

**ENRTP STRATEGIC COOPERATION AGREEMENTS****ANNEX 4 – PROGRESS PROJECT REPORT**

<b>Reporting Period</b>	<b>March 2012 – 31 December 2012</b>
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**DESCRIPTION**

ENRTP Priority	Indicate relevant ENRTP SCAs Priority	EC Directorate General	ENV
Programme of Work	<b>UNEP 2012-13, Resource Efficiency, #613</b>		
Project's Title	<b>Trade and Green Economy policy analysis and outreach</b>		
Location	<b>Global and regional: Africa, Asia-Pacific, Europe, Latin America Caribbean, West Asia</b>		
Total duration	<b>10 months</b>		

Responsible Entity	<b>UNEP, Division of Technology, Industry and Economics (DTIE), Economic and Trade Branch (ETB)</b>
UNEP/MEA Project Manager	<b>Anja von Moltke</b>
EC Project Manager	<b>Patrick Ravillard</b>

Date of EC Approval:	<b>28 February 2012</b>		
EC Allocation (EUR):	<b>250,000</b>		
Date of Allocation/Transfer:	Refer to date funds were allocated or transferred at project level		
Amount (USD)	<b>333,333</b>	Exchange Rate:	<b>1.333</b>
Total Expenditures (USD)	<b>333,669.34</b>	Total Expenditures (EUR)	<b>250,258.26</b>

**SUMMARY PROJECT STATUS**

Summarize: i) the status of implementation of the project at the time of reporting (global overview on the project implementation since its start); ii) progress towards achieving the project's objectives; iii) performance remarks and highlights.

- The ENRTP project entitled "Trade and Green Economy policy analysis and outreach" began on 28 February 2012 and was completed on 31 December 2012. The project is Phase 1 of a larger initiative to identify trade opportunities arising from a transition to a green economy at the national and international level. In implementing the project, UNEP produced the following two outputs:

(1) Component 1: A report on trade opportunities in various economic sectors in the context of a transition to the green economy:

The report provides an overview of the current status of sustainable trade opportunities and illustrates how green economy policies and investments in sustainable trade-related sectors are an effective means to achieve economic, social and environmental objectives. The report "Green Economy & Trade: Trends, Challenges and Opportunities" focuses on six sectors that have been identified as having a significant potential to generate trade opportunities and contribute to the transition to a green economy.

Examples of actual and potential export opportunities in developing countries for each of the six sectors include:

- Agriculture: organic products, fair trade products, natural inputs for organic products, and certification services.
- Fisheries: certified wild capture products, certified aquaculture products, and marine and coastal tourism.
- Forests: wood products from a certified or sustainable supply chain, non-wood forest products (NWFPs), and forest-related tourism.

- **Manufacturing:** Increasing international competitiveness by greening manufacturing, profiting from environmentally-related standards in the global market, and a variety of opportunities in specific sectors (chemicals, electronics, textiles, etc.).
- **Renewable energy:** renewable energy supply equipment and their inputs/components, electricity produced from renewable resources, sustainable biofuels, and carbon crediting on international markets.
- **Tourism:** sustainable tourism and ecotourism as well as other niche markets such as agrotourism

Each chapter contains case studies of trade opportunities in a selection of developing countries. In many of these examples (e.g. organic agriculture, non-wood forest products, and ecotourism), developing countries were found to have comparative advantages over developed countries, related to their climate, cost of production, location, indigenous skills, etc.

The report also sets out the main drivers and requirements that are creating and shaping trade opportunities in the above sectors (e.g. environmental and economic considerations, certification schemes, government regulations, harmful subsidies). Finally, each chapter contains a number of enabling conditions and recommendations for national governments and international fora. These enabling conditions suggest ways in which trade streams can be improved, so that developing countries can exploit their full potential to benefit from the export opportunities identified.

The report has been reviewed at the three workshops organised under this project (see below) and is currently undergoing a sector-specific peer review, involving renowned experts in the field, pertinent sector-specialists within UNEP and other relevant international organisations.

The report is currently being finalised and a launch event for the publishing of the report is planned in May 2013.

(2) Component 2: A series of policy and technical dialogues during the Rio+20 Summit and in the African and Latin American regions, with the participation of government delegates, the private sector, civil society and academics.

The following meetings were conducted:

1. African Workshop on Environment and Trade, Windhoek, Namibia, 30 May – 1 June 2012 (70 participants from Ethiopia, Namibia, South Africa, Uganda and Zimbabwe attended).
2. Multi-stakeholder Dialogue on Trade Opportunities in the context of a Green Economy Transition, Rio, 18 June 2012 (approximately 150 participants from a wide variety of countries that were attending the Rio+20 Conference).
3. Latin American Workshop on Green Economy and Trade opportunities, Costa Rica, 26 - 27 July 2012 (over 50 country delegates as well as private sector, academic and civil society representatives were in attendance. Countries invited included: Argentina, Brasil, Bolivia, Canada, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, México, Nicaragua, Panamá, Paraguay, Perú, República Dominicana, Uruguay, USA and Venezuela. Also in attendance was high level representation from the EU Delegation in Costa Rica and Panamá).

For these workshops, a series of 9 briefing papers on green economy and trade were prepared. Topics addressed range from export restrictions and sustainability standards to environmental goods and services and international transport. The workshops discussed the green economy and trade opportunities project and, in particular focused on export opportunities of biotrade, the development of ecolabelling and certification schemes, reviewing the trade-related results of the Rio+20 Conference and addressing sectors in which regions might have comparative advantages as related to trade opportunities (e.g. manufacturing and mining, biodiversity-based products and services, agriculture, fisheries and tourism).

Overall, this project has identified a range of international trade opportunities in various key economic sectors associated with the transition to a green economy and enabling conditions needed to respond to international demand for environmentally-friendly goods and services at national, regional and international levels. Phase 1 of this project has also contributed to the identification of a number of policies that are acting as facilitators or hindrances to the transition to a green economy.

## **CHALLENGES, MANAGEMENT ACTIONS, RISK MITIGATION PLAN:**

Summarize main implementing challenges, if any, and strategy/actions which have been adopted to address them. List potential risks (internal and external) that may jeopardize the implementation of activities and/or the achievement of outputs and outcomes; please explain which actions have been planned to mitigate the identified risks.

One of the main challenges in this project was to submit a draft report in time for the Rio+20 conference. For the final report, the challenge has been to produce a comprehensive and expert report within a relatively short time scale and with only limited resources. Another time-related challenge in this project was to provide outside opinion from sectoral experts in other organisations. The risk was that this would delay the project. However, we mitigated that risk by contacting several different sectoral experts and so were not overly reliant on receiving feedback from only a limited number of people.

On the other hand, the feedback from the sectoral experts was often very different and sometimes even contradictory, reflecting perhaps the highly political nature of the topic. Thus, it was a challenge to streamline the text while reflecting the different viewpoints.

## OUTCOME SUMMARY

Provide for each outcome listed in the project document the description, the indicator, progress made/result achieved (focus on the current reporting period only).

1. Project Outcome – Expected Accomplishment or PoW Output	Indicators <sup>2</sup>	Progress made/results achieved
Integrated policy assessment, cost-benefit analyses and case studies on the economic, environmental and social gains from applying policies for resource efficiency and sustainable consumption and production are development and disseminated to global and regional economic and trade forums and national policy makers in rapidly industrializing, emerging economies and natural resource dependent countries [four forums, six countries].	Number of public institutions that have gained access to case studies on and analysis of trade opportunities in a green economy, and that include related policies and tools in their development strategies	The draft report was presented at the three regional workshops. The draft executive summary was also distributed at two of the workshops (Rio and Costa Rica).

## OUTPUT PERFORMANCE

Provide for each output listed in the project document the description, indicators and progress made/any result achieved (focus on the current reporting period only)

Provide brief information on main activities undertaken; reason for modifications of planned activities (if applicable) and list of activities which were planned but not implemented, explaining the reasons.

Kindly include as annexes, any supporting documents which can be provided to the donor as means of verification for each of the outputs achieved and other relevant activities' documentation (if files can be downloaded, please provide below the link).

2. Project Outputs	Indicators	Progress made/results achieved
Output 1: report identifying and analysing green economy related trade opportunities	Number of public institutions indicating their commitment to using the report as a basis or tool for creating or strengthening trade opportunities in their respective countries	Several country representatives have indicated that they have found the report provides a useful overview of the trade aspects of the green economy. They also requested a copy of the final publication
Output 2: Outreach events to provide a platform for a range of stakeholders to engage in a dialogue on trade and green economy related issues	Number of governments and other stakeholders using the dialogue at the events to inform their perspectives and policies on trade and green economy	<p>Policy makers in several developing countries highlighted green trade opportunities at the national level and potential enabling conditions required in order to fulfil the potential of these trade opportunities. In particular:</p> <p>At the African workshop: 70 participants from Ethiopia, Namibia, South Africa, Uganda and Zimbabwe attended this meeting. Peru and Nepal were also represented at the event.</p> <p>Some of the outcomes of this workshop were that trade growth can be achieved through an increase of exports of sustainable food, biodiversity-based products and services, and a diversification of the production and service sectors. This would thereby create several business opportunities in new industrial and commercial sectors.</p>

		<p>To achieve these transformations, domestic enabling conditions as well as international support could contribute, among other aspects, to: assist exporters to meet standards in export markets, create/maintain and enforce a strong domestic standards regime, provide financial and technical incentives, dismantle or redirecting harmful subsidies, identify and eliminate non-tariff barriers, promote innovation through support for research and development, intellectual property laws, and good governance.</p> <p>At the Rio workshop:  Several sectors were covered including forestry (which included presentations on export opportunities of Peru's and Costa Rica's biodiversity resources), environmental goods and services (which included a presentation on trade in environmental goods in southern and eastern Africa), and renewable energy (which included a presentation on how Pakistan is seizing trade and development opportunities in the renewable energy sector).  The need for broad engagement to truly move ahead with the dual challenges of the green economy transition and a supportive trade framework at the global and regional levels was emphasised. As such, the panel included members of governments from the North and South, from think tanks and NGOs.</p> <p>At the Costa Rica workshop:  Over 50 country delegates as well as private sector, academic and civil society representatives were in attendance. Countries invited included: Argentina, Brasil, Bolivia, Canada, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, México, Nicaragua, Panamá, Paraguay, Perú, República Dominicana, Uruguay, USA and Venezuela. Also in attendance was high level representation from the EU Delegation in Costa Rica and Panamá.  Working groups in these various sectors allowed participants to share concrete country examples and experiences as well as good practices and policy tools that could promote the transition to a green economy through trade. Several sectors were covered during the meeting, including manufacturing and mining, biodiversity-based products and services, agriculture, biofuels, fisheries and tourism.  Several actors emphasised that in order to scale-up and facilitate the trade benefits of a transition to a green economy, there would need to be increased support in financial, technical, and capacity-building terms. This is to ensure that developing countries address issues such as facilitating market access for green products, non-tariff barriers to imports of environmental goods and services, reforms of domestic environmental rules and regulations, international sustainability standards, etc.</p>
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## RESOURCES AND BUDGET

Provide: i) any remark on the overall budget based on the financial report for the current reporting period; ii) indicate if there is a delay in spending the funds, please clarify reasons; iii) mention resources to be mobilized yet, if any; ii) additional resources leveraged by UNEP and/or partners as a result of the project

Funding for the first year of Phase 2 has been approved by ENRTP to jump-start the national and sector specific identification of trade opportunities.

## WORK PLAN FOR THE NEXT REPORTING PERIOD:

**Summarize: i) activities scheduled – including any key milestones\*<sup>1</sup> and lead responsibilities; ii) main outputs to be achieved in the upcoming reporting period and iii) forecast of expected expenditures.**

Drawing on the analysis and findings of the project, and in coordination with UNEP's Green Economy Advisory Services, UNEP is undertaking Phase 2 of the trade opportunities initiative. This involves implementing national trade assessments in pilot countries in the African, Asian and Latin-American region. The aim of the national trade assessments is to foster greener economies by identifying and stimulating sustainable trade opportunities. In identifying potential projects, UNEP will closely cooperate with national governments and local institutions, other UN agencies, and international organisations.

Each national trade assessment focuses on either:

(i) one of the six sectors that were treated in the trade opportunities report and identified as holding significant potential for scaling up green trade - agriculture, fisheries, forests, manufacturing, renewable energy and tourism, or

(ii) on a commodity with potential for expanding green trade or greening existing supply chains.

Moving to Phase 2 of the trade opportunities initiative allows for refinement of the findings and application of the analysis to the national sector-specific level. Analysis, effective tools, stakeholder dialogue and policy advice for harnessing trade opportunities arising from a green economy transition will be provided to selected countries.

The agreed provisional budget for the first year of Phase 2 of the trade opportunities initiative is USD 250,000.

To fully implement Phase 2 of the initiative, funds for the second year would also need to be released.

## VISIBILITY:

**Describe communication, visibility and outreach activities undertaken at project level, if any.**

The main communication and outreach activities were:

- The three regional workshops (as described in detail under Outcome Performance)
- Various workshops in Geneva and at the OECD in Paris where the draft report was presented
- The launch of an internet website on Green Economy and Trade (<http://www.unep.org/greeneconomy/GreenEconomyandTrade/tabid/105867/language/en-US/Default.aspx>)
- Participation at conferences in Geneva where flyers advertising the forthcoming publication of the report were distributed.

## FINAL REMARKS:

**Describe: i) lessons learned during project design and implementation; ii) stakeholder participation and level of engagement/satisfaction; iii) where applicable, outline any links and synergies developed with other projects; i) main issues and recommendations for the attention of the donor; iv) overall observations on project performance and whether the projects has had any unforeseen positive or negative results.**

Many stakeholders indicated that they found it very useful that UNEP has included a multitude of stakeholders to develop a global overview of the status of green trade opportunities as well as the risks and challenges faced by economic operators. Combined with the Green Economy Report, this process has increased the understanding of both domestic and export opportunities for countries provided by transitioning to a green economy.

<sup>1</sup> A milestone is not equal to a summation of tasks or activities. Rather it represents the achievement of a feasible project management stage and be strictly answerable as yes or no answer.

As such, the report, along with the Rio+20 conference and follow-up deliberations initiated a shift of focus for trade and green economy issues. While remaining conscious of concerns by many developing countries about the risks of countries using green economy policies as a pretext for protectionist measures, discussions have concentrated more on the trade opportunities that green economy measures present to create new markets and provide better market access, and at the same time enhance economic and social development.

Stakeholders are now keen for UNEP to successful follow-up this global dimension by providing specific national advice for developing countries.

#### **ANNEXES:**

Please list supporting documents included as annexes, if any.

UNEP/MEA Project Manager: Anja van Ralte

Signature: [Signature]

Date of Submission: 14.3.2013