



Republic of the Philippines
Department of Environment and Natural Resources
Visayas Avenue, Diliman, Quezon City
Tel. Nos. (02) 8920-0689 / 8925-8275 / 0917-885-3367 / 0917-868-3367
Website: <http://www.denr.gov.ph> / E-mail: web@denr.gov.ph

MEMORANDUM

FOR : **The Directors**
Biodiversity Management Bureau
Ecosystems Research and Development Bureau
Environmental Management 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 : **REVISED CONCEPT NOTE OF THE EU PROJECT ON CLIMATE COMPETITIVENESS: BUILDING OPPORTUNITIES IN THE GREEN ECONOMY FOR EMERGING AND DEVELOPING COUNTRIES**

DATE : 07 NOV 2023

This has reference to the letter dated 13 October 2023 from the Department of Trade and Industry, requesting the DENR's comments on the revised concept note of the EU Project on Climate Competitiveness: Building Opportunities in the Green Economy for Emerging and Developing Countries.

It may be recalled that the Climate Change Service, Foreign Assisted and Special Projects Service, Forest Management Bureau, Ecosystems Research and Development Bureau, and Environmental Management Bureau have provided their comments on the first draft of the concept notes. Considering the initial comments from the Philippines, the ITC has revised the said concept notes and focus on three (3) results areas:

1. Result Area 1: National stakeholders' awareness raised and needs identified;
2. Result Area 2: Stakeholder capacity built, and research delivered; and
3. Result Area 3: Submission made to the WTO Trade and Environment Committee.

In this regard, enclosed as **Annex A** is the revised concept notes for your review and additional comments. Relatedly, please be informed that the ITC will be conducting a consultation mission this November, to discuss the project with relevant agencies and to solicit feedback on the priority areas on which the project may focus. We will transmit subsequent communication, once provided by the DTI.

We would appreciate receiving your written review/assessment **on or before 09 November 2023** through our email address: psddivision@gmail.com.

For your preferential action, please.


CHERYL/LOISE T. LEAL



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

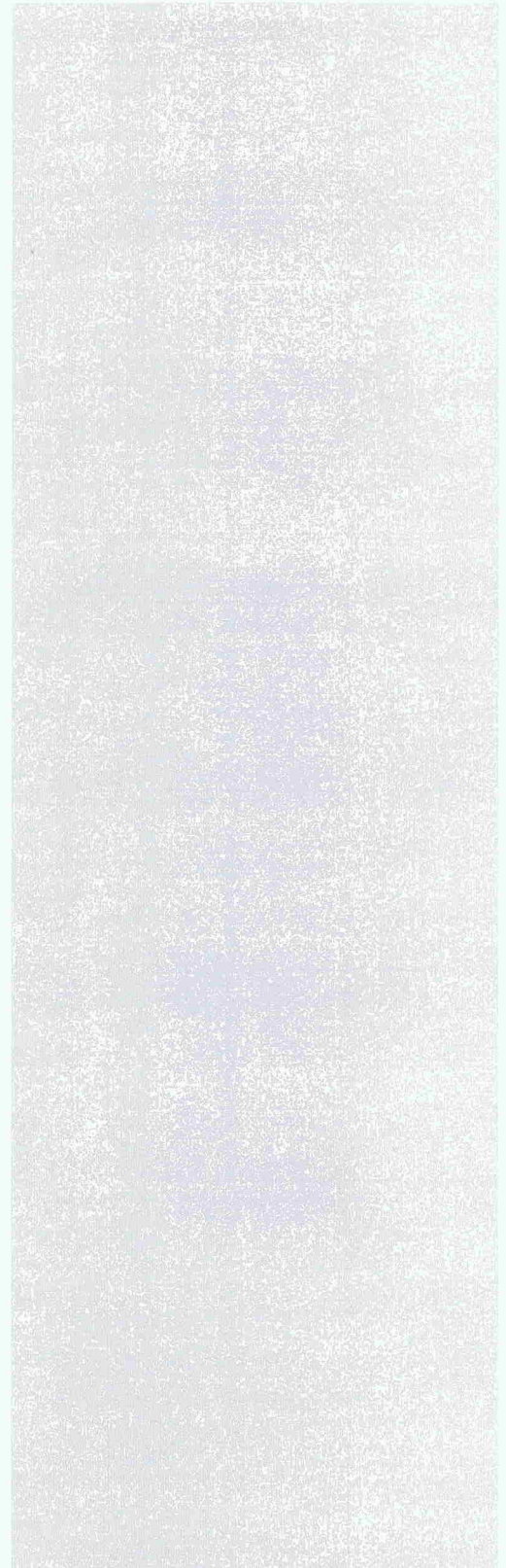
A development cooperation project 2023-2025



Funded by the European Union

Updated Concept Note

9th October 2023



Trade support to the green transition and climate change objectives

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 role to play in this transition. The Committee on Trade and Environment (CTE) and the Trade and Environment Structured Sustainability Discussions (TESSD) at the World Trade Organization (WTO) are open to the entire WTO membership. These mechanisms contribute to identifying and understanding the relationship between trade and environment that also contributes to sustainable development.

~~The~~ project aims to increase the engagement of developing countries in the CTE and TESSD on green transition issues. ~~Working with seven countries, it~~ will facilitate the preparation of trade strategies on the green transition and climate resilience and provide capacity building support to build the competitiveness of micro, small, and medium enterprises (MSMEs) businesses in the export of green environmental goods and services and green economy adaptation.

The project

Seven (7) countries have been selected to participate in this project. These are the Philippines and Viet Nam (Asia), Kenya, Mauritius and Senegal (Africa) and Ecuador and the Dominican Republic (Latin America and the Caribbean).

The project 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.).

The project's overall objective is to strengthen climate resilience and low carbon transition path of developing the beneficiary countries. Its outcome will be the strengthened engagement of countries in trade and environment discussions at a multilateral level. Official co-sponsorship of the TESSD is not required.

It will achieve this objective through the following three (3) result areas and supporting activities:

Result Area 1 National stakeholders' awareness raised and needs identified.

The first phase will raise ~~an~~ evidence base on the nexus between trade and climate change through a review of the literature and data analysis. Based on this research, the project will raise awareness in the country on the linkage between trade, climate and the green transition. It will identify priority capacity building needs with stakeholders either at the policy, business support organization, or MSME levels.

Activity 1.1 Establish evidence base for trade and climate nexus international and in country context

- The structure of the evidence base could include the following topics: the level and

Formatted: Bottom: 2.25 cm

Formatted: Space Before: 0 pt

Formatted: Space Before: 0 pt

Formatted: Space Before: 0 pt

Formatted: Font: Italic

drivers of emissions in trade, the role of trade policy in climate efforts, overview of economic sectors and trade, national climate objectives (from Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs), technology and the role of trade (environmental goods and services, non-tariff measures and tariffs), and environmental policies and trade- (i.e., how government and the private sector are introducing measures to decarbonize supply chains).

Commented [BITR-MRD1]: We suggest that the Project focus on key priority sectors that will likely be affected by the EU regulations (i.e., CBAM, Deforestation regulation, among others). The following sectors are suggested:
1.Coconut

Activity 1.2 Awareness raising on the trade and climate nexus

In a national workshop, ~~the ITC, in collaboration with the Geneva-based Mission, convened through the national counterpart (Ministry of Trade), ITC and local partners, the project~~ will raise awareness around the trade and climate nexus, including trade and investment opportunities for the Philippines. Stakeholders invited by the national counterpart will include the government agencies, business support organisations (BSOs), chambers of commerce, small business, experts and civil society-Philippine exporters and MSMEs.

Formatted: Body Text, Left, Indent: Left: 0 cm, Right: 0.2 cm, Space Before: 0 pt, Tab stops: 1.45 cm, Left

Activity 1.3 Identification of capacity building priorities in the climate trade nexus

Following the awareness raising session, ITC and national stakeholders will identify the priorities of stakeholders with respect to trade, climate change and the green transition. At the MSME level, these relate to risks and opportunities facing companies as they export goods and services and into markets that are governed by climate measures. At the policy level, these needs will relate to exploring the role for-of trade policy to support in supporting climate objectives and to respond/responding to changing demands in export markets in view of them implementing their climate objectives. This process will result in the design of capacity building initiatives at the policy, and MSME levels.

Commented [BITR-MRD2]: Needs assessment shall focus on the identified priority sectors

Commented [BITR-MRD3]: Can focus on the EU directives/policies on the environment already in place (CBAM, Deforestation) as well as the the UN Plastic Treaty. Goal to have it in force by 2024.

Activity 1.4 Definition of the project workplan

Building on the priorities identified in Activity 1.3, ITC will work closely with the national focal point to elaborate on the different activities under the project.

Result Area 2 Stakeholder capacity built, and research delivered.

Formatted: Font: Italic

Based on the priorities identified in Result Area 1, the project will deliver capacity building on green transition and climate resilience. The principal stakeholders are policy-makers, business support organizations (BSOs) and small businesses-Philippine exporters and MSMEs.

Formatted: Justified

Activity 2.1 Delivery of tailored capacity building

The range of capacity building modules delivered by ITC and local experts could include *inter alia* the following themes:

At the policy ~~and BSO~~-levels:

- Formulation of a *strategy for the government* on how trade can support the building

- of climate change resilience;
- Assessment of the potential impact of *climate measures* from government and the private sector;
- Work on methodologies and capacity for *carbon measurement and reporting* at the government and private sector levels;
- Market research to identify *opportunities in green markets* (e.g., *climate relatedclimate-related* goods and services, environmentally preferable products);
- A *business survey of trade barriers* (e.g., Non-Tariff Measures) to accessing *climate relatedclimate-related* goods and services either for renewable energy or adaptation; *and*
- *Training BSOs-relevant government agencies* on managing green transition risks and opportunities *vis-à-vis trade*.

At the MSME level

- Upgrading of *quality, packaging and marketing capacity* for businesses exporting environmentally *preferable products* and climate-related goods and services;
- Training on compliance with *carbon standards and Scope 3 emissions reporting and voluntary sustainability standards, as well as managing green transition risks and opportunities*;
- Assessments of opportunities for small businesses to export *newly emerging climate relatedclimate-related* goods and services; *and*
- Fostering *green entrepreneurship and climate technology incubators*.

Formatted: Font: Not Italic

Formatted: Indent: Left: 0 cm

Formatted: Font: Italic

Result Area 3: Submission made to the WTO Committee on Trade and Environment Committee

Activity 3.1 Stakeholder dialogues

The project will present the findings of the capacity building undertaken under Result Area 2 at a national workshop with key stakeholders including both policy-makers and the private sector. Efforts will be made to include other participating countries in the project to allow for lessons learnt across the project and in the respective regions. The dialogues will build awareness around trade and climate linkages and refine the preparation of the submission to the WTO.

Activity 3.2 Technical Support to the Stakeholder ~~submission-Submission~~ to the WTO

Based on the capacity building and research undertaken in Result Area 2 and dialogue undertaken in Activity 3.1, ITC will support the project counterpart (Geneva-based Mission working with the national project focal point) to prepare a submission to the WTO. The submission will be defined by the country and could include for example, lessons learnt for greening Aid for Trade, strategic priorities in the green transition, regional initiatives, case studies, or funding proposals. It is envisaged that the research undertaken in Activity 1.1 combined with lessons learnt from the capacity building (Activity 2.1) would form a core part of the submission.

Timeline

The project will be delivered by ITC in partnership with country counterparts, particularly the Ministry of Trade, and ~~the involvement of the~~ Geneva-based ~~delegation~~ Mission. Table 1 shows the three (3) Result Areas and their implementation timeline over the 12-month period of implementation.

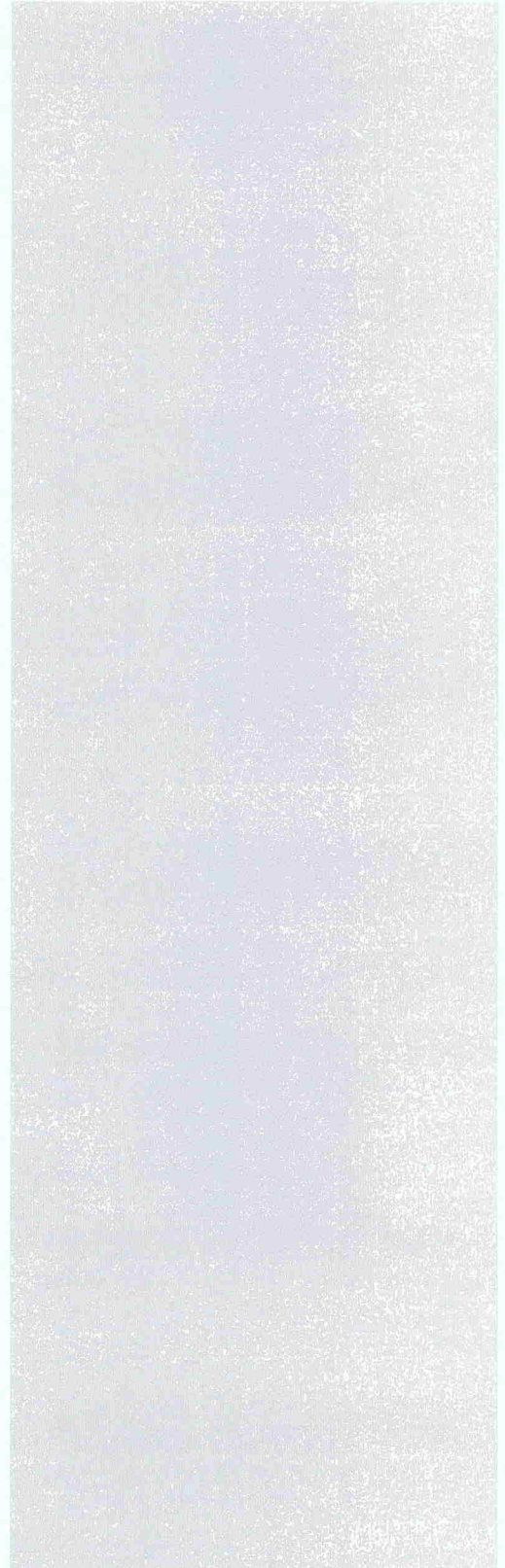


Table 1 Overview and Timeline

Result Areas and Activities	Main stakeholders	Timeline
<p>Result Area 1</p> <p>Activity 1.1 Establish evidence base for trade and climate nexus international and in country context</p> <p>Activity 1.2 Awareness raising on the trade and climate nexus</p> <p>Activity 1.3 Identification of capacity building priorities in the climate trade nexus</p> <p>Activity 1.4 Definition of the project workplan</p>	<p>ITC</p> <p>National/[-international consultants</p> <p>Country Focal Points</p>	<p>Months 1-3</p>
<p>Result Area 2</p> <p>Activity 2.1 Delivery of tailored capacity building</p>	<p>ITC</p> <p>National/[-international consultants</p> <p><i>Small business BSOs</i></p> <p>Policymakers</p>	<p>Months 4-9</p>
<p>Result Area 3</p> <p>Activity 3.1 Stakeholder dialogues</p> <p>Activity 3.2 <i>Technical Support to the Stakeholder submission to the WTO</i></p>	<p>ITC</p> <p>Country <i>Focal Points FP</i>- Geneva-based delegation</p> <p><i>ITC</i></p> <p><i>Participation of kKey stakeholders</i></p>	<p>Months 10-12</p>

Formatted: Line spacing: Multiple 1.15 li

Formatted: Indent: Left: 0.33 cm, First line: 0.01 cm

Formatted: Centered

Formatted: Indent: Left: 0.24 cm, Space Before: 3.5 pt

Formatted: Centered, Indent: First line: 0.1 cm

Formatted: Left, Indent: Left: 0.33 cm

For further information

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

Michaela Summerer, Associate Expert, Division for Sustainable and Inclusive Trade, International Trade Centre, Geneva, Switzerland. Email: msummerer@intracen.org