Institutional Framework for Sustainable Development

As the challenges to sustainable development have outgrown existing institutional capacities, it is now time to update the institutional framework for sustainable development (IFSD).

IGES’s vision on the key principles and directions for IFSD is that it should include: multilevel governance and participation; integration and mainstreaming among the three dimensions of sustainable development; the subsidiarity principle; and strengthening environmental governance, because environment is the foundation for all other human and economic activity. IGES believes that fundamental reform of IFSD and international environmental governance (IEG) should be undertaken with a graduated and phased approach. Each sequence will provide necessary momentum for subsequent steps.

For the short-to-medium term, IGES encourages governments to support the creation of a Sustainable Development Council to better coordinate and oversee budgeting of all UN programmes and agencies. IGES also recommends appointing a High Commissioner for SD. Similarly, at the national level, SD concerns should receive greater attention and be harmonised and mainstreamed into sectoral work programmes through enhanced national coordination. For IEG, UNEP reform should start with universal membership of its Governing Council to enhance legitimacy of IEG and eliminate the time-consuming elections of representatives to the GC. Subsequently, IEG should be upgraded to a specialised agency, with a decision-making mandate and legal independence. In the longer term, IGES suggests the strengthening of regional environmental governance through, for example, formation of a regional environmental hub to be developed in the long run into an Asian Environmental Organisation, similar to regional cooperation frameworks in other regions.

Conclusion

IGES foresees the emergence of interlinked global governance institutions and resilient social and economic systems based on the principles of sustainable development. The Green Economy is an important interim milestone in this vision, in particular for poverty eradication and as a step towards sustainable consumption and production. To support this transition, a reinforced Institutional Framework for Sustainable Development (IFSD) is a necessary condition, in which multi-level and multi-stakeholder governance, as well as equity and social inclusiveness, are crucial.

Executive Summary

IGES Proposal for Rio+20

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* The contents of this publication are the opinions of the IGES researchers and do not reflect the views of any national and international institutions.
A resilient society has the adaptive capacity and robustness to handle shocks while maintaining functionality, and over time, grow stronger.

Sudden extreme events can damage past achievements and delay progress on sustainable development. The world’s poor are disproportionately exposed to risk, but vulnerability is not necessarily mitigated simply through economic development or increased income. Globalisation, climate change and unsustainable development paths will contribute to increasingly frequent extreme events with global implications, such as natural disasters and economic crises. The key components for a sustainable and resilient society recommended by IGES include:

1. **Multi-stakeholder/multi-level governance** with better participation and a pro-poor and vulnerable approach for agile, flexible and effective social/political support through better coordination and utilisation of local social ties and knowledge;

2. **Financial schemes for immediate and medium-term recovery** which supports households and small-medium business; and

3. **Decentralised and diversified infrastructure** for energy, water, transportation etc. with balanced management of supply/demand sides.

The extent to which these components are adopted and integrated in each country is determined by the local context and through the development of enabling conditions.

IGES recognised that a key challenge in pursuit of sustainable development is the social, economic and environmental vulnerability caused by a one-sided pursuit of economic growth and efficiency. An emerging paradigm shift to overcome these key challenges is the concept of a green economy supported by investment, job creation, international policy coordination, and the precautionary approach. Towards this goal, IGES proposes the following:

1. **A low-carbon economy with a resilient, secure energy system**
   - Investing in renewable energy, storage and a smart grid is vital to reducing vulnerability, by enhancing a decentralised electricity supply which would secure a backup system during a disaster, and by enhancing demand-side management. Governments should promote this trend by introducing incentives such as feed-in-tariffs and then phasing out of fossil fuel subsidies.

2. **Sustainable consumption and production**
   - Policy for requiring producers to internalise the costs of recycling and other actions for reducing resource consumption, e.g. extended producer responsibility (EPR) and green tax, as well as for making environmental impacts visible to consumers, e.g. green labelling, must be introduced and supported by increased efforts on education, training and skills enhancement. The effectiveness of these interventions depends on the environmental awareness of consumers as well as the ability of producers to improve product design and production processes.
   - A phased approach to introduce these policies taking into account the developmental stages of implementing countries along with international policy cooperation will be most effective.
   - An international fund for sustainable resource management should be established.

3. **Sustainable use of ecosystem services**
   - Wide application of payment for ecosystem services (PES) will contribute to appropriate pricing and sustainable use of ecosystem services in the context of poverty eradication. To promote this, accounting systems should incorporate the economic benefits of ecosystem services from project level to national accounts.
   - Current practice of pricing ecosystem services based on our willingness-to-pay does not necessarily promise sustainable use of ecosystems. To overcome this limitation, the price of ecosystem services can be determined such that policies or actions to ensure sustainable use of ecosystem services would improve social welfare.