strategies of TNCs and the impact of FDI on the environment in host developing countries (Chapter X) and the social responsibility of TNCs (Chapter XII). Both chapters include policy implications the examination of which may be useful to host developing countries, TNCs and the international community in promoting the objectives of Agenda 21.

- *Advisory Services on Investment, and Training (ASIT).*²⁶ UNCTAD provides advisory services and training in several policy areas, that is policy frameworks for attracting FDI (investment policies; investment legislation; sectoral policies: technology and innovation policies: and special schemes) and institutions, that is strengthening investment promotion agencies (institution building; streamlining operations; monitoring inflows and impact; promoting and targeting investment and supporting the World Association of Investment Promotion Agencies (WAIPA);
- *Investment policy reviews.* The UNCTAD Investment Policy Reviews (IPR) aim to familiarize Governments and the international private sector with an individual country's investment environment and policies. It is hoped that the analysis and recommendations emanating from these reviews will promote awareness of investment environment, contribute to an improvement of policies and catalyze increased investment in developing countries. IPRs have been carried out for Ecuador, Egypt, Mauritius, Peru, the United Republic of Tanzania, Uganda and Uzbekistan.

2. International Investment Agreements series

33. As part of the UNCTAD Series on issues in International Investment Agreements (IIAs),²⁷ a paper was prepared on the interface between environment and FDI.²⁸ Key issues addressed are the general protection of the environment through general references to the desirability of safeguarding the environment, preserving national regulatory space for environmental protection and/or avoiding to attract FDI through a lowering of environmental standards, and the transfer of ESTs and environmental management practices.

3. Transborder environmental management

34. UNCTAD, through co-operative efforts by the DITE and DITC, have carried out technical co-operation projects aimed at strengthening the contribution that TNCs can make to the sustainable development of developing countries through the environmental management systems used in affiliates in host developing countries, transfer of technology and cooperation with suppliers and other companies in host developing countries. DITE, in cooperation with the

²⁶ ASIT's technical assistance programme is financed primarily by contributions from the United Nations Development Programme (UNDP) and donor Governments, such as the Netherlands, Switzerland, Norway and China. Some projects are undertaken in collaboration with other United Nations agencies, such as regional organizations, UNIDO, ITC, the World Bank and the commission of the European Communities.

²⁷ The main purpose of the UNCTAD Series on issues in international investment agreements is to address key concepts and issues relevant to international investment agreements and to present them in a manner that is easily accessible to end-users. For more information, see: <http://www.unctad.org/asi/index2.html>.

²⁸ UNCTAD/ITE/IIT/23, Sales No. E.01.II.D.3, ISBN 92-1-112513-8, February 2001.

Department of Intercultural Communication and Management of the Copenhagen Business School, and with financial support from the Danish International Development Agency (DANIDA), carried out a *survey of transborder environmental management practices of TNCs*. The project examined environmental aspects of FDI by conducting case studies on environmental management practices in Danish TNCs with operations in China, India and Malaysia. Similarly, DITC, in close co-operation with the Institute for Environmental Management and Business Administration at the European Business School in Germany, with the financial support of the German Federal Environmental Agency, carried out a project on *Trade, Environment and Investment*. The project examined examples of best environmental practices of German TNCs with operations in the same three developing countries (China, India and Malaysia). These two projects generated discussions in UNCTAD, including a pre-UNCTAD X Seminar on *'Making FDI work for sustainable development'* (November 1999), and the Commission on Sustainable Development.²⁹ A Publication is forthcoming in 2002 on *Environmental Management Across Borders*.

E. Debt issues

35. Agenda 21, Chapter 2, highlights the importance of *addressing the debt issue* (paragraphs 2.27-2.30). The UNCTAD secretariat prepares the Secretary-General's annual report to the General Assembly on the external debt situation of developing countries consisting of a comprehensive analysis of their external debt and debt-servicing problems. These reports also seek to identify effective, development-oriented and durable solutions. The Debt Management and Financial Analysis System (DMFAS) is a major provider of technical assistance and advisory services, currently covering 60 countries. Advisory services provided to developing countries in the context of Paris Club debt renegotiations strengthen their position in the process.

F. Technology issues

36. Chapter 34 of Agenda 21 deals with *transfer of environmentally sound technology, cooperation and capacity-building*. UNCTAD has an important role to play in this area. Paragraph 116 of the UNCTAD X Plan of Action called upon UNCTAD to explore *inter alia* "*specific ways and means to facilitate access to environmentally sound technologies, taking fully into account the conclusions of the Rio Conference*". Paragraph 117 called upon UNCTAD to analyze all aspects of existing international agreement relevant to transfer of technology. Paragraph 118, which called upon UNCTAD to identify and disseminate information concerning

²⁹ In addition, the UNCTAD secretariat participated in the "Rio-plus-10 Conference, Environment, Sustainable Development and Foreign Direct Investment" (Berlin 13 and 14 November 2000) which among other things discussed a Rio-plus-10-Transparency Initiative.

home country measures that encourage transfer of technology to developing countries, in particular LDCs, is also particularly relevant in the context of Agenda 21 implementation. UNCTAD's work on trade, environment and development also addresses technology issues.

1. International arrangements on transfer of technology.

37. UNCTAD convened two expert meetings - on *Home Country Measures* (November 2000) and *International Arrangements for Transfer of Technology: Access to Technology and Capacity-building* (June 2001) - which identified a number of best practices that can contribute to generating favourable conditions, and opportunities for transfer of technology and capacity building. UNCTAD also published a *Compendium of International Arrangements on Transfer of Technology: Selected Instruments*.

2. The role of publicly funded research and publicly owned technologies in the transfer and diffusion of environmentally sound technologies.

38. In 1997-1998, UNCTAD, in cooperation with the Department of Economic and Social Affairs (DESA) and UNEP carried out a project on the "*The role of publicly funded research and publicly owned technologies in the transfer and diffusion of environmentally sound technologies*". The objective was to take stock of the role, scope and relative importance of publicly funded research in the generation of ESTs, to review existing policies based on technology-related provisions under Agenda 21, including legal and institutional issues, and to suggest possible policy options and initiatives likely to accelerate the transfer and diffusion of ESTs. The project had been a response to recommendations of the Commission on Sustainable Development at its fifth session. Research carried out included nine country case studies, two specialized studies on legal regimes and a review of publicly funded research in universities. The results of the studies were evaluated at an international meeting held in the Republic of Korea in 1998 and presented to the sixth session of the CSD.³⁰

3. Science, technology and innovation policy (STIP) reviews.

39. UNCTAD has been carrying out *science, technology and innovation policy* (STIP) reviews, whose purpose is to enable participating countries to evaluate the effectiveness of a science and technology (S&T) system by the economic performance of its national enterprises, namely the manner in which S&T outputs have been converted into increased wealth by the productive sector and the extent to which this increased wealth has led to improved quality of life for the citizens of those countries. STIPs have been carried out in Colombia, Ethiopia and Jamaica.

³⁰ UNCTAD, ATAS Bulletin XII, *The role of publicly funded research and publicly owned technologies in the transfer and diffusion of environmentally sound technologies*. United Nations, New York and Geneva, 2000 (U.N. Publications, UNCTAD/ITE/IIP/9, Sales No. E.00.II.D.37).

4. Intellectual Property Rights and Development

40. UNCTAD and the International Centre for Trade and Sustainable Development (ICTSD) are jointly implementing a *Capacity Building Project on Intellectual Property Rights and Development*, funded by the United Kingdom Department for International Development (DFID). A draft discussion paper has been prepared, containing an analysis of (a) IPRs in the global economy and (b) IPRs and sustainable development, as well as a summary of findings and conclusions.³¹ The project deals with a number of specific issues of Agenda 21, such as biodiversity and biotechnology. The project also examines the issue of traditional knowledge, folklore and cultural property.

5. Science and technology for development

41. A great deal of the work carried out and/or promoted by the UN Commission on Science and Technology for Development (CSTD)³² is relevant in the context of Agenda 21 implementation, for example in the areas of biotechnology and science and technology diplomacy.³³

42. With regard to biotechnology, the Commission held three panel meetings in 2000. The first panel meeting on *capacity-building in biotechnology* was held in Teheran on 11-13 April 2000. Its main purpose was to identify key priorities and steps for developing countries and countries with economies in transition to build their capacity to: (a) monitor and assess the impact of biotechnology applications and assure their safety; (b) manage and regulate biotechnology and; (c) generate knowledge for the development of biotechnology by developing human resources through interdisciplinary education, training and research. The second panel meeting, held in Geneva from 3-5 July 2000, addressed *legal and regulatory issues in biotechnology*. The third CSTD panel meeting, held in Tunisia in November 2000, addressed *public awareness and participation in science policy-making*. The main objective of the third panel meeting was to create a transparent process for building public awareness and dialogue between proponents and opponents of biotechnology, i.e. scientists, the biotechnology industry, policy makers and the public at large, on the potential risks and benefits of biotechnology.

³¹ See: <http://www.ictsd.org/issarea/iprs-sd/docs/PolicyPaperIPRs.pdf>

³² The UNCTAD Secretariat has been responsible for the substantive servicing of the Commission since July 1993. See: <http://www.unctad.org/stdev/> and http://www.unctad.org/en/subsites/dite/5_intgov/5_cstd.htm

³³ For more information see: <http://www.unctad.org/stdev/LEARNING.htm>

6. Trade, environment and development.

43. The UNCTAD secretariat has paid considerable attention to the issue of access to and transfer of technology as a cross-sectoral issue within its analysis and technical cooperation projects on trade, environment and sustainable development.

G. Enterprise development

44. Agenda 21, Chapter 30, *strengthening the role of business and industry*, highlights the important role of developing entrepreneurship and the need to support small and medium-sized enterprises (SMEs). UNCTAD has taken important actions to assist developing countries in this regard. Important programmes include Empretec and the SME field projects.

1. Empretec

45. Empretec is UNCTAD's integrated capacity-building programme promoting the creation of sustainable SME support structures to help promising entrepreneurs build innovative and internationally competitive SMEs. Since its inception in 1988, Empretec programmes have been initiated in 24 countries, assisting more than 60,000 entrepreneurs through local market-driven business support centres. Under UNCTAD's coordination, Empretec Centers are now operational in: Argentina, Brazil, Chile, Colombia, El Salvador, Ghana, Guatemala, Jordan, Morocco, Palestinian Territory, Panama, Uruguay, Venezuela and Zimbabwe. Under the umbrella of the UNDP regional programme "*Enterprise Africa*", Empretec is operational in Botswana, Ethiopia, Mauritius, Mozambique, Namibia, Nigeria, Senegal, South Africa and Uganda. Twenty-four more developing countries have asked for the programme.

2. Small and medium sized enterprises

46. SME field projects include:

- *Enhancing public-private sector dialogue in LDCs.* Seeks to enhance the development prospects of LDCs through the inclusion of the business sector into the national decision-making process by examining the experience of 4 LDCs: Cambodia, Ethiopia, Madagascar and the United Republic of Tanzania;
- *National policies and measures for growing small and micro enterprises in LDCs.* Examines the causes for the "missing middle" (whereby enterprises are to be found at the two extremes - very small and large with relatively few middle-sized enterprises) by analyzing the national policy framework in 4 LDC economies and extracting

lessons to be learned with regard to policy coherence for SME development. Countries: Burkina Faso, Nepal, Samoa and Zambia;

- *Enhancing the participation of women entrepreneurs in LDC economies.* Assesses progress and constraints in the implementation of Beijing Programme of Action by 10 LDC governments as it relates to women entrepreneurs and identifies obstacles faced by women entrepreneurs in: Burkina Faso, Cambodia, Ethiopia, Gambia, Madagascar, Nepal, the United Republic of Tanzania, Vanuatu and Zambia.
- *Asia-Africa Enterprise Networking.* Fosters learning and knowledge exchange between African and Asian entrepreneurs including promoting inter-firm cooperation.

3. Environmental accounting

47. One of the challenges of environmental accounting is to ensure that environmental costs and liabilities are adequately accounted. The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)³³, which was created by ECOSOC resolution in 1982 and is serviced by UNCTAD, produced a “*Guidance Manual on Accounting and Financial Reporting for Environmental Costs and Liabilities*” to help ensure adequate disclosure.³⁴ During 1998 - 2001, ten national and regional workshops for policy makers, Chief Executive Officers, financial directors and environmental experts were held in 29 countries in Africa, Asia, Central Europe and South America to disseminate ISAR’s recommendations. This was made possible by contributions from the World Bank, the Government of the Netherlands, the Brazilian National Bank for Economic and Social Development, and several professional accounting institutions. Recently UNCTAD also developed a methodology for *environmental performance indicators* (EPIs) linking environmental and financial performance indicators and to measure an enterprise’s progress in attaining eco-efficiency and sustainability.³⁵ These indicators are intended to be practical tools to help to measure and report more precisely environmental and financial performance.

³³ [http:// www.unctad.org/isar/](http://www.unctad.org/isar/)

³⁴ http://www.unctad.org/en/subsites/dite/3_edev/3_isarm.htm

³⁵ [http:// www.unctad.org/isar/](http://www.unctad.org/isar/)

H. Small island developing States (SIDS)

48. Chapter 17 of Agenda 21, subprogramme G on *sustainable development of small islands* and the *Barbados Plan of Action* emphasized the specific conditions and needs of small islands and called for assistance to be provided to SIDS.³⁴ The UNCTAD X Plan of Action called upon UNCTAD to contribute to the implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States and the mandate arising from the twenty-second special session of the UN General Assembly (paragraph 110, third bullet). Recent UNCTAD assistance to SIDS has been provided to: the Alliance of Small Island States (AOSIS);³⁵ the Committee for Development Policy (CDP) in the framework of the 2000 review of the list of LDCs, in particular through vulnerability profiles of Cape Verde, Maldives, Samoa and Vanuatu; the Commonwealth secretariat and the World Bank in their follow-up to the Joint Task Force on Small States; and 10 LDC SIDS for their country-level preparations for LDC-III.. Technical co-operation has also been provided to individual SIDS. Recent projects cover Haiti, Kiribati, Saint Lucia, Samoa and Tuvalu. UNCTAD is preparing a publication entitled *Small Island Developing States: Issues of Vulnerability and New Economic Opportunities* (14 Chapters, including on trade and environment).

I. Gender issues

49. Chapter 24 of Agenda 21 proposes *global action for women toward sustainable and equitable development*. UNCTAD is paying full attention to the plans of action and commitments adopted by the Fourth World Conference on Women (Beijing, 1995) and the twenty-third special session of the General Assembly in 2000 (Beijing+5). UNCTAD is promoting the integration of the gender perspective in the substantive work of UNCTAD wherever possible. A pre-UNCTAD X *Expert workshop on trade, sustainable development and gender* was held in Geneva, on 12 and 13 July 1999.³⁶ In addition, an *Expert Meeting on Mainstreaming Gender in Order to*

³⁴ UNCTAD organized a High-level Panel Meeting on Island Developing Countries, convened by the Commission on Sustainable Development (New York, 22 and 23 April 1996), to discuss the challenges faced by island developing countries, particularly in the area of external trade. UNCTAD prepared the main report for the meeting *Development challenges facing island developing countries: basic issues and prospects in the context of trade liberalization and globalization* E/CN.17/1996/IDC/2, February 1996.

³⁵ The UNCTAD secretariat participated in the AOSIS Workshop on Trade, Sustainable Development and Small Island Developing States, Montego Bay 12-15 December 2001. The workshop called for strengthened UNCTAD/SIDS cooperation in the post-Doha WTO process and welcomed the UNEP-UNCTAD CBTF.

³⁶ UNCTAD, *Trade, Sustainable Development and Gender*. United Nations, New York and Geneva 1999; U.N. Publications, UNCTAD/EDM/Misc.78

Promote Opportunities was held in Geneva from 14 to 16 November 2001.³⁷ The Experts made specific recommendations to national Governments, the international community and UNCTAD.³⁸

III. TECHNICAL COOPERATION AND CAPACITY BUILDING

A. Cooperation with other intergovernmental organization and civil society

1. *The United Nations Development Programme (UNDP)*

50. UNCTAD and UNDP have been cooperating on capacity building on trade, environment and development since 1992. Under the pioneering joint UNCTAD/UNDP project on “*reconciliation of environment and trade policies*”, a series of country case studies were carried out (1993-1996) by local research institutes in the following developing countries: Brazil, China, Colombia, Costa Rica, India, Malaysia, Philippines, Poland, Thailand, Turkey and Zimbabwe.³⁹ These studies had a catalytic effect⁴⁰ and generated additional support, for example from the Governments of Italy and the Netherlands and the International Institute for Sustainable Development (IISD). The two institutions also collaborated in the preparation of a report on capacity building on trade and sustainable development, published by UNDP as part of its CAPACITY 21 series of monographs.⁴¹

³⁷ The report of the Expert Meeting, including the outcome, will be submitted to the Commission on Enterprise, Business Facilitation and Development at its sixth session on 18-22 February 2002.

³⁸ See Report of the Expert Meeting on Mainstreaming Gender in Order to Promote Opportunities TD/B/COM.3/EM.14/3 and TD/B/COM.3/40. December 2001.

³⁹ These studies were the first attempts to analyze trade and environment linkages in developing countries. The studies concentrated on the effects of environmental requirements on market access and competitiveness. The studies also examined the environmental effects of changes in production patterns associated with trade liberalization and globalization, highlighting the importance of introducing appropriate environmental and macroeconomic policies to strengthen positive and mitigate negative pressures on the environment resulting from freer trade. Veena Jha, Anil Markandya and René Vossenaar, *Reconciling Trade and the Environment: Lessons from Case Studies in Developing Countries*, Edward Elgar, Cheltenham (United Kingdom), Northampton (United States), 1999.

⁴⁰ For example, the Association of South East Asian Nations (ASEAN) and the UN Economic and Social Commission for Asia and the Pacific (ESCAP) sponsored further country case studies on trade and environment. The studies also generated studies within the framework of the UNCTAD/UNEP programme of work.

⁴¹ UNDP, *Trade and Environment* (UNDP's Capacity 21 series of monographs, 1998).

UNCTAD/UNDP Programme on Globalization, Liberalization and Sustainable Human Development

The Global Programme is a partnership between UNDP and UNCTAD, aimed at assisting developing countries to successfully manage their integration into the global economy in a manner supportive of sustainable human development. It works closely with governments, NGOs, civil society, business leaders and academics. The countries that have already participated in the country assessment studies are Botswana, El Salvador, Guatemala, Honduras, Malawi, Mali, Nicaragua, Nepal, Tunisia and Zimbabwe. During the second phase, the programme will launch six country assessments for Indonesia, Jordan, Morocco, Senegal, the United Republic of Tanzania and Viet Nam.

In addition, the Programme has been organizing a number of activities through the various divisions of UNCTAD, including *trade capacity-building* and a policy dialogue on *enhancing the Competitiveness of SMEs through linkages with TNCs*. A Policy Dialogue on *Home Country Measures to encourage FDI to LDCs* will be held in Geneva, in January 2002.

The Government of Belgium has pledged \$1 million for the Global Programme's second phase.

For more information see the *Global Programme newsletter* and <http://www.unctad-undp.org/>

51. UNCTAD and UNDP country offices in India⁴² and Viet Nam⁴³ have carried out joint trade and environment country projects which have played an important role in strengthening capacities for trade and environment policy co-ordination as well as promoted dialogues between different stakeholders. Both projects have assisted beneficiary developing countries in the implementation of a number of issues included in Agenda 21. In both cases, the scope of activities has been progressively broadened to include issues such as organic agriculture and traditional knowledge. The UNCTAD/UNDP project in India has generated interest in a broader programme of capacity building, within the context of UNDAF, involving UNDP, UNCTAD, UNIDO and UNIFEM.

2. The World Trade Organization (WTO).

52. Close cooperation exists between the secretariats of UNCTAD and the World Trade Organization (WTO). In the area of trade, environment and development, such co-operation has been very useful, for example in preparing the Secretary General's reports on Trade, Environment and Sustainable Development and is being strengthened further in response to the

⁴² Publication of two books containing the studies carried out under two projects is under preparation.

⁴³ Veena Jha (ed.), *Greening Trade in Viet Nam*, UNCTAD/DITC/TED/8.

Doha Ministerial Declaration.⁴⁴ The WTO secretariat has participated in and provided resource persons for several seminars organized by UNCTAD aimed at assisting developing countries in issues related to Agenda 21. Similarly, UNCTAD staff have been participating in WTO regional seminars on trade and environment. Country case studies and other studies carried out under UNCTAD's technical cooperation projects have provided inputs to the WTO Committee on Trade and Environment.

3. The United Nations Environmental Programme (UNEP).

53. In the framework of a memorandum of understanding, UNCTAD and UNEP have taken several joint initiatives through joint meetings, research and projects. Of particular relevance is the UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (see below). The close co-operation between the two institutions has greatly increased the scope and effectiveness of technical assistance provided to developing countries in a range of issues relevant for Agenda 21 implementation. There has also been active collaboration between UNCTAD and the secretariats of a number of multilateral environmental agreements, in particular the Basel Convention and the Convention on Biological Diversity.

4. Other intergovernmental organizations

54. UNCTAD has also been cooperating with other organizations to assist developing countries in implementing Agenda 21, such as the FAO, International Trade Centre (UNCTAD/WTO), the International Organization for Standardization (ISO) UNIDO, the International Rubber Study Group (IRSG) and the International Lead and Zinc Study Group. UNCTAD has also been co-operating on trade and environment with bilateral and multilateral aid agencies, such as the OECD Development Assistance Committee (DAC).⁴⁵ In order to increase the efficiency of capacity building at the country level, the experience acquired through UNCTAD's participation in the UNDAF process in India could be further strengthened and replicated in other countries.

5. Civil society

55. The UNCTAD secretariat is carrying out joint capacity building projects with civil society, including the private sector, NGOs and academic institutions. These include, for example, CUTS, FIELD, ICME, ILMC, ICTSD, IFOAM, and SOLAGRAL.

⁴⁴ The declaration, in paragraph 6, encourages efforts to promote cooperation between the WTO and relevant international environmental and developmental organizations, especially in the lead-up to the WSSD.

⁴⁵ René Vossenaar: "Trade and Environment: Key issues", Swiss Yearbook for International Development Cooperation, 1997.

B. Ongoing and planned capacity building programmes in the area of trade

56. This section highlights selected capacity building activities that cut across a large range of issues. They complement the specific capacity building initiatives examined in section II above.

1. UNCTAD post-Doha programme on technical cooperation and capacity building

57. The UNCTAD secretariat is actively designing a programme for capacity building aimed at assisting developing countries in participating effectively in negotiations and discussions in the context of the work programme agreed upon by the fourth WTO Ministerial Conference (Doha, November 2001). The programme includes assistance for capacity building directly related to trade negotiations as well as assistance for capacity building in overall negotiating areas, such as the UN Conference on Financing for Development and the WSSD. The programme also envisages support for analytical work, e.g. on the removal of supply-side constraints and issues likely to be addressed by a WTO Working Group on Trade and Transfer of Technology. The programme will be implemented in close co-operation with other intergovernmental organizations and civil society.

58. This technical assistance programme includes areas relevant for Agenda 21 follow-up and the WSSD, including the areas of further trade liberalization,⁴⁶ trade and environment as well as issues related to trade related intellectual property rights, such as the relationship between the TRIPS Agreement and the CBD and the protection of traditional knowledge. In the area of trade and environment, based on its mandate and expertise described in section II above, UNCTAD, in co-operation with other intergovernmental organizations and civil society, can assist developing countries in specific areas, such as:

- Effects of environmental measures on market access of developing countries, in particular the LDCs;
- Identification of benefits that developing countries could derive from the reduction or elimination of tariff and non-tariff barriers to environmental goods and services (EGS), including issues related to the definition of EGS;
- Identification of benefits that developing countries could derive from the elimination or reduction of trade restrictions and distortions;

⁴⁶ The WTO work programme adopted in Doha includes negotiations aimed to reduce or eliminate tariffs, tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries. It also includes further liberalization in agriculture, through improvements in market access as well as reductions and eventual phasing out of export subsidies.

- The relationship between the relevant provisions of the TRIPS Agreement and sustainable development;
- Review of trade and development implications of policy instruments to achieve global environmental objectives, including the relationship between existing WTO rules and specific trade obligations set out in MEAs;
- Labelling requirements for environmental purposes.

2. UNCTAD technical assistance programme in the area of trade and sustainable development

59. Since UNCED, the UNCTAD secretariat has organized a large number of national seminars, projects and training workshops on trade, environment and sustainable development to assist beneficiary countries in creating awareness and enhancing understanding of trade and environment linkages and related Agenda 21 issues (in several countries multiple activities were organized). Beneficiary countries include, for example, Algeria, Bahrain, Bangladesh, Brazil, Cambodia, China, Colombia, Costa Rica, Cuba, Ecuador, Egypt, Guinea, India, Indonesia, Lao People's Democratic Republic, Malaysia, Madagascar,⁴⁷ Malawi, Mozambique, Peru, Philippines, South Africa, Tanzania (United Republic of), Tunisia, Uganda, Venezuela and Viet Nam.

60. The UNCTAD secretariat also organized regional seminars in, for example, Africa, Arab countries, Latin America, Pacific Island countries and South Asia.⁴⁸ In addition, a series of seminars were organized jointly with the secretariats of UNDP, UNEP, regional economic and social commissions, the ASEAN, SELA and SAARC, as well as civil society such as CUTS, the Indian Institute for Foreign Trade (IIFT), the International Institute for Sustainable Development (IISD), the Foundation for International Environmental Law and Development (FIELD), SOLAGRAL and the Tata energy research institute (TERI).

61. UNCTAD has successfully carried out a large number of projects on trade, environment and development, with funding from UNDP and UNEP (see above), the Governments of Canada, Germany, Italy, the Netherlands and the United Kingdom, as well as academic institutes and the business community.⁴⁹ For example, over the years the Government of the Netherlands has

⁴⁷ *Commerce et Environnement en Madagascar*. Proceedings of the seminar on trade and environment, organized jointly by the Government of Madagascar and UNCTAD, in Antananrivo, Madagascar, 17 to 19 March 1998, UNCTAD, Analytical Studies on Trade, Environment and Development, No. 2, Geneva, 1999

⁴⁸ Veena Jha, Grant Hewison and Maree Underhill (ed), 1997, *Trade, Environment and Sustainable Development, A South Asian Perspective*, Macmillan.

⁴⁹ UNCTAD has presented several reports on capacity building in trade, environment and development to UNCTAD Member States and the Commission on Sustainable Development. See, for example, *UNCTAD: Capacity Building in Trade, Environment and Development. UNCTAD's Technical Co-operation Programme*. UNCTAD/DITC/TED/3, 2000. See also, Department of Social and Economic Affairs (DESA), *Capacity*

contributed to a large range of activities, which have had a catalytic effect on other capacity building projects. An UNCTAD/FIELD project also deserves special mention (see box).

UNCTAD/FIELD project

An UNCTAD/FIELD project on *Strengthening Research and Policy-Making Capacity on Trade and Environment in Developing Countries*, funded by the United Kingdom Department for International Development, was implemented between mid 1999 and mid 2001. It brought together trade and environment policy makers from 10 developing countries: Bangladesh, Brazil, Costa Rica, Cuba, India, Philippines, South Africa, Tanzania, Tunisia and Uganda. These policy makers engaged in an exchange of national experiences and intensive discussions on a number of key issues identified by participating developing countries (project launching workshop, Geneva, June 1999), aided by background papers prepared by members of the core group of developing country participants, consultants, and staff from FIELD and UNCTAD. Three workshops, held in three different developing regions (Los Baños, Philippines, November 1999; Havana, Cuba, May/June 2000 and Dar es Salaam, United Republic of Tanzania, April 2001) involved a larger group of policy makers, the private sector and NGOs in these discussions. In addition, a London Roundtable (November 2000) allowed for an exchange of views with developed country experts.

The project helped to deepen understanding of key issues. Participants adopted a pro-active approach to the issues under consideration, moving beyond the identification of problems to suggest policy initiatives to resolve the problems identified. At the final project workshop in Dar es Salaam, four working groups were created around the main clusters of issues addressed under the project in order to draw conclusions and make recommendations for actions at the national and multilateral levels. The working groups also identified main lessons learned from the project and points to be taken into account in future capacity building projects. In response, UNCTAD and FIELD proposed a new project, focusing on five key issues. The new project has a regional focus, with one “core” beneficiary country working together with other developing countries in the same region. The project will assist beneficiary developing countries in identifying practical actions for implementation as national level and in participating effectively in international negotiations.

3. Science and Technology Diplomacy

62. UNCTAD’s *Science and Technology Diplomacy* initiative seeks to assist developing countries in enhancing understanding of (a) specific issues related to transfer of technology, in particular those that may be considered in the WTO Working Group on Trade and Transfer of Technology and (b) scientific and technological considerations related to trade measures, including for environmental and health purposes. This will assist developing countries in addressing issues related to technology, trade, investment and environment and to participate effectively in international negotiations and discussions. The Initiative will draw on the

building in trade, environment and sustainable development. Background paper No.1 prepared by UNCTAD for the Commission on Sustainable Development, eight session. DESA/DSD/2000/1.

experience of various UNCTAD divisions (DITE, DITC), UNDP, UNINTECH, the CSTD, other UN agencies, Science and Technology institutes and academic institutions.

4. The UNE/UNCTAD Capacity Building Task Force for Trade, Environment and Development (CBTF)

63. Recognizing the need for technical assistance on trade and environment in favour of developing countries and countries with economies in transition, UNCTAD and UNEP launched, in 2000, a Capacity-Building Task Force for Trade, Environment and Development (CBTF). The objective is to help developing countries enhance understanding of trade, environment linkages, address trade-related environmental and environment-related trade problems and participate effectively in international negotiations. UNEP and UNCTAD also launched a special programme for the Least Developed Countries (LDCs) to help implement the Programme of Action for the LDCs for the decade 2001-2010, adopted at the 3rd UN Conference for the LDCs (Brussels, May 2001).⁵⁰ So far, the Governments of Germany, Norway, Sweden, the United Kingdom and the United States as well as the European Commission have funded the CBTF.

64. Several CBTF projects were initiated in 2001. These include a regional workshop in Mexico and projects on integrated assessments of trade policies in Lebanon and Indonesia. One thematic project, designed and implemented in close co-operation with the secretariat of the Basel Convention aims to support some 10 countries in Central America and the Caribbean to build capacity of sound management of used vehicle batteries, including through regional co-operation. In addition, several training programmes were initiated (see next section).

65. A CBTF workshop will be held in Brussels, in February 2002, to discuss among other things policy options to create and seize trading opportunities for organic agricultural products from developing countries. The workshop, which is being funded by a grant from the European Commission, is expected to provide an impetus for the design and implementation of CBTF-supported activities in the area of organic agriculture.

66. Considerable progress has been made in assisting LDCs identify capacity-building needs. Under the special CBTF programme for LDCs three projects are being implemented with the financial contribution of the Government of Sweden. These include a capacity building needs assessment seminar for Lusophone countries hosted by the Government of Mozambique, a workshop on selected global environmental issues for Lusophone countries hosted by the Government of Brazil and a project on environmental impact assessment in the agriculture sector

⁵⁰ The Third UN Conference for the LDCs (Brussels, May 2001) adopted the *Programme of Action for the Least Developed Countries for the Decade 2001–2010*. It contains series of commitments that will contribute to sustainable development. Commitment 6 - *reducing vulnerability and protecting the environment* – is directly relevant for the implementation of Agenda 21. The programme seeks to explore and build on synergies with other commitments, in particular commitment 4 (*building productive capacities to make globalization work for LDCs*), commitment 5 (*enhancing the role of trade in development*).

of Cambodia, with particular focus on castor seed production and export (including options for organic agricultural produce).

67. However, demand for capacity building under the CBTF, including the special programme for LDCs, far exceeds current levels of funding. A large number of highly valuable proposals for CBTF projects submitted by governments and research institutes in developing countries and countries in transition, as well as the secretariats of regional integration organizations, await funding.

5. Training on Trade, Environment and Development

68. The UNCTAD secretariat has prepared a comprehensive training package on trade, environment and development under its TrainforTrade programme. The main objectives are:

- To assist beneficiary developing countries identify trade and environment issues of particular national or regional concern;
- To encourage policy dialogues and national-level actions to address these issues, including increased coordination between ministries, the private sectors and other stakeholders;
- To assist developing countries to effectively participate in international negotiations on trade and environment, including in the WTO.

69. Eight modules have been developed, dealing with a range of issues that are relevant in the context of Agenda 21 implementation, as follows:

- Trade, environment and sustainable development – the international context;
- Trade and environment in the multilateral trading system;
- Environmental requirements and market access;
- Trading opportunities for environmentally preferable products (EPPs);
- Multilateral Environmental Agreements;
- International standards for Environmental Management Systems, such as ISO 14001;
- Harnessing traditional knowledge for trade and development;
- Building on developing countries' experiences with integrated assessments of trade.

70. The training materials being prepared for each module include a background document and a PowerPoint presentation. These materials (available on-line for authorized users in beneficiary countries) are adapted to the particular conditions and needs of the beneficiary

country or region. Training materials are updated periodically to take account of changing realities in the dynamic interface between trade and environment.

71. Two training workshops were held under the CBTF. The first workshop was held in Havana from 10 to 14 December 2001. It was hosted jointly by the ministries of Science, Technology and Environment (CITMA) and Industry, Commerce and Tourism (MICTUR) for around 40 participants. Resource persons included experts from the UNCTAD, WTO and OECD secretariats as well as the Government of Cuba. The second CBTF training workshop was held in Hanoi from 17 to 19 December 2001. It was hosted by VIETRADE (Viet Nam Trade Promotion Agency, Ministry of Trade of Viet Nam). There were around 40 participants from different ministries and the private sector, as well as experts from the trade and environment ministries of Cambodia and Lao People's Democratic Republic. Resource persons included experts from UNCTAD and the Government of Viet Nam, especially the Ministry of Trade, the Ministry of Science, Technology and the Environment (MOSTE) and the Directorate for Standards and Quality (STAMEQ). Both seminars generated initiatives for follow-up activities.

72. UNCTAD is preparing further training activities on trade, environment and development. For example, a training workshop and programme for Benin, Burkina Faso and Mali are being developed with SOLAGRAL. The Ministry of Commerce of India will host a training workshop (New Delhi, March 2002). In addition, a CBTF training workshop for Anglophone African countries will be held in 2002.

IV. FUTURE ACTIVITIES TO ASSIST DEVELOPING COUNTRIES IN IMPLEMENTING AGENDA 21 AND THE RESULTS OF THE WSSD

73. UNCTAD will continue to assist developing countries, in cooperation with other relevant intergovernmental organizations, on issues that are relevant in the context of Agenda 21 implementation and the WSSD, for example by:

- Continuing its integrated examination of linkages among trade, investment, technology, finance and sustainable development;
- Assisting developing countries in participating in the post-Doha WTO work programme;
- Further developing a comprehensive capacity-building programme on trade and sustainable development, with focus on the UNCTAD/UNEP CBTF and training;
- Promoting economic diversification in the commodities sector and assisting developing countries in their efforts to enhance the contribution of this sector to sustainable development;

- Promoting mutual supportive trade and environment policies by supporting policy dialogues and research on policy packages for internalizing environmental costs and benefits in prices of resource-intensive goods as well as joint work with UNEP on economic instruments and integrated impact assessments;
- Encouraging sustainable management of material/natural resources, including environmentally sound resource recovery;
- Promoting trading opportunities for environmentally preferable products;
- Launching the Science and Technology Diplomacy Initiative;
- Improving understanding of investment issues and strengthen the capacities of developing countries to participate in discussions and negotiations;
- Carrying out studies and implementing projects to promote the transfer of environmentally sound technologies to developing countries;
- Assisting developing countries in protecting and harnessing traditional knowledge for development;
- Assisting developing countries in dealing with policy issues relating to biotechnology;
- Further developing a programme on trade, investment and technology aspects of climate change policies, including the Clean Development Mechanism (CDM);
- Further developing the BIOTRADE Initiative, including in Africa.
