Overview of Issues Relating to the Institutional Structure for Sustainable Development

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Towards Rio+20, Singapore

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Rio+20 Themes

- Institutional Structure for Sustainable Development (IFSD)
- Green Economy
- International Environmental Governance (IEG)
Outline

- Relation between sustainable development, environment, and green economy
- Institutions for IFSD
- Suggestions for Rio+20
Three Dimensions of Sustainable Development

- Society exists in the environment
- Economy is one aspect of society

Nested Dependencies Model.
Relationship between Sustainable Development, Environment, and Green Economy

- Make the Economy “Green”
- Environment is the foundation

- Avoid wasting time on discussion of definitions
- Each country should implement green economy based on its own circumstances
Options for strengthening IFSD (officially on the agenda)

1. Enhancing UNEP
   - Universal membership, no change in mandate, minimal financial implications

2. Establishing a new umbrella organization for sustainable development.
   - New institution with executive functions; established by GA or legal instrument
   - Possibly founded on existing entities.
   - Focus on economic, social and environmental dimensions

3. Establishing a specialized agency such as a world environment organization.
   - Modeled on UN agencies such as the World Health Organization (WHO) & FAO, which are hybrid normative and operational entities.
   - Global authority on the environment, policy guidance to other UN entities

4. Reforming the Economic & Social Council & the CSD. Options:
   - Strengthening coordination
   - Merging the Economic & Social Council with CSD into a Council on SD
   - Upgrade the CSD to a council (GA resolution)

5. Enhancing institutional reforms and streamlining existing structures.

From: Objectives & Themes of the UN Conference on Sustainable development, Report of the Secretary General. 2nd Prepcom, 7-8 March 2011, A/CONF.216/PC/7
Observations on IFSD Structure

- National governments determine international institutions
  - UN reform cannot happen without their agreement
  - Governments accountable only to domestic constituents
  - UN organizations are accountable to national governments (which have varied interests)

- GA & ECOSOC institutions are comparatively weak

- Major economic institutions (e.g. IMF, WB, WTO etc.)
  - Separate governance structures outside GA
  - More influence by developed countries

- Fragmentation: many overlapping institutions
  - Governments decided (many like it, despite inconvenience)
  - Difficult to coordinate
## Selected IFSD Institutions

<table>
<thead>
<tr>
<th>ENVIRONMENT</th>
<th>SOCIAL</th>
<th>ECONOMIC</th>
<th>DEVELOPMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNEP</td>
<td>WHO</td>
<td>World Bank</td>
<td>CSD</td>
</tr>
<tr>
<td>GEF</td>
<td>UNESCO</td>
<td>IMF</td>
<td>UNDP</td>
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<tr>
<td>MEAs</td>
<td>ILO</td>
<td>WTO</td>
<td>UNCTAD</td>
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<td></td>
<td>UNICEF</td>
<td>FAO</td>
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<td>UN-HABITAT</td>
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## Current Economic Institutions at different levels

<table>
<thead>
<tr>
<th>Level</th>
<th>Institutions (selected, not comprehensive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global: Bretton Woods</td>
<td>World Bank, IMF, WTO</td>
</tr>
<tr>
<td>Global: Other</td>
<td>G20, G8, including ministers meetings (finance ministers &amp; central bank governors)</td>
</tr>
<tr>
<td>Global: UN related</td>
<td>GEF, UNDP, UNCTAD, UNIDO, ILO, etc.</td>
</tr>
<tr>
<td>Regional: Asia</td>
<td>APEC, APP, ADB, ASEAN, ministers meetings</td>
</tr>
<tr>
<td>National</td>
<td>Executives, Ministries of Economy, Finance, Trade, sector ministries (energy, transport, etc.), central banks</td>
</tr>
<tr>
<td>Subnational</td>
<td>Various subnational governments</td>
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<tr>
<td>Standard setting</td>
<td>ISO, Global Bioenergy Partnership, accounting</td>
</tr>
<tr>
<td>Non-governmental</td>
<td>Especially business related, ISO, cartels, etc.</td>
</tr>
<tr>
<td>Sector: Energy</td>
<td>IEA, IRENA, OPEC</td>
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Current economic institutions’ orientation towards sustainable development

<table>
<thead>
<tr>
<th>INSTITUTIONS</th>
<th>ORIENTATION TOWARDS SUSTAINABLE DEVELOPMENT</th>
</tr>
</thead>
</table>
| G20 Finance Ministers & Central Banks | • Sustainable growth  
• Goal: “ensure the global economic recovery and the transition to a strong, sustainable and balanced growth” (April 23, 2010, Washington) |
| IMF                            | • International monetary cooperation, exchange rate stability, balanced growth of international trade, help with balance of payments difficulties, assist poverty reduction” (website)  
• Some relation to SD (poverty reduction) |
| World Bank                     | • Financial & technical assistance to developing countries  
• Fighting poverty (but SD not explicitly mentioned)  
• Activities cover 3 dimensions of SD |
| WTO                            | • Focus on trade; negotiating forum, dispute settlement  
• SD not in mission  
• But emphasizes that environment & trade not incompatible; Doha Round emphasizes trade’s contribution to development |
| ADB                            | • Many activities oriented towards aspects of SD  
• However, overall description of context emphasizes economic development, poverty reduction, development finance, not SD |
Observations on current economic institutions and sustainable development

- Some still emphasize “sustainable growth” (finance ministers & central bankers)
- Others are already working on parts of SD, but do not emphasize that their work takes part in the overall context of SD
- Top political leaders still tend to emphasize “sustainable growth” instead of SD

- Institutions (and political leaders) should be asked to emphasize their commitment to SD, explain their plan to contribute
Overall Problems with SD Governance

- Complex and fragmented
- Tendency for institutions focus on one dimension of SD, lacking broad perspective
- Lack of coordination
- Not addressing inadequate capacity in developing countries
- Inadequate focus on implementation
- Inadequate funding, not used effectively
- CSD failed to produce an outcome for 2 years
- SD agenda overshadowed by overall foreign policy concerns; SD discussion heavily influenced by foreign ministries
  - Insufficient effectiveness, progress
Main obstacles to strengthening sustainable development, green economic transformation

- **Priorities**
  - Unwillingness to give up high consumption lifestyle
  - Prioritization of economic growth

- **Beliefs**
  - Tradeoff between environment and economy
  - Belief that “green” is costly, will reduce jobs
  - Inadequate understanding of environmental costs & benefits

- **Institutions’ current orientation and circumstances**
  - Prioritize economic growth
  - Weak environment and SD institutions
  - Inadequate integration of science into decision making
  - Inadequate consideration of a broad stakeholder views

- **Inadequate capacity (all kinds) in developing countries**

- **Technical**
  - Tradeoffs: addressing one environmental problem can create others
    - (e.g. many renewable energy technologies need rare earth metals, much water)
  - Technical solutions not likely to be sufficient
Solutions need to be addressed at all levels: Multilevel Governance

<table>
<thead>
<tr>
<th>Levels of Governance</th>
<th>Advantages &amp; Disadvantages</th>
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<tbody>
<tr>
<td>❑ Global</td>
<td>• Many problems require global cooperation</td>
</tr>
<tr>
<td></td>
<td>• Global cooperation is cumbersome</td>
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<tr>
<td>❑ Regional / Subregional</td>
<td>• Cooperation &amp; coordination easier than global</td>
</tr>
<tr>
<td>❑ National</td>
<td>• Key powers to tax, spend, regulate</td>
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<tr>
<td>❑ Subnational</td>
<td>• Close to implementation, knows local conditions</td>
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<td>• Limited power, sometimes problems aren’t local</td>
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<tr>
<td>❑ Non-governmental</td>
<td>• Individuals and businesses are key actors</td>
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<td>• Can sometimes act faster than governments</td>
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- One level can’t solve problems alone; cooperation between & within levels needed
- Principle of subsidiarity: delegation to lowest appropriate level
Importance of Multistakeholder Participation

- Can improve coordination
- Can improve information input into decisions
- Can improve implementation
- Can improve legitimacy
- Can improve accountability
Rio+20 Ideas: Strengthen IFSD/IEG Institutions

- Coordinating role for SD/GE needs to be strengthened
  - Probably ECOSOC, Regional Commissions, CSD, Secretary General
  - Needs high profile leadership, better organizational capacity

- IEG also needs to be strengthened
  - At least universal membership, consider WEO
  - Needs additional resources
  - Particularly, focus on capacity building in developing countries

- However
  - IEG/IFSD institutions alone cannot achieve SD/GE
  - Therefore, economic institutions need to work on SD/GE. They are already doing to some extent, but more is needed.
  - Most resources will remain with economic institutions
Rio+20 Ideas: Enhance the Role of Economic Institutions

(IMF, WB, ADB, etc.)

- Call upon them to change mission statements to focus on SD, or how their mission fits with SD
- Call them to explain how they understand SD, current & future actions to promote SD
- Call on G20, other ministers meetings to do the same
- Ask everyone to stop talking about “sustainable growth”
Actions outside of Rio+20 & UN are important

- We cannot rely on the UN to solve problems
- Strengthen regional & subregional institutions (Asian Environment Organization?)
- National governments retain sovereignty, including regulatory & taxing authority.
  - Transformation will require action by national governments
- Subnational governments
- Businesses (CSR)
- Individuals
  - Avoid high consumption lifestyles
  - Support governments efforts to promote SD/GE

- Actions outside Rio+20 & UN can be discussed at Rio+20
- But Rio+20 is the only place to decide UN related reforms
- So need to be careful about the time allocation
Capacity Development for Developing Countries is Key

- Not just technical aspects, but also normative and policy related (hardware and software)
- Needs more resources
- Different institutions have different comparative advantages in conducting capacity development
Accountability

- Question is accountable to whom?
- View of governments
  - There is no world government, above national governments; UN is intergovernmental
  - UN institutions are already accountable to governments
  - Many governments are already accountable to citizens
  - Governments created existing frameworks, which reflect existing political equilibrium
  - So not many governments see need for big change
  - Nothing to persuade or force them to give authority to a higher body
- Dissatisfaction of Environment and SD advocates
  - Dissatisfied with decisions by governments
  - Want something to influence governments
- Solution: (existing; could be strengthened)
  - Public pressure on governments to make commitments
  - Transparency: government commitments are public, checked
  - Multistakeholder participation to increase representativeness