



Republic of the Philippines
Department of Environment and Natural Resources
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MEMORANDUM

FOR : **The Directors**
Biodiversity Management Bureau
Environmental Management Bureau
Ecosystems Research and Development Bureau
Forest Management Bureau
Mines and Geosciences Bureau

Climate Change Service
Foreign Assisted and Special Projects Service

FROM : **The OIC Director**
Policy and Planning Service

SUBJECT : **REQUEST FOR THE COMMENTS/ INPUTS ON THE PROJECT PROPOSAL AND TIMELINE REGARDING THE EU-FUNDED PROJECT ON CLIMATE COMPETITIVENESS: BUILDING OPPORTUNITIES IN THE GREEN ECONOMY FOR EMERGING AND DEVELOPING COUNTRIES**

DATE : **22 JUN 2023**

This has reference to the email dated 19 June 2023 from the Department of Trade and Industry – Bureau of International Trade Relations (DTI-BITR) regarding the updates on the EU-funded Project on Climate Competitiveness: Building Opportunities in the Green Economy for Emerging and Developing Countries (ZWTO-175-2023 dated 6 June 2023).

It may be recalled that in a letter to Assistant Secretary Allan Gepty of DTI dated 16 February 2023, the Department has manifested to support the proposed project entitled “*Climate Building Opportunities in The Green Economy for Emerging and Developing Countries*”. In this regard, please be informed that the European Union (EU) has identified **Philippines** and Vietnam as the Asian beneficiaries for the project which will be managed and implemented by the International Trade Centre (ITC). The project will run from **2023 – 2025**, with 12-months pilot period which will begin as soon as the Philippines approves its engagements. The funding for each country components amounts to approximately EUR 500,000 or **PHP 30 million**.

The Mission transmitted the ITC background materials on the project scope, objectives, outlines, timelines, and project management which can be found in **Annexes A and B**. Relatedly, as the first step, please be informed that the ITC is considering holding a consultation mission during the proposed visit of Ambassador Manuel A.J. Teehankee to Manila in the first week of July.

In view of the above, we would like to request your comments/inputs on the attached Project Proposal and Timeline transmitted by the Mission. We would greatly appreciate

receiving an advance copy of your comments/inputs on or before **27 June 2023** through the following email address: psddivision@gmail.com, copy furnished policy@denr.gov.ph.

For your appropriate action, please.


CHERYL LOISE T. LEAL

To: SFA
Fr: Geneva WTO
Dt: 6 June 2023
Re: **EU-funded Climate Competitiveness Project**
Rt: OUMAIER, OIER
Cc: The Secretary of the Department of Trade and Industry
The Secretary of the Department of Agriculture
The Director-General of the National Economic Development Authority
The Secretary of Environment and Natural Resources
The Chair of the Technical Committee on WTO Matters (TCWM)
Geneva PM, Brussels PE/PM
Cn: ZWTO-175-2023
Pgs: 17 including this page

Unless otherwise attached to this report, any document cited herein is available for downloading from the WTO Members' website.

Further to ZWTO-122-2023 dated 24 April 2023, Mission would like to inform the Department and the TCWM that the EU has identified the Philippines and Vietnam as the Asian beneficiaries for its Climate Competitiveness Project, which will be managed and implemented by the International Trade Centre (ITC) in Geneva. The EU is in the process of identifying 2 Members in Africa and 2 Members in Latin America as other beneficiaries for the project.

The ITC has informed that funding for each country component amounts to EUR 500,000 or approximately PhP 30 million. Mission is pleased to convey the ITC background materials on the project scope, objectives, outline, timeline, and project management arrangements, which are found in *Annexes A and B*.

Mission would like to highlight the following from the background materials:

Project Objectives

The project aims to assist the Philippines in utilizing trade as a tool to meet objectives related to decarbonization and build resilience and adaptation to climate change. The project will also assist the government and MSMEs in addressing sustainability requirements and potential barriers to trade.

Project Scope and Outputs

The project will focus on three core outputs:

Output 1: Improved evidence base on how trade and business environment can support increased deployment and development of climate change related goods and services

The work stream will produce a country study consisting of analytical research and mapping by ITC of the legal, regulatory and policy environment in the Philippines and key markets as well as a business survey related to climate mitigation and adaptation goods and services.

Output 2: Strengthened capacity of developing countries MSMEs to comply with climate-related components of voluntary sustainability schemes and initiatives

ITC mentioned that they would like to link this project with the sectors of focus for MSMEs under ARISE Plus, such as digital services, food and apparel. MSME support will undertake a mapping of trade-related climate measures and relevant voluntary sustainability standards, diagnostic survey for MSMEs to determine compliance gaps, and individual action plans for 50 MSMEs to meet these requirements. During initial consultations with ITC, Mission also highlighted the importance of involving companies in the renewable energy (RE) sector as well as MSMEs in sustainable packaging, given the EU's proposed regulation on sustainable packaging that is under development.

Output 3: Increased awareness at government and business sector on role for trade and the business environment to build climate resilience and support the low carbon transition

The ITC intends to organize approximately six (6) workshops in the Philippines to present findings of the climate and trade assessments as well as the voluntary sustainability standards/MSME-related outputs. The ITC will also support relevant agencies (i.e. DTI, DOE, DENR, and DA) in refining the Philippines' trade and environment strategy, including by developing proposals for consideration under the WTO's Trade and Environmental Sustainability Structured Discussions (TESSD).

Project Management and Implementation Arrangements

The project will be implemented by the International Trade Centre (ITC), and given that it will be funded by the European Union, alignment with the ongoing ASEAN Regional Integration Support – Trade Related Technical Assistance for the Philippines (ARISE Plus) will be prioritized.

The ITC noted that the EU funding will be channeled directly through the ITC and would not require a Financing Agreement (FA), similar to the ARISE Plus project. To finalize the understanding to pursue the project, only an exchange of letters between the Mission and ITC would be required to confirm the project. The letter of ITC Executive Director Pamela Coke-Hamilton is attached as *Annex C*.

The ITC has informed that with respect to governance arrangements, a Project Steering Committee will be created and involve participating countries, the EU and ITC. The ITC is also consulting with the EU on the relationship between the Climate Competitiveness project with the ongoing work streams of ARISE Plus.

The ITC is aware that the Mission has commissioned a policy paper by Mr. Vicente Yu on the same subject as well as Mission's intention to launch the policy paper in the first week of July 2023. The ITC is considering the feasibility of timing its identification and consultation mission with my proposed visit to Manila in the first week of July 2023.

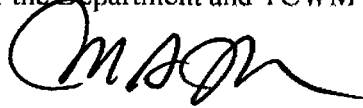
Mission Comments and Recommendations

- Mission would appreciate confirmation from the TCWM Chair that the Mission may proceed with signing of the response letter confirming our participation. Mission understands that Vietnam was targeted to be the first country for launch of the project but

given the advance work that has been undertaken through Mission's policy paper, there is an opportunity for the Philippines to begin scoping and identification earlier than September 2023, which was originally envisioned.

- Mission would also appreciate the TCWM Secretariat's assistance in identifying the availability of senior officials in DTI, DOE, DENR and DA to meet with the undersigned and the ITC project team in the first week of July.

For the Department and TCWM's consideration.



MANUEL A.J. TEEHANKEE
Ambassador and Permanent Representative



International
Trade
Centre

Climate competitiveness: Building opportunities in the green economy for emerging and developing countries

A development cooperation project 2023-25



Funded by the European Union

The need for a rapid green transition

Climate change poses an existential threat to human development and ecological survival. A green transition is urgently required to meet this challenge.

Trade and trade policy has a key role to play in this transition. The Trade and Environmental Sustainability Structured Discussions (TESSD) at the World Trade Organization was established to collaborate, prioritize, and advance discussions on the trade and environmental sustainability nexus. It has set out future work streams in areas such as trade and climate change, trade in environmental goods and services, circular economy, and sustainable supply chains. It is a forum that is open to all WTO members.

This project aims to support developing countries' engagement in the TESSD by working with six countries and/or country groupings (two per region) to assess the role that trade and trade policy can play in supporting climate mitigation and adaptation objectives. It will facilitate the preparation of submissions by the countries to TESSD. The format for submissions will be defined by the country and can be, for example, a case study presentation, best practices, regional initiatives or negotiation proposal.

Philippines and climate change

Philippines is one of the 10 highest at-risk countries in the world from climate change (German Watch 2021). With 50 percent of its 111 million population living in urban areas, and many cities in coastal areas, the Philippines is vulnerable to sea level rise. Changes due to the variability and intensity of rainfall in the country and increased temperatures will affect food security and the safety of the population.

If left unaddressed, climate change could hamper the country's ambition of becoming an upper middle-income country by 2040. However, according to the World Bank, policy actions and investments – principally to protect valuable infrastructure from typhoons and to make agriculture more resilient through climate-smart measures – could reduce these negative climate impacts. The private sector has a crucial role to play in accelerating the adoption of green technologies and ramping up climate finance.

Trade and climate change linkages

Trade has a key role to play in both building resilience and decarbonizing the economy.

Decarbonization

- Trade enables the faster dissemination of goods, services and technologies that accelerate the adoption of renewable energy, sustainable transport and industry and climate smart agriculture.
- Increased trade can lead to economies of scale and lower costs of production thus making renewable energy more affordable and accessible.
- Trade can provide access to new markets and the potential to encourage investment in renewable energy and other sectors.

Building resilience and adaptation to climate change

- Trade can enable transfer of goods, services and technologies that can help countries adapt to climate change. Specifically, these can support national priorities such as deploying technologies for climate smart agriculture and water management
- Trade can support greater investment in climate technologies and resilient infrastructure.
- Trade can support capacity building to help countries build skills, expertise needed by industry to adapt to climate change.

The project

The project sets out to understand how trade and trade policy supports Philippines's climate change mitigation objectives. i.e. decarbonization of the economy (with a focus on renewable energy) and adaptation (with a focus on its most vulnerable sectors particularly agriculture).

The project will also assess the barriers and opportunities relating to trade-related climate change measures (e.g. carbon standards or sustainability requirements) that MSMEs face and provide action plans for these companies to comply with these measures.

The project will undertake the following activities as highlight in Annex 1. In summary these include the following:

- Analysis through business survey and literature review of role of trade and trade policy to support deployment:
 - of renewable energy (Output 1)
 - of goods, services and technologies that support resilience and adaptation to climate change (Output 1)
- Analysis of trade-related climate measures (including voluntary standards) facing MSMEs and provision of action plans to support their compliance and seeking market opportunities. (Output 2)
- Presentation of results in country (Output 3)
- Support to Philippines's preparation of a submission to TESSD /WTO. The submissions can take the form of best practices, green transition strategies, guidelines, capacity building projects and so forth. ITC will provide technical support in the consultation and drafting. (Output 3)

Selection of Philippines

ITC has approved the selection of Philippines following its expression of interest submitted to ITC in February 2023. The main selection criteria of the project is the intention of the country to make a submission on a trade and environment/climate theme to TESSD. Official co-sponsorship of TESSD by the applicant is not required.

The project will run for 2023-5 with a 12-month pilot beginning as soon as Philippines approves its engagement. The first step ITC will undertake is a planning mission to consult with relevant stakeholders (e.g. MOIT, Ministry of Environment, Energy and Agriculture) and present the project, its objectives and methodology.

The project's national focal point/ counterpart will be the Ministry of Trade, ideally working in close collaboration with the related Ministries (e.g. Climate, Environment, Energy, Forests, Agriculture, Fisheries etc.).

Project management

The project is managed by Alexander Kasterine, Senior Advisor (Trade and Environment) at ITC based in Geneva. The project works in coordination with other ITC projects in Philippines managed by colleagues in country programming. Technical teams from *inter alia*, Trade in Market Intelligence and Trade for Sustainable Development will implement surveys, MSME support and engagement with TESSD/WTO.

Main focal points for country programming and technical teams

Name	Role
Alexander Kasterine	Senior Advisor, Trade and Environment - Project coordinator (and Output 3)
Michaela Summerer	Associate Expert, Trade and Environment (and Output 3)
Sylvie Cochin	Senior Programme Officer - Division of Country Programmes
Camille Roy	Programme Officer – Division of Country Programmes
Ursula Hermelink	Senior Market Analyst - Trade in Market Intelligence (Output 1)
Samidh Shrestha	Programme Officer – Trade and Market Intelligence
Adam Adou	Associate Programme Officer, Trade and Market Intelligence
Joseph Wozniak	Programme Manager - Trade for Sustainable Development (Output 2)
Petra Walterova	Programme Coordinator - Trade for Sustainable Development (Output 2)

For further information

Alexander Kasterine, Senior Advisor, Division for Sustainable and Inclusive Trade, International Trade Centre, Geneva, Switzerland. Email: kasterine@intracen.org

ANNEX B



Climate competitiveness:

Building opportunities in the green economy for emerging and developing countries

Project presentation to Mission of Philippines to UN/WTO

Alexander Kasterine, Senior Advisor, ITC

kasterine@intracen.org

Context of project

- Access to climate related goods and services (CRGS) is vital for **mitigation of greenhouse gas emissions**
- **Adaptation to climate change** is also a priority and trade has a role to support
- *Liberalized trade and a favourable business environment* enables the faster development and dissemination of these goods and services. However NTMs main trade-related constraint.
- The project provides TA to enable countries *to utilize trade to meet these environmental priorities*
- This is achieved through *analysis of trade related constraints* (e.g. NTMs, TF, TrCMs), domestic energy policy and opportunities in climate goods and services and support engagement with Trade and Environmental Sustainability Structured Discussions (TESSD)/WTO

Institutional partner TESSD/WTO

The Trade and Environmental Sustainability Structured Discussions (TESSD)

- to complement the work of the Committee on Trade and Environment and other relevant WTO bodies
- to support the objectives of the Marrakesh Agreement Establishing the WTO, which envisages a global trading system that protects and preserves the environment in accordance with sustainable development.

Work areas:

- trade and climate change,
- trade in environmental goods and services,
- circular economy, and
- sustainable supply chains

Country selection criteria

6 countries will be selected, 2 from each region Asia/CIS; Africa/MENA; LAC.

The **criteria for selection** of a country in the project include the following:

- The intention of the country *to make a submission* on a trade and environment/climate theme to TESSD.
- Official co-sponsorship of TESSD by the applicant is not required.
- The *commitment of time of a Ministry* official to support an ITC mission, workshop and follow up engagement (research, interviews, analysis).

Output 2 Strengthened capacity of developing countries MSMEs to comply with climate-related components of voluntary sustainability schemes and initiatives.

1. Analysis of the most **relevant and credible voluntary sustainability initiatives** and schemes with climate
2. Development of a **self-assessment diagnostic questionnaire** for MSMEs to collect data on their compliance gaps;
3. Collection and **analysis of MSME data**, to provide understanding of to what extent MSMEs are able to meet specific climate related requirements, what they would need to be better prepared, etc.
4. Based on the gap analysis, development of **individual action plans** for identified MSMEs
5. Preparation of **briefing papers on MSME** ability to meet the climate-related components of the most relevant voluntary sustainability initiatives and schemes

Output 1: Improved evidence base on how trade and the business environment can support increased deployment and development of climate change related goods and services.

- 1) Identify goods and services to support climate change mitigation and adaptation**
- 2) Map and analyze current trade, trade potential and market access conditions** (including tariffs, taxes, rules of origin and other non-tariff measures) governing imports and exports of climate mitigation and adaptation goods and services.
- 3) Undertake consultations and business survey to provide evidence on how tariff and NTMs are impacting access** to climate mitigation and adaptation goods and services.
- 4) Prepare country study** on trade and climate change

Output 3: Increased awareness at government and BSO levels on role for trade and the business environment to build climate resilience and support the low carbon transition

- 1. Workshops in Geneva (x3)** to present the developing country perspective on TESSD work areas
- 2. Workshops at country level (x6)** to present findings of climate and trade assessments (Output 1) and VSS analysis (Output 2). The workshops will enable greater understanding of the role that trade can bring to meeting Paris Agreement commitments and adaptation strategies.
- 3. Support to trade negotiators** and environmental policy makers on building strategies for engagement on trade and climate change in bilateral and multilateral for a (priorities to be defined with country partner)

Project Timeline

Activities	Project Cycle											
	Potential start in 09/2023 (tbc)											
	Q1			Q2			Q3			Q4		
Output: 1: Improved evidence base on how trade and the business environment can support increased deployment of climate change related goods and services												
Activity 1: Identification - relevant goods and services in the climate change mitigation sector (e.g. solar, wind, energy efficiency), - main climate risks facing selected productive sectors, - key adaptation challenges (e.g. falling agricultural yields), and - goods and services required to strengthen resilience (e.g. import of drought resistant seeds and agricultural services)												
Activity 2: Map and analyze current trade, trade potential and market access conditions (including tariffs, taxes, rules of origin and other non-tariff measures) governing imports and exports of climate mitigation and adaptation goods.												
Activity 3: Undertake consultations/ survey businesses to provide evidence on how tariff and NTMs are impacting access to traded CRGS and assess how the business environment fosters development and uptake of identified CRGS (including both mitigation and adaptation)												
Activity 4: Country analysis of Activities 1 to 4 of trade and business environment factors influencing deployment and potential opportunities for future development of CRGS.												
Output: 2: Strengthened capacity of developing countries MSMEs to comply with climate-related components of voluntary sustainability schemes and initiatives.												
Activity 1: Develop methodology and MSME questionnaire (2023)												
Activity 2: Deployment of the questionnaire through training workshops for BSOs and awareness raising activities targeted at MSMEs. (timing tbc, latest 01/2024)												
Activity 3: Collection, aggregation (per activity sector/country) and analysis of MSME data, to provide understanding of whether, how and to what extent MSMEs are able to meet specific climate related requirements.												
Activity 4: Development of individual action plans for identified MSMEs, with prioritization of climate measures for greater climate competitiveness based on the questionnaires data.												
Activity 5: Preparation of briefing papers on MSME ability to meet the climate-related components to inform policy development.												
Output: 3: Increased awareness at government level on role for trade to support low carbon transition and capacity to engage in WTO trade and environment processes												
Activity 1: Workshop at country level to present findings												
Activity 2: Support to national policy makers on building strategies for negotiations/ submissions in WTO/ TESSD												



Thank you





International
Trade
Centre

TRADE IMPACT
FOR GOOD

Pamela Coke-Hamilton
Executive Director

Ref.: ITC/DSIT/GIVC/C190

Geneva, 23 May 2023

Your Excellency,

Further to discussions between our respective teams and the review of the application to participate in the project "Climate Competitiveness: Building opportunities in the green economy for emerging and developing countries", I am pleased to confirm the inclusion of Philippines in the project.

Under the project, the International Trade Centre (ITC) will work with the Mission in Geneva and national counterparts including the Ministry of Industry and Trade, to develop a better understanding of the role of trade and trade policy to build climate resilience and to decarbonize the economy. It will also build MSME capacity to map and comply with trade-related climate measures and to engage with the Trade and Environmental Sustainability Structured Discussions (TESSD) at the World Trade Organization.

The project coordinator and focal point at ITC is Mr. Alexander Kasterine, he can be reached on email at kasterine@intracen.org.

ITC looks forward to continuing the fruitful collaboration with Philippines throughout this project.

Yours sincerely,

Pamela Coke-Hamilton

H.E. Manuel A.J. Teehankee
Ambassador and Permanent Representative
Permanent Mission of the Philippines
to the World Trade Organization
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FEB 16 2023

ATTY. ALLAN B. GEPTY
Assistant Secretary
Industry Development and Trade Policy Group
Department of Trade and Industry

Dear Assistant Secretary Gepty:

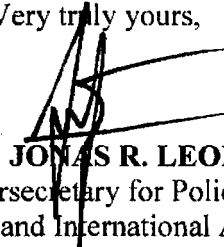
This pertains to your letter dated 30 January 2023, transmitting the invitation from the International Trade Centre (ITC) regarding the ITC's development cooperation project entitled "*Climate competitiveness: Building opportunities in the green economy for emerging and developing countries*"

Please be informed that upon review of the document regarding the ITC's invitation call for application on the Green Economy Trade Project, we note that the project counterpart will be the Ministries of Trade (for the Philippines, it is the Department of Trade and Industry) in collaboration with other government agencies on climate, environment, forests, etc.). In this regard, the Department could support the DTI by providing technical inputs, if available, should the DTI be interested to apply for the said project.

Moreover, while noting that the official co-sponsorship of Trade and Environmental Sustainability Structured Discussions (TESSD) at the World Trade Organization (WTO) is not required, may we be clarified with the implication of the said project on the Philippines' membership to TESSD.

Thank you and warm regards.

Very truly yours,


ATTY. JONAS R. LEONES
Undersecretary for Policy,
Planning and International Affairs

cc: The Head Executive Assistant
Office of the Secretary