

## Reform of Global Sustainable Development Institutions

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### INTRODUCTION AND SUMMARY

Forty years after the Stockholm Conference, at which the UNEP was created, and the Rio Earth Summit, which saw the establishment of the UN Commission on Sustainable Development (CSD), the reform of global sustainable development institutions is again on the agenda. The current multitude of institutions seems neither efficient nor effective. If the world embarks on a new agenda of green development roadmaps and decides on a new generation of sustainable development goals, working institutions at the UN level will be necessary to set common rules, coordinate global efforts and help in particular the least developed countries (LDCs) to implement those objectives.

Not only the global sustainable development institutions themselves, but also how they are financed must be reformed. Funding for the global sustainability agenda must not only be increased, but be made more permanent and reliable. New sources of funding and innovative financing mechanisms must complement voluntary or assessed contributions from an ever shrinking group of traditional public donors.

The world has also changed since 1992 when East-West confrontation was replaced by a North-South one. The old model of the North leading the way while providing financial support to poorer countries trying to catch up with traditional modes of development no longer holds. Future sustainable development

goals will have to apply to all. Emerging economies such as China, India and Brazil have already started to engage in global development financing, in addition to their considerable domestic achievements. The principle of common but differentiated responsibilities remains valid, but differentiation between countries has become multi-layered and much more complex than 20 years before.

In today's world, traditional alliances such as the OECD economies on one side and the G77+China group of developing economies on the other, remain important. However, new alliances and strategic partnerships continue to gain in importance. The growing relationship between the European countries (either individually or jointly within the European Union) and China is a particularly important example of a new culture of partnership between the traditional North and South.

### 1. FROM STOCKHOLM TO RIO AND RIO+20

The 1972 UN Conference on the Human Environment in Stockholm opened the age of global environmental

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governance. Environmental concerns were on the rise in the Western world. Indian Prime Minister Indira Gandhi, however, rightly described poverty as the biggest environmental problem in the world.

Stockholm 1972 gave birth to the new United Nations Environmental Programme (UNEP), based in Nairobi as the first significant UN institution on the African continent. UNEP has since spawned a multitude of environmental agreements but has failed to remain the central and coordinating body for the overall global environmental governance system that has developed over the past 40 years. UNEP reform has long been on the agenda, including some of the options that will finally be discussed at the Rio+20 summit in summer 2012.

The concept of sustainable development was introduced in 1987 by the UN World Commission on Environment and Development (led by former Norwegian Prime Minister, Gro Harlem Brundtland) in *Our Common Future* (also known as the Brundtland Report) as development with three pillars – social, economic and environmental – that »meets the needs of the present without compromising the ability of future generations to meet their own needs«. The Brundtland report was ahead of its time, boldly declaring a unity of purpose between environmental and development policies. The tension, whether real or perceived, between the environmental agenda of the North and the development agenda of the South, however, has marred the global sustainability debate ever since. The institutions created over the course of time, the United Nations Development Programme (UNDP) on the one hand, and the comparatively weak UNEP on the other, embody that challenge – and continue to embody the fact that integration has not yet fully succeeded, although both institutions – as well as others – have now developed a strong track record of cooperation.

The 1992 UN Conference on Environment and Development in Rio de Janeiro took place on the occasion of the twentieth anniversary of the Stockholm

conference. Rio 1992 was also part of a series of world summits that were deliberately designed after the end of the Cold War for discussing and establishing a new model of global governance. Rio remains the best remembered conference from that era – and arguably the most productive. Consequently, Rio was dubbed »The Earth Summit«, a particular honour that proved the increasing importance of the sustainability paradigm, based on the three pillars of development: social, economic and environmental.

The outcomes of Rio included a political declaration (Rio Declaration on the Environment and Development), the programmatic Agenda 21,<sup>1</sup> the UN Framework Convention on Climate Change, the Convention on Biological Diversity, the UN Forest Principles and an agreement to work toward a new Desertification Convention.

The new Commission on Sustainable Development (CSD) was established in December 1992 under the UN's Economic and Social Committee (EcoSoc) and tasked with advancing implementation of Agenda 21. However, few concrete outcomes were agreed during the annual meetings of the CSD, as a result of which political relevance and, with that, the attendance of high-level officials and ministers declined over the years. CSD is now in dire need of reform and should probably be abolished in its current form or replaced by a higher level, more political forum.

At the same time, the regular Conferences of the Parties (COPs) of the two Rio Conventions, which continue to govern the policy areas of climate and biodiversity, have retained their status as high level political fora and, step by step, have developed legally binding regimes. Both Conventions are underpinned by ever growing Secretariats. The Climate Secretariat, which reports directly to the UN General Secretary, has become a second nucleus of the UN's global environmental governance system, next to UNEP itself. The General Secretary of the CBD still reports to UNEP. The CBD Secretariat remains considerably smaller.

<sup>1</sup> The action plan on sustainable development was the major outcome of the Rio Earth Summit in 1992. It is a comprehensive blueprint of action to be taken globally, nationally, and locally by organizations of the UN, governments, and major groups to advance sustainable development and every area.

The rise in influence of the Climate Secretariat and at the same time the mere fact that the prominent issue of climate change is still dealt with outside the UNEP, has further weakened the UNEP at the core of the UN's global environmental governance system.

The last major UN summit on sustainable development took place 10 years after Rio in the South African metropolis Johannesburg. Besides the Johannesburg Plan of Action, a non-binding document of little consequence, a model of public-private partnerships was created that will serve as a guide to similar sustainable development partnerships coming out of the Rio+20 summit.

Indirect results of the Johannesburg Summit include the creation of the International Renewable Energy Agency (IRENA), and notable civil society initiatives such as the annual Equator Prize awarded by UNDP and others to model grassroots sustainability initiatives all over the world.

Johannesburg did not, however, address already visible strains on international sustainable development governance. Most notably, reform of UNEP was taken off the agenda and the CSD, already recognised by many as inefficient, remained largely untouched, with only a slightly revised agenda and meeting schedule.

## 2. THE RIO+20 AGENDA

When the UN General Assembly accepted Brazil's proposal of a Rio+20 summit meeting, three objectives were set:

- (i) to secure a renewed commitment to sustainable development;
- (ii) to assess progress and gaps in the implementation of existing commitments; and
- (iii) to address new and emerging challenges.

In addition, two themes were identified within the framework of which these objectives will be achieved:

- a green economy within the context of sustainable development and poverty eradication;
- institutional framework for sustainable development.

A zero draft document published by the United Nations on 10 January 2012 provides the first guidance on

how this fairly abstract agenda can be made more concrete. The zero draft is based on input from countries, UN institutions and other stakeholders, including business, trade unions and civil society organisations.

A transition to a green, resource-efficient Green Economy is an agenda focused not just on developed, but very much on developing economies. The green economy will also transcend the low carbon development paradigm and apply a much broader perspective on the sustainable use of resources, the climate challenge being just one of many to be addressed. This will involve linking energy development with the sustainable development of other natural resources, such as water, agriculture and general land use. Rio+20 will not be about new global agreements but rather a new consensus around a green development paradigm, putting the provision of ecosystem services at the centre of development and establishing mechanisms that put a value on nature.

Rio+20 needs to answer a number of fundamental questions, such as how the world will provide access to electricity for 1.3 billion people, overcome water scarcity for 1.2 billion people or find employment for over one billion people currently unemployed or under-employed and the half a billion young people set to join the work force within the next decade.

A green economy should focus on re-orienting international frameworks and institutions for development, finance and capacity building. It should also provide a range of financial, technological and capacity-building instruments; enable developing countries to access international assistance in support of domestically-defined and prioritised strategies and sectors; and develop a corresponding set of international commitments and support mechanisms.

The issue of how the institutional framework for sustainable development should be advanced will be discussed in more detail below.

One of the most promising suggestions emerging from the preparatory talks for Rio 2012, and included in the zero draft document, is the proposition to develop a new set of Sustainable Development Goals to complement Millennium Development Goal 7 »Ensure Environmental Sustainability«. Sustainable

development should be the foundation of the post-2015 global development framework. This new framework therefore needs to reflect the importance of valuing and maintaining the Earth's natural systems. Biodiversity conservation and the protection of ecosystem services need to be mainstreamed into decision-making processes at all levels and investments in natural capital should be part of new Sustainable Development Goals. The document should include investments in natural capital and the valuation and conservation of ecosystem services and green infrastructure – within terrestrial and marine environments – within new Sustainable Development Goals.

Periodic reviews of the earth's bearing capacity will be necessary to refine specific goals related to the achievement of food and water security and the eradication of poverty. The maintenance of healthy natural systems is essential to achieving social and economic goals, including as outlined in the Millennium Development Goals. Therefore, the document should include the importance of developing, and periodically refining, appropriate measures for natural capital as underpinning the post-2015 development framework.

### 3. INSTITUTIONAL FRAMEWORK FOR SUSTAINABLE DEVELOPMENT

It is obvious that the current institutional framework for sustainable development needs to be reformed, strengthened, better coordinated and made more coherent at the global, regional, national, sub-national and local levels.

A new system should be designed in terms of a number of critical functions that have been identified in discussions over the past ten years. It should provide for political leadership, including at the highest levels, coherence and coordination, stronger science policy interface, effectiveness and efficiency in implementation, progress monitoring and review, transparency and accountability, as well as wider and more effective involvement of major groups and non-state actors. Any reform should promote synergies between existing processes, seek to avoid duplication, eliminate unnecessary overlaps, maximise effective use of financial resources, reduce administrative burdens and build on

existing arrangements.

The UN zero draft already contains a number of options concerning how to improve the institutional framework for sustainable development. The main proposals concern upgrading UNEP into a new specialised agency on a par with others within the UN system, reforming the Commission on Sustainable Development (CSD) and creating the new institution of an Ombudsman for Future Generations.

Farther-reaching ideas and proposals, such as the creation of a World Environmental Organization (WEO) or a merger of UNEP and UNDP into a UN Sustainable Development Organization (UNSDO), did not gain the necessary political support and were dropped from the agenda.

In order to fully realise a green economy, a new UN specialised agency should be established. Membership should be universal. Universal membership should not only lead to more legitimacy but also to more adequate and predictable financing for the reformed institution's tasks. The crucial matter of financing for sustainable development will be discussed in more detail below. Its mandate should focus not only on the environment, but also on how to more effectively integrate natural resource management into economic decision-making. Therefore, the Rio+20 outcome document should position a new UN specialised agency with the mandate to advise on how to invest in natural capital as fundamental to economic development.

Although reforming UNEP might be the most urgent task to improve international environmental governance, the broader agenda of the institutional framework for sustainable development must be taken care of in a body not solely focused on the environmental agenda. However, the current Commission on Sustainable Development (CSD) established in Rio to monitor and advance the implementation of Agenda 21 has largely proven ineffective. Therefore, the CSD should be transformed into a Sustainable Development Council as a high level body to strengthen and integrate all three pillars of sustainable development

It has also been suggested to create an Ombudsman for Future Generations who would listen to concerns about sustainability from the whole UN

system and the global citizenry and report directly to the General Assembly. The Ombudsman would also help to promote enhanced access to information, public participation in decision-making and access to justice in environmental matters.

#### 4. FINANCING OPTIONS FOR SUSTAINABLE DEVELOPMENT INSTITUTIONS

In the zero draft for the Rio+20 outcome declaration, the issue of financing is addressed under the heading of »means of implementation«. The document rightly calls for the prioritisation of sustainable development in the allocation of resources in line with the priorities and needs of developing countries, and for substantial increases in the provision of financing to developing countries for sustainable development.

Current financing for the international system of sustainable development governance consists of numerous bilateral and multilateral mechanisms. Thus, there are currently few estimates on how much money is flowing into the system. Although the overall volume of funding for sustainability activities has increased in recent decades, it remains short of the estimates of what is necessary to meet the various targets, such as in climate change mitigation, adaptation or biodiversity protection.

Beyond increasing the scale of financing, greater diversity of contributions must be provided for in order to achieve greater independence from individual donors and thus greater predictability of funding. Ideally, this would include financing mechanisms that operate largely independent of budget decisions in the donor countries. Several such options have been put forward as »new and innovative« financing mechanisms (as distinct from traditional financing: in other words, pledges from donor countries' national budgets). Public budgets in traditional donor countries are currently under strain and any commitments that go beyond recent fast-start climate financing pledges from the Copenhagen climate conference will be difficult to realise. Climate change, although of central importance, is not the sole sustainability challenge faced by developing countries. Other challenges also have to be met from the necessary financial resources. Mobilising

those funds from new, innovative and private sources will therefore become increasingly important.

Key strategies to back up the necessary reforms of the institutional framework for sustainable development, as well as other urgent development needs – particularly the financing needs of the Rio Conventions – include:

- Reforming government contributions to IEG funding by introducing a system of predictable, assessed contributions;
- mobilising private funding;
- supporting philanthropic investments;
- market-based instruments (carbon market; payments for ecosystem services);
- charges on the use of Global Commons, including levies on air and maritime transport, as well as parts of the revenue streams from new financial transaction taxes;
- removal of environmentally harmful subsidies, particularly in the energy, forest, agriculture and natural resource extraction sectors.

#### 5. A NEW WORLD OF COOPERATION

Rio 1992 took place in a different age of global optimism and in the belief that the UN system, after the end of the Cold War, could finally address the challenges of global change in a comprehensive way and through the establishment of a new generation of international treaties and within a system of global governance. The main fault lines in the negotiations leading to Rio were between North and South. The North of the OECD world (for example, Europe, United States and Japan) was pitted against developing countries organised in the Group of 77 (G77) plus China. Civil society organisations and other major groups for the first time played a major role in a global summit and since then have gained a seat at the table, as observers, monitors and sometimes stakeholders in international organisations.

Rio 2012 will happen in circumstances in which the once stable blocs of the OECD world and the G77+China have changed significantly. The once stable alliance between Europe and the United States in global environmental negotiations has shown significant

strains since the United States bailed out of the Kyoto Protocol. The G77 has differentiated between emerging political and economic power houses, such as China, India or Brazil, middle-income countries, mainly from Asia and Latin America, least developed nations and country groupings with special concerns, such as the small island developing nations or the oil exporting OPEC countries.

The climate conference in Durban has already shown that old alliances no longer hold. The Cartagena Alliance between the EU and a group of middle-income developing countries that want to move ahead more quickly towards a binding international climate agreement played an important role in setting the stage for the Durban summit. In Durban itself, the EU also aligned itself with developing small island nations and African countries that see themselves as the frontline victims of climate change and are therefore asking for decisive action to reduce emissions not only in developed but also in rapidly growing emerging economies.

China, at the centre of the new global politics of sustainable development, could serve as a bridge between North and South. China has played a critical role in the emergence of the BASIC<sup>2</sup> alliance. The G20, in which China plays a prominent role, might soon develop into a forum where not only the economic and financial agenda are discussed, but also broader issues of sustainable development, including climate change.

The relationship between the EU and China could develop into a core relationship within a multi-polar global system. Both Europe and China believe in the primacy of the UN system to govern international law. The general public and political leaderships in both have shown consistent and strong support for decisive action on climate change. Cooperation on technology development, particularly in the areas of renewable resources, efficient energy technologies and sustainable urban development hold considerable promise for both business and societies.

Both China and the EU should also serve the

common purpose to help create a strong and effective system of international governance for sustainable development, not least to address the developing challenges that least developed countries, small island nations and others on the frontline of global change will increasingly face in the years to come.

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<sup>2</sup> A political alliance between Brazil, South Africa, India and China formed before the Copenhagen climate conference with a view to coordinating the four countries' negotiating positions within the UN climate talks.

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