

# Words into Action

For the UN World Summit on Sustainable Development  
Johannesburg, 26 August – 4 September 2002



iiED

International  
Institute for  
Environment and  
Development

Official Publication

# Welcome

**Nigel Cross**, Executive Director, IIED



**J**ohannesburg is one of the world's great cities. Vibrant, diverse, exciting and a centre of business and political influence for the whole of Africa. It also faces huge problems – unemployment, great poverty and inequity alongside great wealth and consumption. A modern city for our times. An example of why we need to take sustainable development seriously – to ensure a more equitable life for all citizens and their successors, not just the privileged and living few.

The International Institute for Environment and Development (IIED) is one of the privileged. We have a long history of involvement with global environmental summits, starting with the Stockholm Conference on the Human Environment in 1972 where IIED's President, Barbara Ward, made the then startling linkage between environment and development, and promoted the idea of sustainable development through her book (with René Dubos) *Only One Earth*. We have been defining and actively promoting sustainable development ever since.

For the Johannesburg Summit we have tried to spotlight key issues and innovative thinking through a number of collaborative publications and meetings:

• **The Future is Now** series, a WSSD guide on policy issues and how they link to the WSSD process

• **WSSD Opinion Papers**, a briefing paper series on key issues before the WSSD

• IIED's 30th Anniversary Conference in November 2001: **Equity for**

## From the Editor

From Stockholm to Johannesburg, IIED has played – and will continue to play – a prominent role in the UN process to advance best practice in sustainable development.

**Words Into Action** is evidence of IIED's longstanding approach of combining the best ideas and perspectives from a broad range of "stakeholders" from the UN and national governments to NGOs and the private sector, in the North and South. We thank the contributors – many of whom wrote their chapters in spite of onerous workloads and time constraints – for their insights and expertise.

This book is not intended to be an exhaustive list of issues that should be addressed at the World Summit on Sustainable Development; rather, as the title implies, it is our hope that this conference will

**a Small Planet**: an International Forum on the WSSD, to help create debate and momentum about the desired outcomes of the Johannesburg Summit

• publication of key global reports, including **Breaking New Ground: Mining, Minerals and Sustainable Development** (in collaboration with the WBCSD); **Sustainable Development Strategies: A Resource Book** (published by the OECD and UNDP); and **Evidence for Hope: the Search for Sustainable Development**, spanning three decades of development and green debates;

• and finally this publication, **Words Into Action**, which seeks to identify practical means of putting policies into action.

As Barbara Ward said over 30 years ago, sustainable development is only possible when peoples and nations act together. This is the business of the World Summit on Sustainable Development.

not be a word summit on sustainable development. We thank the advertisers whose sponsorship has enabled us to distribute copies of this book free of charge to all delegates of the World Summit on Sustainable Development.

IIED is also grateful to Peter Antell and his team at Faircount Publishing for giving us this opportunity to highlight the important issues covered in this book with maximal outreach at the WSSD and beyond.

This book is freely downloadable from IIED's website at: [www.iied.org](http://www.iied.org). Additional copies of this book may be ordered from: [www.earthprint.com](http://www.earthprint.com). We look forward to your feedback via: [info@iied.org](mailto:info@iied.org) and [iied@faircount.co.uk](mailto:iied@faircount.co.uk)

**Lilian Chatterjee**  
Director of Communications, IIED

# PHILIPS

# Making things better,

When Gerard and Anton Philips founded the company, in 1891, to manufacture incandescent lamps, you could say they were enlightened. The tradition continues as Philips aims to become the world's leading eco-efficient company in the electronics and lighting industries.

While Philips has been a good corporate citizen in the social sector since the turn of the century, its commitment to the environment has its roots in Philips' participation in the Club of Rome in 1970. The company's Global Environmental Policy is a living document that has been revised and made more contemporary over the years.

Philips began taking concrete action with its Environmental Opportunity Programme, which set forth a series of ambitious, measurable goals. This was followed up with EcoVision, which ran from 1998 through year-end 2001. EcoVision integrates environmental policy into the company's products and processes, taking into account the entire life cycle of these products, from design and manufacture to use and disposal. The current four-year action programme, EcoVision 2002-2005, will continue to drive progress with stretch targets. Further, this new programme establishes supplier requirements to carefully monitor providers' performance.

Sound like greenwash? Philips has backed this commitment with an independent audit by KPMG to demonstrate not just qualitative but quantitative and auditable results. According to Henk de Bruin, Vice-President of the Corporate Environmental and Energy Office, "Philips has a list of concrete examples that show that we have a leading position on environmental policy within the electronics industry. Philips is taking its environmental policies to the next level. The company is now working at acquiring auditable results, paying much more attention to their key partners' environmental standards and starting to measure health and safety aspects and social issues".

So what has it achieved since launching EcoVision? According to the Philips Environmental Report 2001, it can point to the following results since 1994:

- 74 Green Flagship Products
- 50% reduction in water consumption
- 60% reduction in industrial waste
- 92% of reporting organisations are ISO 14001 certified
- 24% improvement in energy saving
- 21% reduction in packaging



## Encouraging care...

One of the best ways to ensure a sustainable future is to increase environmental awareness. Philips takes this responsibility seriously and participates in activities designed to encourage care for the environment.



### 'Ecological Expo'

Philips Lighting Electronics in Tijuana, Mexico, participated in the 2001 City Ecological Expo. Geared toward educating children from kindergarten through high school, the theme of the three-day event was learning and playing. Some 2,000 visitors to the Philips presentation enjoyed games and cards aimed at teaching them about issues like recycling and how to save water and energy. They also learned about the Company's commitment to reducing hazardous waste and emissions.



### Guiding the way

The 'Philips Brasilis Project' is dedicated to promoting Brazilian culture and art, as well as its historical and natural heritage. As part of this initiative, Philips Brazil in 1999 began sponsoring a successful series of ecotourism guides. The first two were titled 'Brazilian National Parks' and 'Pantan & Bonito'. The latest Philips Guide, published in 2001, focuses on the Amazon. As the earth's largest tropical forest and home of one of its richest biodiversities, the Amazon has fascinated generations of people. In fact, the Rain Forest is the habitat for millions of plants and animals that exist only within its territory – and this Philips Guide provides information to help ensure responsible exploration of this part of the world.

Promoting responsible tourism, the guide covers a wide range of topics including geography and history, Amazonian culture, the biome's unique flora and fauna, its ecosystems and archeology, as well as solutions for the sustainable development of the region. With more than 300 pages, this comprehensive book is available in separate Portuguese and English editions.

# sustainably

And the world is taking notice of Philips' achievements. It was awarded the 1998 World Environment Center Gold Medal for International Corporate Environmental Achievement. In 1988 it won the European Award for Environmental Management.

In addition to its corporate success stories, there is an abundance of national and local initiatives from Philips employees – from cleaning up beaches in Malaysia to promoting ecotourism in Brazil and to Tijuana, Mexico's Ecological Expo. Furthermore, the company maintains a "best practice" database to encourage cross-fertilisation and benchmarking at the shop floor level.

## Responsible Corporate Citizen

Sustainability is the guiding principle, the idea that huge operations can go about their business in a responsible way. This fits well into Philips' mindset.

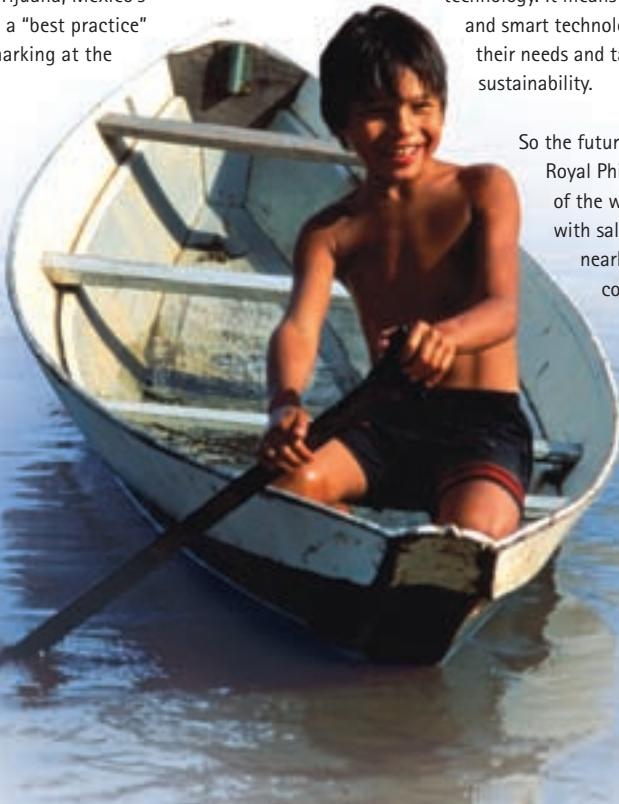
"People, profit and planet is how we sum it up," says Arthur van der Poel, Board of Management member responsible for sustainability. "Our environmental activities fit into this larger picture, and it's useful to think of them as all related: the environment, health and safety and social issues are all part of what it means to be a responsible corporate citizen".

Philips is a member of the World Business Council on Sustainable Development (WBCSD) and adheres to the guidelines of the Global Reporting Initiative (GRI). It will take the additional step of producing a Sustainability Report in 2002.

## The Future is Brighter Still

Philips' agenda has evolved into a holistic approach that incorporates sustainability, technology and society. Josephine Green, Director of Trends and Strategy for Philips, believes "sustainability is becoming the cornerstone of doing business in the 21st century". She states the new direction for Philips is not just being innovative but thinking of the long-term relationship between people and technology. It means delivering socially relevant, meaningful and smart technology that allows people to customise their needs and tastes filtered through the lens of sustainability.

So the future is both bright and sustainable for Royal Philips Electronics of the Netherlands, one of the world's biggest electronics companies with sales of over EUR 32 billion in 2001, with nearly 190,000 employees in more than 60 countries.



Robert Swan is a leading environmentalist and the first man to reach the North and South Poles on foot. During his travels he saw at first hand how, over the years, research bases in the Antarctic have accumulated literally tons of rubbish, rubbish that litters the landscape and pollutes the environment. So, when he wanted to alert the world to this, he created Mission Antarctica, a five-year plan to restore the region to its former beauty. Philips was one of the first companies to get involved in the clean-up.

Philips sponsored the first expedition to the site and helped to buy and equip the yacht that carried the volunteers who were going to collect the rubbish. We paid for the barge that carried the rubbish away to Argentina for recycling. We helped develop and run the Mission Antarctica internet site. And from a competition amongst our own employees we chose, and financed in full, the six Philips people most committed to the operation, men and women prepared to give their time and then energy to help preserve this last great wilderness for future generations.



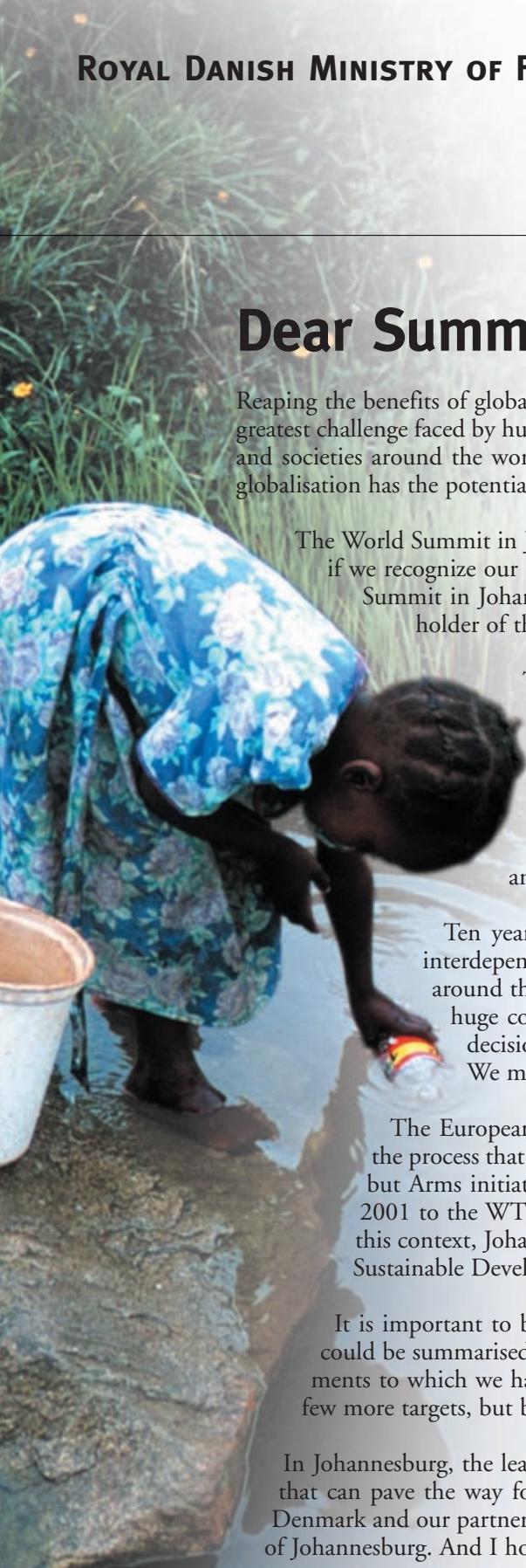
...to the ends of the Earth

# Dear Summit Participants



Reaping the benefits of globalisation without eroding out the planet's capacity to sustain us – is the greatest challenge faced by humanity in this new Millennium. The growing integration of economies and societies around the world offers opportunities and challenges to all of us. Properly managed globalisation has the potential to increase living standards for all in a sustainable manner.

The World Summit in Johannesburg offers the opportunity to bring order in a global disorder if we recognize our common end: global sustainable development. That is why the World Summit in Johannesburg is such an important event to Denmark, not least as present holder of the EU-Presidency.

A photograph showing a woman in a blue and white floral dress bending over to drink water from a shallow stream or puddle. She is wearing a dark bracelet on her right wrist. The background shows green grass and some yellow flowers.

The Rio Earth Summit, in 1992, marked a watershed in international relations. After the end of the Cold War, countries were able to put ideological differences aside and get together to tackle the issues that confront us all: Global challenges like climate change, loss of biodiversity and land degradation, including deforestation and the loss of arable land. The same optimism characterized the other major UN conferences that followed on human rights, women, social affairs and so on. They have set norms to be followed by us all.

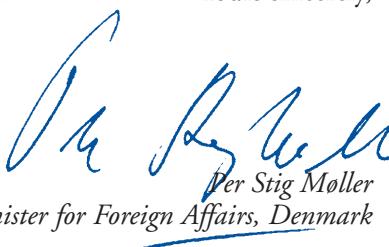
Ten years after Rio, we need no reminders of the continued and increasing interdependence of nations. The repercussions of 11 September 2001 were felt around the world, demonstrating to us all that actions in one country may have huge consequences for others. We are all aware, in our daily lives and in the decisions that we take, of the challenges and opportunities of globalisation. We must make globalisation a positive force for all.

The European Union believes that Johannesburg will be the crucial component in the process that started with the Millennium Summit – and that ran via the Everything but Arms initiative (EBA) and the 3rd UN Conference on LDC's in Brussels in May 2001 to the WTO Ministerial Conference in Doha and the Monterrey Conference. In this context, Johannesburg must be seen as part of a process leading to a Global Deal on Sustainable Development.

It is important to be clear about what Johannesburg should seek to achieve. I think this could be summarised in one word: Implementation – of all the goals and targets and agreements to which we have committed ourselves over the past ten years. We do need to add a few more targets, but basically we need to implement what is already agreed.

In Johannesburg, the leaders of this world must succeed in obtaining an action-oriented result that can pave the way for global sustainable development for this and for future generations. Denmark and our partners in the European Union are determined to achieve a positive outcome of Johannesburg. And I hope that YOU will help us reach this goal.

Yours sincerely,



Per Stig Møller  
Minister for Foreign Affairs, Denmark



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# Positioned to Meet Future Challenges

Kommunalkredit Austria: The Specialist Bank for Public Finance

**One of the world's leading issuers of AA-rated environmental bonds, Kommunalkredit Austria has already sold €1.6 billion worth of bonds in 2002 (double the results from 2001), evidence not only that the environmental bond market is growing, but that Kommunalkredit's specialist knowledge is giving it an ever-greater slice of that market.**

Established in 1958 to support local authorities with long-term finance, Kommunalkredit Austria is the only specialised bank of this type in Austria. In 1990 the bank took a decision to focus on the financing and promotion of investment products intended to improve regional infrastructure and enhance environmental protection. Since 1993 Kommunalkredit has been administering federal support to environmental programmes and managing the Austrian government's Environmental and Water Management Fund.

## An interview with Dr Reinhard Platzer, Chief Executive and Chairman of Kommunalkredit Austria



### *What was behind your decision to focus on the environment?*

It doesn't make sense to be a small universal bank. We knew it would be better to specialise even more in the area in which we already had experience, and we felt that long-term finance for public projects and the environment fit together perfectly, and both have a long-term perspective. Since 1990, when the bank began to focus on sustainability and on special products in that sector, we have grown by almost 50% per year.

### *What did this change mean in practice?*

In banking terms we updated our credit-proofing process, by adding in environmental conditions. In addition we looked at our own house, and changed the way we travel and improved our energy saving, for example. An eco-audit was key to the bank certification from the European Union's Eco-Management and audit scheme (EMAS).

### *Part of your holistic approach is a commitment to charitable, ecological, and cultural projects. What kind of projects do you support?*

A lot of the projects that we support in Austria are to do with climate change, that means wind energy projects, solar energy, along with water treatment and pollution control.

### *How is Kommunalkredit helping Austria to meet its commitments to the Kyoto Protocol?*

We carried out the study, the so-called 'option analysis' – which was the basis for the strategic programme to fulfil the Kyoto commitments, and we manage the fund that supports climate-relevant projects such as wind energy projects. We check the projects here and work with the politicians on strategy.

### *How did you become involved in that work?*

When we decided to specialise, we publicised our interest, and concentrated on the municipalities, who play an important role in the process. When in 1993 the government decided to set up a public-private partnership to manage their Environmental and Water Management Fund we won the tender, and since then we have been very deeply involved.

The Austrian Environmental Program is very popular. We give grants of about ½ billion euro per year, for projects worth 1.5 billion euro. Of course there are many more projects that are worth supporting. In 2001 and 2002, Kyoto-relevant means were increased by 20%, and we are optimistic that additional funds will be mobilised in the future.

### *The bank has established a Kommunalis prize for outstanding social commitment. How did that come about?*

We thought about what else we could do beside the pure banking business, and thought that it would be a good idea to ask the mayors -- our clients -- to tell us about their most interesting social project. This connects us with our target group, and the mayors can help social projects in their municipalities by nominating them. This has been a big success. About a hundred projects are nominated every other year, and we select five, give them prizes, and publicise their work. This way we are spreading the word about successful projects and encouraging others to follow their lead.



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KREDIT**

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# Foreword

by Nitin Desai, Secretary-General for the World Summit on Sustainable Development



**T**en years after the Heads of State and Government last met in Rio de Janeiro and over 30 years after the first UN Conference on the Human Environment in Stockholm, I am pleased to be the Secretary-General of the World Summit on Sustainable Development in Johannesburg. Over the past decade, we have made giant strides in such areas as biodiversity, climate change, desertification, energy, forests, mining, water as well as many other natural and renewable resources.

However, we recognise we have much more work to do. The Johannesburg Summit is an opportunity for governments, intergovernmental organisations, local authorities, civil society and the private sector to work in partnership to build a more sustainable world for future generations.

IIED's book, *Words Into Action*, identifies some of the areas and issues where further progress can be made in channelling our individual and collective goodwill into positive action. IIED has played an important role in UN environmental conferences since Stockholm over 30 years ago. There were much fewer civil society organisations then; so it is encouraging to note the multiplicity and diversity of civil society organisations worldwide that will be represented at Johannesburg, as well as many other stakeholders and their vital contributions from governments, UN agencies, multilateral and regional organisations, private sector, science, and academia.

Governments alone cannot be held accountable for improving the state of the world. We all have a role in converting our words into action.

Nitin Desai

Nitin Desai  
Under-Secretary-General  
Department of Economic and Social  
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# Performance with Integrity

GlaxoSmithKline is one of the world's leading pharmaceutical companies. Our business is to improve human life: help people to do more, feel better and live longer. We support the World Summit on Sustainable Development and are pleased that business is seen as an important partner in the journey towards sustainable development.

"Performance with integrity", is one of GlaxoSmithKline's key values. Our goal is to prevent our business activities from adversely impacting the environment. To this end we are minimising energy and materials used and waste generated in manufacturing. We are working to optimise the use of renewable raw materials and create only recyclable waste. We properly manage emissions and wastes and aim to provide a safe and healthy work place.

As a responsible global corporate citizen, we consult with key external stakeholders

and report our performance openly. Our publication: "Performance with integrity, A Review of our commitment to society and the environment, 2001" covers the most pressing issues that are core to our business and that have generated significant interest from external stakeholders. These include the integrity with which we run our business, ethical issues arising from the conduct of research and development, and access to medicines in developing countries. This report and a separate, detailed account of Environment, Health and Safety activities can be found at <http://www.gsk.com/>.

We believe we are putting in place some of the best programmes in the pharmaceutical industry to drive continuous improvement and focus on GlaxoSmithKline's sustainable development priorities.



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# Introduction

by **Mohammed Valli Moosa**, Minister of Environmental Affairs and Tourism, South Africa



**T**he world gathers in Johannesburg this year at one of the most significant events of the early millennium - the World Summit on Sustainable Development. The responsibility placed upon us at the WSSD is astronomical. Our generation will be one of the last that will ever have the opportunity to make fundamental choices about the future of our people and our planet.



Future generations will look back to this period of history and will judge us on whether we were able to rise above our national and sectoral interests and chart a sustainable future growth path for our people and our planet.

Agenda 21 and the Rio Principles are as valid today as when we negotiated them ten years ago. They remain the blueprint for sustainable development in the 21st century. The Rio Summit changed the way we operate within the global, regional, national and local agendas by developing the concept of sustainable development and placing it firmly on the international agenda. The WSSD needs to provide us with a renewed commitment to the implementation of the Rio outcomes.

Looking back at the past decade, it is evident that the context has changed. We are faced by new and emerging challenges such as globalisation, the role of science and technology, the role of information and communication technology and the threat of HIV/AIDS.

Despite the leap forward in technological development and economic growth the last decade has seen an extra 10 million people each year joining the ranks of the very poor. For over 1 billion people, especially in Africa, south-east Asia and Latin-America sustainable development remains a distant dream. At the same time many countries of the North have the highest levels of economic prosperity in the history of humankind, with the gap between rich and poor growing wider. For example, in 1993 around 25% of the world's people received 75% of the world's income. In that same year, the US population (250m) had a combined income greater than that of the poorest 43% of the world's people (2 billion).

Poverty eradication is one of the

biggest challenges facing us at the WSSD. But poverty is more than lack of income; it also results from lack of access to health care, education, productive assets and secure livelihoods. At the same time unsustainable consumption and production patterns, coupled with poverty and underdevelopment have contributed to strains on the environment that impact on climate, energy resources, pollution and degradation of freshwater ecosystems, forests, oceans and coasts.

If the world continues along its current trajectory, the combined threats of ill health and disease, conflict over natural resources, migration, underdevelopment, environmental degradation and poverty will undermine prospects for global prosperity and political and social stability.

Sustainable development implies reversing the apparently paradoxical trend of the marginalisation of many countries from the benefits of a globalising world economy. Many countries, particularly those in Africa and Least Developed Countries, have been excluded from increasing global flows of trade, investment, finance and technology, and there is ample evidence of growing inequality, poverty and social dislocation between and within countries across the globe.

Poverty is not only a problem of poor nations but also negatively impacts on richer nations. The continued marginalisation of developing countries and the social exclusion of the vast majority of their people constitute a threat to global stability.

The Millennium Declaration has set targets on what is needed to eradicate poverty and to achieve other development goals. The WSSD should further elaborate mechanisms for achieving these targets.



In addition, it should evolve an overall strategy to deliver on these targets, agree on clear institutional arrangements to co-ordinate and monitor progress, and structure a coherent resource plan. Following from the commitment by Heads of State and Governments at the Millennium Summit, the WSSD provides the unique opportunity to bring together governments, UN bodies, business, civil society and the Development Finance Institutions to agree on the partnerships required to meet these targets at global, regional, national and local level, and to complement existing efforts to implement the Millennium Declaration.

The WSSD will be measured on our ability to arrive at strong political

will build on the commitment made in the Millennium Declaration and should include a recommitment to the Rio Principles. The declaration must seek to articulate the broad policy framework and enabling environment for sustainable development. It should also underpin partnership platforms as delivery modes for sustainable development at all levels and among all stakeholders.

The WSSD Implementation Plan must be action-oriented and must communicate the inter-governmental agreements on the priority areas for action, with related targets and timeframes.

The Implementation Plan is based on the imperative that the Summit agrees on concrete and time bound strategies and

South Africa recognises and acknowledges the fact that governments alone cannot achieve the programmes and outputs of the WSSD, and the realisation of the Millennium Development Goals. The nature of sustainable development requires the mobilisation of civil society, governments, and the business sector to strengthen commitment and enhance delivery. The success of such partnerships will depend on the extent to which they are SMART - specific, measurable, achievable, realistic and time-bound.

The "Type 2" partnership outcomes are not meant to substitute for inter-governmental areas of agreement, but they can play a major role in the process of delivery. The success of the WSSD will depend on a properly managed global consensus between governments and between stakeholders; ownership and participation by global leaders of both developed and developing countries; and concrete outputs and deliverables within all three pillars of sustainable development

In advancing programmes for the implementation of the outcomes of the WSSD inspiration can be drawn from the New Partnership for Africa's Development (NEPAD), which contains many of the "front-loaded" programmes in a detailed and practical form. South Africa believes that NEPAD is the basis for a sustainable development programme for Africa, particularly in its emphasis on African ownership and leadership, and its bold assertion of a new economic order for the African continent. NEPAD is comprehensive in that it also recognises the need for sound and effective governance; the elimination of corruption; and the establishment of peace, democracy and macro-economic stability as crucial blocks and prerequisites for sustainable development.

## ...sustainable development requires the mobilisation of civil society, governments, and the business sector...

commitment, a programme of action for the implementation of the Johannesburg outcomes and the institutional arrangements and partnerships for the implementation. This would mark the beginning of a long-term global momentum toward higher levels of sustainable development.

The WSSD must reach agreement at the highest level on action needed to combat the growing challenges facing sustainable development, with a poverty eradication focus, as envisioned in the Millennium Declaration. The target is that of halving levels of poverty by 2015. This agreement should be between governments (both North-South and South-South partnerships) and should also include agreements with civil society and the business community.

The commitment of global political leadership to the further implementation of Agenda 21, and a resolve to strengthen and concretise multilateral action should be reaffirmed in a 'declaration'. This

implementation plans to combat poverty and inequality as the key to the further implementation of sustainable development. In that context, the roles of international, regional, national and local institutions and programmes must be distinguished clearly. The Implementation Plan must draw on the focus areas of water, energy, health, food security, education and technology identified during the preparatory process for the Summit and addresses the following key components:

- targets and timeframes
- implementation plans
- resources
- co-ordination, implementation and monitoring mechanisms
- stakeholder commitments
- fostering cross-sectoral linkages

## The Three Pillars of Sustainable Development at the WSSD

The establishment of an equitable, stable and balanced global economic system, with sustainable systems of production and consumption, is a priority for sustainable development.

South Africa is advancing an economic platform for development that must include meaningful access for developing countries to markets of the North, including access for agricultural products, textiles and value added natural products; increasing investment for developing economies; the deepening and extension of the debt relief programme to other developing countries, and technology development, transfer and knowledge sharing. In order to ensure resources and financial flows for the implementation of the WSSD outcomes, strong linkages need to be drawn between these WSSD imperatives and the Doha round for negotiations, and the outcomes of the Monterrey Conference on Financing for Development.

Issues of access to markets, finance, investment, and technology should be seen as integral prerequisites for poverty alleviation that require concerted efforts at national and international levels. The Monterrey Conference on Financing for Development provided a forum for world leaders to elaborate on the financial resources that are necessary for the effective implementation of both Agenda 21 and the Millennium Declaration Goals. The Monterrey outcomes and messages resonate with what South Africa has been advancing within the three pillars. Specific relevant messages include:

- Heads of State resolution to eradicate poverty, achieve sustained economic growth, and promote sustainable development

- Fulfil the internationally agreed Millennium Declaration Targets
- Increased resources to support private foreign direct investment, bridging the digital divide, leveraging aid resources, technology transfer
- Role of business as consistent and reliable partners, and a more comprehensive approach to corporate accountability
- Ensure peace and stability through good governance at all levels

The Doha negotiation process became an important stepping-stone for the WSSD to build upon because it offers an opportunity for all countries to address the issue of enhanced markets access, meaningful application of the common but differentiated responsibility, increased technical co-operation, and institutionalised procedures that guarantee transparency and inclusiveness in decision-making and negotiating at the international level.

It is not within the mandate of the WSSD to set targets and timeframes for the economic platform. However, the WSSD needs to provide the world with a strong Heads of State statement clarifying our intent for the future global financial architecture and providing guidance for the future trade rounds.

A just social order, with the eradication of poverty as an overriding goal, is equally essential to achieve sustainable development. The world needs a social development programme that must address the need for increased access to safe water, sanitation and energy for the poor in developing countries, increased global food security and sustainable agriculture, action aimed at ensuring universal literacy, education and human skills development; improved access to healthcare and a global fight against HIV/AIDS and other

communicable diseases.

The environmental pillar of Agenda 21 must focus on the protection of global public goods. This focus must ensure a renewed vigor on the observance of environmental rights of the poor, and the implementation of conventions and agreements that are of particular concern to developing countries, such as the Convention to Combat Desertification, which has a particular relevance to the African continent and other developing countries.

Since Rio the implementation of Agenda 21 has focused mainly on the environmental pillar. It is a clear objective for South Africa that the WSSD strikes a balance between the three pillars of sustainable development. A further priority for South Africa is that the WSSD gives priority to a set of areas whose implementation will have the greatest impact on poverty alleviation.

It is clear that the WSSD requires profound commitments by global leaders and stakeholders to be successful. The political commitment required to ensure sustainable development must include a package of global, regional and sectoral agreements to address poverty and global inequality, and ensure a balanced approach to addressing the 3 pillars of sustainable development.

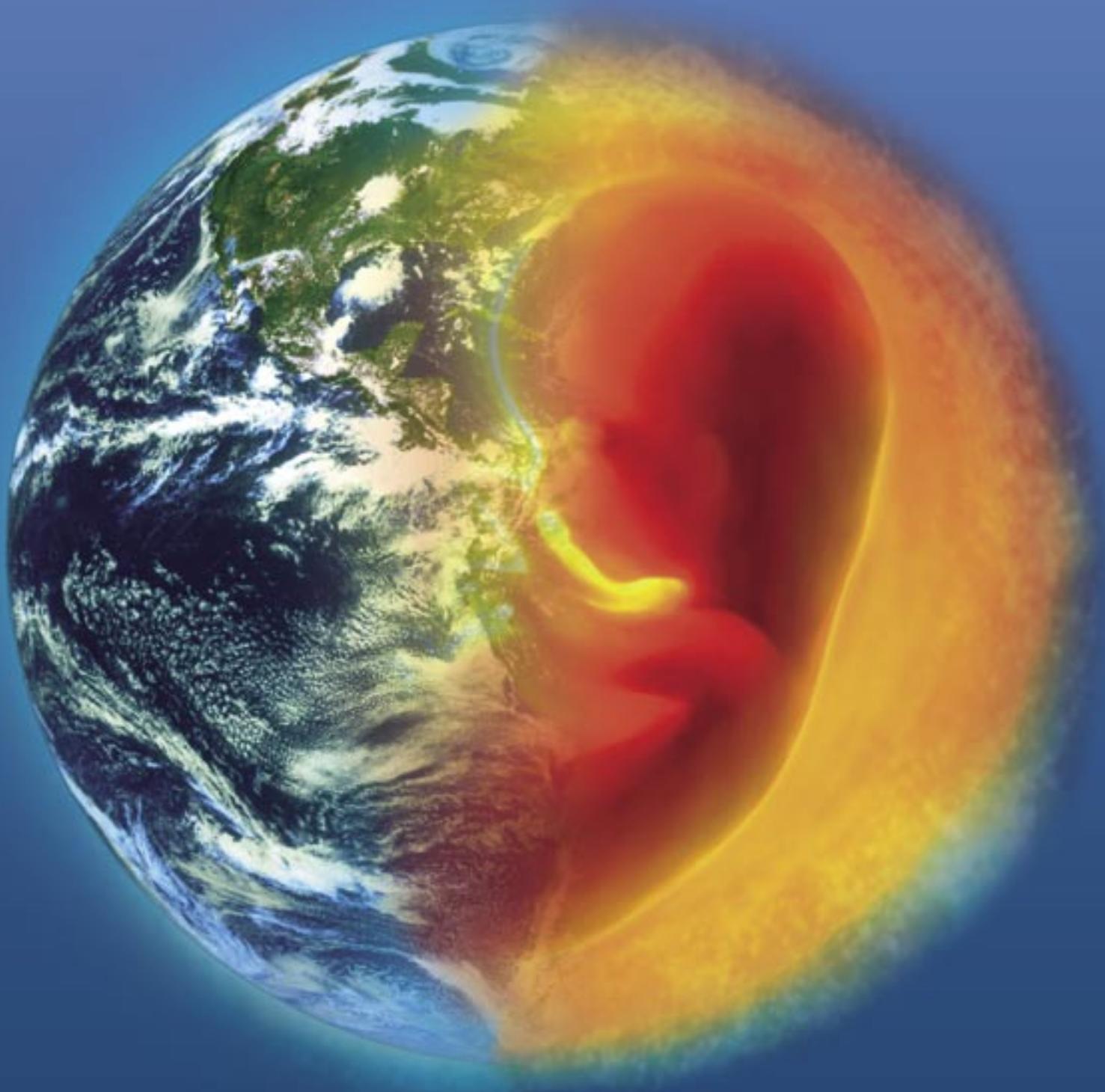
The outcome of Johannesburg must be more than a series of voluntary partnerships, but a real commitment and guarantee for implementation that overcomes the obstacle of non-delivery since Rio. This is what the world should strive for in order to take us to a sustainable growth path for the Johannesburg decade.

The potential is there for us to realise the vision of an equitable and prosperous society in balance with the resources and ecosystems of our planet.

I welcome you under African skies in Johannesburg and invite the world to unite in the commitment and effort to catalyse global change. ■

# The Journey of Hope: From Rio to Johannesburg

by Emil Salim



**D**eep in the jungle, a child is born. For this child, what is most relevant is not the exact words of the negotiated text of the World Summit on Sustainable Development; but to what extent will these words inspire the leaders of the world to build for the child a sustainable future, to live a humane life in a more peaceful, prosperous and just world at the dawn of this new millennium?

In Stockholm, Sweden, the first UN Conference on the Human Environment was held in June 1972 but attended by only a few Heads of Government, including the Prime Minister of India, Indira Gandhi. This conference was focused on establishing the close link between 'human' and the 'environment'. The conference recognised that "man has the fundamental right to freedom, equality and adequate conditions of life in an environment of a quality that permits a life of dignity and well being." Therefore man bears a solemn responsibility to protect and improve the environment for present and future generations and the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other states or of areas beyond the limits of national

currently still valid in preparing for the Johannesburg Summit on Sustainable Development in August 2002.

Each of these programmes explains the basis for action, their objectives, the bundle of activities required at the international, regional and national level, and the means of implementation, such as financing with cost evaluation and capacity building. For the programme of combating poverty, for instance, the annual cost is estimated to be about US\$30 billion, including about US\$15 billion from the international community on grant or concession terms. These are indicative estimates; the actual costs will depend upon the specific programmes the governments decide to implement.

For implementing the programmes of Agenda 21 in developing countries the estimates reach an average annual cost

## This Summit is... an inter-sectoral approach to development combining the Bretton Woods institutions, the World Trade Organisation and the UN institutions.

jurisdiction. (See Maurice Strong, "One Year after Stockholm," in *Foreign Affairs*, July 1973).

Significant is Indira Gandhi's contribution to this conference that "poverty is the greatest polluter of the environment." This established a deeper link between development and environmental degradation. Twenty years later this deeper link obtained recognition in the Rio Summit by further elaborating the relationship between environment with development in "Agenda 21: Programme of Action for Sustainable Development". These Rio Principles are

during 1993-2000 of over US\$600 billion, including US\$125 billion on grant or concessional terms from the international community. These are order-of-magnitude estimates and have not been reviewed by governments.

The financing for implementing Agenda 21 is expected to come mainly from a government's own public and private sectors. However, substantial new and additional funding for sustainable development and implementation of Agenda 21 is required. Developed countries have reaffirmed their commitments to reach the accepted UN target of 0.7% of GNP for



Destruction of rainforest to enlarge cattle ranch in Madagascar

official development assistance (ODA).

To ensure the effective follow-up of the conference a high-level Commission on Sustainable Development has been established that reports to the Economic and Social Council under the Charter of the UN General Assembly.

The Governing Council of the United Nations Environment Programme will continue, within its mandate, to play the role in policy guidance and coordination in the field of the environment, taking into account the development perspective.

The third outcome of the Rio Summit is the “Non-legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of all types of Forests.” Initially various governments wanted a convention on forests but this was strongly opposed by governments with substantial forest areas. This ambiguous statement on forests was the maximum compromise feasible at Rio.

### Post-Rio Achievements

Since Rio (1992-2001), major achievements that have been reached are:

First, nearly all countries have established within their jurisdiction government agencies that are responsible and in charge of the environment and its various aspects. Environmental considerations are becoming important factors in national developmental efforts;

Second, numerous institutions and organisations have been created dealing with environmental and sustainable development issues by major groups, such as women, indigenous communities, local authorities, business and industry, scientific communities and non-governmental organisations supporting sustainable development as a priority at the national, regional and global levels;

Third, major international organisations are actively involved in promoting sustainable development issues. Various international and regional conventions have been agreed that have positively affected the reversal of environmental degradation and have contributed to the process of sustainable development;

Fourth, science and technology have contributed significantly to increase our understanding and knowledge on the environment and to improve the process of sustainable development;

Fifth, in quantitative terms, rate of population growth has been slowed down, mortality rate has been reduced, health has been improved, education has been more widely spread in the society, and the role of women has been strengthened in most parts of the world.

On the other hand, ten years after the Rio Summit, despite domestic and international action there is still a major gap in the implementation of Agenda 21. The world is still confronted with the challenges of endemic poverty, unsustainable lifestyles and environmental degradation. Therefore, the UN General Assembly decided, in December 2001, on a ten-year review of progress achieved in the implementation of the outcome of the UN Conference on Environment and Development.

## The Road to Johannesburg

The UN General Assembly convened a World Summit on Sustainable Development (WSSD) in Johannesburg, South Africa, August 26–September 4, 2002.

Since the terrorist acts of September 11, 2001, there is an increased recognition that no country is “an island” but all countries, regardless of their differences in income levels, are interdependent. The Johannesburg Summit with its emphasis on sustainable development, where interdependence is the key ingredient, fits the political agenda of the Heads of States and/or Governments.

This Summit is on sustainable development that involves economic, social and environmental sustainability. It requires, therefore, an inter-sectoral approach to development combining the Bretton Woods institutions, the World Trade Organisation and the UN institutions. It also requires a

regional approach through a Regional Environmental Facility, an institutional arrangement that follows the Global Environmental Facility arrangement that combines the Bretton Woods with the UN institutions in its work programme. Improved global sustainable development governance is urgently required.

The WSSD is expected to reinvigorate, at the highest political level, the global commitment to a North-South partnership and a higher level of international solidarity to accelerate the implementation of Agenda 21 and the promotion of sustainable development.

Since UNCED, rapid globalisation and rapid development of information and communication technologies have occurred. While globalisation has benefited many countries, most developing countries, especially the least developed countries, have been marginalised. The development of information and communication

technologies has increased the digital divide between North and South.

In the UN Secretary General's assessment report, *Implementing Agenda 21*, he noted that there are serious gaps in implementing Rio's clear agenda for sustainable development. These gaps are: a fragmented approach towards sustainable development; no major changes have occurred in the unsustainable patterns of consumption and production; a lack of mutually coherent policies in finance, trade, investment, technology and sustainable development; and insufficient financial resources and no substantial mechanisms for the transfer of technology.

The Summit is expected to reaffirm the goal of sustainable development in terms that can command broad understanding and support. It must articulate the importance of partnership between countries and between governments and civil society.



Getty Images

Smoke rises from the site of the World Trade Center terrorist attack September 11, 2001 in New York City. Rescue and recovery work continues but hopes of finding survivors are fading.

### The Journey of Hope

Since Rio, numerous international conferences have been held on issues of fresh water, responsible fisheries in the marine ecosystem, protection of marine environment from land based activities, pollution prevention, the Convention to Combat Desertification, climate change, oceans and coasts, international environmental governance, sustainable energy, etc. In forestry, deliberations were intensified within the Intergovernmental Panel on Forests and the Intergovernmental Forum on Forests, the United Nations Forum on Forests, as well as Collaborative Partnership on Forests.

Regional preparatory committee meetings have been held in Europe,

Africa, West Asia, Latin America and the Caribbean, Asia and the Pacific, Small Island Developing States. International Organisations have also made their assessments to complement national assessments by governments.

In spite of these achievements, there are serious shortcomings in the way development has taken place in the 20th century. Economic development has taken place, but numerous countries, in particular the least developed countries, have been bypassed and marginalised because of globalisation. Trade has increased but it has focused mainly on developed economies, and again bypassed many developing countries. Technology transfer has taken place, but is very limited to the developing economies thereby increasing the digital divide. And

financial resources have been seriously lacking. The European Union has barely reached the 0.33% of GDP, the United States has only provided 0.12% of GDP, Only Belgium-Netherlands-Luxembourg and the Scandinavian countries are well above the 0.7% of GDP in their official development assistance contribution.

But more seriously, development has followed only the economic track and has left behind social and environmental sustainability, resulting in rising poverty, inequality in income and development opportunities and natural disasters through rising flood levels affected by sea level rise due to global warming. Development as implemented in the 20th century was not sustainable.

### The Millennium Declaration

In September 2000, Heads of State and Government at the General Assembly Special Session adopted the United Nations Millennium Declaration. By the year 2015, they committed themselves to:

- halve the proportion of the world's people whose income is less than one dollar a day, and suffer from hunger, and unable to reach or afford safe drinking water;
- ensure that children everywhere will be able to complete a full course of primary schooling, and that girls and boys will have equal access to all levels of education;
- reduce maternal mortality by three quarters, and under-five child mortality by two thirds, of their current rates;
- halt and begin to reverse the spread of HIV/AIDS, the scourge of malaria and other major diseases that afflict humanity;
- provide special assistance to children orphaned by HIV/AIDS; and
- achieve, by 2020, significant improvements in the lives of at least 100 million slum dwellers as proposed in the "Cities without Slums" initiative.

In protecting the environment, the Heads of State and Government have committed themselves to:

- ratify the Kyoto Protocol and to embark on the required reduction in emission of greenhouse gases;
- intensify our collective efforts for the management, conservation and sustainable development of all types of forests;
- press for the full implementation of the Convention on Biological Diversity and the Convention to Combat Desertification;
- stop the unsustainable exploitation of water resources by developing water management strategies;
- increase cooperation to reduce the number and effects of natural and man-made disasters; and
- ensure free access to information on the human genome sequence.

## The Monterrey Consensus

In March 2002, Heads of State and Government participated in the International Conference on Financing for Development in Monterrey, Mexico.

This conference agreed on the Monterrey Consensus which recognised the common goal “to eradicate poverty, achieve sustained economic growth and promote sustainable development as we advance to a fully inclusive and equitable global economic system”.

In this common pursuit of growth, poverty eradication and sustainable development, the leaders committed themselves to ensure:

- the mobilisation of domestic financial resources for development;

- the mobilisation of international resources for development, foreign direct investment and other private flows;
- international trade as an engine for development;
- the increase of international financial and technical cooperation for development; and
- external debt relief;

Systemic issues are also addressed, such as enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development.

It is significant that, the President of

the United States and the leaders of the European Union have committed together the amount of US\$30 billion till the year 2006. This measure has transformed the prevailing aid fatigue, albeit with the conditionality of good governance.

With the commitments of Heads of State and Government in New York, Doha and Monterrey, the voyage to Johannesburg is clear. The World Summit on Sustainable Development needs to be an elaboration of New York’s UN Millennium Declaration that has put poverty eradication at the centre of the sustainable development agenda. The WTO meeting in Doha has put the development focus in trade negotiations. Monterrey’s International Conference on Financing for Development had profound influence on the preparatory work of WSSD.

## The Doha Declaration

In the Ministerial Conference of the World Trade Organisation in Doha, Qatar, November 2001, another important “harbour of hope” has been reached in this journey from Rio to Johannesburg in which Ministers committed to:

- First, the objective of sustainable development, with the aims of upholding and safeguarding an open and non-discriminatory multilateral trading system, and acting for the protection of the environment and the promotion of sustainable development can and must be mutually supportive;
- Second, in agriculture to complete comprehensive negotiations aimed at substantial improvements in market access; reductions of, with a view to phasing out, all forms of subsidies; and substantial reductions in trade-distorting domestic support. Special and differential treatment for developing countries shall be an integral part of all elements of the negotiations and shall be embodied in the Schedules of concessions and commitments to be operationally effective and to enable developing countries to effectively take into account their development needs, including food security and rural development;

• Third, on market access for non-agricultural products to negotiations to reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries;

• Fourth, on trade and environment, the mutual supportiveness of trade and environment shall be enhanced and with this view negotiations shall be conducted on the relationship between existing WTO rules and specific trade obligations set out in multilateral environmental agreements. Tariff and non-tariff barriers to environmental goods and services are to be reduced or eliminated;

• Fifth, in all these arrangements special attentions are to be given to the least-developed countries.

Although the effectiveness of these commitments is subject to negotiations, to be pursued no later than 1 January 2005, the Doha Declaration opens the way for dealing with the imbalances that have prevailed between the developed and the developing countries. And it brought the journey closer to Johannesburg.

## A Framework for Action

While building on these outcomes, the WSSD must focus on practical steps to achieve development, which is the common shared goal. This development paradigm has to be socially, economically and environmentally sustainable.

It is with this voyage in mind that the Chairman of the Preparatory Committee of WSSD has set as the focus of the intended summit outcome on the following:

1. Poverty eradication;
2. Changing unsustainable patterns of consumption and production;
3. Protecting and managing the natural resources base of economic and social development;
4. Sustainable development in a globalizing world;
5. Health and sustainable development;
6. Sustainable development of small islands developing states;
7. Sustainable development initiatives for Africa;
8. Means of implementation, such as finance, trade, transfer of technology, science and education, capacity building, information for decision-making;
9. Sustainable Development Governance at the national, regional and international levels.

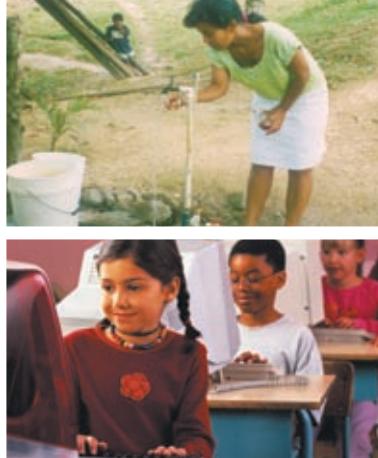
These issues have been the subject of deliberations and numerous conferences for the last ten years after Rio. The time has imposed upon the leaders of the world today to come not to renegotiate Agenda 21 and all agreed outcomes that have been negotiated before, but to emphasise concrete deliverables. This is to fulfil the General Assembly Resolution of 55/199 and the Decisions of the First PrepCom of the WSSD. ■



Professor Emil Salim is the Chairman of CSD 10 (Tenth Meeting of Commission on Sustainable Development) Bureau acting as the Preparatory Committee for WSSD. He chaired the WSSD PrepCom IV meeting in Bali, Indonesia. The former Indonesia Minister of Environment (1972-1992) chairs the Board of Trustees of the Indonesian Biodiversity Foundation and works with the Indonesian Ecolabelling Institute and the Centre for Policy and Implementation Studies. He is a member of the UN High Level Advisory Board on Sustainable Development. Previously he was President of the Governing Council of the UN Environmental Programme, Co-Chair of the World Commission on Forests and Sustainable Development and a member of the World Commission on Environment and Development.

## The Rio Principles

- ➊ First, social and economic dimensions that elaborate program areas of international cooperation to accelerate sustainable development in developing countries and related domestic policies. It has programs on combating poverty, changing consumption patterns, demographic dynamics, human health issues, human settlement development and the integration of environment and development in decision-making;
- ➋ Second, conservation and management of resources for development that covers programs of protection of the atmosphere, the integration of planning and management of land resources, combating deforestation, managing fragile ecosystems, such as desertification and sustainable mountain development. It is focussed on promoting sustainable agriculture and rural development, conservation of biological diversity, managing biotechnology, protection of the oceans and seas, protection of fresh water resources, managing toxic chemicals, hazardous wastes, solid wastes and radioactive wastes.
- ➌ Third, strengthening the role of major groups in sustainable development, including women, children and youth, indigenous peoples and their communities, non-governmental organisations, local authorities, workers and trade unions, business and industry, the scientific and technological community and farmers.
- ➍ Fourth, means of implementation which is focussed on financial resources, transfer of environmentally sound technology, science for sustainable development, education, capacity building, international institutional arrangements, international legal instruments and information for decision-making.



# Canada—contributing to sustainable development

Canada understands that sustainable development means ensuring environmental, economic and social activities and policies are mutually reinforcing.

As thousands from around the world gather in Johannesburg, the message is clear: sustainable development is everyone's responsibility. That's why Canada emphasises partners working together to develop solutions for sustainability, both domestically and internationally.

## **Canada is focusing on where we can contribute the most:**

- *Global sustainable development with an emphasis on Africa*—working with Africans on social, political and economic challenges.
- *Partnerships*—working with the private sector, civil society and developing countries to provide innovative Canadian approaches and technologies and to work hand-in-hand with developing countries to alleviate poverty.
- *Health and Environment*—working to better understand the links between health and environment and improve our ability to create a better quality of life for people.
- *Governance*—working to make the legal and institutional framework more effective.

# Le Canada participe au développement durable

Le Canada comprend bien que, pour tendre vers le développement durable, il faut que les activités et les priorités environnementales, économiques et sociales se renforcent les unes les autres.

Des quatre coins de la planète, des milliers de personnes se rendent à Johannesburg et le message est sans équivoque : le développement durable est la responsabilité de tous. C'est pourquoi le Canada met l'accent sur la collaboration entre partenaires pour trouver des solutions renforçant la durabilité, au niveau tant national qu'international.

## **Le Canada se concentre sur les secteurs auxquels il pourra le mieux contribuer :**

- *Un développement mondial durable avec concentration sur l'Afrique* – Travailler avec les Africains à relever les défis sociaux, politiques et économiques.
- *Des partenariats* – Travailler avec le secteur privé, la société civile et les pays en développement pour fournir des démarches et des technologies canadiennes novatrices et collaborer étroitement avec les pays en développement pour faire reculer la pauvreté.
- *La santé et l'environnement* – S'efforcer de mieux comprendre la nature des liens qui unissent santé et environnement, et améliorer notre capacité à créer une meilleure qualité de vie pour les citoyens.
- *La gouvernance* – Établir un cadre législatif et une structure institutionnelle plus efficaces.

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Canada

# The International Framework for Action

## – Is the CSD the best we can do?

by Rt Hon Simon Upton



**T**here is an international framework for action in support of sustainable development. It is vast, complex, and sustains a huge amount of diplomatic activity and engagement by civil society. It has grown over the years and is, inevitably, in a constant state of redefinition as our understanding of the issues evolves.

It would be very easy to become lost in a description of its elements, synergies and dysfunctions. It would be necessary to review, comprehensively, the mandates and inter-relationships of agencies such as the United Nations Environment Programme (UNEP), the Global Environment Facility (GEF), the Food and Agricultural Organisation (FAO) and the secretariats of the various multi-lateral environmental treaties not to mention the raft of inter-governmental agencies dealing with the financing of development. It is likely that any attempt to propose improvements would stand a high chance of gravely prescribing the need for better co-ordination and integration of its constituent agencies and

former Minister and past Chairman of the Commission on Sustainable Development, my interest is in how the attention and interest of policy makers – i.e. elected governments – can be maintained at the global level. Such people have built the framework that we have. They are also prisoners of it. The average span in office of a cabinet minister is a mere fraction of the career span of many of those who operate the levers of that framework. Politicians come and go through a revolving door. Gaining traction over their domestic institutions is for many a sufficient challenge – coming to grips with institutions of international governance is another thing again.

If by ‘action’ we mean presiding over

## Neither institutions nor negotiating cultures are given to revolutionary change. So integrate and co-ordinate better we must.

instrumentalities. The polysyllabic fog of international “institutionalese” quickly starts to gather.

Given the realities of international diplomacy and the deeply vested interests in the status quo, an architecture resembling the present one is where we start from and it is unlikely to undergo radical change unless the world feels the immediate pressure of threats or challenges that demand swift responses. Neither institutions nor negotiating cultures are given to revolutionary change. So integrate and co-ordinate better we must.

This analysis asks how we might like to think about ‘action’ at the international level – and leave the nuts and bolts of the institutional and negotiating game to those who know them best. As a

the operation of the status quo, then the transitory nature of elected governments is no problem. If by ‘action’ we mean trying to galvanise an agenda and retain the ability to respond to new challenges and/or discard activities on the basis of newly acquired knowledge, the barriers to effective governance by accountable politicians are huge. Quite aside from the complexity of negotiations between a very large number of parties, the asymmetry of information between, on the one hand, the managers of the web of institutions we have spun and, on the other, the ephemeral elected ‘governors’ of the institutions, is stacked hopelessly in favour of the former. The problem is not that those who preside over the current institutions are reluctant to act. The problem is that they often lack a clear

mandate and even where there is one, it covers only a part of the field of action.

The question then is: how can we secure a vantage point above the web of institutions and negotiations to survey priorities and gauge the quality of international initiatives - and, where appropriate, identify points of policy leverage?

### Rio gives birth to CSD

The idea of international action for sustainable development received its biggest boost at the time of the Rio conference on environment and development. Until then, inter-governmental action had focused on specific environmental issues (such as tackling the release of ozone-depleting compounds or the use of drift nets by fishermen); or the development of legal jurisdiction in novel areas (the Law of the Sea). With the Rio conference, an extremely broad agenda brought to the negotiating table not just new prospective environmental conventions but a much wider array of issues such as the management of inter-generational risks and the sustainability of consumption patterns.

In addition, these concerns were juxtaposed with the development ambitions of a large number of countries and the relationship between North and South that should dominate the response to pressures on the global environment. In short, the socio-economic dimension of trying to promote an ecologically sustainable human footprint was given equal status with the environmental dimension. One result of this ambitious coupling of biophysical and economic issues (captured in the twenty seven *Principles* of the Rio Declaration and *Agenda 21*) was to highlight the inadequacy of any single existing agency in which such diverse, cross-cutting issues could be pursued. The upshot was the

Commission on Sustainable Development (CSD).

Given the sheer breadth of *Agenda 21*, it is scarcely surprising that countries felt the need to institute a follow-up mechanism. It was not so much a case of needing to attend to unfinished business (such as the fate of the Forest Principles) as a case of needing to make sense of business barely begun. If conferences can launch paradigm shifts (and the jury on that remains out for the present), much more sustained and concentrated effort is required to bed them down.

In broad terms, the UN describes the Commission's role as being threefold:

- reviewing progress on the implementation of the outcomes of the Rio conference (most notably *Agenda 21*);
- elaborating policy guidance and options for future initiatives aimed at achieving sustainable development; and
- promoting dialogue and building partnerships for sustainable development not just between governments and inter-governmental organisations, but with non-governmental organisations embedded in civil society at large.

Operating in accordance with the resolution of the General Assembly which established it (47/191), the CSD has, over the decade since Rio, settled into a cycle of annual meetings each of which has addressed a cluster of related issues from within *Agenda 21*. A ministerial segment to the meetings has attempted to respond to the General Assembly's call to "consider emerging issues and to provide necessary political impetus to the implementation of the decisions of the [Rio] conference and the commitments contained therein." The annual meetings have also provided a focus for a very

wide – and varying – group of NGO interests to come together, share ideas and try, from the margins, to influence the political players who pass fleetingly through the Commission's meetings.

Among the outcomes of the nine sessions of the CSD held since Rio, there have been some useful conclusions, such as the adoption of a multi-stakeholder process (in contrast to the traditional inter-governmental encounters), a uniquely progressive feature of the CSD's modus operandi. But few would pretend that the CSD has generated the sense of urgency and engagement raised at the time of the Rio conference. This should not necessarily be interpreted as a shortcoming of the process since many of the biggest issues that emerged at Rio have been carried forward in dedicated processes such as the negotiation of protocols to the Climate Change and Biodiversity Conventions. Moreover, there has probably been a healthy realisation that many of the most significant challenges rely on co-operation and collaboration at regional and sub-regional levels rather than the global level.

That said, there has been an on-going current of debate about 'global governance' over the last decade that suggests current arrangements remain problematic in the minds of many people. Proposals have ranged from re-examining and strengthening the mandates of existing agencies such as UNEP to the creation of completely new entities like a World Environment Organisation.

### Reviewing the CSD

Ten years on from Rio it is not unreasonable to ask whether the CSD as it is currently configured can sustain itself as a forum in which the many strands of the sustainable development debate can be usefully advanced. Any review of the CSD's effectiveness should include a consideration of three questions:

1. Is it a forum where emerging issues related to sustainable development can be swiftly placed on the international agenda and explored in a sufficiently substantive way to give decision-makers a crisp and authoritative basis for action should they wish to proceed?
2. Does the CSD process really engage non-governmental groups, institutions and expertise in an open, frank way?
3. Does the Commission have real political-level buy-in?

My short answer to each question would be no, or insufficiently. In the first place, the Commission has become ensnared in the wider machinations of the UN system. Despite the fact that its only function is to report to the Economic & Social Council (which in turn can only report to the General Assembly), the deliberations of the CSD are treated as though they are a major inter-governmental negotiation in which significant national interests are at stake. Of course, to the extent that they are part of the New York-based calendar, CSD sessions are caught up in wider intra-UN debates. As such, collateral damage flowing from sensitivities in other areas is visited upon them.

For those who insist that progress at the global level is only made in very small incremental steps, this is by no means a demoralising conclusion. What may seem to activists to be a consensus-driven process leading to lowest common denominator outcomes is to professional negotiators a guaranteed way of ensuring that sectoral enthusiasm isn't permitted to sweep away a wider pursuit of national interests.

But it is doubtful whether this long slow diplomatic game lends itself to the catalytic role that at least some of the CSD's sponsors envisaged. Slow and tortured negotiations make sense if

legally-binding rules and processes are to issue from the process. But where the ambition is an agenda-setting role in which national interests are expressly reserved, it has to be asked whether the negotiating mind-set can sustain the interest of members, let alone the engagement of those NGOs which are not always initiated into the arcane rituals of international diplomacy.

The engagement of the NGO community (including business) has proved particularly difficult. On the one hand, the annual meetings of the CSD provide a rationale for a very broad range of different interest groups to gather at the same time to exchange views and information – and, hopefully, engage the interest of politicians. On the other hand, the formal process of 'multi-stakeholder dialogues' has frequently been a stilted affair with little to show for all the preparations that many have, in good faith, undertaken.

the part of policy makers who are urged to attend CSD to keep the sustainable development agenda alive.

The best case that can be made for Ministerial attendance at meetings of the CSD is the opportunity to engage a wide cross section of opposite numbers and stakeholders, frequently in the margins. It is not a particularly strong reason. The world is awash with international conferences and seminars, many of them much smaller, more focused and untainted by the negotiating mindset that pervades the UN system.

## Looking to the future

Can we do better? It is a fair question to ask as we prepare for Johannesburg. To do so countries would have to make up their minds whether they wanted the CSD to be a catalyst for giving exposure to genuinely new and challenging issues, or

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**One thing is clear: trying to catalyse issues by negotiation is doomed to failure through terminal boredom.**

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Finally, there is the lack of political buy-in to the CSD process. This goes right back to the preparation of meetings which are left largely in the hands of diplomats. The memberships of the Bureaux which organise the meetings are normally chaired by a Minister supplemented by a handful of New York based representatives from permanent missions. And there is very little expectation that the preparation for meetings involves the substantial engagement of relevant ministers. This is perhaps not unreasonable given the fact that, in comparison with the negotiation of real binding legal instruments, little appears to be directly at stake at CSD meetings. But the result is very low expectations on

a forum that seeks through negotiation to bring pressure at the margin to all the pre-existing agendas that have their homes in other agencies. One thing is clear: trying to catalyse issues by negotiation is doomed to failure through terminal boredom. A majority of countries have made it clear that they have no enthusiasm for new institutions and agencies. Those who do have tended to shroud them in proposals to transform existing agencies. Few, if any, seem prepared to advocate getting rid of any. So there is a real risk that – without some decisive engagement by key players – the safe mediocrity of the status quo will be the default position.

As a former Chairman of the CSD I



Xiling Gorge, Yangtse River, China – under threat from the Three Gorges Dam

would resist such a conclusion. Without a significant change in format, the CSD stands little chance of galvanising action. But then, neither do any of the other agencies – given their roles and mandates – have the capacity to engage debate across traditional policy borders. My solution would be to use the CSD as a mechanism to set up purpose-built, time-bound Commissions to bring into the open some of the emerging international environment and development issues for which there is, for whatever reason, no obvious suitable forum.

The idea would be to set up investigatory commissions whose role it would be to report in depth on the substance of issues of rising concern and to outline dispassionately the range of conceivable solutions that the international community could consider coalescing around. To make an impact, the membership of such bodies would need to encompass:

- Active ministerial participation (not necessarily drawn from the CSD's 53 members but reflecting the need for regional balance);
- Officers of the relevant intergovernmental organisations at the highest level; and

● A small number of technical experts of the highest quality to give each commission its own independent investigative firepower.

The brief of such commissions should be to canvas the opinion of all interested sectors of civil society in addition to member governments. While the expectation should be that such commissions should seek to clarify the

left considerable latitude to define the boundaries of their enquiries in response to the submissions they receive. Their reports to the CSD should provide the bulk of the substance to be discussed at meetings of the CSD. In other words, the current dreary negotiated preparatory processes would be replaced by the focused deliberations of ministerially-led enquiries. Requiring them to generate a finished report would provide meetings of the CSD with something of substance to debate – in the presence of its authors and many of those they have consulted along the way. And by insisting that commissions report within a maximum of three years, the policy relevance of their findings would be ensured.

Ministerial membership of commissions must be insisted upon. Only they can confer the legitimacy needed to make their reports back to the CSD, reports that cannot simply be ignored. If ministers are going to invest time in their conclusions, they are going to want them to be addressed substantively by their peers. The corollary of this is that Ministers are only going to engage on this

## CSD-spawned commissions would simply be a way of placing new issues on the international agenda – or re-energising old ones...

problem definition and narrow the range of disagreement on remedies, they should avoid any analytical dilution caused by an attempt to reach a negotiated consensus. The robust description of remaining differences will be a better basis for describing the terrain that any future formal negotiations will encounter.

To avoid the potentially life-sapping negotiation of terms of reference for commissions, the CSD should only spell these out in general terms. The members of the commissions should be

sort of basis if it is explicitly understood from the outset that the Commissions are not negotiating text but turning the spotlight on to areas of unfinished or uncommenced business. If reports led to subsequent attempts to negotiate treaties then they would have to take the hard road of traditional diplomacy.

CSD-spawned commissions would simply be a way of placing new issues on the international agenda – or re-energising old ones – without prejudice to any parties. They would leave final



*Achieving true social and equitable development remains a huge challenge...*

## *Social Innovation, Key to Sustainable Development*



Now, more than ever, it requires new knowledge and applications, new ideas and policies, new perspectives and relationships. This application of new knowledge, drawing on new ideas, can be summed up in one phrase: **social innovation**. It means engaging people in the processes of defining how public policy is developed. And it means gathering those affected by any decision, especially the disadvantaged and marginalized, into the conversation.

**Social innovation** provides the context for hundreds of research projects supported by Canada's International Development Research Centre (IDRC) and carried out by its partners around the world – [www.idrc.ca](http://www.idrc.ca). These projects are achieving real change. For example, projects supported by IDRC's Ecosystem Approaches to Human Health program demonstrate how considering the health of ecosystems and of

populations together improves human health and creates more sustainable ecosystems. To share the knowledge gained in this area, IDRC will host an **International Forum on Ecosystem Approaches to Human Health in Montréal, Canada, May 18 - 23, 2003**.

The Forum is supported by the United Nations Foundation, the Ford Foundation, the United Nations Environment Programme, the World Health Organization, le Biodôme, the International Society for Ecosystem Health, and the Université du Québec à Montréal. Canadian federal ministries and agencies such as Environment Canada, Health Canada, and the Canadian International Development Agency as well as the Ministry of Health and Social Services of the government of Québec are key partners in bringing the Forum to life and in ensuring its success.



**Check out the Forum at:**



[www.idrc.ca/forum2003](http://www.idrc.ca/forum2003)



**British  
Waterways**

# REGENERATING WATERWAYS FOR TOMORROW

It is tempting to think that the concept of sustainable development was made with inland waterways in mind. Certainly British Waterways who own and manage 3,000kms of inland navigations and 89 associated reservoirs in the United Kingdom have positively embraced the concept. They are developing a framework of systems, processes and strategies to ensure that all within this government sponsored public corporation and its many partners act in a responsible manner.

The network of inland waterways in Great Britain has a unique industrial architecture and archaeology; diverse cultural and heritage interest and are recognised as containing nature conservation and landscape features of regional, national and international importance. Add to this an important leisure industry focused on sport and recreation (narrowboat cruising, sailing, canoeing, cycling, angling and walking) and it is easy to see how inland waterways make an important contribution to the quality of life for the 50% of the country's population who live within 8kms of a waterway.

The decline of waterborne freight activity in the 1950's and 60's heralded the development of leisure and tourism use on the waterways, promoted largely by the voluntary sector and specialist waterway groups. Redundant land and buildings became available for new uses and activities. Re-development of waterfront areas across the UK's major cities became the catalyst for area wide regeneration on a major scale. Such has been the success of this regeneration that public, private and voluntary sector bodies have joined with British Waterways to re-build, restore and regenerate disused and redundant waterways in order to extend the navigation network and bring social, economic and environmental benefits to other locations and communities.

Increasingly attention is being given to how the waterways can again be used as part of a sustainable transport network, for freight and passenger travel and as host to telecommunication systems. A new business is being set up to manage the transfer of water resources from one part of the network to another in order to minimise the use of groundwater resources and create a grid for water supply. The water resource itself is being carefully managed to minimise loss and reduce demand.

The skills required to design, plan, implement and manage such diverse opportunities have been developed over many years and are increasingly being used to support other organisations across the UK, Europe and further afield. British Waterways has established an international consultancy venture to meet a real need for advice and guidance and provide a 'one stop shop' for those seeking to regenerate their inland waterway networks and maximise the use of waterspace in an imaginative and sustainable way.

For further information contact Bill Schlegel.

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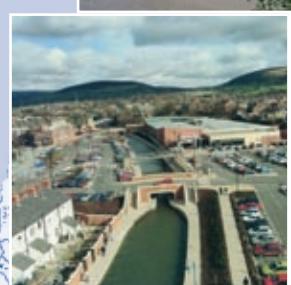
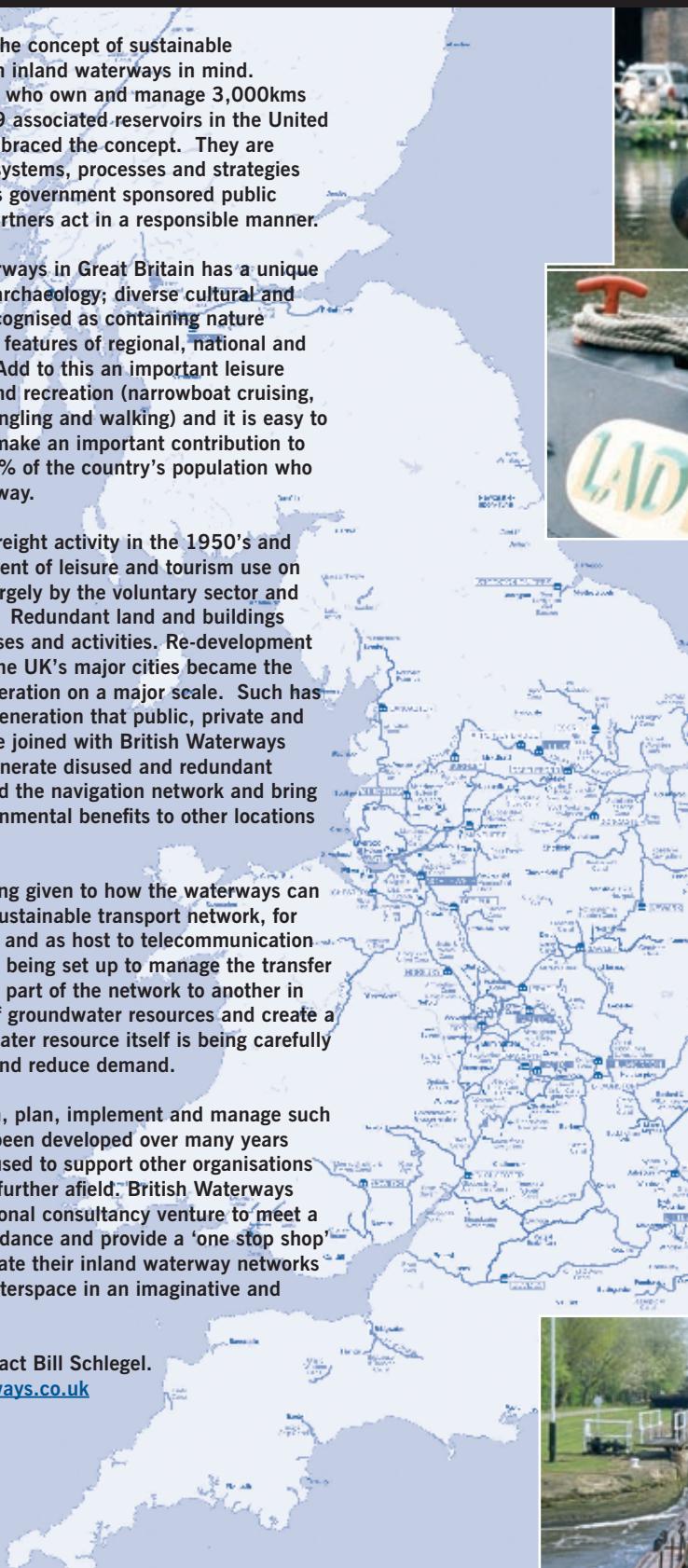
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Krabi Province, Thailand. Rainforest is burned to expand agricultural land.

decision making authority firmly in national hands while being a visible recognition of the fact that in a rapidly globalising world community many problems cannot be tackled exclusively behind closed borders. There is no immediately obvious precedent for the approach being advocated here. But two recent international initiatives – the *World Commission on Dams* and the *Commission on Macroeconomics and Health* – provide support for the view that purpose-built commissions can make a difference.

In the case of the *World Commission on Dams*, some 53 organisations spanning governments, international agencies, private corporations, NGOs and foundations provided financial assistance (without strings attached) to a particularly high-powered team chaired by a South African Minister, Kader Asmal. The Commission's brief was two-fold: first, to review the development effectiveness of large dams and assess alternatives for water resources and energy development; and secondly, to develop internationally acceptable guidelines for the development

and management of dams. The Commission tackled a thorny and contentious issue that, if not eliminating disagreement, provided a body of analysis that no future debate or development could afford to ignore as well as practical guidance to a wide range of parties. In short, it moved the issue forward. While it was not formally a report to any single agency, its immediate audience was, self-evidently, those agencies in the development business.

By contrast, the *Commission on Macroeconomics and Health* was formally commissioned by the Director-General of the World Health Organisation and reported to her. But like the *Commission on Dams*, it enjoyed the sponsorship of a range of governmental and private philanthropic institutions all of whom shared an interest in its conclusions in addition to the WHO. Chaired by Professor Jeffrey Sachs, its membership encompassed a range of experts drawn from political, inter-governmental and academic backgrounds. In 150 accessible pages, it generated an up-to-date,

policy-relevant framework for focusing on the relationship between health and economic development. Like the report of the *Commission on Dams*, Professor Sachs' report has become an essential reference point for politicians and non-governmental players who wish to engage on these issues.

In both cases, time-bound commissions provided both depth of analysis and a 'way through' timely issues that have begged champions. Whether the conclusions are in either case 'definitive' is beside the point. The two reports turn a spotlight onto an important issue and provide the sort of basis for informed debate that should make inter-governmental fora (like the CSD for instance) much better focused than they currently are.

Both commissions provide a basis for re-thinking the role of the CSD as a mechanism for keeping the difficult, cross-cutting issues at the heart of sustainable development on the agenda. Indeed, such a step would be very much in the spirit of the Brundtland



Unsustainable fishing practices persist on the high seas

Commission itself which, through a multi-stakeholder membership, launched so many of the ideas that took root at Rio. If sustainable development is to be genuinely about both development and containing the negative side-effects or externalities that can be ultimately self-defeating, then such commissions would need (as the two examples above illustrate) to go beyond problem definition to elaborating the range of practical, cost effective solutions needed to make progress. This will, in many cases, broach issues relating to developmental and technical assistance since many environmental pressures of global concern (such as the destruction of forests) have their roots in specific regional development imperatives.

The number of issues at any one time under consideration would be very much smaller than the potential array of issues outlined in *Agenda 21*. This is deliberate. Ten years on from Rio two things have become much clearer. The first is that a relatively small number of issues require, for their solution, truly international action. The adage ‘think global, act local’ is profoundly wise. Even if people wish to advocate global solutions to many problems, there are simply no adequate governance mechanisms to attempt them – and no likelihood that they are going to be created in the foreseeable future. Thinking about global problems may be all that we can do. Our actions – for both ecological and human reasons – may only make sense at a local or at most regional level.

Secondly, there is a much greater level of realism about the real limits to how much can at any one time be meaningfully absorbed by either bureaucracies or decision-makers. The ability of even reasonably well-resourced countries to devote the needed human resources to the array of issues canvassed at Rio has been stretched. And even where there are few material constraints, the ability to engage political attention across a wide range of fronts has often been over-estimated. It is one thing to go through the motions of grafting ‘sustainability’ concerns into every corner of national and international life (and there have been some heroic examples). It is entirely another to engender the sort of focused political commitment that any

sense of prioritisation requires.

With national councils for sustainable development well-established in many countries, CSD as a catalyst for action could do worse than focus – as only it can – on those pressing issues that affect the global commons and in respect of which international law has at best only partial coverage and in many cases none. There are challenges enough posed to the oceans and atmosphere – and their interaction with bio-physical systems at the planetary level – without spending scarce financial and diplomatic resources on issues that can only ever be solved at the local level.

Neither is there any shortage of unfinished negotiations or completed treaties that have yet to come into force which could benefit from some sustained analysis – not to mention agreements in force that are simply inadequate and either need to be re-written or significantly upgraded. Notwithstanding the commitment of vast diplomatic resources, the Framework Convention on Climate Change and its (thus far unratified) Protocol failed to dent the rising track of greenhouse gas emissions. Similarly, notwithstanding the Biodiversity Convention, forest destruction continues apace in many parts of the world. These are much quoted instances. But there are many others. For instance, the *Agreement to Promote Compliance with International Conservation and Management Measures by Fishing Vessels on the High Seas*, completed in 1995, which would give teeth to the FAO's ambitious Code of Conduct, still lacks the 25 acceptances needed to enter into force. Unsustainable practices persist on the high seas. And even the entry into force of the Agreement would not of itself solve anything to the extent that the flags of a large pool of non-signatories provide a means of escape for those who would seek to raid the ocean commons (ref: <http://www.fao.org/fi/agreem/codecond/codecon.asp#AGREEM>).

The stark reality is that creating bodies of negotiated international law guarantees nothing of themselves. Implicit in that observation is the fact that *unsustainable* practices – both within territorial jurisdictions and in the global commons – will not be tackled by treaties and regulation. Those formal mechanisms will only gain traction when there is effective national and regional governance, and that in many cases is inextricably linked to hard issues of economic and social development. Thus the importance of any global level initiatives is support of sustainable development to be firmly rooted in an understanding of the drivers of unsustainable development. This is the multi-disciplinary perspective that would need to inform any commissions mandated by the CSD as proposed. It is the genesis of the CSD in the Rio process that should make it the obvious forum in which to initiate action of this type.

Recasting the CSD as a catalyst for action would make it a vantage point from which priorities could be identified and the quality and integration of international initiatives could be assessed. Above all, it would at least enable the analysis of genuinely global issues in an integrated way. We live in a world of nation states with competing – and sometimes irreconcilable – national interests. As such, there is no escaping the essentially inter-governmental nature of any attempts to respond to the global challenges. But the need to negotiate our way patiently through them should not blind us to the fact that economic and social development paths impose footprints that do not stay behind closed borders. Nor are they, frequently, the intended or even the predicted consequences of human activity.

If we can at least free our approach to problem analysis from the prism of nationally conceived interests – as this

transformation of the CSD proposes – we may achieve a more transparent and fairer basis for amending and furthering the norms on which international relations are based. ■



Rt Hon Simon Upton was the New Zealand Minister of the Environment between 1990 and 1999. In 1998, he chaired the meeting of OECD environment ministers and in 1998-99 he was the chairman of the 7th Session of the United Nations Commission on Sustainable Development. In 1999 the World Economic Forum in Davos named him as the Environment Minister in its annual 'Dream Cabinet'. Currently, Mr Upton chairs the OECD Round Table on Sustainable Development. More information about the Round Table's structure and work programme can be located at <http://www.oecd.org/EN/document/0,,EN-document-21-nodirectorate-no-21-8909-21,00.html>. Research assistance in the preparation of this paper was provided by Vangelis Vitalis, Chief Adviser, OECD Round Table on Sustainable Development.

# National Strategies for Sustainable Development: New Thinking and Time for Action

by Stephen Bass and Barry Dalal-Clayton



**S**ince the Rio Earth Summit, the international community, national and local governments, private sector organisations, NGOs, and others have struggled to find ways to operationalise sustainable development. But achieving it has remained elusive.

## UN commitments but no guidance

In 1992, Agenda 21 called for all countries to develop national strategies for sustainable development (NSSD) to translate the words and commitments of the Earth Summit into concrete policies and actions. It recognised that key decisions are needed at the national level, and should be made by stakeholders together. It believed that the huge agenda inherent in sustainable development needed an orderly approach – a ‘strategy’. But Agenda 21 stopped short of any international agreement, or definition of what constitutes a strategy, or even of guidance on how to go about it.

In response to this vacuum, the Development Assistance Committee (DAC) of the Organisation for Economic

to sustainable development, or were considered to have supported promising observed outcomes (thus including traditional and ongoing mechanisms as well as organised ‘strategies’).

This developing country-donor partnership culminated in the collaborative development of policy guidance on strategies, which was endorsed by aid ministers at the DAC in April 2001. This revealed that, in the past, many strategic planning initiatives had limited practical impact because they focused on the production of a comprehensive document as an end-product, and such documents have often been left without implementation. It is now accepted that, instead, an nssd should improve the integration of social and environmental objectives into key economic development processes. In other words, a set of locally-

**New thinking ... emphasises multi-stakeholder processes, continuous learning and improvement, and effective mechanisms for co-ordinating strategic planning.**

Cooperation and Development (OECD) launched a project in 1999 involving eight developing countries and a Task Force of donors, coordinated by IIED. Its aim was to clarify the purposes and principles underlying effective national and local strategies for sustainable development; to describe the various forms they can take in developing countries; and to offer guidance on how development co-operation agencies can support them. The project involved stakeholder dialogues and reviews of a range of processes in each country that were either deliberately designed to lead

driven, continuing processes, rather than an encyclopaedia of possible actions (most of which will interest only a few people). The DAC guidance also offers the first official definition of a strategy:

*“A co-ordinated set of participatory and continuously improving processes of analysis, debate, capacity-strengthening, planning and investment, which seeks to integrate the short and long term economic, social and environmental objectives of society - through mutually supportive approaches wherever possible - and manages trade offs where this is not possible”*

(OECD DAC 2001)



Students from developing countries receiving agricultural education at Wageningen University

### Meeting the challenge

Moving towards sustainable development presents tremendous challenges. Important structural changes are needed to the ways societies manage their economic, social and environmental affairs. Different countries may settle for different solutions, but all will have to make hard choices.

Sustainable development means treating the issues of poverty, environmental management and social issues together, in the face of many difficult challenges. But how can environmental protection, poverty alleviation, and money-making objectives be integrated in practice – or trade-offs made if integration is impossible? How can long-term needs really be balanced with short-term imperatives, especially when change is so unpredictable? How can local demands be treated alongside broader national and global requirements? And how do you get a decision-making process ‘with the maximum possible participation’ (as called for by Agenda 21) that does not impose substantial costs in time or money?

In effect, social, environmental and economic issues of almost unprecedented complexity need to be tackled at several levels in ways that are not merely

conceptually neat, but that also encourage significant behavioural and institutional change.

In the past, the perceived imperative to be ‘comprehensive’ has often paralysed strategies so that they could not be translated into action. From the World Conservation Strategy in 1980 to Agenda 21 in 1992, the sustainable development texts that emerged from international processes tended to be overwhelming in their all-encompassing nature, with an emphasis on many comprehensive sets of linked objectives. None the less, many approaches were largely environmental and did little to integrate social and economic dimensions. The difficult agenda meant that, in practice, efforts were often focused on producing documents, with little implementation.

Such massive agendas have tended to be ignored: no one person or group is interested in all items in the list of ‘what should be done’. They were also too vague or too remote from day-to-day realities of ‘how to do things’ – investment, trade and production and consumption. No wonder that many of the earlier national approaches – national conservation strategies (NCSs), national environmental action plans (NEAPs), etc – have been treated at best as checklists, or as sourcebooks of ideas, to turn to whenever the occasional policy

space, or financial opportunity, emerges to do something ‘green’.

At the 1992 Earth Summit, governments made a commitment to adopt ‘national strategies for sustainable development’. The understanding at the time was that some kind of highly integrated master plan was the way forward: ‘the strategy should build upon and harmonise the various sectoral, economic, social and environmental policies and plans that are operating in the country’ (Agenda 21, Chapter 8, paragraph 8). However, it was also understood that international precepts should not be imposed, and that successful strategies would be ‘country-driven’ and ‘bottom up’.

### The way forward

Recent international reviews and debate have revealed how national strategies for sustainable development can offer systems to integrate many initiatives on a continuous improvement basis – and keep sustainable development on everyone’s agenda. Old notions of strategies as perfectionist ‘master plans’, which are invariably imposed from outside, are being dispensed with.

New thinking on strategies for sustainable development emphasises multi-stakeholder processes, continuous learning and improvement, and effective mechanisms for co-ordinating strategic planning. It argues that international endorsement of the principles underpinning this new thinking would help all countries to make progress, and recommends that such strategies should be a key concern for the World Summit on Sustainable Development.

Recent UN and OECD initiatives have been developing guidance on effective strategies for sustainable development. The stakeholder dialogues in developing countries supported by the OECD DAC showed that there have been

some valuable results from the earlier approaches to sustainable development strategies. Most common has been their roles: in improving awareness of sustainable development issues amongst a wide range of stakeholders; in developing sustainable development pilot projects; in setting up environmental authorities where these were missing; and in co-ordinating/integrating authorities and fora concerned with sustainable

NEAPs, and Green Plans offered some of these mechanisms. But there were other sources of innovation too – especially in the regular planning system, in corporate investment, in public/private partnerships, and in community development and decentralisation initiatives. These other initiatives responded to different everyday pressures – local as well as (increasingly) globalised – and were often uncoordinated with one another. They point

 developing capacity and an enabling environment, building on existing knowledge and processes

 focus on priorities, outcomes and coherent means of implementation

The label attached to a strategy process does not matter – although one might not think it, given the vigour with which the various international initiatives have often promoted their own ‘brands’ of strategy. What is important is adhering to basic strategic planning principles. Indeed, the Forum further confirmed that:

*“Effective national sustainable development strategies have common characteristics, but that they take different forms depending on national and local conditions... For example, established frameworks such as a National Vision, National Agenda 21, a Poverty Reduction Strategy (PRS) or a Comprehensive Development Framework (CDF) can all provide a good basis to build on for taking strategic action towards sustainable development. The particular label applied to a national sustainable development strategy is not important as long as the common characteristics of the strategy are adhered to” (UN DESA, 2002).*

The emphasis is now on demand-driven processes rather than top-down agendas. ‘Strategy’ is increasingly being used to imply a continuous (or at least iterative) learning system to develop and achieve a shared vision, rather than a one-off exercise. The associated challenges are more clearly about institutional change – generating awareness, reaching consensus on values, building commitment, creating an environment with the right incentives, working on shared tasks – and doing so at a pace with which stakeholders can cope. The means to do this are integrated systems: of participation, analysis, debate, experiment, prioritisation, transparency, monitoring, accountability and review. All countries will have some elements of

**“Ultimately, sustainable development is not something that governments do for people; it is something people achieve for themselves through individual and collective change.”**

– Dr Cielito Habito, the Philippines

development. But the OECD work (see [www.nssd.net](http://www.nssd.net)) and an international forum hosted by UN DESA in Ghana in November 2001, and the Government of Ghana, supported by UK DFID, UNDP and the Danish Government, were also significant in looking more widely for sources of leadership and innovation – not assuming that existing one-off strategies were the only pointers to the future. As in any field, it is clear that leadership and innovation in sustainable development derives from many sources. It would certainly be a conceit to view centralised national strategies as the only means to bring it about.

The work of the OECD DAC, and latterly the UN International Forum on NSDSs, actively looked for those mechanisms that individual countries had found most effective in identifying and debating sustainable development issues, in planning experiments, in changing policy towards sustainable development and associated roles, and in monitoring sustainable development in ways that lead to improved action. Some NCSs,

to desirable characteristics of a strategy for sustainable development, if they could somehow be brought together.

The UN International Forum, facilitated by IIED, comprised 73 expert participants from 31 countries, developing and industrialised, drawn from government, civil society, the private sector and international agencies. It agreed a number of characteristics of successful strategies:

-  integration of economic, social and environmental objectives
-  balance across sectors, territories and generations
-  broad participation, effective partnerships, transparency and accountability
-  country ownership, shared vision, commitment and continuous improvement



Vietnam. Can Tho. - Rice Research Institute

these systems within existing strategic planning mechanisms. The challenge is to find them, bring them together and strengthen them.

National strategies – and the biggest springboards on which they can be built, such as Poverty Reduction Strategy Plans (PRSPs) in developing countries – should be a top issue for the WSSD. Potentially, the WSSD is a good catalyst to get countries thinking through how they organise themselves to achieve sustainable development. The guidance resulting from both the UN and the OECD processes is timely and effective here. This guidance offers a national ‘fitness for sustainable development’ diagnostic and a ‘gap analysis’ to identify processes and mechanisms that are missing. Because national strategies are now understood as being based on ‘what works’ from civil society, private sector and government sources, they should be able to spur countries on to real institutional change by clarifying the issue as one of ‘identify

and scale up’ rather than ‘start again’. Because the new thinking on national strategies treats NEAPs, PRSPs, CDFs, and so on as optional means to an end, rather than as ends in themselves, it encourages an inclusive approach that should be able to defuse tensions between these ‘branded’ initiatives. By emphasising integration with budget/investment processes, and by seeking clarity of goals and evidence of priorities, effective strategy processes are also more likely to attract investment than in the past.

National strategies can provide many ‘entry points’ for concerned civil society and business groups. There are limits to what even the best corporations and NGOs can do on their own, especially in the absence of a forum to debate integration and trade-offs with one another and with government. Many are seeking effective means of engagement with one another and with government. It is clear that the emerging, pragmatic approach to national strategies has dispensed with

the notion of a government-led plan and replaced it with a government-facilitated process. The strategy process integrates many functions (debate, information-gathering, analysis, decision-making, experimentation, role changes, policy changes, monitoring and review) and incorporates principles of inclusiveness and innovation: thus it is an efficient and equitable way to bring together concerned groups. In short, the new ‘system’ offers a practical way to keep sustainable development on everybody’s agenda. ■



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Over time, electricity has become vital to our development and prosperity.

As a result of environmental concerns created by global warming and atmospheric pollution, it has become imperative that we choose the right electricity generation options.

In Québec, we have opted for hydropower. Given the province's natural characteristics, it was only logical that Hydro-Québec develop its substantial non-polluting hydroelectric potential to meet the population's energy needs. Our electricity output in 2001 was 96% hydraulic.

Hydro-Québec's concern for the environment is nothing new. In this area the utility has played a pioneering role in Québec. Its environmental expenditures over the past three decades amount to a billion dollars. For about 25 years, we have collected data on aquatic, land and human

environments. In the James Bay Territory especially, Hydro-Québec has developed a large number of measures designed to correct, mitigate or offset the impacts of construction and operation of hydroelectric facilities. The utility also works in partnership with the Québec institution responsible for application of the measures prescribed by the Rio Biodiversity Convention.

The wise use of resources with a view to sustainable development is one of the basic principles underlying our initiatives. Our projects must meet three conditions: they must be profitable, environmentally acceptable and well received by local communities.

In this spirit, Hydro-Québec continues to propose that communities partner with it on a business basis. Such alliances may range from a simple commercial transaction to joint ownership of new facilities by limited partnerships. The agreements signed recently

by the Québec government and the Cree and Inuit Nations of Québec lays the groundwork for a new series of hydroelectric developments in the James Bay Territory.

Now we must find avenues that will enable us to fulfill the objectives of the Kyoto Protocol. Whether through increased support for renewables or the creation of an emissions trading system, combating GHG emissions must be the focus of our efforts.

It's a worthwhile cause for all of us, but also for our children and our grandchildren, who deserve nothing less.

André Caillé  
President and Chief Executive Officer  
Hydro-Québec



# The Politics of Radical Partnerships:

## Sustainable Development, Rights and Responsibilities

by Charles Secrett



**D**evelopment is about welfare and power, for the privileged. Global political economy is failing to deliver the conditions under which basic needs and the prospect of fulfilling lives can be met by most of the world's population - or by future generations - as unique global common and primary ecosystems are rapidly degraded, and essential democratic requirements for progress are denied by government and politics. But power is not the same as leadership.

Ultimately, the embedded inequalities of decision-making, resource use and wealth between nations drive global development problems: the build up of climate change, disintegrating habitats and species extinctions, swelling economic migration and sinking public confidence. Global problems need global solutions, and mutually supportive relationships between states and civil societies. Instead, we have deep division and bitter disagreement between governments, North and South; and, between transnational companies and communities. Neither side can afford the continuous environmental, social and political upheavals that result. And so, inter-governmental negotiations increasingly end in disarray. How can WSSD avoid the same fate?

It is time to draw up and implement a new social contract between citizens and the State, and a new international concordat between governments, in order to secure the fundamental entitlements for wellbeing, which every person and every nation requires to prosper. Statutory rights and enabling institutions are primary tools of political economy to address environmental and civil inequities through democratic and fair methods. Rights are enforceable, but also depend on the exercise of responsibilities by society.

At the global and national levels, new sustainability rights, rules and adjudication bodies can forge the radically different partnerships between governments, companies and communities that are needed to underpin the rewritten social contract and revised political concordat. This should be the business of the Johannesburg Earth Summit, and its focus on the double-barrelled crisis of entrenched poverty

and environmental degradation. This builds stability and security. Sustainable development is about justice and wellbeing for all.

### The Crisis of Development and the Denial of Rights

As is obvious to concerned public officials and citizens worldwide, if not captains of industry and trade negotiators, development is failing to deliver ... big time. As UNEP's Global Environment Outlook (GEO 3) study confirms, business-as-usual policies are not working for the common good, the poor, the environment or future generations. The thoroughly documented plunder and pollution of climate, land and ocean ecosystems, the deep disparities in access and use of natural resources between regions, the huge numbers of people living in poverty, and the growing gulf in standards of living, technological capacity and political authority between "have" and "have not" nations create intolerable and unsustainable ecological, economic and social stresses. This is the crisis of development. It can be cured by good governance: a mix of representative government and participative politics acting in the public interest.

The Earth Summit process is the best opportunity for nation states to correct together the mistakes of policy and political economy that perpetuate these inequities, and ensure justice. Despite the tortuously slow progress made in implementing sustainable and fair patterns of resource use, development and trade over the past 30 years, Earth Summit agreements - including Agenda 21, the Rio Declaration on Environment and Development and the Climate and

Biodiversity Conventions - have created sufficient intergovernmental building blocks to complete the political and economic architecture of a sustainable world order. In Johannesburg, Earth Summit 3 should kick-start the process of reconstruction.

Development that fosters progress is about increasing and improving wellbeing for people. Progress depends on both quantitative gains, such as in standards of living, and qualitative benefits, such as improved quality of life. Wellbeing is a complex, fuzzy state, whose definition

resources and managing common property assets, like the global commons estate? Who has rights to what, and how should they be secured? When and why should government intervene in the market place? Can citizens effectively hold governments and corporations to account? How should sovereignty be divided between international, national and local arenas of policy influence and decision-making? Securing wellbeing is about exercising power responsibly: using economic and political authority to determine democratically and fairly who

They are also responsible for 70% of climate pollution, 80% of natural resource waste and 95% of toxic waste production. Meanwhile, over 4 billion people survive on the proverbial \$2 a day, consistently unable to meet needs. This vulnerable majority is least equipped to cope with the adverse economic and social impacts of destabilised ecosystems, and disrupted environmental services and product flows - and least able to compete for scarce natural resources in the market place.

There are other reasons of political economy why four-fifths of humanity remains in either relative or absolute deprivation, mostly because of nation states themselves. They include undemocratic regimes, entrenched elites, corrupt and inefficient public sector administrations, unfair land ownership, and inadequate manufacturing, service and technical capacity. But the prevailing international order makes it nearly impossible for have-not societies to succeed. Fair shares for all are not yet on the menu.

... new sustainability rights, rules and adjudication bodies can forge the radically different partnerships between governments, companies and communities that are needed to underpin the rewritten social contract and revised political concordat.

and character varies to a significant extent between different societies, cultures and individuals in their pursuit of satisfaction and happiness. However, there are fundamental requirements for a fulfilling life which are common to humanity. Needs must be satisfied for everybody, whatever their status. Democratic rights and freedoms for all must be upheld.

These development imperatives are difficult to achieve, and harder to maintain. How such universal human requirements are more precisely defined and realised raises vexatious questions of political economy in every society and across the family of nations: questions about authority, accountability and entitlement. What are the relative responsibilities of government, business and individuals in allocating valuable

gains or loses out, and why.

*Laissez-faire* policy agendas, and the political apparatus that result, are not very good at fostering development that maximises opportunities for wellbeing. It is true that, since the Reagan-Thatcher era when market priorities first gripped tight on finance, trade and aid agencies, one fifth of the global population have gained significant material benefits and political advantages. It is also true that, on average, the world is growing richer and people are living longer. But these gains mask the inequities of resource use and decision-making between nations, corporations and communities that underpin the global development crisis.

The richest 20% of the population have secured 90% of economic consumption under these discredited free trade development models and policies.

## Institutional Inequities

The entwined workings of the WTO, World Bank and IMF illustrate this point neatly. OECD governments, personified by the USA, the EU and Japan, insist that the WTO manage international trade according to a binding legal framework that guarantees nation state rights to trade freely, and company rights of access to markets with minimal interference. Member states give up a certain amount of national economic and political sovereignty so that the WTO itself can set global trade rules, adjudicate over disputes and enforce market rights. But there are no such enforceable statutes which enable countries and communities to protect critical natural resources ... or exercise economic sovereignty over local market conditions ... or hold corporations accountable and liable

through mandatory rights of redress and compensation, when their business causes demonstrable harm to the environment or human health.

Instead, WTO procedures take precedence over other intergovernmental decisions that affect trade, such as the many multilateral environmental agreements (MEAs) which curb business activities. Under the Doha Declaration, WTO members have decided to negotiate amongst themselves over the relative mandates of existing trade rules and the MEAs, drawn up by other bodies, with which they clash. There is no independent global authority to decide the conflicting merits of liberalised trade over environmental protection or natural justice, either generally or on a case-by-case basis. Instead, the free trade body will decide. Given the in-built market and political bias of WTO rules, the eventual settlement is likely to resemble the predictable findings of a kangaroo court.

Developing countries are expected to prosper economically by trading on their comparative advantages of substantial natural resources. But such export-oriented development has led to the over-production of primary commodities at generally low and volatile prices, and increasingly exhausted ecosystems. Poor countries compete with each other to supply industrial economies, while trying to prise open protected Northern markets and pay off development loans from Northern governments, private banks and agencies like the World Bank and IMF. Free trade politics and the economics of comparative advantage overwhelmingly benefit the already rich and powerful, whose raw material and natural resource imports grow cheaper as their loans are redeemed, at the expense of the poor and weak, and the environment.

In these market conditions, some 500 companies, the great majority incorporated in the North, have grown to master almost two-thirds of world trade. Having manipulated trade agreements to secure



Oil Refinery, USA

unprecedented access and *de facto* control for their companies over natural resources and commodities produced by others, industrial nations are leading the charge through the WTO to force developing countries through statutory mandate to open up their relatively protected and nationally owned agricultural, financial and service sectors. *De jure* command by the North over critical global resources for development is absolutely unacceptable to the deprived South.

The vicious cycle of downward development prospects is made worse as Northern governments use majority voting rights in the World Bank and IMF to stipulate further that developing countries should liberalise markets, cut public spending and privatise utility, health and education services as conditions for additional lending and aid. As with commodities, Northern companies are best placed to dominate market share and profit. Overall, the free trade agenda amounts to a triple whammy against the developing world.

No such levers impel the G7 or other industrial nations to play fair by existing rules - nor fulfil environmental, economic and social responsibilities to their citizens, disadvantaged nations and future generations. They continue to default on aid and technical transfer obligations. They maintain massive subsidies for unsustainable energy, transport and

agricultural industries at home. And they close their markets to competitors when that suits domestic priorities. The gospel according to Smith and Ricardo is a relative, not absolute, testament of market faith for the free trade proselytisers. There is no substitute for secure entitlements to wellbeing for those in need.

As befits a religiously charged economic super-power, the United States is the most ardent believer in globalised free trade, and one of the worst offenders. Isolationist foreign and economic policy decisions - such as failing to adhere to global agreements freely entered into or acknowledge global authorities democratically decided upon - are invariably justified as morally right for Americans, if not the world. The recent Congressional decisions to impose WTO-illegal steel tariffs, and award subsidy increases worth some \$70 billion to US farmers, are examples. In adolescent political cultures, muscle often chokes off reason and responsibility.

The screaming paradox is that the USA is the only country whose political economy was originally founded upon, and remains centred around, the defence and implementation of universal human rights for all citizens. But 2002 is a mid-term election year, and votes at home take precedence over international obligations for legislators seeking another term in office.

For poor people, the slow and

intermittent trickle of market-sanctioned opportunities to progress materially is no substitute for statutory environmental and economic rights of resource protection, access, use and sovereignty, upheld by the rule of law and democratically weighted institutions. Future generations can lay claim to similar rights of entitlement. Their wellbeing too will depend on inheriting a stable, fully functioning biosphere, with ecosystems and species populations at least as diverse, healthy and productive as those bequeathed to present generations. These are reasonable expectations, which sustainable development agendas fulfil, but business-as-usual policies do not.

There is no question that fairly managed trade, which accounts for and accommodates social and environmental needs and entitlements, is indispensable for spreading prosperity in poor countries. The private sector has the capital, know-how and technology to deliver the economic means for sustainable development. But the rules governing the global market place, which force poor countries and small and medium-sized enterprises to compete with rich countries and dominant transnational corporations on a legally equal footing, have to be changed in order to overcome the institutionalised inequities which drive unsustainable development.

The Earth Summit process is designed to address these failures of political economy with blueprints for sound biosphere management and good governance (Agenda 21 and the Rio Declaration), and embryonic global statutes for implementation (the Climate and Biodiversity Conventions), which lay the foundation for progressive international relations, and sustainable development entitlements, rights and responsibilities to be more precisely articulated and allocated between countries, companies and communities. This is globalisation that can work.

### Sustainability and Justice

The Brundtland Commission assessment that sustainable development is about “meeting the needs of the present generation without compromising the ability of future generations to meet their needs” is a comprehensive development objective. No one is excluded. It means being able to meet every fundamental need for all people – not just some needs, some of the time, or simply those of the relatively rich. This aim requires that any of the irreplaceable means by which needs are met must be secured and sustained, now and for the foreseeable future. That includes maintaining critical natural capital, such as unique ecosystem services and product flows.

Needs are the basic requirements for a decent life. For humanity, they include physical needs like decent homes, uncontaminated and sufficient food, air, water and land; economic needs like livelihoods, energy, transport, and other

absolute, and cannot democratically be satisfied at the expense of the wellbeing of others. From global to local, a sustainable political economy has to marry social justice and equity with economic development and environmental protection.

### Unfair Shares

There are other angles to the justice-sustainability matrix. Northern industrial nations clearly owe a substantial ecological debt to their developing country colleagues. Like the laziest sort of welfare state beneficiary, the North lives off the wealth of the South. The debt can be calculated by our historic and continuing unfair consumption of scarce and limited global commons capacity and natural resource stocks, frequently gained on the cheap, and the damage we do to other peoples' natural environments. The fact is that Northern

**The UN needs a Global Environmental Protection Agency (GEPA) to enforce these statutes, and negotiate new ones as appropriate. It should have equal authority to the WTO**

public service infrastructures; social needs like stable and secure communities, and good health; and, aesthetic, mental and spiritual needs, such as unspoilt and diverse environments and education. Standards of living and quality of life are directly and indirectly dependent on such critical natural capital. Humans also have civil and political needs that must be satisfied. They include the freedoms of information, of expression, of assembly and of movement; sovereign decision-making, accountability and right of redress; and, meaningful participation in public policy. These needs are not

lifestyles are subsidised by squandering the environmental capital of the poor. For deprived communities, the ecological footprint left by industrial predation feels like the stamp of a jackboot.

The USA uses 30% of global oil production and emits over 20% of global carbon emissions to satisfy the needs of just 4% of humanity, its citizens. Republican and Democrat administrations alike keep taxes artificially low on subsidised petrol, diesel and coal, and refuse to sign up to a Climate Convention negotiated in good faith. The average carbon emission of each American

citizen is 6 tonnes per year; the average for Mozambique is 0.01 tonne, and for China, 0.85. The distribution is neither environmentally sustainable, nor economically sensible nor politically justifiable. The USA is the worst offender in this case. But all other industrial nations use much more than their fair share of the limited, safe sink capacity of the climate systems – and take up too many critical natural resources like water, land, food, ores and fish.

The economic costs of the total misappropriation of global commons resources between North and South are substantial: the size of the “carbon debt” alone owed by industrial nations has been conservatively estimated by Friends of the Earth at \$1,500 billion, and the damage caused by current climate-related disasters (eg. hurricanes, droughts, floods) is reckoned at \$200 billion a year. Southern nations suffer the highest death tolls, economic disruption and displaced people from these disasters. Reallocating and redistributing critical natural resources on an equitable basis will help repay the debt, and free up essential resources, including pollution sink capacity, for disadvantaged nations to meet development needs.

Similarly, as access to environmental resources is unequally divided between rich and poor, so the impacts of environmental degradation are unevenly clumped. Pollution and resource waste hit poor people hardest.

Injustices cut across generations in a number of ways, apart from reducing environmental capacity to provide unique resources. Inter-generational inequities that erode the ability of our progeny to meet their needs are imposed by activities like radioactive and toxic waste production, which impose future costs with no discernible benefits ... by worsening adverse environmental trends, such as extinctions, primary deforestation and climate change ... by the loss of irreplaceable genetic capital as species



Air Pollution, Bangkok, Thailand

shrink to remnant populations ... and, by novel technologies with unknown long-term effects, such as the badly controlled use of poorly understood genetically modified organisms and persistent synthetic chemicals, which threaten the health of ecosystems, species and humans.

## Environmental Entitlements

Overall, four types of natural capital entitlement for wellbeing can be identified, which are denied to most under prevailing development agendas and market conditions. Development priorities, trade rules and market boundaries must be redrawn to ensure their fair distribution and allocation. Otherwise, sustainable development is not possible.

First, there is the human entitlement to a productive, diverse and fully functioning biosphere: the continuing destabilisation and degradation of the global commons estate and common property resources, such as healthy oceans and resilient climate systems, threatens the wellbeing of every citizen, and is exacerbated by significant and unjustifiable disparities in pollution loads and resource take across nations.

Second, the nation state entitlement to a fair share of critical natural resources: industrialised countries wield disproportionate power in economic, trade and other inter-governmental institutions, and too often use that muscle at the negotiating table and in the market place to deny vulnerable nations equal access to and use of the raw materials and natural resources required for development.

Third, the citizen entitlement to natural assets required to meet needs: poor communities with few if any political rights and productive assets are most at risk from significant global change largely created by others, and are most denied the opportunity to meet needs and other fundamentals for wellbeing by the prevailing international order and their own governments.

Fourth, the inter-generational entitlement to each of the above three: future generations are deprived of irreplaceable capital in the form of productive, healthy and diverse ecosystems and natural resource flows, as the present generation consumes and erodes primary forests, coral reefs, non-

renewable minerals and metals, freshwater resources, fish stocks and the like, causing unprecedented extinction rates, primary habitat destruction and pollution. They too will demand democratic forms of global governance, and civil liberties.

Entitlements are secured by rights, and maintained by responsibilities freely exercised under the rule of law. The denial of fundamental rights for wellbeing runs like a fault line through the social contract between citizens and states. The four universal entitlements to critical natural capital should be translated into statutory sustainability rights, as part of the rules-based framework for democratic decision-making throughout the global economy and nation states. But government cannot do everything. Equally important, civil society actors must exercise corresponding responsibilities to ensure that these sustainability rights can be fully realised. This is the basis for meaningful partnerships between government and society, where each supports the other. The contract needs rewriting.

### Sustainability Rights and Responsibilities

Rights are the legal guarantee of the means and opportunities for citizens to meet their needs for a fulfilling life. In the same way that the global commons and other common property resources must be fairly allocated and distributed, so corresponding rights must be defined and responsibilities assigned to government and within society. There is a moral and political imperative to do so, and a strong business case.

Citizens need sustainability rights to secure development opportunities based on engagement, critical resource use and shared sovereignty, mediated by democratic institutions and processes. Guaranteed sustainability

rights will empower citizens and enable them to interact as genuine partners with government and business. The development policy alliance between large companies, development agencies and government Ministries, which ranges from the politically incestuous and corrupt to the useful and democratic, has led to the rapid accumulation of *de facto* and *de jure* rights for companies. This corporate rights grab poses a substantial threat to citizen, nation state and future generation wellbeing.

Rogue companies who legally profit from unjustifiable market rules to deny nation state or citizen rights and entitlements should be legally restrained. In the US, Monsanto is allowed to sue farmers who inadvertently grow wind-blown or insect-carried pollen from patented GM-crops licensed to their neighbours. Investor rights, included in the 1994 North American Free Trade Agreement and dozens of other bilateral trade treaties, were intended to protect foreign investors from arbitrary interference or expropriation of property. They are now used by clever lawyers from companies such as Mobil, Vivendi and Enron subsidiaries to sue developing country governments for millions of dollars over previously inviolable sovereignties, like setting tax rates, regulating privatised services and enforcing environmental and health standards.

There has been widespread public opposition in India and Brazil against the forced introduction of patented GM crops; in Argentina, Bolivia and Ghana against the takeover of public water services by US and European companies; and in southern Africa against the pricing policies of foreign pharmaceutical companies for essential drugs.

The inflexible one-size-fits-all approach of economic liberalisation policy eradicates market diversity, and makes it hard for developing nations to build-up infant industries, promote

local employment and restrict resource imports. Economic subsidiarity, where communities can shape local markets within internationally agreed parameters (eg. over fair shares in global assets, human rights and environmental limits), should be accounted for by global trading arrangements. WTO rules should be amended to ensure that environmental and human health priorities, nation state authority over global companies operating within their borders, and the right of communities to determine local market conditions take precedence over simplistic transnational demands to exploit commercial opportunities to buy and sell as they see fit.

### The Business Case

Business leaders invariably shy away from government intervention. But a political economy that regulates and provides for fundamental development requirements also creates market stability and policy certainty. In order to tackle the deep-rooted development crisis and satisfy future generation needs, long-term development strategies must be responsibly coordinated through negotiated agreements. As the policy boundaries of the market are redrawn, new environmental standards set and entitlement rights enforced, a level-playing field is created that favours best practice companies, and discriminates against the cowboys who undercut by slashing costs and corners. Supportive tax and spending regimes should reward companies that operate sustainably, and penalise companies that do not. This is the future for markets. Fighting to perpetuate trade and other economic inequities is the corporate losers' option.

Companies already suffer severe reputational damage when they trample over innate environmental and civic rights. Witness the impact of concerted consumer and shareholder campaigns

against brand leaders like Monsanto, Shell and Nike, and a host of lesser-logo companies. Executives forget that market forces work both ways. The grievances of inequity will ensure that civil resistance to over-weaning corporate power consolidates and grows in Northern and Southern markets, if governments and companies fail to correct perpetrated wrongs with enacted rights and responsible behaviour.

In the 21st century, good business will increasingly mean making money by working to high environmental and social corporate standards. Employees prefer this sort of company, and loyalty and productivity rises alongside customer satisfaction. Management time and money is saved, as campaigners focus elsewhere and expensive defensive PR budgets become unnecessary. Bad publicity melts away. Shareholders appreciate benefits like these. Just development is profitable development.

By liberating dormant assets, rights based development can also enable the 4 billion people now virtually excluded from the global economy to participate meaningfully, opening up new market and business opportunities. People without credit, resources and capital have little means, apart from labour and the land they use, to prosper themselves. Statutory "access and use" natural asset rights, combined with complementary national policy initiatives like a principled system of property law and development services, catalyse the growth of and jump-start entry into these emerging markets.

## The Limits to Voluntary Action

In the run up to the Johannesburg Summit, industry lobby groups like the International Chamber of Commerce and Business Action for Sustainable Development are urging the adoption of public-private partnerships between



Nuclear Power Plant, France

UN agencies, governments, companies and NGOs. The purpose of these so-called 'Type 2' voluntary agreements is to foster dialogue between stakeholders in development, and encourage project-based solutions financed by business. The aim is to compensate for the failure of government to implement Agenda 21 since the Rio Earth Summit. Laudable goals, and therein lies the danger. While carefully designed projects can address specific local development problems, they cannot substitute for concerted government action across markets. Companies like the voluntary approach because it keeps legal entitlements for communities and polluter-pays taxation at bay. It also helps build images of good corporate citizens in action, without requiring fundamental change to unsustainable activities or reform of unequal trading arrangements.

But the voluntary approach only works if all players are equal, and there is a genuine communal agenda. Corporations have the advantage of size. In 1999, the five largest transnationals,

including Exxon and General Motors, achieved sales greater than the combined incomes of the world's 46 poorest countries. Today, 51 of the 100 largest economies are corporations, and only 49 are nation states. The turnover of Wal-Mart exceeds the GNP of Portugal, Venezuela and the Philippines. With instant free movement of capital, and decision-making structures and operations that span continents, transnationals can and do escape effective oversight jurisdiction by national government and weak international statutes. Without statutory sustainability rights, citizens and communities have insufficient safeguards against the over-weaning power and influence of behemoths like these, seeking profits.

Too much power is easily abused, even as some companies genuinely try to improve reputations and performance. BP, Ford and Shell have begun significant stakeholder initiatives and environmental improvement programmes. But when the fundamental business is environmentally unsustainable, and

effectively unaccountable to citizens and government, then reform must be mandatory

The necessary distinctions for good governance between state authority and industry power have become muddled and opaque through cosy co-habitation. Government must fulfil its duties to society in part by independently managing markets and the private sector to help achieve the common good, as well as encourage reasonable competitive advantage and entrepreneurial flourish. But state responsibilities have become corrupted by the market place, and include: Ministers and officials handing over the results and products of publicly funded research and development programmes for private companies to patent and exploit, without fair recompense ... inadequately resourcing and empowering state regulatory agencies ... maintaining perverse tax and subsidy codes which favour entrenched and unsustainable business operations ... allowing industry representatives to dominate policy advisory committees, oversight agencies and standard-setting bodies ... assuming liability for environmental, human health or economic harm caused by company operations ... and, by not safeguarding citizen entitlements against corporate abuses.

As previous generations sought to separate church and state in order to improve government and secure good governance, so it is time to separate corporation and state. Sustainability rights help do so by levelling the playing field and securing essential entitlements.

### Types of Rights

Rights can be defined in two classes: inalienable rights and enabling rights. *Inalienable rights* for sustainable development should be constitutionally guaranteed, to be interpreted by an

independent judiciary and only very rarely adjusted by legislators. This is because these rights are about delivering universal human requirements for wellbeing. They include:

- the right to live in and enjoy a productive, diverse and fully functioning biosphere;
- the right of equal access to and use of environmentally sustainable global commons capacities and assets;
- the general right to a clean and healthy environment; and
- specific rights to unpolluted air, pure water, wholesome food, uncontaminated land and tranquillity.

Inalienable rights should secure and sustain the entitlements of nation states and future generations to fair shares in available global commons resources, while observing the tolerance limits of ecosystems and conserving the capacity of critical biological capital to maintain itself.

Inalienable rights are extremely powerful tools of political economy. They allow judges to over-rule elected governments, and order changes to laws, standards and other acts of public bodies deemed to infringe upon or otherwise offend fundamental human needs. But government will always be imperfect in the real world. The quivering tension between the checks and balances that link the judiciary, legislature and executive is an unavoidable fact of political economy. Exercising judgement over what is right and wrong is not the sole prerogative of the Courts. It is equally the responsibility of politicians and citizens. Someone after all has to choose, monitor and hold the adjudicators to account - and legislators can always have the last word. The price of democracy really is eternal vigilance. Ensuring that the dynamic equilibrium between judicial, political and citizen

authority serves sustainable development goals is also a function of the progressive partnerships required in a modern state.

*Enabling rights* empower people to meaningfully engage in their political economy, and to use democratic bodies to defend or secure the means to fulfil needs. They include:

- rights to know about the state of environmental systems, as well as proposed development schemes or plans which threaten entitlements;
- the right to determine local market conditions that allow small-scale enterprises to compete with large-scale companies;
- the right to public sector infrastructure and services that enable citizens to minimise their own ecological footprints;
- the right to protect and conserve key ecosystems from adverse development;
- the right to hold corporations accountable and liable for business operations which harm human health or disrupt critical ecosystem functions; and,
- the right to participate in public policy decision-making and standard setting.

In some cases, representative government will enforce such rights on behalf of citizens. After all, it is practically impossible for everyone to decide everything. In others, citizens will use the opportunities of democracy to act for themselves.

Enabling rights are best enacted through legislation, standards, tax codes and/or general policy as appropriate, because they require more flexible implementation than constitutional fiat.

Voters choose which they prefer at regular intervals. These policy instruments can be adjusted as governments change, and elections shuffle up a different mix of ruling and opposition parties in the legislature and executive.

## Civic Responsibilities and Good Governance

Individuals, like governments and corporations, have other responsibilities to exercise for sustainability. Statutory guarantees of essential development entitlements and rights to wellbeing are only one part of the revised bargain between citizens and the state, albeit the most important to rectify in present circumstances. Equally necessary is a civic commitment to actively use the opportunities of democracy to pursue the common good. One household's warm home and fast car is another's battering storm and lapping waves on the doorstep. We depend on each other.

It is no use relying solely on government to create a sustainable world. Governments cannot do everything. Nor should they be allowed to. The all-providing state is a dictatorship, benign or tyrannical. Passive, complacent and apathetic citizens breed bad governments and irresponsible companies. Tackling climate change, deforestation and the waste of natural resources, for example, or creating political economies where poor communities and countries can prosper, depend on personal choices of lifestyle, economy and politics as much as they do on institutions, laws, spending and taxes.

Ultimately, it is citizens, not governments or companies, who have power. Government may exercise authority on our behalf, and companies may do what they can to influence and determine government priorities. But no government can survive without the endorsement of the electorate. And no

company will stay in business, unless its stakeholders (employees, consumers and shareholders) endorse what it does, makes and sells.

Good governance depends on active and aware citizens, in political arenas and public markets, as much as accountable, responsible and democratic government. As Agenda 21 emphasises, participatory democracy goes hand-in-hand with representative government. This is the basis for the radical and progressive partnerships between government and civil society, and between community and community, that the social contract for

adjudicate and enforce fairly.

Earth Summit 2 agreed a compelling global action plan for sustainable development in Agenda 21. In the Rio Declaration on Environment and Development, governments endorsed the principles of environmental, economic and social rights and responsibilities for citizens and states, which can translate sustainability goals into practical laws, management regimes and trading arrangements.

No government has repudiated these agreements - although most have done precious little to reform their political

## ...a new UN Convention on Sustainability Rights and other inter-governmental statutes ... should be enacted through accountable multilateral agencies, governed by member states.

sustainability requires to take effect.

People, as well as nation states, need the supportive architecture of a sustainable political economy to address the crisis of development and the denial of opportunity and means for wellbeing. Statutory rights are the bedrock upon which the framework stands, and the political enticement to social responsibility. Both classes of development rights, and the entitlements they protect, should be guaranteed through a new UN Convention on Sustainability Rights and other inter-governmental statutes, such as a new Treaty on Corporate Accountability and Liability. These should be enacted through accountable multilateral agencies, governed by member states. Similarly, nations should cement these rights in and through their own constitutions, legislatures and judiciaries. In many countries, and at the international level of government, the successful application of sustainability rights will require either new institutions and/or reform of existing bodies to monitor,

economies accordingly. What is generally missing is the apparatus of government, model environment-development agencies and mutually supportive international relations capable of delivery. But there is a precedent, which enabling institutions should build upon.

## The Climate Change Convention Model

The Climate Convention is the best example of governments turning the Rio Declaration prerequisites for sustainability, and fundamental human entitlements for wellbeing, into international statute and implementation.

The Convention is based on the principle of 'common but differentiated' responsibilities and is slowly making it work in practice. Rich countries are expected to cut emissions first, and assist poor countries to develop sustainably. Most importantly, the Convention

recognises three imperatives: to cap pollution loads within global climate limits; to share global commons capacity (here, available climate sink space) between nations and generations; and to provide common property assets (the maintenance of healthy and diverse ecosystems, dependent on a stable climate, and their continual flow of unique environmental products and services) for rich and poor countries, and present and future generations. The Convention understands that these are universal entitlements for wellbeing, to which all have a fundamental right.

The Convention is not perfect, but it represents a paradigm shift in environmental management, development policy and political economy. Uniquely in international law, its clauses embrace the essential common interest (political, economic and environmental) imperatives, and mutually supportive multilateral arrangements, which are necessary to equitably satisfy ecosystem requirements for regeneration and productivity, and present and future generation development needs. The Convention rejects both the free market approach, and, in the formula for ratification, decision-making dominated by a powerful few. But it has established an institutional and policy framework that sets out to encourage sustainable and fair global trade, where dynamic markets, economic productivity and commercial opportunity are bound by democratic authority, accountability and entitlements for the common good.

Its impact can be judged by the accelerated efforts of US motor manufacturers like Ford and General Motors to develop low carbon fuels, and oil giants like Exxon-Mobil diversifying into renewable energy supplies, despite the isolationist rejection of the Kyoto protocol by the USA. Throughout the 1990s, these companies spent millions of propaganda dollars rubbishing climate science and warning of economic

catastrophe if the Convention was enacted. Now they know where market opportunity and consumer demand lies, and do not want to be left behind by their European and Japanese competitors. How long before the US, and Canadian and Australian, administrations play ball?

The Convention was ratified and the Kyoto protocol passed due to three factors, which significantly grew in influence during the 1990s. First, sufficient compelling scientific evidence of the likely threats of climate change, and rising public concern, persuaded governments to invoke the precautionary principle, and start enacting 'no-regrets' domestic policy responses, like renewables and energy efficiency programmes. Second, emerging markets for low or no-carbon power supply, technologies, products and fuels opened up in response to consumer demand and nation state policy. Third, after the breakdown in the Hague negotiations in 2000, campaigners, commentators and voters, particularly in Europe, demanded action from their elected representatives. Each factor was driven by citizen expectations. People really do have power, if they choose to use it.

determine voting rights.

A new source of independent money is needed. Introducing the 'Tobin Tax' on global financial flows and currency speculation is the obvious candidate. They are mostly generated by industrial-power banks and investment houses, and cause many of the shocks to financial markets and exchange rates, which destabilise Northern and Southern economies. These substantial funds can finance sustainable development priorities, and would allow the reorganisation of development bank decision-making on equitable lines. The World Bank needs a new role, and global development needs a new bank. It should administer and disperse Tobin Tax funds, according to sustainable development priorities set by its newly constituted and accountable Board of Directors, drawn equally from North and South. Earth Summit I in Stockholm approved the principle of international 'automaticity' for environmental purposes: ie the principle of raising money for global environmental programmes through an international taxation system. Earth Summit 3 should explore how to implement and benefit.

At least two other new international bodies will be required for sustainability entitlements and rights to work in practice. The United Nations Environment Programme tries hard to do its job, but has no authority and few funds. It issues warning cries about environmental instability, but can do little to redress the problems. Some 70% of all multilateral environmental agreements are only partially implemented or have not been implemented at all. The UN needs a Global Environmental Protection Agency (GEPA) to enforce these statutes, and negotiate new ones as appropriate. It should have equal authority to the WTO, and should take over responsibility from the World Bank for prioritising Global Environmental Facility funds.

Finally, the UN should establish a global Court of Justice on Sustainable

## Institutional Reforms

The Climate Convention should become the working model to reform the decision-making, policies and programmes of the WTO, World Bank, IMF and other finance and development agencies; and, become the basis of future multilateral environment, trade and development agreements.

Financing for sustainable development programmes is a perpetual problem. Governments are reluctant to use taxpayers' money to fulfil their development responsibilities. Donors invariably tie disbursements through the World Bank and its regional counterparts, or in the IMF, to political and economic conditions, which recipient nations must accept. The size of loans helps to

Development to monitor the application of the proposed Convention on Sustainability Rights, enforce global sustainability entitlements and adjudicate between conflicting claims of other bodies, like the proposed GEPA and WTO.

Nation states have already set a persuasive precedent in releasing equivalent sovereign authority to the WTO to facilitate global trade. Reforms like these are necessary to develop a democratic international order capable of addressing the crisis of development and the denial of fundamental entitlements and rights. These arrangements should be the basis for developing the new international concordat between nations that transforms sustainable development theory, and in-principle agreements, into real world practice.

## Policy Targets and Fair Shares

In order to secure natural capital entitlements for wellbeing for nations, global commons and other critical common property assets must be reallocated and redistributed between and within present and future generations. Policy-makers need to calculate how much is available and what a fair share is. The environmental space methodology (ESM), originated in 1991 by Friends of the Earth Netherlands (FOE) and the Wuppertal Institute (WuI) in Germany, does so robustly.

ESM first estimates the overall resource take and pollution load that an ecosystem can sustain, while maintaining natural resource flows and regenerative capacity. Then ESM assesses whether these assets are fairly shared out today, from economic statistics. It combines estimates of critical natural capital stocks (eg. timber, water, land, ores) and the tolerance limits (eg. regeneration rate, sink capacity) of relevant ecosystems in order to set equitable (per capita) shares for development in the

present. Similarly, fair shares of future stocks and tolerance limits are worked out, based on future population estimates, and assigned for future use.

ESM enables policy-makers to set environmentally sustainable and equitably distributed resource use and pollution load targets. Governments can reach them progressively, using legal standards and fiscal policy, over pre-determined periods, until fair shares of critical natural assets are available for each nation.

FOE/WuI have used ESM to calculate present-day and future allocations for a wide range of critical natural resources. Nations that currently take more than their fair share of resources and sink capacity must reduce, and develop more efficiently to cut consumption and pollution loads. Factor 10 increases in energy and material use efficiency are achievable over a generation, greatly improving economic efficiency, innovation and technological progress. Deprived nations gain their fair share of newly liberated resources and sink capacity, to build economies on these development assets, and improve wellbeing.

## Conclusion

The common good partnerships between government, business and civil society, which are addressing the climate threat, should be deepened and broadened to turn sustainability rights and entitlements into real world political, economic and social advantage. The evidence of mounting environmental disasters on land and in the oceans, and unsustainable poverty where millions die prematurely, is even more compelling than the threat of climate change - because we watch them happen now. The sound alternative models of political economy and the embryonic framework of institutions and statute are there to build on, and correct these fundamental failures of development.

The imperative is to muster the leadership to implement known solutions, and agree new options. Governments gathering in Johannesburg should shift perspective, and set out a robust process to deliver Agenda 21 and the Rio Declaration, and negotiate proposed enabling mechanisms such as the institutional, financial and statutory reforms outlined above. Doing so can make manifest the social contract for sustainability and the democratic international concordat, both of which treat nation states and civil society as equal partners reliant on a healthy biosphere. Development is then best placed to realise community wellbeing fairly, and fulfil the public interests that bind present and future generations. Isn't this a world order worth striving for? ■

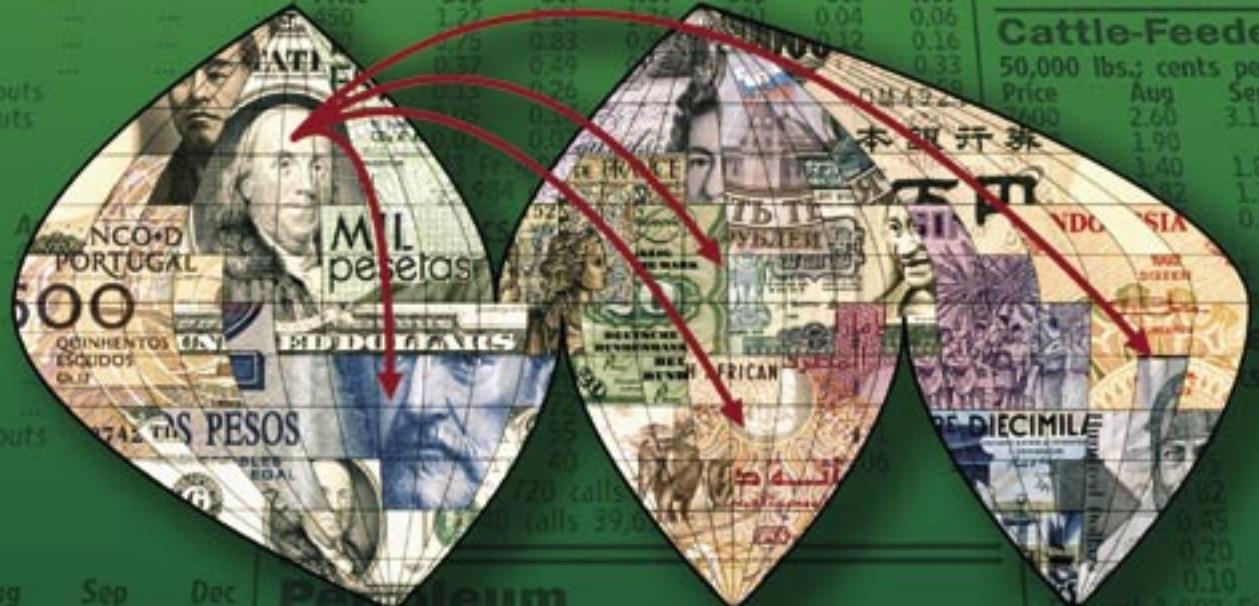


Charles Secrett is Executive Director of Friends of the Earth (England, Wales and Northern Ireland) and one of Britain's leading environmentalists. He frequently appears on national TV and radio programmes, and has written extensively on a wide range of environmental and sustainability topics. Charles has worked on environmental research and investigation projects in Malaysia, Nigeria, Brazil, Zimbabwe, Costa Rica and Nicaragua. He is a member of the UK Government's Commission for Sustainable Development, and sits on the Advisory Boards for The Ecologist magazine and the Environmental Law Foundation in Britain, and for the Environment Programme of the University of North Carolina in the US.

# Financing Sustainable Development

- The Role of Socially Responsible Investment

By Nick Robins



## Petroleum

### Crude Oil (NYM)

1,000 bbls.; \$ per bbl.

Price	Aug	Sep	Oct	Aug	Sep	Oct
2600	1.16	1.73	1.91	0.09	0.69	1.21
2650	0.76	1.41	1.64	0.19	0.87	1.44
2700	0.41	1.14	1.42	0.39	1.10	1.72
2750	0.21	0.92	1.21	0.64	1.38	..
2800	0.11	0.73	1.02	1.04	1.69	2.31
2850	0.06	0.56	0.86	1.49	..	2.65

Est vol 47,094 Fr 22,472 calls 21,751 puts

Op Int Fri 455,151 calls 496,715 puts

### Heating Oil No.2 (NYM)

42,000 gal.; \$ per gal.

Price	Aug	Sep	Oct	Aug	Sep	Oct
68	.0258	.0447	.0564	.0103	.0221	.0289
69	.0199	.0391	.0509	.0144	.0264	.0333
70	.0150	.0340	.0457	.0195	.0313	.0380
71	.0110	.0295	.0409	.0255	.0368	.0432
72	.0028	.0254	.0367	.0323	.0490	..

## Metals

### Copper (CMX)

25,000 lbs.; cents per lb.

Price	Aug	Sep	Oct	Aug	Sep	Oct
70	0.85	4.33	4.33	0.85	4.33	4.33

**F**or more than a decade, attracting foreign finance has lain at the heart of most developing country strategies to boost the investment rate. Private capital flows certainly grew substantially during the 1990s. Although a plethora of problems has long been recognised – such as the narrow range of countries benefiting from foreign direct investment and the fragility of much portfolio investment in developing country stock markets – the ruling assumption has been that these are essentially teething problems.

Once sound domestic policies have been put in place to liberalise financial markets, so the argument goes, then capital would flow unrestricted to where it can generate the highest returns – which given the investment needs of the developing world, should result in the ‘golden horde’ heading South. But, to date, the global financial system seems unable to marry capital investment with the sustainable development needs of the South.

Even before September 11, however, the onset of a synchronised economic downturn was starting to prompt fundamental questions about the wisdom of this model. When the chief

speculation and mismanagement, dramatically highlighted by the collapse of Enron. But beyond this specific case, the more serious issue is the gross misallocation of resources during the 1990s caused by these speculative dynamics, with massive over-investment in some sectors (notably telecom and technology stocks), and chronic under-investment elsewhere (especially in developing countries). In fact, the bubble also sucked in capital from the rest of the world, thereby exacerbating the already entrenched investment gulf between North and South. The entrepreneurs of the South remain badly served by global finance.

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...the message at the heart of SRI: ‘if you want to make capitalism sustainable, then you might as well start with capital’.

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economist of Morgan Stanley points to the geopolitical tensions wrought by rising income inequality and highlights the tendency for globalisation to “sow the seeds of its own demise” a significant watershed has been crossed (“Back to Borders” by Stephen Roach, *Financial Times*, September 28, 2001).

Indeed, there is now growing awareness of the design flaws inherent to the 1990s financial settlement, based on the post-Cold War trinity of deregulated financial markets, privatised state assets and liberalised capital flows. Deep-seated weaknesses in all parts of the trinity have now been exposed – summarised by three words: Enron, Railtrack and Argentina.

The pricking of the stock market bubble in the USA and elsewhere has exposed a powerful tendency in deregulated markets towards financial

On top of this, the faith placed in the privatisation of state assets as a necessary way to leverage investment and improve performance also looks open to revision. The failure of the UK’s rail privatised infrastructure operator, Railtrack, has revealed the fragility of the equity model as a vehicle for managing key public utilities, such as water and transport. Regulation alone proved unable to deliver the public interest inherent in a national rail infrastructure, and the UK government is now promoting a not-for-profit company as an alternative – a similar solution to that developed for the privatised water utility in Wales. Finally, the core belief in fully liberalised capital flows has been profoundly undermined. The aftershocks of the 1997 Asian crisis and the financial collapse of Argentina have demonstrated that the freeing of



Quique Kierszenbaum/Getty Images

Demonstrators protest against the Argentinean government's policy to protect banks from mass withdrawals by panicking depositors and the plummeting peso. Buenos Aires, January 11.

capital can act as a structural source of instability, which many developing countries simply cannot withstand.

All these issues are now very much on the global political agenda. A first chance to reform the global architecture came at the Financing for Development conference, held in March 2002 in Monterrey. The main focus of the event was on ways of boosting public-sector development assistance. But some positive – though relatively unambitious – pointers were given to new ways to channel private resources to emerging markets. For example, governments committed themselves to “support new public/private sector financing mechanisms” particularly focused on infrastructure and small and medium sized enterprises in emerging economies.

The challenge for the Johannesburg Summit is to place these proposals within the more comprehensive framework of sustainable development, and identify new ways of raising both the quality and the quantity of foreign capital flows to

the South. Here, the socially responsible investment movement – a powerful trend that has so far not been tapped in global financial negotiations – could become a powerful lever for change.

### The Electronic Herd Gets Ethics

In his landmark book on globalisation, *The Lexus and the Olive Tree*, Thomas Friedman describes global finance as the ‘electronic herd’, which sweeps in and out of markets in search of investment opportunities. With its origins in the 1970s, socially responsible investment (SRI) has now emerged as a powerful trend that is starting to remove the herd’s blindness to the social and environmental consequences of its actions. SRI mutual and pension funds enable private and institutional investors to avoid companies they view as unethical (such as arms or tobacco manufacturers) and direct their savings into those responding positively

to the sustainable development agenda. Not only have global funds under SRI management now reached US\$1.4 trillion, but SRI has also generated a rolling wave of changes across the investment world. Initial scepticism that SRI would inevitably lead to under-performing funds has turned to grudging acceptance as SRI portfolios can actually match their mainstream peers. For example, the NPI Global Care Managed Pension Fund, which is run by Henderson Global Investors, generated 76.79% returns in the five year period to 03/09/01, compared with 41.4% for its investment class, thereby achieving third percentile performance (Micropal Individual Pension Managed).

As a result, SRI is no longer a niche affair, with indices being established by the Dow Jones and Financial Times, and regulations being amended to integrate sustainability factors into mainstream investing. For example, the UK Pensions Act now requires the trustees of institutional pension funds to state



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what social, ethical or environmental factors they have taken account of in their statement of investment principles. Listing requirements on the London Stock Exchange have also been amended so that companies have to make an annual statement on their risk management systems, and the scope of what constitutes risk has now been extended to include social and environmental issues.

From the beginning, the quality of investment in the South has been a critical element of ethical and now socially responsible investment. Indeed, shareholder activism to divest from companies investing in apartheid South Africa was perhaps one of the most sustained and successful phases of early SRI. This essentially 'negative' approach continues to this day. Recent initiatives have included efforts to persuade British banks to stop funding an Indonesian pulp and paper company with allegedly poor social and environmental practices, and a campaign to force a German investment bank to pull out of financing an oil pipeline deal in Latin America.

Yet underneath this continuum lie three more structural developments that have potentially profound implications for investment in the South. The first is the accelerating trend for corporations to be owned by institutional pension funds on behalf of employees, rich and poor. This trend is set to challenge the conventional harmony of interest between firms and fund management companies. Both share a similar drive to profit maximisation and flexible labour markets, for example. But their ultimate client – the factory worker or local authority janitor – may have quite different interests, including perhaps a broader commitment to longer-term investing and the inclusion of social and environmental factors. To date, little has been done to reduce this investment dissonance, but the signs are that this sleeping giant is beginning to awake, for example, through the US trade union Workers' Capital initiative.

The second underlying trend is the pressure generated by the globalisation of capital for increased corporate transparency and accountability. Companies that want access to international capital are often required not only to disclose substantially more financial information, but also to put in place essentially 'Anglo-Saxon' models of corporate governance, with a greater role for shareholders as opposed to incumbent management.

In the wake of the Asian financial crisis, research has shown that those Asian companies with the best standards of corporate governance also stood up best to the fluctuations in market fortune. From this essentially financial pressure for improved transparency, it is but a short step to enhanced reporting of social and environmental performance – especially when these factors can be shown to be material for investor risks and returns.

sustainable, then you might as well start with capital'. As David Korten, author of the When Corporations Rule the World, admitted recently, "contrary to the title of my book, it's actually the global financial system that's in charge". Mobilising shareholder involvement is now a key element of NGO campaigning – not just to stop specific projects on a one-off reactive basis, but also to put in place positive programmes. For example, when global development and health campaigners sought to pressure leading pharmaceutical companies, including GlaxoSmithKline (GSK), to withdraw from their case against South Africa's intellectual property regime, a primary focus was to alert investors to the 'reputational risk of biblical proportions' that these companies faced. When GSK eventually pulled out of the case and launched a revised programme of lower cost access to essential drugs, the pivotal

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**While most of the pressure to date for corporations to report on environmental and social issues has come from civil society, investors are now becoming a powerful voice for disclosure.**

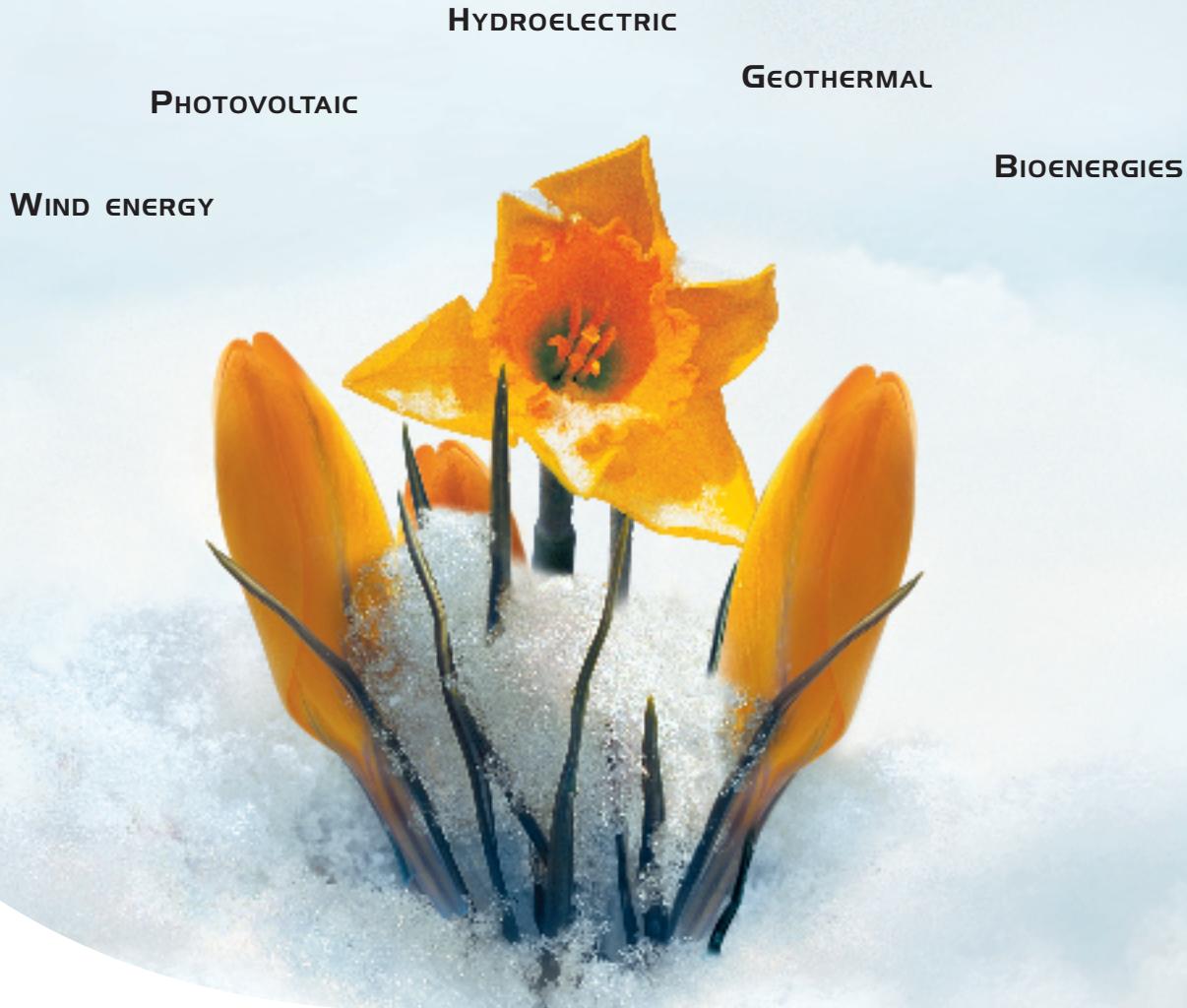
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While most of the pressure to date for corporations to report on environmental and social issues has come from civil society, investors are now becoming a powerful voice for disclosure. In October 2001, for example, the Association of British Insurers, whose members manage about \$1.5 trillion in assets, published their guidelines for companies to report on social, ethical and environmental risks.

Building on these shifts is the third underlying trend: the growth in sophistication of the civil society-investment interface. Leading NGOs have now digested the message at the heart of SRI: 'if you want to make capitalism

factor appeared to be not the NGO campaigning, but rather the concerns expressed by major investors.

To date, the impact of this still embryonic SRI movement on finance for sustainable development in the South has been mixed. In terms of SRI generating additional flows of sustainable finance, the direct effects have been marginal and perhaps insignificant. Few SRI funds invest in developing country stock markets for all the risk averse reasons given by mainstream investors, but with the added constraint of an absence of adequate analysis of the social and environmental performance



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James Nielsen/Getty Images

A worker cleans the corporate logo as a security guard stands watch in front of Enron's headquarters

of companies in emerging markets. The NPI Global Care Asia-Pacific fund was a first, but still invests largely in Japan, Korea and Taiwan, while the Calvert New Africa fund remains relatively small. In addition to these equity funds, a number of private capital investment funds have been established – often supported by multilateral development banks – to channel additional investment into environmental investments (such as the Terra Capital and Clean Technology funds in Latin America). Within the developing world, domestic interest in SRI is starting to grow, notably in the Asian region, where the Association for Sustainable and Responsible Investment in Asia (AsrIA) was established in 2000.

The indirect impacts of SRI on the South, however, could turn out to be quite profound. Many SRI managers now routinely assess the practices of corporate subsidiaries operating in developing countries as part of the process for analysing whether a particular company should be approved for their funds. In addition, a growing number of sectors, starting with clothing and food retail, are expected to have well-developed supply chain policies in place to enter SRI funds. This analytical interest in transnational relationships, combined with focused programmes of engagement to encourage

companies to adopt good practice standards, makes SRI a potentially powerful lever for improving the quality not just of foreign investment, but also of foreign trade. One possible result is that a larger share of value added could stay in the South – an issue certainly worthy of further research.

and unsustainable practices. Modest regulatory changes are starting to get underway in a number of industrialised countries – primarily to enable greater transparency of the SRI issues.

But the governments gathered at Johannesburg could accelerate the process in four key ways:

i. **Mobilising New Resources:**

An investment gulf still looms between a capital-rich North and needs-rich South. However much official development assistance is increased, and however creative new instruments such as the Clean Development Mechanism turn out to be, considerable additional flows of non-concessional foreign investments will be required to finance productive activities in the South. Getting the investment climate right in the developing world should certainly remain a high priority. But more could be done to boost the

SRI mutual and pension funds enable private and institutional investors to avoid companies they view as unethical (such as arms or tobacco manufacturers) and direct their savings into those responding positively to the sustainable development agenda.

### How the WSSD can Herd the Horde Southwards

Looking back, the policy bias of the 1990s tipped the balance too far towards investor rights and away from investor responsibilities. The socially responsible investment movement can be seen as a reform initiative within financial markets to try to right this imbalance. But SRI ultimately bumps up against a regulatory framework that still allows most investors not to care about irresponsible

supply of funds. For example, much of the investment business in the industrialised world is supported by tax breaks to encourage saving and pension planning. However, except in rare cases, these tax breaks are not linked to the need to demonstrate commitment to sustainable development – and certainly no government gives investors a fiscal incentive to finance projects and companies in the South.

 The WSSD could therefore explore and recommend ways in which a portion of industrialised country pension fund assets has to be channelled towards sustainable development funds in the South in order to receive tax relief. These funds would have to meet the highest standards of financial probity and sustainability analysis, and could be particularly targeted towards the financial needs of small and medium sized enterprises, perhaps through partnerships with local banks.

**ii. Extending Stock Market Disclosure:**

**A number of high-profile initiatives are underway to stimulate greater disclosure by companies of their sustainability record.** However, most of these – such as the Global Reporting Initiative – are voluntary. One effective way to ensure wider disclosure is through stock market listing regulations. Here, the ‘right to know’ culture of the USA has meant that companies listed on the New York stock exchange have to reveal considerable amounts of information about their environmental liabilities. Many SRI investors are scared off emerging markets by a lack of transparency, and common listing requirements on social, environmental and ethical issues, would tackle this constraint.

 The WSSD could therefore push for the formation of a task force to agree core sustainable development disclosure requirements which could be adopted by all stock markets worldwide.

**iii. New Models of Ownership:** In Britain, the home of privatisation, over a decade's experience has shown that while de-nationalisation can often bring rewards by removing political interference and budget

constraints, a fully private model is not always appropriate. The successful transfer of Welsh Water from a private to a not-for-profit corporation in 2000 responsible to the ‘stakeholders of Wales’ and financed by bond issues could be the start of a wider wave in favour of ‘stakeholder ownership’. In the developing world, such a model could offer a useful half-way house in the case of under-performing state management or unresponsive private operators of utility companies. The stakeholder ownership model could also be used to generate public interest solutions to the contentious issue of access to essential drugs in developing countries.

 The Johannesburg Summit could launch a process to recommend new models of ownership for utility sectors where the public interest can probably never be wholly achieved through regulation alone.

**iv. Building Common Standards:**

In their dealings with the South, SRI fund managers in North America and Europe are often operating with unclear legitimacy. Fund criteria are being introduced and implemented which could have profound implications for developing countries – both positive and negative – with external input coming, if at all, from Northern environment and development NGOs.

 Just as with the tense and distrustful world of sustainable trade, so the SRI movement now needs to develop governance frameworks that allow for the co-evolution of standards in place of unilateral imposition. This is perhaps something that the SRI community might want to bring itself to the twin summits – suggesting that a

first global SRI congress should be held (in 2004?) to agree governance principles for SRI, against which different funds could be judged.

At this time of uncertainty, SRI holds out considerable promise as a lever for financing sustainable development in the South. But for this to happen, world leaders and financiers will need to confront the investment gulf that divides the globe, and seek changes in the global financial framework in order to help steer the world’s wealth towards sustainable livelihoods in the South. The World Summit on Sustainable Development is the perfect place for this new financial settlement to be built. ■



Nick Robins is Head of Research for the Socially Responsible Investment (SRI) team at Henderson Global Investors in London, where he is primarily responsible for assessing companies according to sustainability and corporate responsibility criteria for inclusion in Henderson’s range of SRI funds. He previously worked as Director of the Sustainable Markets Group for 7 years with IIED where he also advised a range of government bodies. Prior to IIED, Nick was a special adviser to the EC’s Environment Directorate working on the preparations and follow-up to the 1992 Earth Summit. He started his professional career at the Economist Intelligence Unit. He writes in a personal capacity. Contact: nick.robins@henderson.com

# Moving the Corporate Citizenship Agenda to the South

by Halina Ward and Tom Fox



**T**he idea of responsible business behaviour is as old as business activity itself. But increasing concerns over the impacts of economic globalisation on poor countries and people have led to new demands for corporations to play a central role in efforts to eliminate poverty, achieve equitable and accountable systems of governance and ensure environmental security. Today's corporate responsibility agenda brings new themes, debates and agendas to the sustainable development arena, offering both opportunities and challenges.

The terms of the debate have changed since the Rio Earth Summit, with its focus on eco-efficiency and cleaner production. A new business-oriented vocabulary has entered the mainstream of sustainable development, including terms like *corporate citizenship, ethical business* and *corporate social responsibility (CSR)*. There is no consensus on what exactly is meant by these terms, but CSR is often used as shorthand for the whole debate, and is usually taken to include environmental as well as social and human rights based impacts and initiatives.

Whatever the language used, the basic idea is to understand business as part of society – not somehow separate from it. The sustainable development approach, which recognises that economic, social and environmental issues and impacts cannot be treated in isolation, is a valuable basis for defining corporate responsibility. The overall challenge for business and business stakeholders is to work through the elements of initiatives and governance frameworks that can enhance and sustain the positive benefits of business activity for people and the environment, and minimise negative impacts.

Since Rio, a whole raft of management and accounting tools that can help companies to manage the impacts of business activity and incentivise better behaviour has been developed. This includes: codes of conduct for application in the supply chain or within individual companies; labels that can provide a shortcut to consumer choice based on environmental or social considerations (like the Forest Stewardship Council's label and certification process); guidelines for companies reporting on environmental and social issues (like the guidelines of the Global Reporting Initiative); and a variety of indices to help investors decide which

companies are the best environmental or social performers (like the Dow Jones Sustainability Indexes).

Partnerships – between government, industry and civil society in various combinations – have been critically important to progress. And beyond the environment-focused agenda of the early 1990s, many initiatives now address issues like labour conditions, human rights and corruption in ways that would have seemed alien at the time of the Rio Summit.

But there are limits to what these voluntary tools can achieve. Much of the effort to encourage wider adoption of CSR approaches focuses on a need to identify and state 'the business case' for voluntary approaches and business responses to the signals that they generate in the marketplace. There can be direct commercial gains from corporate adoption of social or environmental policies, for example through waste reduction, employee retention, inclusion in socially responsible investment (SRI) portfolios, or brand enhancement. But CSR does not always provide such easy 'win-wins'. One problem is that the business case for voluntary adoption of CSR strategies is most readily made to large companies with a high profile brand image that is vulnerable to negative publicity or campaigning if irresponsible practices are uncovered, such as high street retailers or branded clothing manufacturers.

There is no reason why smaller or less visible companies should be considered any less responsible for the social and environmental impacts of their operations, but we live in a real world in which a variety of incentives are necessary to persuade (or indeed to allow) companies to act on this responsibility. It is inescapable that there are companies for whom

investing in higher social or environmental performance makes less direct commercial sense.

At the 1992 Rio Earth Summit, Stefan Schmidheiny, Chairman of the Business Council for Sustainable Development called for a bold new partnership between business and governments: '*Business must move beyond the traditional approach of back door lobbying: governments must move beyond traditional over-reliance on command-and-control regulations*' (see "Changing Business Attitudes", Earth Summit '92, IIED).

Ten years on, with a decade's experience of the economic globalisation agenda and its discontents behind us, it seems that governments have moved more than business. The CSR agenda is now characterised by an unhelpful tendency towards polarisation between those who favour voluntary approaches (predominantly in the business community) and those who argue for increased

led by Friends of the Earth International, have campaigned for the Summit to mark the start of negotiations for a new international corporate accountability convention. In contrast, government deliberations have sought to capture business appetite for voluntary engagement in sustainable development initiatives. Rightly, there is recognition of a need to examine the business contribution to securing improved environmental performance and social conditions in developing countries. The WSSD process has focused on this dimension; exploring the scope for WSSD to offer a framework for partnership-based commitments that deliver implementation in the Summit's key priority areas. The corporate accountability agenda in contrast has been downplayed, but is unlikely to disappear.

There are other structural deficiencies in the current CSR debate. There is an increasing recognition of the tendency for some CSR initiatives, such as certification,

agenda: environment, human rights and labour. But for many people living in the South, the economic and development aspects of CSR are just as important.

Preparations for WSSD have seen a business-led call for a new effort by responsible corporations to develop economic activity in the poorest countries of the world. That is a good start. But the economic aspects of corporate responsibility go further than many northern multinationals would find comfortable – encompassing areas such as technology transfer, terms of trade between local suppliers and foreign multinationals, and the distribution of returns to knowledge.

The dynamics of the CSR agenda need to shift to the South if they are to reflect the principles of equity that lie at the heart of sustainable development. Now as at UNCED, critical voices are questioning the verifiability of the commitments that companies propose and the extent to which they genuinely assist sustainable development, particularly in the South. The drivers of CSR often reflect the priorities of northern campaigning organisations or the incomplete information of northern consumers. The pressures for change are not uniform within or between sectors, and demand-side requirements may not coincide with local social and environmental priorities.

Voluntary initiatives offer the possibility of going beyond the minimum standards set by national legislation. But they can also divert attention away from a need to ensure that the norms of host countries are respected and enforced – particularly in countries or regions where capacity for implementation and enforcement is limited or civil society is weak. Working through the roles and responsibilities of different actors in the corporate citizenship agenda issues new challenges to governments to guarantee good governance by public institutions. But governments have been slow to recognise that this is their unique contribution to corporate citizenship.

## Whatever the language used, the basic idea is to understand business as part of society – not somehow separate from it.

regulation (including many NGOs). Now, as at Rio, incentives for businesses to adopt more socially and environmentally positive practices will need to come from a combination of enabling and prescriptive regulation, alongside the raft of voluntary initiatives and pressure from civil society. Ensuring that companies pay the real costs of their negative environmental and social impacts presents a huge challenge, requiring a combination of corporate commitment and government intervention to provide adequate frameworks and incentives. The urgent need now, across regulatory and voluntary initiatives alike is to ensure democratic accountability at the local level and sufficient flexibility to maintain diversity of local values.

In the run-up to WSSD, some NGOs,

to endorse existing good practice rather than catalyse change among laggards. The result is that attention is diverted away from measures that could improve the social and environmental impacts of the worst corporate performers.

A limited focus on the social and environmental conditions of current business activities may lack the long-term vision needed to tackle broader problems. For example, codes of practice for worker welfare in the South African wine industry are unable to address trends towards mechanization and casualisation of the workforce.

The principles of the UN Global Compact, the UN's principal international initiative in the field of CSR, focus on three themes of the corporate responsibility

Real concerns are beginning to emerge from critics in the South that codes of conduct and other CSR tools are mechanisms of a new protectionism, restricting access to northern consumer markets and reinforcing the market power of the largest companies. Multinational companies that are seen to promote the policies of their home governments or

debate, both to highlight where and how corporate responsibility can best contribute to sustainable development, particularly in the South, and to identify public policy and civil society interventions that can reinforce incentives for responsible business behaviour.

There is a need to enhance opportunities for Southern stakeholders to engage with

sustainable development goals, and are increasingly seeking ways to link the corporate responsibility agenda into their development assistance work. But effective partnerships must be built on mutual concern and respect and sustainable partnerships can only be built among equals. That is a critical challenge for Johannesburg and beyond. ■

## Bringing Southern perspectives into the design and implementation of CSR initiatives is crucial.

civil society groups run the risk of being accused by local stakeholders of new forms of 'neo-colonialism'. Increasingly stringent requirements for companies to demonstrate their social and environmental policies by adhering to buyers' codes of conduct or private certification schemes have the potential to exclude many southern producers from market access. In particular, smaller companies often do not have the capacity and resources needed to meet buyers' inspection regimes or to seek accreditation under third party certification or labelling schemes. And inspecting a large number of disparate suppliers has the potential to become too complicated for buyers, who may rationalise their supply base, favouring only the larger producers. There is a danger that these fears could lead to a counter-productive polarisation of the CSR debate along North-South lines.

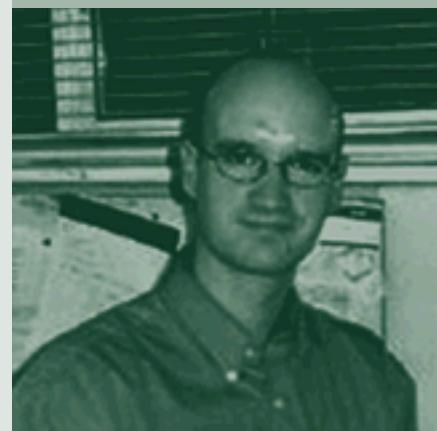
In short, the contemporary debate has been overwhelmingly driven by Northern stakeholders. Large companies and non-governmental organisations based in OECD countries have hogged the stage. Southern perspectives on corporate responsibility are not adequately represented in current debates, and there are few mechanisms that enable Southern stakeholders to inform and influence corporate policy and practice. There is an urgent need to bring Southern perspectives into the international corporate responsibility

CSR initiatives, both at individual company level and in the broader CSR debate. This means that companies in the North need to build a greater understanding of the diversity of Southern stakeholder needs and priorities, and how to reflect them in overall corporate responsibility strategies. Both Northern and Southern stakeholders need to identify ways of integrating CSR into the practices of Southern businesses - both domestic and transnational. This will mean working to tackle the power imbalances that limit the potential for Southern stakeholders to engage with companies on equal terms. Bringing Southern perspectives into the design and implementation of CSR initiatives is crucial.

Solutions that can set us on track towards sustainable development need more than ever to be based on partnership between stakeholders. The corporate responsibility agenda has become a focal point for efforts to build and sustain new alliances and partnerships. Large companies are increasingly helping to build the capacity of smaller enterprises in their supply networks, or working directly with local communities for mutual benefit. Advocates of corporate responsibility within companies rely on civil society support to make their case. Governments, particularly in the North, are building new partnerships with companies in pursuit of international and national



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Tom Fox is Research Associate for IIED's Corporate Responsibility for Environment and Development Programme.

Halina and Tom both work on a programme of action-oriented research and capacity building which aims to bring southern stakeholder perspectives into the international corporate responsibility agenda.



# THE HASHEMITE A holistic sustainable

**An Interview with Dr. Bassem Awadallah**  
*Minister of Planning, Hashemite Kingdom of Jordan*

## *What is the Kingdom of Jordan's sustainable development program?*

His Majesty King Abdullah has adopted a holistic approach to sustainable development. It is much more than focusing on only the environment or only development. It is about the sustainability of human development that incorporates human rights – both civil and political, women's rights and governance issues.

Consequently, His Majesty has introduced sweeping reforms, such as amending our electoral law to make our parliament a more representative body (an increase from 80 to 104 representatives) and ensuring a pluralistic system of political parties.

Our sustainable development concept integrates development with major reforms – economic, judicial and administrative. The Government has recently adopted the Social and Economic Transformation Program to achieve sustainable social and economic development. Acknowledging the fact that basic social services affect the quality of life of all Jordanians, the program focuses on infrastructure and human resource policies and projects in the areas of education, health, poverty reduction, training and employment. Addressing the issues of poverty alleviation has been the corner stone of all government policies and programs. We are modernizing our educational system with a dynamic information and communication technological network that is especially targeted towards young people.

## KINGDOM OF JORDAN

# approach to development



His Majesty, King Abdullah and Her Majesty, Queen Rania

### What are the challenges ahead for the Kingdom of Jordan?

We have to ensure our growth is sustainable, economically and at the same time we must reduce our population growth. We are keen to safeguard our treasures – Jordan is an open museum and we must protect its resources.

One of the major challenges we face is the Dead Sea, which is the lowest place on earth – about 415 meters below sea level (and is continually receding). This unique ecological and historic resource is an international treasure.

The declining water levels and the appearance of sinkholes (in Israel and in Jordan) have ecological consequences not just for Jordan but have major implications for the ecosystem of the region. At the World Summit on Sustainable Development, the Governments of Israel and Jordan will produce a Joint Statement to highlight this.

The technical and financial challenges to save the Dead Sea are daunting. The cost of water conveyance from the Red Sea to the Dead Sea is estimated at \$2 billion. A project of this magnitude is well beyond the financial means of the countries and entities on the banks of the Dead Sea. In consideration of its unique value to the world at large, we need to mobilize financial support from the international community. We will have a major catastrophe if we allow the Dead Sea to eventually dry up.

We hope to establish an Environment Ministry by the end of 2002 to address this urgent environmental and developmental concern. We will also expand our natural reserve network and develop an Environmental Information Program to increase public awareness participation in projects planning and implementation.



Dr. Bassem Awadallah,  
Minister of Planning

# Towards a Global Compact Agenda for African Enterprises

by David F. Murphy



**W**hen the Secretary-General of the United Nations, Kofi Annan, invited the international business community in January 1999 to enter into a global compact with the UN and civil society, he articulated a vision of a more sustainable and just world with partnership as its cornerstone.

More than three years later, several hundred enterprises worldwide have lent their support to the Global Compact and the core values embodied in its nine principles covering human rights, labour standards and environmental practices. Together with the UN Office of the High Commissioner on Human Rights, the International Labour Organisation (ILO) and the UN Environment Programme, more than 10 leading non-governmental organisations (NGOs) and labour groups are actively supporting the Global Compact process internationally (see [www.unglobalcompact.org](http://www.unglobalcompact.org)).

The success of the Global Compact internationally depends upon action by multinational enterprises (MNEs) as well as by national and local enterprises

of African enterprises to implement voluntary social and environmental initiatives. There are also many examples of locally-generated initiatives by African enterprises that share common ground with the Global Compact principles in the three areas of labour, human rights and environment.

A good example of MNE support for African labour initiatives emerged in 2000, when Barclays Bank and a number of African trade unions agreed to the establishment of the Africa-Union Forum (AUF) covering 7,000 staff employed by the UK-based multinational bank. The Forum is the first African union-employer forum to cover a multinational bank. It meets twice a year and cover staff in seven African countries: Botswana, Ghana, Kenya,

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**The success of the Global Compact internationally depends upon action by multinational enterprises as well as by national and local enterprises.**

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of different sizes. To a large extent it also depends upon how business takes cognisance of the specific realities of people and cultures on the ground.

### Social and Environmental Initiatives of MNEs and National Enterprises

In recent years, the activities of MNEs operating in Africa and other parts of the developing world have faced growing public scrutiny. Due to their huge relative power it is not surprising that supply chain pressure from northern-based MNEs has promoted growing numbers

Mauritius, Uganda, Zambia and Zimbabwe.

Other examples of voluntary social and environmental initiatives include: workplace codes of conduct, supply chain audits, social and environmental certification and labelling. For example, various Southern African forestry companies have obtained sustainable forest management certification endorsed by the Forest Stewardship Council (FSC) largely as a result of market pressure from western European customers. In a related vein, agricultural enterprises in different parts of Africa are collaborating with the UK-based Ethical Trading Initiative (ETI) primarily because their trading partners in the British food retail sector asked them to participate.



AIDS patient in hospital, Bukoba, Tanzania

Although these two initiatives may have originated elsewhere, they are nevertheless consistent with the principles embodied in the Global Compact. Building upon related social and environmental initiatives such as the FSC and ETI represents a potential strategy for promoting the Global Compact to African medium and large enterprises that are already responding to supply chain pressures.

Notwithstanding the growing

to long-term MNE investment in Africa. To be sure there is a clear case that the promotion of social and environmental goals in enterprises can lead to business benefits and greater investment. One of the most vivid and important examples of this relates to the HIV/AIDS situation in Africa.

The World Health Organisation (WHO) estimates that two out of three people living with HIV worldwide – almost 30 million are in Sub-Saharan Africa.

in the workplace and wider community. Such South African companies are promoting HIV/AIDS education and awareness and implementing anti-discrimination policies to protect workers with HIV/AIDS. They are also introducing support programmes to care for workers and their families who are affected by HIV/AIDS. Both companies have received the Global Business Council on HIV/AIDS 'Award for Business Excellence in Response to HIV/AIDS'.

Eskom has been an active supporter of the multi-stakeholder Partnership Against AIDS in South Africa and has made HIV/AIDS a strategic business priority. Eskom endeavours to ensure that every employee fully understands the extent of the HIV/AIDS epidemic, the company programme and how to respond to the epidemic as an individual. The company has made a commitment to implement the principles of HIV/AIDS prevention, care and non-discrimination and seeks to maintain these principles in all of its activities. By working together with the South African Government, community organisations, trade unions and other stakeholders, Eskom is playing its part in seeking the effective prevention and elimination of HIV/AIDS in South Africa.

Anglo Coal's mines have put in place peer education programmes and various other initiatives. Peer educators raise the HIV/AIDS awareness of their fellow employees. Anglo Coal's experience is that successful peer education requires ongoing support from management and programme administrators. Industrial Theatre has been used to disseminate HIV/AIDS policy to mineworkers. This involves the use of puppets, plays and other forms of drama. The key messages are that workers will not be discriminated against on the basis of their HIV status, and that HIV-positive workers will be offered appropriate treatment and support.

In neighbouring Botswana, various enterprises are working together through the Botswana Business Council on HIV/

## Growing numbers of African enterprises are responding to the HIV/AIDS challenge individually and collectively

attention by some MNEs and their African business partners to social responsibility issues, the incentive structures of the African operation units of most MNEs often mean that limited time and resources are directed towards the local implementation of initiatives such as the Global Compact. MNEs operate in a high-risk environment with considerable pressure to maximize short-term profits.

If the Global Compact is to take root in MNEs operating in Africa, those responsible for implementation will need to be able to demonstrate how support for such social and environmental causes can bring business benefits and contribute

The associated problems facing African enterprises are encapsulated by a business analyst in South Africa who argues that there is no way that an epidemic of this magnitude, concentrated in the country's 15-49 year olds, can fail to be significant for employers. As workers, as recipients of company benefits, as consumers, and as parents of the next generation, their role in the economy is critical.

Growing numbers of African enterprises are responding to the HIV/AIDS challenge individually and collectively. In South Africa, Eskom, Anglo Coal and other national enterprises have led the HIV/AIDS business response

AIDS to encourage the local business community to take appropriate action on this key human rights and socio-economic development issue. Elsewhere on the continent, African enterprises are beginning to assume greater responsibility for HIV/AIDS in the workplace. At the same time, many challenges lie ahead in efforts to motivate and mobilize African enterprises to adopt HIV/AIDS as a strategic priority. Research by the United Nations Development Programme in South Africa has found that less than half of companies surveyed ranked HIV/AIDS among their top strategic issues (UNDP, HIV/AIDS and Human Development in South Africa, 1998). More recent research by Deloitte & Touche suggests that most smaller South African companies have yet to introduce HIV/AIDS policies or undertake assessments of infection rates among employees (James Lamont, 2001, South African businesses 'ignoring HIV', Financial Times, June 13, p. 13).



Fair Trade banana grower, Volta region, Ghana

model for how the principles could be enacted within small enterprises. Micro-finance is essentially about making it easy for poor prospective entrepreneurs to borrow start-up capital. Prominent examples include: the Grameen Bank in Bangladesh, Bank Rakyat Indonesia, the K-REP Bank in Kenya, and Banco Solidario of Bolivia. By working together

labour, focusing on the tea, coffee and sisal industries. Working within the framework of the ILO International Programme on the Elimination of Child Labour (IPEC), the ATE has raised the awareness of plantation owners and managers about the consequences of child labour and the importance of safeguarding jobs for adults. In an effort to find longer-term

## Perspectives on Small and Micro-enterprises

Small-scale and microenterprises, also known as the informal small-scale business sector, play a crucial role in Africa's national economies. In 1972, the ILO described Africa's informal sector as "small-scale (size), labor intensive and low skill nature, low wage, producing goods and services for low income people and generally living off the crumbs of the large scale formal sector (ILO, 1972, Employment, Incomes and Equality: A Strategy for Increasing Productive Employment in Kenya). Given their economic significance, the participation of small and microenterprises in the Global Compact process is of particular importance in Africa.

Experience with micro-finance or micro-credit schemes in Africa, Asia and Latin America may offer an appropriate

**Given their economic significance, the participation of small and microenterprises in the Global Compact process is of particular importance in Africa.**

with such schemes, microentrepreneurs bring wider benefits to themselves and their communities.

African micro- and small-scale enterprises could be encouraged to make similar forms of collective commitment to the Global Compact principles accompanied by peer support and monitoring. Such schemes could be promoted and facilitated by local governments, business service providers, NGOs and bilateral and multilateral donors.

In East Africa, the Association of Tanzania Employers (ATE) has an ongoing project to raise business and public awareness about the worst forms of child

solutions to the child labour problem, some employers are providing adult employees with financial assistance to set up micro-credit schemes and small-scale economic ventures. The aim is to reduce poverty and overcome dependence on their children's earnings. With other East African countries beginning to emulate the Tanzanian experience, there is potential to build collective enterprise support for the Global Compact principles more widely in Africa.

A related strategy of Global Compact promotion to small and microenterprises in Africa might be to focus on cultural values and practices that are particularly strong in certain countries or regions. Recent research by the Global



A member of a women's co-op makes a basket for export. Near Kampala, Uganda

Leadership and Organisational Behaviour Effectiveness (GLOBE) Research Project revealed that Zambians place a high value on the importance of being fair, altruistic, generous, caring and kind – characteristics of a society with a “humane orientation” (Michael Frese, ed., *Success and Failure of Microbusiness Owners in Africa: A Psychological Approach*, 2000).

These attributes are compatible with both the Global Compact principles and the wider African value placed on mutually beneficial human relationships.

The alternative trade movement offers another good example of how small enterprises can work with the principles regarding environmental issues, human rights and labour practices in Africa. The essence of alternative trade is that local producers are paid a fair price for their products. Trading relationships between the producer and exporter are based on

loyalty and mutual trust. Alternative trade initiatives are currently active in many parts of Africa. For example, Getrade (GH) Ltd. is a Ghanaian export house established in 1990 that is currently working with over 400 local craftsmen and farmers. Getrade promotes the pursuit of artisanal development as a means of achieving economic growth and social progress. In realising its goals, Getrade continually strives for fairness in its dealings with all producers, equality in the provision of available opportunities and transparency. Other examples include Macefcoop, a small agricultural enterprise in Cameroon that became the first African producer to supply organic coffee to the growing European fair trade market (see Harmsen and Bolscher, ‘Africa’s First Socially and Organically Labelled Coffee’ in *Industry and Environment*, Vol. 22, No. 2-3, April-September 1999).

There could be considerable scope for

the Global Compact process in Africa to engage artisans, community enterprises and cooperatives currently involved in alternative trade networks. Working with such enterprises would also actively promote the Global Compact principles.

### Next Steps for African Enterprises

For Léopold Sédar Senghor, the late Poet-President of Senegal, African societies are “based essentially on human relationships” (see L.S. Senghor, *Prose and Poetry*, 1976). For Senghor, the fundamental importance of human relationships in Africa transforms technical transactions such as commerce and productive labour into more meaningful interactions based on cooperation, respect and joy. In seeking to enact the principles of the Global

Compact, it seems important to heed Senghor's idea that enterprise activities respect "the reality of [Africa's] soil, climate and people". This reality at present is considerably complex, in many ways fragile, but also vastly plentiful. Creating a form of development in Africa that respects the reality of its soil and people would be a great achievement and business can play a key role in this process.

But what can the owners and managers of African enterprises do tomorrow, particularly those in the small-scale and microenterprise sector, to lend their support to the Global Compact principles? Building upon the varied experience highlighted in this paper, the following suggestions are intended to offer African enterprises some initial ideas about how to work together for human rights, labour standards and sustainable development at the local level:

- ④ Strengthen relationships with employees, business partners and other stakeholders being attentive to principles of fairness, kindness and mutual respect.
- ④ Increase awareness and knowledge of relevant national legal requirements and local bylaws, and ensure enterprise compliance.
- ④ Create partnerships with other relevant enterprises in your community to explore local concerns about human rights, labour standards and environmental sustainability.
- ④ Identify relevant local resources on human rights, labour rights and environmental issues (e.g., NGOs, trade unions, business service providers, local authorities, etc.).

④ Enter into dialogue with NGOs, trade unions, community groups and other stakeholders to help identify local priorities for enterprise action on human rights, labour rights and environmental issues.

④ Develop social and environmental action plans for specific local enterprise groups or sectors (e.g., primary producers; market traders; retailers; manufacturers; service industries; etc.)

④ Promote local awareness and learning about the benefits for enterprises, workers and communities of adopting social and environmental initiatives.

④ Work in partnership with government, civil society and international organizations to gain a better understanding of the long-term human development needs of your local community.

Building upon Senghor's vision for Africa, the current President of Senegal Abdoulaye Wade reminds us that:

*"Education is about making men and women citizens of their times. We need to prepare men and women who can live in this century. No African child must feel like an outsider in this global village"* (Opening Speech, World Education Forum, Dakar, Senegal, 26 April 2000).

Therein lies the key to the success of the Global Compact in Africa. As an educational tool, the Global Compact seeks to engage business, civil society, governments and the United Nations in an international partnership for a better world. As dynamic members of this global village, African enterprises and their social partners have a vital role to play in this learning process. ■



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# SUEZ, global part

As a global services group, SUEZ is actively and continuously promoting sustainable development by providing solutions in Energy and the Environment for businesses, individuals and municipalities. These solutions combine ethics, growth, responsibility, profitability – values which lie at the heart of the Group's mission.

With a staff of 190,000 across 130 countries, SUEZ is a world leader in the management of energy, water and waste services, generating 87% of its revenues in Europe and North America. As a major industrial contributor to sustainable development, SUEZ promotes development based on long-term commitment and innovation. The Group's vision of society is based on achieving sustainable economic growth based on economic, social and environmental responsibility.

As the world leader in environmental services, SUEZ provides water, sanitation and waste services to 200 million individuals across the planet. Today, one-fifth of the world's population have yet to gain access to drinking water and more than half to basic sanitation services. In light of this situation, Gérard Mestrallat in October 2001 launched Bridging the Water Divide, an appeal to all governments asking them to renew initiatives in order to ensure water access to everyone – namely by encouraging public authorities and the private sector to work hand in hand.



## Sustainability through PPPs

Solutions do exist. In Buenos Aires, SUEZ has given 1.6 million people access to water. In La Paz, Manila and Jakarta, the Group provides quality residential water at prices lower than what people previously had to pay to dealers for water of dubious quality. The objective of the United Nations' Millennium Declaration – to halve the number of people without access to drinking water by 2015 – can be achieved. SUEZ believes that the development of public-private partnerships is key to our success.

"Water for all quickly is attainable," underlines Gérard Mestrallat. "We have all an interest in finding solutions now. The world needs the efforts of each and everyone to bridge the water divide. Opposing economic and ideological standpoints need to be worked on so that these cease to be so very detrimental to the interests of the underprivileged everywhere around the world. This will only be possible if the political authorities in every country take immediate actions to lay the groundwork for a more ambitious, efficient water agenda."

Johannesburg could be a milestone in this process.

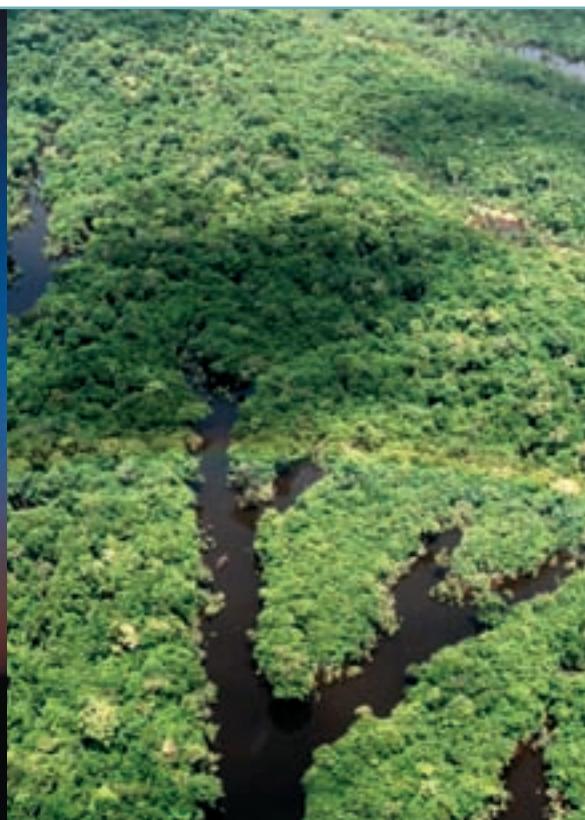
SUEZ is a member of the World Business Council for Sustainable Development, Business Action for Sustainable Development, the International Chamber of Commerce and of the UN Global Compact.

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# partner for sustainable solutions



As one of the world's 10 leading providers of electricity and natural gas, SUEZ has always been active in both the production and use of renewable energy. Today, 18% of the electricity produced by the Group derives from such renewable energy sources as hydro power, wind power, solar energy and biomass.



## *A long-standing vision*

In 1859, the personnel of Compagnie Universelle du Canal Maritime de Suez mobilized know-how, technological innovativeness, capital as well as public and private partners to succeed in opening a great passage between East and West.

Achieving this dream not only required a new organizational concept for construction sites, building genuine urban centers with basic infrastructure and creative engineering solutions, it also required a lot of daring, determination and vision. SUEZ has since become one of the world's leading players in energy, water and waste services.

The personnel at SUEZ harnesses the most modern means, effective technologies and innovative structures to deliver the essentials of life to millions of men and women. The group manages the water systems of some of the largest metropolitan areas in the world and participates in major electricity and natural gas networks in Europe as well as in North and South America.

SUEZ businesses consist in providing energy, water and waste services. They lie at the heart of the great challenges facing mankind today.



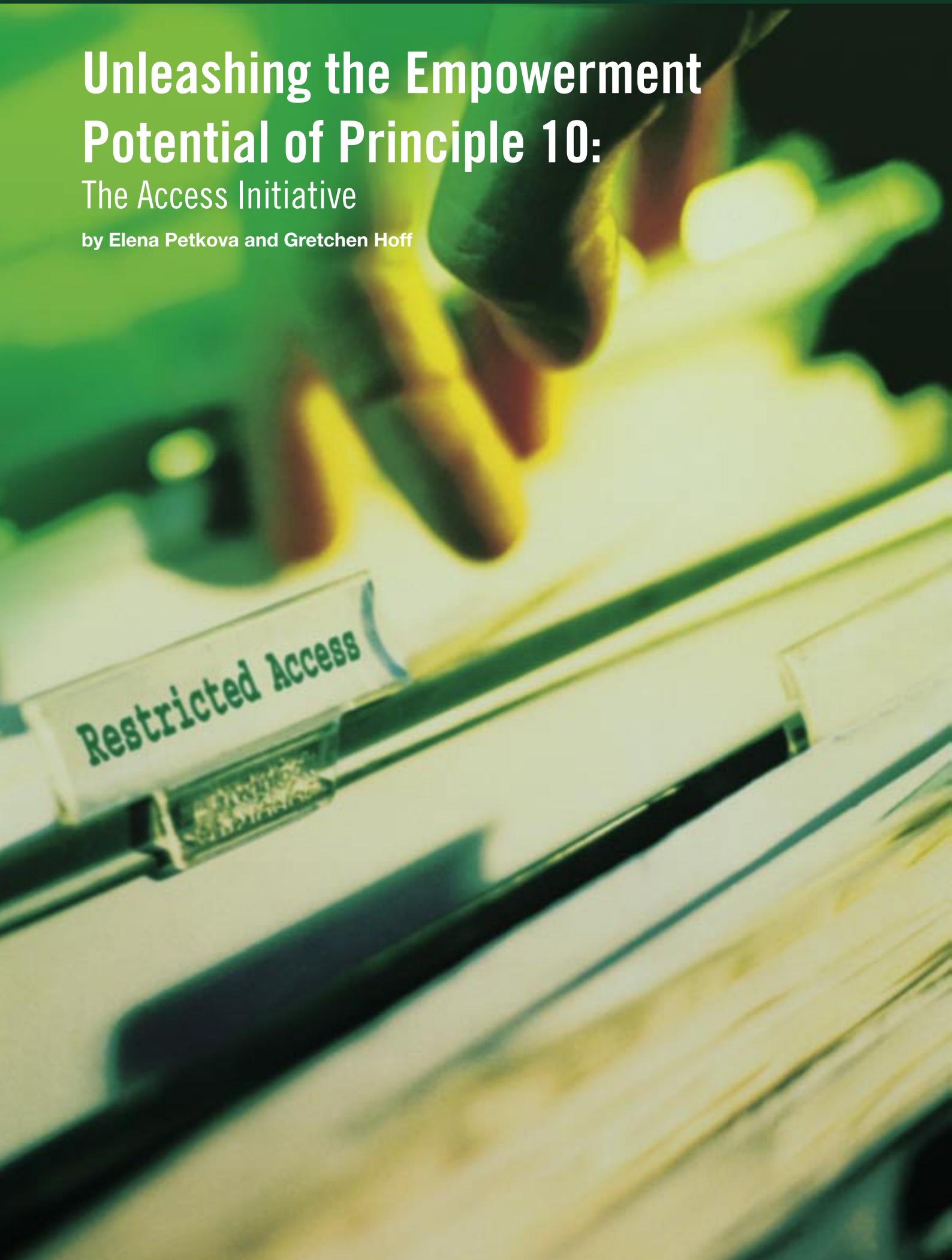
Gérard Mestrallet,  
Chairman and CEO of SUEZ

suez

DELIVERING THE ESSENTIALS OF LIFE

# Unleashing the Empowerment Potential of Principle 10: The Access Initiative

by Elena Petkova and Gretchen Hoff



**A**ccess to information, participation, and justice in decision-making is one of the cornerstones of sustainable development. Individuals have the right to information about their environment — to know if the drinking water contains dangerous levels of chemicals, or if an emergency like a chemical spill could make them sick.

Yet information alone is not enough. The public must also have the right to participate in decisions that affect their environment. Finally, it is essential for individuals to have access to justice. When the right to information or the right to participation is violated, people should be able to seek redress, to hold their government accountable for violating their rights.

In 1992, the governments assembled at the Earth Summit in Rio de Janeiro called for access to information, participation, and justice in decision-making in Principle 10 of the Rio Declaration. Yet the implementation of these rights has lagged behind. As we look towards Johannesburg, it is

enable the public to understand their rights and to participate meaningfully in decisions that affect their lives.

The Access Initiative (TAI) is a global coalition of civil society organisations that promote these principles. It has developed a toolkit of indicators for monitoring governments that can be applied to all governments, whether rich or poor. Based on pilot-tests of this toolkit in nine diverse countries, the Initiative determined that there are common elements of national public participation systems around the world. These elements are universally applicable and can guide countries' progress towards implementation of common global norms for access to information, participation and justice in

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The international community has to provide financial support to developing countries to strengthen the capacity of governments and civil society to improve the practice of access to information, participation and justice in decision-making affecting the environment.

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essential that the governments assembled at the World Summit on Sustainable Development both recommit to these principles and dedicate themselves to implementing the access principles for their citizens.

Civil society monitoring is vital to remedy this problem. It is essential for assessing gaps and progress in government performance. It can be enormously significant in pressuring governments to put their commitments into practice. An active civil society can

decision-making. Most significantly, these common norms can shape the work of governments around the world as they work to implement a national public participation system after the WSSD.

TAI has completed a preliminary assessment of public access to environmental decision-making in Chile, Hungary, India, Indonesia, Mexico, South Africa, Thailand, Uganda, and the United States, detailing the progress that these countries have made in implementing Principle 10 of the Rio Declaration.



A woman walks near a sign warning people not to go into the water, USA

## Preliminary Findings: Progress and Challenges

A comprehensive national public participation system includes laws, institutional infrastructure, and practices containing the following common elements.

### 1. Access to information

Access to environmental information enables the public to make informed personal choices, contributes to the protection of the environment, and encourages improvement in environmental performance by industry and government. A comprehensive national system for public access to environmental information includes:

- legal guarantees, provisions, and implementing regulations for access to information in general and environmental information in particular;
- clear definitions of what environmental information is in the public domain and what is confidential or proprietary information;

- requirements for reporting of environmental performance and compliance by industrial facilities and implementing regulations and capacity to ensure public access to facility-level information;
- organisational infrastructure and capacity to respond to requests and to actively disseminate monitoring information about the quality of the environment, facility performance, and environmental and health impacts of emergencies and accidents;
- clear mandates and capacity for government agencies to produce and disseminate diverse products describing the state of the environment for different population groups.

**Progress:** Spurred by Rio, the developing countries and transition economies included in the nine TAI pilot tests have made significant progress in introducing relevant legislation. The national laws of these countries guarantee public access to information in general and specifically to environmental information. Most countries have also established mandates and have produced regular State of Environment reports. Information about air and water quality, when available,

is generally accessible. Some countries have put systems in place to inform the public of emergencies and accidents that affect the environment and human health. Public agencies are using the Internet to disseminate environmental information widely.

**Challenges and Opportunities for Policy Change:** Challenges vary by country, but there are some common patterns and weaknesses. To remedy these weaknesses, countries need to:

- clearly define what information is in the public domain and what information is confidential, who has access to it, and how it should be disseminated. Existing provisions often give wide discretionary powers to individual government officials to interpret the law and give or refuse information in each specific case. As a result, some stakeholders have access to all or some information, while others do not. The general public gets only the information that officials deem relevant.
- introduce common reporting standards for industrial facilities and common procedures for public access to facility-level reports. Facility-level reporting on environmental performance and compliance varies among countries. Even if reports exist, they are not made public in the majority of the nine countries. This creates an uneven playing field for companies and populations from different countries and prevents the public from monitoring and encouraging the improvement of environmental performance by industrial plants in their neighborhoods.
- enhance the capacity of governments to inform the public in emergency situations. Most

countries do not have the capacity to adequately inform the public about environmental and health threats associated with emergencies and accidents. Information released to the public is rarely timely and sufficient to allow the affected to protect themselves. Identifying and informing the public of the long-term impacts of significant emergencies related to the environment is another common weakness.



Toxic waste dump, Koko, Nigeria

expand public access to the Internet.

While the provision of information on the Internet is increasing, the public in many countries (developing countries, in particular) do not have Internet access.

support capacity-building in low-income countries.

Low literacy rates and a lack of awareness of information rights are an obstacle to meaningful access to information in low- and middle-income countries. Government agencies in these countries, for their part, often lack knowledgeable staff, clear mandates, and funds that would allow them to publicise environmental information.

capacity and application of provisions and procedures to mainstream public participation in economic decisions in sectors with significant environmental and social impacts, such as infrastructure (e.g., energy, water, transportation), and extraction of natural resources (e.g., forests, oil, gas, minerals);

(EIA) legislation containing provisions for participation in infrastructure development decisions such as power plants and roads and have gone through extensive consultations for some decisions permitting such activities. While environmental policy processes are relatively open for participation and information is available, most

While environmental policy processes are relatively open for participation and information is available, most countries lack information or processes for participation in decisions.

## 2. Participation in decision-making

Informed and meaningful public participation is a mechanism to integrate the public's social and environmental concerns, as well as their knowledge and expertise, in decisions. A comprehensive national system for public participation in decision-making involves:

clear provisions, procedures, and mandates for early notification and comment by the public on proposed policies and projects;

capacity and implementation of provisions and procedures for public participation at all levels of decision-making, including national, regional, and local policies as well as project-level development activities;

mechanisms and capacity to integrate relevant comments into decisions and to provide feedback on action taken.

**Progress:** Governments have made some progress in promoting public participation and have consulted the public in the drafting of national environmental policies. All nine countries have Environmental Impact Assessment

countries lack information or processes for participation in decisions that have profound impacts on the environment and natural resources, such as sectoral policies (e.g., energy). As a result, there are no mechanisms to voice or integrate environmental and social concerns and mainstream them into such decisions. Decisions associated with activities that generate large government revenues such as natural resource concessions or other forms of transferring rights to public property are also often made with little or no public participation.

**Challenges and Opportunities for Policy Change:** Recommendations for future work vary by country, but to remedy common



Pollution from a copper mine, Bulgaria

weaknesses governments need to:

- ➊ develop and implement procedures for public participation in decisions on policies in all sectors with significant environmental and social outcomes. Currently public participation procedures are applied to some sectors and not to others, though they might have equal or even greater environmental and social impacts.
- ➋ improve participation in decisions on project-level development activities. EIAs do not guarantee the quality of public participation in decisions such as permits or concessions for infrastructure, extraction of natural resources or industrial facilities.
- ➌ fill in implementation gaps in the public participation system. These gaps usually appear when clear implementation procedures and mandates for public participation are absent, when wide discretionary powers are given to individual bureaucrats or agencies, or when mechanisms to consider feedback from the public are missing.
- ➍ facilitate public participation at all stages of the decision-making cycle, from the earliest consultations to

periodic review of performance. Public participation is weak at the earliest stages of decision-making and in monitoring of implementation and review of performance. Participation occurs mainly in the middle-stages of decision-making, when the parameters of the problem or solution have already been defined and before the project or policy has actually been implemented. Thus participation consists largely of refining already defined solutions.

➎ actively solicit participation. The quality of input into decisions is higher when governments actively facilitate public participation. Yet decision-making processes often place the onus of initiating participation on the public or affected communities. Only a minority of cases demonstrated active efforts by public agencies or relevant third parties to ensure that participation occurred.

### 3. Access to justice and remedy

Access to justice and remedy gives the public and interested groups an opportunity to protect their rights to information and

participation and to contest decisions that do not take into account their interests and concerns. Access to justice is both an instrument to correct the way in which the public participation system works and to protect the environmental interests and rights of individuals and groups who are not part of the decision-making process. A comprehensive national system for access to justice involves:

- ➊ impartial administrative, judicial and alternative venues for resolution of conflicts and remedy;
- ➋ affordable and timely services;
- ➌ affordable legal help for the public;
- ➍ active education by government on what participation and environmental rights the public have and how they can use the system of justice to protect these rights.

*Progress* The practice of access to environmental justice, or justice for failure to inform or involve the public in decisions, depends on the evolution of the justice system and on its general strength. In countries such as the United States and India, the judicial system has evolved as a strong institution in the national political system. Over the last ten years, a wide range of environmental and procedural rights have emerged and been established by national laws in many other countries. The nine country assessments indicate that, with some exceptions, governments have made the least progress in ensuring access to justice, compared to access to information and participation. Still, current efforts include the establishment of administrative courts to deal with public complaints, including ones concerning access to information and participation, broader interpretation of standing, and broader use of alternative mechanisms for justice and remedy. More efforts are clearly needed in most

countries to create an impartial and effective system.

**Challenges and Opportunities for Policy Change:** The impartiality and efficiency of the access to justice system frequently depends on historical conditions, levels of corruption, and degree of democratic development. Though conditions vary significantly by country, main weaknesses include a need to:

- establish a diversity of venues for justice and remedy. In many countries the public has no option other than the judicial system. Administrative and alternative mechanisms for resolving conflicts over access to information and participation or over environmental impacts of decisions can reduce costs and make justice and remedy accessible for the broad public, especially for marginalised groups and the poor.

- broaden the interpretation of standing. Having to prove damage or harm to be able to use the administrative or judicial system is the rule rather than the exception in the nine pilot test countries. Having to prove damage or harm for not getting information or not being able to participate excludes large portions from the population in these countries from the opportunity to seek redress in cases when they are refused information or are not given an opportunity to participate in decisions.

- access to justice is not affordable. High legal fees, absence of pro-bono legal help, and in some cases, high court fees or fees for processing administrative claims make access to justice unaffordable for many.

● increase the capacity of judges and other relevant officials to address environmental procedural rights. New provisions and laws for public participation and the environment have emerged in most countries during the last ten years. Many judges and/or other relevant officials are unaware of them or do not know how to apply them.

● increase the capacity of the public to seek justice and remedy for access to information, participation in decisions, or decisions which do not adequately take into account environmental impacts. In many countries the public do not know their rights or cannot afford to seek justice and remedy.

The national assessments also indicate that bilateral collaboration and international agreements play a significant role in shaping national agendas with regard to the access principles. The international community therefore has a significant responsibility for further development of national public participation systems. It has to renew its commitments and provide financial support to developing countries to strengthen the capacity of the governments and civil society in these countries to improve the practice of access to information, participation, and justice in decision-making affecting the environment.

The WSSD has a tremendous opportunity to influence the access principles through leveraging financing for capacity building and commitment to the accelerated implementation of the access principles.

In many countries, national organisations are holding their governments accountable for international commitments to the access principles. They are also translating those commitments into meaningful, on-the-

ground practice. Yet these groups cannot do this alone. Instead, the governments assembled in Johannesburg must recommit themselves to implementing the access principles, to building national public participation systems, and to supporting civil society monitoring using the tools of the Access Initiative. Such commitments can change not only laws and policies but the lives of individuals. ■



Elena Petkova is based in the Institutions and Governance Program of the World Resources Institute, where she is Director of The Access Initiative. The Access Initiative is a global coalition of civil society organizations working to promote the implementation of Principle 10. Her main focus is opening up the political space for independent contribution to policy and public access to information and participation in environmental decision-making. She has a Ph.D. in the History of International Relations. Gretchen Hoff is the Coordinator of The Access Initiative at World Resources Institute. She holds a bachelor's degree from Harvard University in Social Studies.

# Do the Poor Count?

by Roberto Bissio



**A t the World Summit on Social Development (also referred to as the Copenhagen Summit) in 1995, world leaders committed themselves to eradicating poverty in the world. Every year since then, *Social Watch* has asked governments what they have done to implement this commitment ... and every year, we have reported on what has and has not been achieved.**

The commitments have been reaffirmed and they have evolved. In 2000, the Heads of State and Government gathered at the UN Millennium Assembly and promised: "We will spare no effort to free our fellow men, women and children from the abject and dehumanising conditions of extreme poverty." (*Paragraph 11 of the United Nations Millennium Declaration*). And poverty was as much at the heart of the discussions of corporate and government leaders meeting at the World Economic Forum in New York in February 2002 as it was at the alternative World Social Forum of civil society organisations in Porto Alegre, Brazil.

No other cause or campaign has ever enjoyed such strong moral support ... and so few actual results.

More than half of humanity lives in poverty. A disproportionate majority of the poor are women and children. The

richest men (there are few women on that list) on this planet. Doing it therefore becomes "an ethical, social, political and economic imperative of humankind", as stated in the Copenhagen Declaration. This is not just an expression of the highest hopes of well-meaning but naïve compassion. It is what over a hundred Presidents and Prime Ministers from around the world committed themselves to do.

And by doing so they established a benchmark against which their actions are to be judged.

Yet, the different UN conferences have failed to provide a common definition of "poverty", making it difficult to judge progress or to compare the performance of different countries. To measure the satisfaction of basic needs requires fairly sophisticated statistical tools and costly surveys that are not yet available in many

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struggle ahead seems overwhelming. It has rightfully been compared to the 19th century campaign to abolish slavery.

The Millennium Declaration set itself the task of "freeing the entire human race from want" – no minor accomplishment. Yet it is an achievable one, which can be done with the wealth and knowledge that is available now. To adequately feed and educate every girl and boy and to provide health services to every mother would require only a minor percentage of the personal fortunes of a handful of

countries. Thus, to make comparisons possible, the World Bank, a multilateral institution that lends more than US\$30 billion a year to developing countries, started to publish estimates on how many people live with less than one or two dollars a day (purchasing power parity dollars and not nominal exchange rate dollar). With less than the local equivalent of \$1 a day people are not supposed to be able to satisfy their minimum food requirements, whereas \$2 should suffice to meet these and other essential needs.



Street kids sniffing glue, Tegucigalpa, Honduras

Based on those estimates by the World Bank, the media widely disseminated in 2000 a figure of 1.3 billion people (roughly one out of five of the world's inhabitants) living in extreme poverty. The UN General Assembly's Millennium Declaration of September 2000 set as a target "to halve, by the year 2015, the proportion of the world's people whose income is less than one dollar a day and the proportion of people who suffer from hunger and, by the same date, to halve the proportion of people who are unable to reach or to afford safe drinking water." And, in an optimistic tone that was also widely publicised, the leaders of the eight more powerful in the world announced in July 2000 that "the percentage of poor in developing countries declined from 29% in 1990 to 24% in 1998" (*G8 Communiqué, Okinawa, 23 July 2000*).

The world leaders are to be commended for having transformed the 1995 commitment to eradicate poverty into measurable and time-bound goals. Citizen groups such as the Social Watch network, which collaborates on the *Social Watch* report, published every year since 1996, can now hold them accountable. Yet, the perception of the Social Watch national citizen coalitions from over 50 countries, and that of an overwhelming majority of the NGOs that work with the poor is not that poverty is declining. Most will actually state the contrary.

Based on the assumption that people in both sides of the debate are honest, Ravi Kanbur, who led the team that prepared the World Bank's report on poverty (and resigned shortly before its publication) attempts to explain the difference in perception by pointing that a decline in the proportion of poor

factor". Even when poverty is actually decreasing, increased inequities make people feel poorer because their distance to the rich has also increased.

More recently, a study by Columbia University researchers Sanjay G. Reddy and Thomas W. Pogge concludes it is not true that both sides are right. The World Bank measurements of poverty are "misleading and inaccurate" and therefore result in "a large understatement of the extent of global income poverty and to a false appearance of its decline" (see "*How NOT to count the poor*", at [www.socialanalysis.org.](http://www.socialanalysis.org/)).

Even assuming that at the base year of 1985 one PPP (purchasing power parity) dollar was enough to pay for a basic food basket and assuming also that the statistical adjustment of the line was accurate (a rather difficult task), the cost of food to the poor usually increases higher than the cost of all goods for the

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people might happen without their actual number being reduced (because population is increasing as fast or faster than the reduction). Both would be right: poverty is decreasing as the World Bank claims, but the number of people cueing for attention at the overloaded social services stays the same. In fact, the perception that poverty is decreasing might even lead to a decrease in the proportion of budget allocation in services to the poor. (*See Kanbur's comments in www.people.cornell.edu/pages/sk145/papers/Disagreements.pdf*)

In Latin America, some political leaders have entered this debate by arguing the existence of a "psychological

general public on which PPP is based. And empirical evidence shows that the prices actually paid by the poor for basic food are higher than the average national prices for those same products. Both factors lead to undercounting the poor, in some cases by half!

As a result of his own critique of the Bank's methodology, UNDP expert Jan Vandemoortele concludes that "monitoring progress toward the international development target of reducing income-poverty does not require an international poverty line. Global progress is best monitored on the basis of national poverty lines. This may not yield a quantitative estimate for global

income-poverty, nor will it produce internationally comparable poverty data. But global poverty estimates are seldom robust and the quest for comparable poverty data is elusive." (*paper presented at the WIDER Development Conference on "Growth and Poverty", 25-26 May 2001, Helsinki*).

And, on top of that, "income-poverty" is essentially a flawed concept. The Millennium Declaration itself, in spite of its unhappy reference to the \$1/day line refers in the same paragraph to food and water as, at least, as important as money when it comes to "making the right to development a reality for everyone and to freeing the entire human race from want". For Nobel Prize-winning economist Amartya Sen, "poverty must be seen as the deprivation of basic capabilities rather than merely as lowness of incomes", (*Development as Freedom, 1999*). By such measure, if the people of a country are healthier, better educated, and have access to public services without discrimination, that country is making progress in reducing poverty.

More and more experts and countries want "a rights-based approach to development". Under international law, human rights are not limited to civil and political liberties (such as freedom of expression or the right not to be jailed without due process). They also include social, economic and cultural rights, all of which have been defined as "indivisible" by a summit of world leaders in Vienna in 1996. In social sciences, these rights are called "basic needs" and many countries assess their progress toward reducing poverty by counting the number of people who lack satisfaction of three or more basic needs, e.g., access to safe water, primary education, decent housing or enough food. A "poverty line" thus defined is useful in identifying who the poor are and where they live, and therefore makes it easier to decide on social policies and to assess their effectiveness. At the same time, the

definition of some basic needs, e.g, what constitutes a decent house, or the quality of the primary education, varies from country to country.

Ms. Mary Robinson, former Irish president and High Commissioner on Human Rights of the United Nations stated: "extreme poverty is a denial of human rights". Deepa Narayan, senior World Bank official and main author of the three-volume World Bank study, *Voices of the Poor*, makes the human rights/poverty connection with the statement: "with surprising coincidence the poor from all regions feel powerless and voiceless".

A growing number of legal experts agree on the need to define poverty as a denial of rights, capabilities and access to resources. This is consistent with poverty measures based on satisfaction of basic needs and with internationally agreed targets on e.g. malnutrition, infant mortality, access to education and safe water. Some poverty situations are critical and worse than others, but since a rights-based approach is about participation and empowerment, no one is 'too poor', or 'not poor enough' to be excluded from human rights protection.

If this is the case, why is it relevant to count the poor properly? Isn't the very obvious situation of misery enough to mobilise compassion and solidarity, independently of whether the number

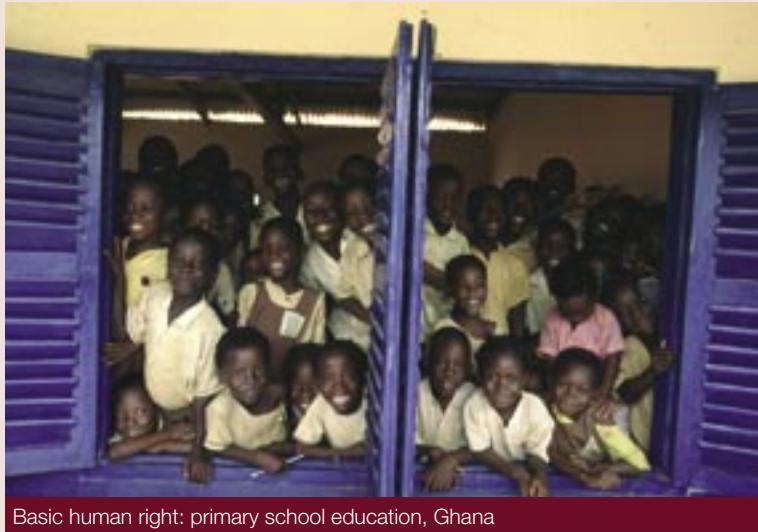
of persons living in abject misery is one billion or double that figure?

The answer is that wrong measurements lead to wrong policies. In the words of Vandemoortele, "the widespread use of the \$1-per-day norm has led the world community to internalise two incorrect lessons regarding poverty reduction, namely that: (i) gradual progress is being made globally towards the poverty target for 2015, and that (ii) aggregate growth is the principal avenue for reducing poverty further. Without downplaying the importance of growth, one must question whether aggregate growth is *a priori* good for the poor since the rate of economic growth for a country is an average indicator that hides enormous differences among families, including changes in opposite directions. It is not unlikely that the distribution of growth within the country will be strongly influenced by the pattern of distribution of human, physical, financial and social capital. Hence, an average growth rate of 5% does not guarantee that the poor will see their income rise by a similar rate, if at all. The fact that the poor do not gain from stagnation and recession does not – unfortunately – prove that the opposite will be true. More nuanced positions and conclusions are warranted, given the many complexities that govern the relationship between growth and poverty."

We are being told again and again



A basic human right: water is distributed in Mandera, Kenya



Basic human right: primary school education, Ghana

that “globalisation” is the key to solving the poverty problem. If only all restrictions on international trade and the flow of capital were lifted, greater riches could be created and their circulation would be like water in connecting vases, lifting all to the level of those who were lucky (or clever) enough to have started earlier.

This is not what is actually happening. In the last decade, many barriers to capital have been lifted, regulations have been abandoned, corporate taxes have been lowered. And as a result wealth and power is more concentrated now than ever before. Joseph Stiglitz, winner of the Nobel Prize for Economy in 2001, concluded: “We do not see Adam Smith’s ‘invisible hand’, because it doesn’t exist”, (*conference at the Central Bank in Montevideo, November 2001*).

For the market to operate as an efficient distribution mechanism all participants should concur with the same information, something that never happens in practice. Unconstrained, the “market forces” (an euphemism for the force of a handful of corporations to “beat the market”) are not the tide that lifts all boats, but a tidal wave, a *tsunami* creating havoc on the weak economies and the livelihoods of the weak.

Human rights laws, both international and national, conflict increasingly

with the rules of the globalising world economy. When the defence of human rights conflicts with economic interests the outcome is uncertain. The issue of anti-AIDS medication provides a dramatic example. AIDS is having a devastating impact in many poor countries, particularly in Africa. Cheap anti-AIDS medications could be produced in Brazil or India and eventually sold to African patients at one-tenth the price of the same medicine produced by pharmaceutical corporations. But this production has been challenged at the World Trade Organisation as a violation of international trade rules (included the WTO’s so-called Agreement on Trade-Intellectual Property Rights, TRIPS).

Which shall prevail, the right to life of HIV-positive persons in poor countries, or the intellectual property rights (IPRs) of transnational corporations? Both laws are of equal status, but violation of trade rules results in heavy economic sanctions, while human rights violations invoke no comparable enforcement measures.

The Uruguay Round of trade negotiations and over one thousand bilateral investment agreements concluded in the last decade created new rights for transnational corporations—from IPRs to the right to sue national governments in ad hoc international tribunals—without any balancing obligations.

The Sub-Commission on the Promotion and Protection of Human Rights of the UN Economic and Social Council (ECOSOC) stated in its resolution 2000/7 (August 2000): “there are apparent conflicts between the intellectual property rights regime embodied in the TRIPS Agreement, on the one hand, and international human rights law, on the other”. In 1998, the Sub-Commission on Prevention of Discrimination (since renamed the Sub-Commission on Promotion and Protection of Human Rights) warned members of the Organisation for Economic Cooperation and Development (OECD) about the possible conflict between their human rights obligations and rules being proposed under the Multilateral Agreement on Investment (MAI).

In a report submitted on 25 January 2001, the Human Rights High Commissioner’s Special Rapporteur on the right to adequate housing, Miloon Kothari, concluded that “decisions regarding liberalisation, deregulation and privatisation have constrained the exercise of monetary and fiscal policy options for social purposes”, thus affecting the right to adequate housing. Blame was not placed on macroeconomic adjustment and debt service alone. “There is also a need to ascertain whether the prescriptions of ‘good governance’ (by the World Bank and the UNDP) and ‘poverty reduction’ (by the Bank and the IMF) are compatible with housing rights principles and State obligations”, stated Kothari.

In another report to the Human Rights Sub-Commission at its meeting in August 2000, on “Globalisation and its impact on full enjoyment of human rights”, two Special Rapporteurs, Joseph Oloka-Onyango from Nigeria and Deepika Udagama from Sri Lanka, said there is a need for “critical reconceptualisation of policies and instruments of international trade, investment and finance”. The two jurists said that instead of being treated as peripheral, human rights should be

brought directly into the debate and policy considerations of those formulating policies and operating the WTO, the World Bank and the IMF.

There is, thus, a growing volume of analysis and concerns expressed over conflicts between international trade and financial rules and human rights obligations on issues of poverty and poverty eradication.

The Heads of State at the 1995 Social Summit drew the same conclusion: "We know that poverty, lack of productive employment and social disintegration

capital, and last but not least, more, higher quality development aid that effectively reaches the poor. Some of the measures aimed at securing a *global public good*, like the proposed currency transaction tax to tame financial speculation, may at the same time generate the resources needed to eradicate poverty. In the case of the carbon tax, cleaning the air we breathe could curb unsustainable consumption and production patterns and at the same time finance education, access to safe water and basic health services for all.

markets but does not require the same of rich countries; that forces developing countries to tighten their belts in times of recession but allows rich governments to intervene when they face similar crisis.

Double standards beget cynicism, apathy, corruption and deterioration of democratic life and the very social fabric that holds communities together. Double standards also motivate people to raise their voices, organise, demand transparency and advocate for change. Therein lies our hope. After all, the presidents, prime ministers and kings who were gathered in Copenhagen, they who have the power to introduce reforms, wrote in The Copenhagen Declaration: "We can continue to hold the trust of the people of the world only if we make their needs our priority." ■

## ...the very policies that the Millennium Declaration, the Social Summit and Agenda 21 request from governments in order to protect the environment and eradicate poverty are being declared illegal by the trade rules imposed by the WTO...

are an offence to human dignity. We also know that they are negatively reinforcing and represent a waste of human resources and a manifestation of ineffectiveness in the functioning of markets and economic and social institutions and processes", (*Paragraph 23, The Copenhagen Declaration*). Therefore, "public policies are necessary to correct market failures, to complement market mechanisms, to maintain social stability and to create a national and international economic environment that promotes sustainable growth on a global scale", (*Paragraph 6 of the Copenhagen Programme of Action*).

The ingredients of such an "enabling environment" at the national level are human rights, progressive taxation, social security and fair access to resources and public services. At the international level the list is also well known: a solution to the debt burden, market access for developing country products, controls over the disruptive flows of speculative

Yet, it is obvious that those proposals have been blocked and resisted by the powerful few in such a way that even studying them further has been declared an international *taboo*. "Coherence" in the policy making aimed at achieving sustainable development was one of the catchwords repeated again and again last March in Monterrey. Yet, the very policies that the Millennium Declaration, the Social Summit and Agenda 21 request from governments in order to protect the environment and eradicate poverty are being declared illegal by the trade rules imposed by the World Trade Organisation or the macroeconomic policies demanded from developing countries by the Bretton Woods institutions.

We must put an end to the double standards and hypocrisy of an international system that moves capital freely around the world but does not grant workers the same right; that requires poor countries to open their

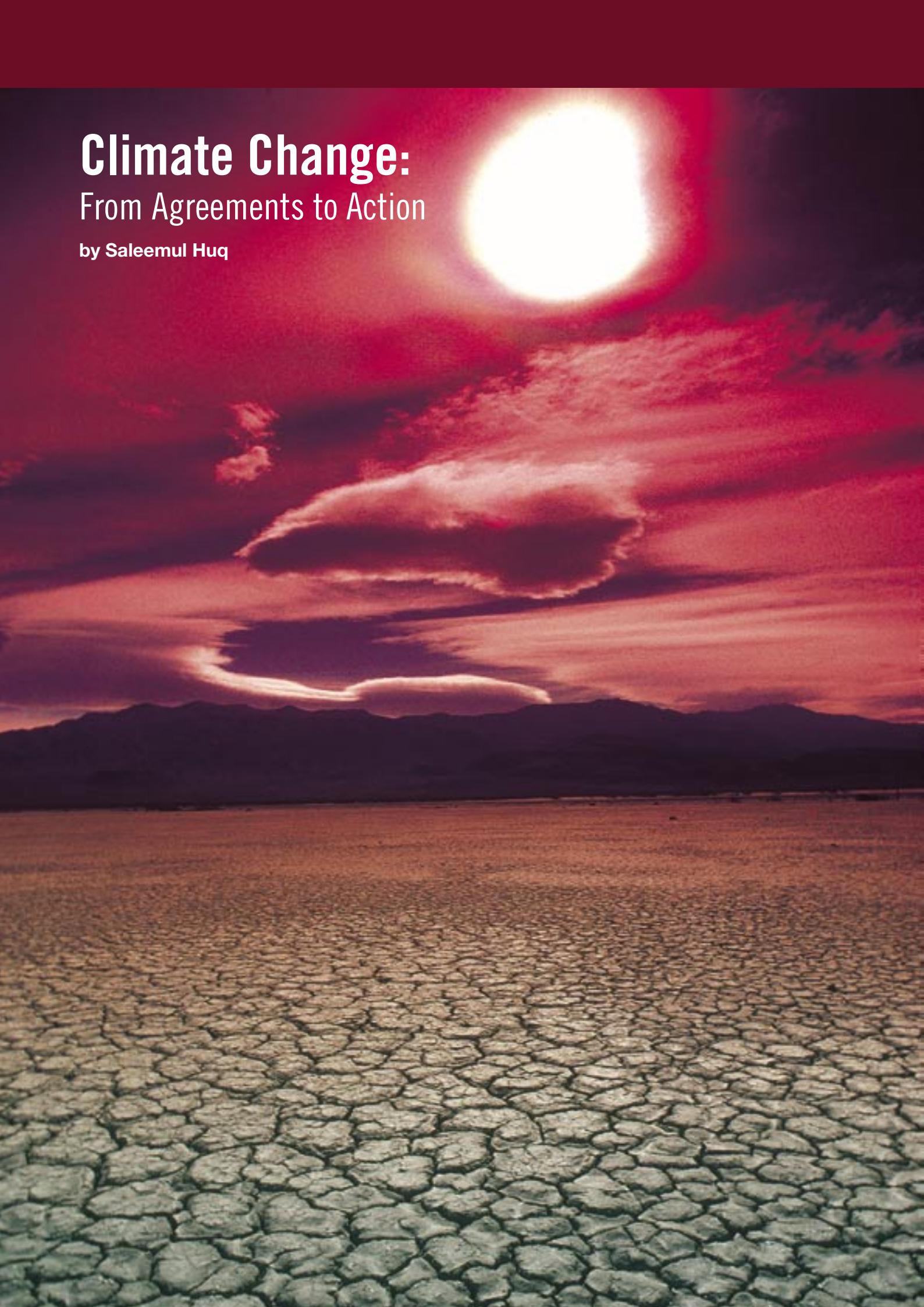


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# Climate Change:

## From Agreements to Action

by Saleemul Huq



**O**ne of the most significant outcomes of the Earth Summit held in Rio de Janeiro, Brazil in 1992 was the signing of the United Nations Framework Convention on Climate Change (UNFCCC) to tackle the problem of human induced global warming. The subsequent ratification of the Climate Convention by almost all the countries of the world and its coming into force was a major international achievement.

The Convention recognised the common but differentiated responsibilities of the developed countries (the "Annex I" countries) and developing countries (the "non-Annex I" countries) to take measures to reduce their emissions of greenhouse gases into the atmosphere to levels of those in 1990. However it was soon apparent that without binding country-by-country targets the Annex I countries would not reduce their emissions.

### The Kyoto Protocol

Thus at the third conference of the parties (COP3) held in Kyoto, Japan in December 1997 a Protocol to the Climate Convention was agreed called the Kyoto Protocol. This set specific country-by-country targets for all the developed countries (except the European Union

agreement could not be achieved about how to meet the targets and the meeting was postponed to Bonn in June 2001.

In between the two halves of the COP6 meeting in the Hague and Bonn, the Democratic administration in the US under President Bill Clinton (which had signed the Kyoto Protocol but had not yet presented it to Congress for ratification) was replaced by the Republican administration under President George W. Bush who announced at the Bonn meeting that the US would no longer participate in the Kyoto Protocol process. In response, the rest of the countries of the world completed the negotiations around the Kyoto Protocol and it was adopted at the Bonn meeting in June 2001 by a vote of 178 to 1 with only the US voting against it.

The Kyoto Protocol will come into force when at least 55 countries accounting for at least 55% of global

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which accepted a common target for all its member countries) and was signed by all the developed countries, including the United States. The details of the implementation of the Kyoto Protocol targets were to be finalised by the 6th COP to be held in The Hague, The Netherlands in November 2000. However, at the COP6 meeting in The Hague,

greenhouse gas emissions have ratified it in their respective national parliaments. It is expected that this will occur in time to be announced at the World Summit on Sustainable Development. The difficult task of implementing the Kyoto Protocol will begin after that. This will include some significant actions in the developed



Flooded street, Dhaka, Bangladesh

countries to change their own energy utilisation patterns with less reliance on dirty fossil fuels (like coal and oil) and more on natural gas and renewable energy. In addition they will be able to trade reductions of greenhouse gases, both between themselves and also with the developing countries, through the flexible mechanisms such as the Clean Development Mechanism (CDM). This will allow companies in developed countries to purchase Carbon Emission Reductions (CERs) from projects in developing countries aimed at reducing the emissions of greenhouse gases (principally carbon dioxide and methane). Thus the market for carbon reduction may provide a means for the developing countries to contribute to solving the problem of global warming as well as to get some financial benefits from the developed countries in exchange. Even without the participation of the United States in this CDM market, the market is still expected to be quite significant and provide an opportunity for the developing countries to participate in solving the problem and getting some financial benefits.

global warming occurring even now. Thus countries will inevitably have to face the adverse impacts of global warming and will have to cope with their consequences. In the climate change convention language, this is called "adaptation" to climate change.

The third assessment report of the IPCC released in late 2002 has made it abundantly clear that the adverse impacts of global warming will fall mostly in the tropical regions of the globe where most of the poorer developing countries are located. Since poorer developing countries also have relatively low ability to cope with present-day climate-related events and disasters, they will need additional assistance to help them cope with the adverse impacts of human-induced climate change.

The seventh Conference of Parties (COP7) held in Marrakech, Morocco in

## Beyond Kyoto

The efforts under the Climate Convention so far have concentrated on the issue of getting the developed countries (who have been and still are the main emitters of greenhouse gases) to accept

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targets for reducing their greenhouse gas emissions in order to reduce the scale of the potential problem of global warming in the coming decades (in the jargon of climate change this is called "mitigation"). However, it is also quite clear that even if the Kyoto Protocol targets are met in full (and even if the US were to participate) the problem of global warming will not be removed but merely postponed by a few years. This is known through the scientific assessment of the Intergovernmental Panel on Climate Change (IPCC) which has already reported possible impacts of

November 2001 recognised this need and set up several new funds to assist the most vulnerable developing countries (these are defined as the small island developing states and the least developed countries) through the Special Climate Change Fund and the LDC Fund. In addition, it was agreed to charge a levy (of 2% of all transactions) on all CDM projects, which would be put aside for an "Adaptation Fund" for the vulnerable countries. However, these funds have still not started operating and it is not clear how big they are likely to be.

## Developing Country Emission Targets

The Kyoto Protocol has successfully tackled the problem of the developed countries targets of reducing their greenhouse emissions (with the exception of the US) but has not set any targets for the developed countries. While this is quite logical for the immediate short term, it will, nevertheless, become necessary for the developed countries to also reduce their greenhouse gas emissions if the problem of global warming is to be successfully tackled. This will mean some sort of targets for the developing countries in future. This is a very contentious issue in the international negotiations and involves questions of equity and justice. For example, the right to pollute the atmosphere (i.e. emit greenhouse gases) may be distributed on a per capita basis (considering that the atmosphere is a global commons and every human being has an equal right to pollute it) or on the basis of allowing the bigger present-day polluters a larger share to pollute (also called "grand fathering"). These issues will have to be addressed and acceptable solutions found in the next few years.



in their own countries. Thus the post-Johannesburg agenda has to clearly move from negotiating more agreements to implementing the agreements already reached so that the good words contained in those agreements can become real action that changes the world in which we live.

The following are issues where action is needed:

- ➊ genuine reductions in greenhouse gas emissions in the developed countries that have signed the Kyoto Protocol
- ➋ genuine action by the United States to reduce their contribution (nearly 25% of global greenhouse gas emissions)
- ➌ real action from the larger developing countries (e.g. India and China) to reduce their greenhouse gas emissions
- ➍ substantial contributions from the developed countries into the adaptation funds
- ➎ genuine action to build adaptive capacity in developing countries

## From Agreements to Action

The countries involved in the Climate Convention have spent the last ten years on agreeing detailed agreements and protocols but have demonstrated precious little action to prevent the emissions of greenhouse gases (although some action has been taken on an ad hoc and scattered basis). The major agreement for the developed countries has successfully been agreed (even without the US) and they must now take real action. Once the developed countries are seen to be taking meaningful action, it is likely that the developing countries will follow suit



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Land mine victim farming drought-affected land in Vietnam



“In the old days  
my great  
grandfather used  
to save miners;  
all they had to do  
was listen.”



When a canary stopped singing, it indicated to old-time coal-miners that toxic gases endangered their lives. Today the Arctic region is a sensitive indicator of the impacts of pollutants and global climate variability and change. ‘Hearing the old’, Arctic researchers have combined the traditional knowledge of indigenous people with modern science, creating a richer understanding of environmental changes in the Arctic, as well as unique and appropriate responses. The Arctic Council acts as a partnership for environmental protection and sustainable development in the Arctic region. It is a unique cooperative forum featuring the participation of eight Arctic national governments and six international indigenous organizations – all listening to each other.



# Unsustainable trends?

by Laurie Michaelis



**S**ince 1900, most citizens of industrialised societies and some in developing countries have achieved vastly improved physical quality of life, life expectancy, health, personal choice and a range of individual freedoms. In the rich world, real per capita income increased roughly ten-fold during the last century. One of the most visible faces of this transformation is the vast array of goods now available for consumption. The globalisation of trade, markets and the media brings hope of a similar transformation to those who have so far been left out of the new prosperity.

It is not just a matter of being left out. There are losers as well as winners in the shift away from traditional economic and social structures, which has also brought rural decline, new forms of exploitation, and the failure of the family and community safety nets that used to care for the young, the elderly and the unemployed. In the wealthy countries, these problems have been addressed with varying success through the development of comprehensive social welfare and insurance systems. Debate continues, north and south, over the types of system that work best.

With industrial development has also come pollution and the loss of natural habitats, species and resources. The most evident pollution – such as smoke in urban air, and industrial

or where impacts are distant in space or time. Globally, greenhouse gas emissions continue to rise. Freshwater demand is increasing. Soil degradation is a serious problem in many parts of the world, and land use is subject to increasing competition among the needs of agriculture, transport and urban development.

### Policy responses: Conventional Wisdom

The Chairman's paper from the third WSSD Preparatory Committee meeting included a section on changing unsustainable patterns of consumption and production, listing a wide range of policies and measures intended to bring about fundamental

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effluent and untreated sewage in rivers – has been brought under control in wealthy countries through government regulation and the development of cleaner technology. But the globalisation of markets has meant that cheap consumer goods in the North often come at the expense of growing pollution in the South. More generally, rising consumption threatens to overwhelm improvements in the environmental efficiency of production. Solutions are especially hard to find where environmental problems cross international boundaries,

changes in the way industrial societies produce and consume. Some policies would seek to change consumption patterns, but most of those mentioned aim to change production. The list of policies is a familiar one, including consumer information and education, improved product labelling, changes in economic incentives, research and development, encouragement for voluntary initiatives by industry, elimination of harmful subsidies, and so on.

In the last ten years, institutions including the World Bank, UN agencies,



Industrial pollution, Osaka, Japan

the Organisation for Economic Co-operation and Development, and the World Business Council for Sustainable Development, have repeatedly come up with similar recommendations. There has certainly been progress in the development of a consensus among international organisations on the policies needed for sustainable production and consumption.

The mid-1990s saw considerable optimism that these measures would be put into practice, with many national governments beginning to unravel systems of protection supporting coal industries and other polluting activities. They developed proposals for carbon and other eco-taxes, and supported the international process leading up to the Kyoto Protocol to the UN Framework Convention on Climate Change. But implementation has proved difficult. Industries that might lose from the policy shifts have naturally argued against them, claiming that they would result in considerable economic harm and loss of jobs. The political climate seems now to have changed, with governments from the United States to Denmark pulling back from the environmental agenda. What is going wrong?

### Failure of Conventional Wisdom

The opponents of environmental strategies have argued that the measures will cause economic hardship and will fail to deliver the desired environmental improvements. It is impossible to know whether they are right about the hardship, but it may well be true that current proposals are inadequate to bring about sustainability.

There has not been a full and thorough debate about what it would take to achieve “a fourfold increase in energy and resource efficiency in developed countries by 2012” (*this goal was included in the Chairman’s Paper from the second WSSD PrepCom but deleted in the subsequent draft*). To give some impression of the enormity of that transformation, a fourfold productivity increase in ten years is equivalent to a 15% increase every year. The better-known goal of a tenfold increase over 30-50 years, set by the Factor 10 Club in its 1994 Carnoules Declaration, implies an annual increase of 5-8%. But in recent history, the energy intensity of industrialised country economies has improved by only about 1% per year. Total material requirements per unit of GDP have fallen by about 2% per year.

There are historical precedents for rapid improvements in resource

productivity, but they were not that rapid, and they occurred in extreme circumstances. Between 1974 and 1986, the oil consumption per unit of industrial output in the OECD countries fell by 7-8% per year over ten years. This followed a ten-fold increase in the real price of crude oil between 1970 and 1980. Industry reduced its oil consumption mainly by consuming more gas and electricity, which it found in any case to be cleaner and more convenient carriers of energy. Part of the reduction – about 2.5% per year – was achieved through energy efficiency improvements.

Other unusual situations and special circumstances can lead to rapid productivity improvements. During the 1950s and 1960s, when Japan was making a determined effort to catch up technologically with the United States, it achieved labour productivity increases averaging nearly 8% per year. More rapid improvements have been achieved in individual industries or technologies. For example, the mass of transatlantic cable required to carry a telephone call fell by about 25% per year throughout the 20th century. But such rates of progress have never been achieved throughout the world economy.

### Missing Dimensions

Achieving goals such as Factor 4 and Factor 10 seems to depend on a level of commitment to change that doesn’t yet exist, which is not to say that it cannot be developed. The conventional wisdom looks for solutions primarily in technological progress and market reform, and expects the greatest impact to be on production patterns. But it is impossible to transform production without also transforming consumption. Change needs to occur in at least four inter-related realms – the technological, the economic, the political and the cultural. The last two of these realms have been neglected

in mainstream policy analysis, perhaps partly because addressing them requires policy-makers to confront their own role in maintaining the current system, and partly because cultural change is expected to be too difficult.

Substantial progress in sustainable development strategies may depend on a shift in the communication among governments, business, and civil society in industrialised countries. They may need to discuss openly the political and cultural context that they help to maintain and reinforce, along with the media. Perhaps they might even have to question the values and concepts of prosperity that have emerged in the consumer society.

### Sources of Hope: Creative Tensions and Reflexivity in the Consumer Society

The roots of consumerism in Western society are deep, numerous and extensive. Yet, there is also a deep-rooted ambivalence about wealth and consumption. All of the world's major religions teach moderation. Our current concepts of prosperity relate mainly to material well-being. But many studies have found that people's happiness or satisfaction depends most heavily on their health and on family and other relationships. Having a "meaning" in life is of fundamental importance. Financial security is also a high priority but this is rather different from having high levels of consumption.

The greatest source of hope for change may come not from opposition to the consumer society, but from within it. The consumer society is subject to unresolved moral tensions: between ideals of individual freedom and equality; between the rights of the wealthy and the needs of the poor; between individual and community, and between humanity and the environment. It is often observed that while Western consumer culture is based



Consumerism - A shopping mall in Berlin, Germany

on an ethic of individual freedom and the aim of maximising personal material wealth, the origins of Western economic development include traditions that emphasise community, generosity and trust. Indeed, alongside personal freedom, Western democracies have long cherished two other core values: equal rights and community or solidarity. Freedom and equality sit uneasily together. Personal freedom, the watchword of the market, usually leads to an unequal distribution of wealth and power, improving the distribution of wealth and power challenges individual freedom. The two can only be reconciled when people are also motivated by solidarity, and choose to exercise their freedom and rights for the good of other community members.

Perhaps one of the most important areas of tension in consumer societies is that surrounding risk. The public and the media have begun to question the sustainability of some specific aspects of production and consumption, where they relate to tangible risks to human health. Nuclear power and food hazards are obvious examples. These controversies are part of what has been described as a growth in "reflexivity". People and institutions are communicating more openly about their values and priorities. Stakeholder processes play an increasingly important role in policy-making by government departments

### Some features of the "consumer society"

- Consumption levels greatly exceed basic human needs for nutrition, shelter, clothing and physical health.
- Consumption is an important means of self-expression and communication, and also of establishing group identity and social distinction.
- "Citizen" is equated with "consumer".
- Individual and social welfare is equated with financial wealth and the ability to consume.
- Increasing consumption is a key objective of government policy.
- The individual has the legal and moral right to consume at will.
- Businesses and governments are committed to satisfying consumer preferences.
- Consumption choices are seen as a means of discharging civic duties – e.g. buying domestically produced, fairly traded or environmentally sound goods.

and firms. Mostly, they see these processes as ways of allaying public fears – of “communicating about risk”. But once governments and companies start to engage with the public, they are occasionally led to do more than communicate: they begin to learn, to develop new policies, even to change their own belief systems. Perhaps one of the best-known examples is the re-examination of values undergone by Shell following the Brent Spar affair.

Reflexivity is one of the key mechanisms for change. Society must begin to become conscious of itself, to talk about where it wants to go. So far, the stimulus has come mainly from the negative, but is there a potential for the debate to move to positive examples of what a sustainable society might look like?

### Visions and heroes

Perhaps one of the best ways of communicating about values, ethics, and the way life could be is through narrative. One of the greatest needs in the sustainability agenda is for some convincing stories about how transformation could come about, especially in the industrialised countries. There have been many efforts to develop scenarios but one of the difficulties in thinking positively about change is that different people have different preferences. They like to consume in different ways and are comfortable in different social and political settings (*see Dake, K. and M. Thompson, ‘Making ends meet, in the household and on the planet’, GeoJournal 47:417–424, 1999*). Paint a scenario that looks like utopia to one group, and it will look like a disaster to another. A starting point must be to recognise this diversity. There is also a tremendous diversity of opportunities for change. Numerous organisations, from the UN to Yes! magazine, are gathering positive examples of individuals and groups that have

### Consumption in five types of household

Research carried out for the consumer goods company, Unilever, found that households can be divided into five consumption types:

1. The first group likes to buy new technology, wear fashionable clothes.
2. The second is more concerned to maintain traditional patterns of consumption.
3. The third group feels it has little choice about what to consume, but seeks out bargains.
4. The fourth goes out of its way to buy ethical products and deliberately adopts a modest consumption level.
5. The fifth group seeks to limit its consumption so as to minimise its dependence on the outside world.

Progress towards sustainable consumption is likely to depend on developing strategies that recognise these differences. For the first group, sustainable consumption may mean buying new, exciting, but eco-efficient products and services. For the second, it may mean a revival of local production and consumption. The third will not buy environmentally friendly products until they are cheaper than the alternative. The fourth and fifth may respond to information, encouragement, and the removal of constraints that prevent them adopting more sustainable or frugal behaviours.

chosen more sustainable ways of living.. Among the many initiatives identified by the Oxford Commission on Sustainable Consumption are:

- local farmers markets, school meal programmes and even a network of restaurant chefs, seeking to

encourage the consumption of healthier, locally and sustainably produced food;

• car-sharing schemes, first developed in Germany and Switzerland but beginning to take root in other countries; and

• co-housing and other ecological housing projects, in countries from Denmark to Japan and the United States.

Talking about these real life examples might be the one way to make transformation scenarios seem realistic. But perhaps the most powerful step that anyone can take, whether in government, business, the media or civil society, is to “walk their talk” and demonstrate responsibility for the environmental and social impacts of their own life and work. ■



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# SUSTAINABLE MANAGEMENT OF RESOURCES IN ISRAEL



## State of Israel Ministry of the Environment [www.sviva.gov.il](http://www.sviva.gov.il)

### Sustainable Freshwater Management

Recognizing the scarcity of water resources to meet current and future needs, the Israeli Government has initiated a sustainable freshwater management policy, designed to reduce water demands and create additional sources of supply through such means as seawater and brackish water desalination, wastewater treatment and water conservation. Efforts are focused on improving treatment standards for effluents to enable their unrestricted use in agricultural irrigation, and thereby release freshwater for domestic use. At the same time, measures have been taken to reduce the salt content in industrial and domestic effluents to prevent salinization of groundwater and soils and to develop salt resistant crops that are able to use brackish water for irrigation. Water is being saved in agriculture by controlled micro irrigation; in the urban sector by household saving devices; in public gardens by controlled irrigation and by use of water-efficient plants.

<http://www.wri.technion.ac.il>

### Biodiversity and Forest Management

Government and NGO's work in partnership to protect the rich biodiversity in this natural climatic and ecological crossroads. About 25% of Israel's land area is designated as nature reserves or national parks. Rare, Biblical and historic species are being re-introduced and special attention is being paid to protecting habitats used by migratory birds. An example of the integration of agricultural, ecological and tourist interests is the re-flooding of the Hula lake, drained some 50 years ago to control malaria and provide more land for agricultural production. Over the years it became apparent that greater benefit could be obtained by recreating the natural wetland. Restoration of lost habitats is also one of the objectives of river reclamation projects now underway to stop surface water pollution and to turn streams into corridors for recreation and landscape purposes. About 200 million trees have been planted to restore the country's tree cover, to protect the soil and to provide recreation areas. Communities and schools throughout the country participate in annual springtime tree planting festivities.

<http://www.parks.gov.il>

<http://www.kkl.org.il>

### Combating Desertification

Through the integration of scientific, technological and educational activities, much progress has been made in combating desertification. Experience gained in Israel has been made available to many countries in Africa and around the world to increase agricultural productivity in arid and semiarid areas, to reduce damage by flashfloods and to retain water by harvesting runoff.

<http://www.bgu.ac.il/BIDR>

### Solar Energy

Through partnerships between the private sector and research institutions, science and technology have been translated into commercial activities. 80% of domestic water heating in Israel is obtained through roof top solar collectors. Current projects concern the promotion of solar thermal collectors for large-scale industrial, commercial and residential buildings and for solar electricity generation.

<http://www.boker.org.il/meida/mdr/midra-e-emdrmain.htm>

<http://www.solel.com>

# **Environment and Human Health:**

## Towards a Shared Agenda for Sustainable Development

by Gordon McGranahan and Marianne Kjellén



**S**ustainable development represents one of the most ambitious calls for inter-sectoral collaboration though this collaboration is widely advocated and rarely implemented. This chapter focuses on an inter-sectoral relationship, which could become central to the pursuit of sustainable development and deserves special attention – that between the environment and health sectors. Indeed, a central challenge for sustainable development is to change these relationships so as to achieve a more equitable world for both present and future generations.

## The Case for More Complementary Environment and Health Agendas

Health and environment improvement are complementary goals, both of which can legitimately claim to be central to sustainable development. However, while environment concerns – and particularly those affecting future generations – have been a defining feature of sustainable development from the start, health concerns remain implicit and often seem peripheral. This is doubly unfortunate. First, a stronger health focus in environmental debates and policy could help ensure that the environmental needs of the poor receive the priority they deserve. Second, a stronger environmental focus in health debates and policy could help avoid an overemphasis on curative measures, and the neglect

also for health, a curative approach is insufficient at best. When people pursue their livelihoods, travel, produce or consume, the consequences of their actions for public health and the environment are rarely their primary concern. Yet these activities play a more important role in determining environment and health outcomes than medical treatment or environmental rehabilitation. Much the same applies to government sectors, where the goals of improved health and environment depend as much on the policies of Ministries of transport and industry, for example, as on those of Ministries of health and environment. In effect, health and environment may be sectorally defined, but require multisectoral strategies.

Already, the health and environment sectors often describe almost identical goals in relation to the environmental dimension

**The health and environment sectors often describe almost identical goals in relation to the environmental dimension of sustainable development: addressing the threats to people's present or future well-being that result from human-induced damage to the environment.**

of the long-term health implications of environmental change.

Closer cooperation is also justified on the grounds that both health and environmental problems often arise through the combined 'side effects' of actions whose motivation has little to do with either health or the environment. Particularly for the environment, but

of sustainable development: addressing the threats to people's present or future well-being that result from human-induced damage to the environment. Traditionally, however, environmental health has concentrated on the more localised and immediate threats, while environmentalists have increasingly concentrated on dispersed, indirect and long-term threats.

## Priority Areas for Action

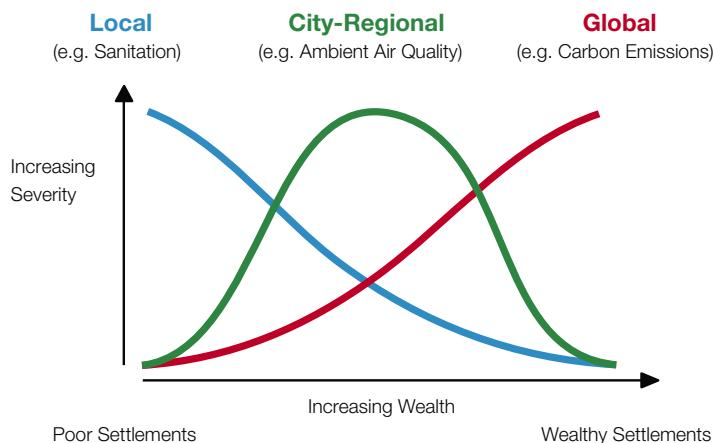
Viewed from a sectoral perspective, this division is understandable. It reflects where each sector's expertise and institutional interests lie. Health experts have added little to our understanding of how, for example, land degradation affects food security. And the institutional base of most health professionals lies in curative rather than preventive care. Environmental experts, on the other hand, have added little to our understanding of how, for example, bad sanitation affects people's health. And the institutional base of most environmental professionals lies in preventing humans from damaging the environment rather than preventing the environment from damaging humans. Partly as a result, very different priorities often emerge from the health and environment sectors. In relation to DDT and malaria, for example, while environmentalists and health specialists may recognise the dangers of both DDT and malarial mosquitoes, health specialists tend to be far more favourable to DDT as a means of combating malaria than environmentalists.

From a sustainable development perspective, this division is problematic. It can foster international environmental agendas that ignore many of the most serious, life threatening environmental problems – implying that they are not really environmental issues. It can foster international health agendas that ignore the potential health impacts of ecological damage and global environmental change – implying that they are not really health issues.

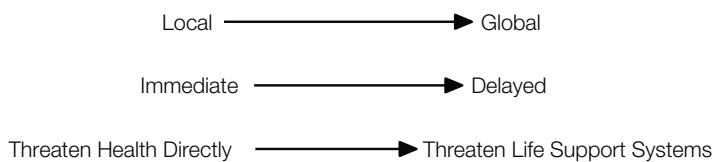
For health to become more central to sustainable development, the health implications of ecological damage and global environmental change would have to be taken more seriously within the health sector. However, the focus of this chapter is on how a health perspective can help to situate environmental health problems on the environment and development agenda, and ensure that the environmental burdens currently contributing to the ill health of many of the worlds' poor are addressed more explicitly.

**Figure 1: A Stylised Environmental Transition**

### From Sanitation to Sustainability



### Shifting Environmental Health Burdens



Source: G McGranahan, P Jacobi, J Songsore, C Surjadi, and M Kjellén, 2001, *The Citizens at Risk: From Urban Sanitation to Sustainable Cities*, Earthscan, London.

## Poverty, Affluence and Shifting Environmental Burdens

Economic growth has long been associated with a shift towards more dispersed, delayed and indirect environmental burdens. The environmental burdens associated with poverty, particularly in low-income countries, tend to be localised: e.g. inadequate household sanitation, indoor air pollution, pressures on local resources. In middle-income settings, and particularly industrialising and motorising cities, many of the localised burdens tend to be less prevalent, while settlement-wide burdens, such as pollution of the ambient air and the waterways and regional resource depletion are often more severe. In many affluent settings, measures have successfully reduced burdens that fall in and around the settlement, but global burdens, such as carbon emissions and

pressures on distant ecosystems, are high. These relationships, summarised in Figure 1, reflect an environmental transition that helps to explain some of the environment and health differences commonly observed between countries.

From a sustainable development perspective, all of the environmental burdens represented by these curves must be addressed. The environmental burdens associated with poverty are not only caused (in a loose sense) by poverty, but are contributing to the persistence of poverty. Alternatively, the environmental burdens associated with affluence are not only caused by affluence, but both the burdens themselves and measures to address these burdens could close off development opportunities for poorer countries and people. The form which this transition has taken historically contributes to the fact that a far higher share of the burden of disease in low-income countries is due to environmental

factors, while a far higher share of the environmental burdens originating in affluent countries is likely to fall beyond national boundaries and on future generations. More generally, the curves illustrate the tendency for the environmental burdens of poverty tend to fall on the poor themselves, while the environmental burdens of affluence fall on a far more temporally, spatially and temporally dispersed ‘public’. In effect, the environmental burdens reinforce existing economic inequalities.

## Economic Status and the Environmental Contribution to the Present Burden of Disease

Table 1 compares the burden of disease in ‘developing’ and ‘developed’ countries.

The metric is Disability Adjusted Life Years (DALYs) lost as a result of the cited health problems – a measure developed in the 1990s as part of a major effort to improve the coherence and consistency of international health statistics. The overall message: not only is the burden of disease higher in low-income countries but infectious diseases are far more important. The top two disease burdens in the world, acute respiratory infections and diarrhoeal diseases, are infectious diseases that do not even appear in the top ten burdens of disease in ‘developed’ regions.

Figure 2 summarises the results of a recent attempt to estimate the share of different disease groups that can be ascribed to the physical environment (as opposed to, for example, lifestyle choices or the social environment). It indicates that a large part of the environmental share in the burden of disease relates

to diarrhoeal diseases, acute respiratory infections and malaria, all of which are far more prevalent in low-income settings.

Like many environmental problems, the environmental health problems that arise in poor and unserved neighbourhoods and settlements are often closely interconnected and pose public health risks, at least at the local level. Bad sanitation may lead to contaminated groundwater and faeces finding their way into the solid waste, onto the open land, into the drainage ditches, and generally into contact with people. Flies may breed in the human and other waste, and contaminate the food. Solid waste may find its way into the drains, causing accumulations of water in which mosquitoes breed. Microbial food contamination makes thorough cooking important, but cooking with smoky fuels may expose women and children to hazardous pollutants. Some

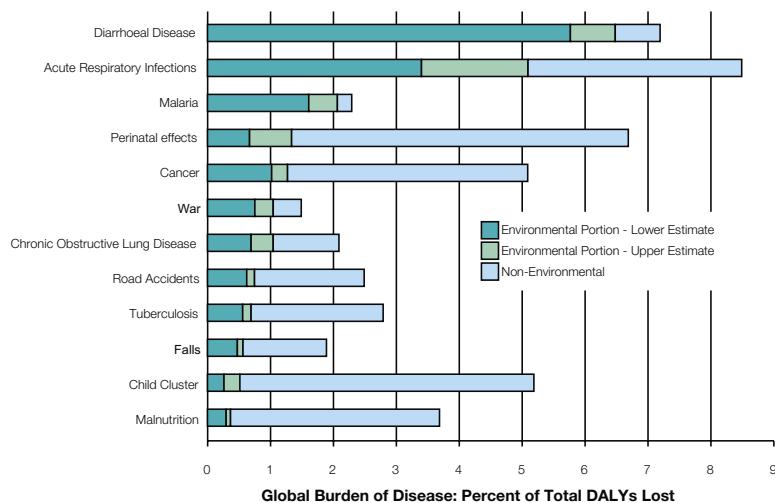
**Table 1: Burden of Disease, by Cause and Region**

Causes of DALY's Lost in 1990			Developing Regions			Developed Regions		
World	Disease or Injury	DALYs ('000)	Disease or Injury	DALYs ('000)	% of total	Disease or Injury	DALYs ('000)	% of total
Lower respiratory infections	112 898	8.2	Lower respiratory infections	110 506	9.1	Heart disease (ischaemic)	15 950	9.9
Diarrhoeal diseases	99 633	7.2	Diarrhoeal diseases	99 168	8.1	Unipolar major depression	9 780	6.1
Perinatal conditions	92 313	6.7	Perinatal conditions	89 193	7.3	Cerebrovascular disease (stroke)	9 425	5.9
Unipolar major depression	50 810	3.7	Unipolar major depression	41 031	3.4	Road traffic accidents	7 064	4.4
Heart disease (ischaemic)	46 699	3.4	Tuberculosis	37 930	3.1	Alcohol use	6 446	4.0
Cerebrovascular disease (stroke)	38 523	2.8	Measles	36 498	3.0	Osteoarthritis	4 681	2.9
Tuberculosis	38 426	2.8	Malaria	31 749	2.5	Lung cancers, etc.	4 587	2.9
Measles	36 520	2.7	Heart disease (ischaemic)	30 749	2.5	Dementia, etc.	3 816	2.4
Road traffic accidents	34 317	2.5	Congenital anomalies	29 441	2.4	Self-inflicted injuries	3 768	2.3
Congenital anomalies	32 921	2.4	Cerebrovascular disease (stroke)	29 099	2.4	Congenital anomalies	3 480	2.2
Malaria	31 706	2.3	Road traffic accidents	27 253	2.2	Chronic obstructive lung disease	3 365	2.1

Source: Murray & Lopez (1996), Table 5.2

Note: DALY = Disability-Adjusted Life Years, a measure of the number of ‘healthy years’ that are lost due to premature death, disability and disease.

**Figure 2: Physical Environmental Contribution to the Global Burden of Disease by Selected Disease Groups**



Source: Kjellén, 2001, after Smith et al. (1999), Figure 3

mosquitoes may spread diseases (e.g. malaria), while the mosquito coils and pesticides used to combat them may add to the air pollution and chemical hazards. Crowding and poor housing can exacerbate most of these problems.

The extent to which these environmental problems become a risk to health depends upon social, economic and cultural factors. For example, lead in dust becomes a major risk when children play in the dirt and ingest lead-rich soil. Infants are particularly prone to smoke exposure if they are carried on their mother's back. Faeces in the solid waste become a special problem if the waste is left in piles for collection, and people pick through the waste. Alternatively, appropriate behavioural changes are also context dependent. More careful supervision of children, for example, may reduce their exposure to environmental hazards, but result in an income loss with even greater consequences for health. At the local level, environmental risks are so bound up with social and economic conditions that it can be difficult and even counterproductive to address them in isolation.

Poverty is also related to ill health through non-environmental routes. It can lead to malnutrition, increasing

susceptibility to both environmental and non-environmental health risks. Violence is often an important health risk, particularly for the poor. Social exclusion can contribute to mental health problems. The spread of HIV/AIDS is closely related to poverty. And of course health care is typically more restricted and of lower quality in conditions of poverty.

## Implications for Sustainable Development

This schematic presentation of environment and health, while ignoring a number of important environment and health issues, illustrates a central challenge for addressing the environmental dimensions of sustainable development. If sustainable development is about meeting the needs of the present generation without compromising the abilities of future generations to meet their needs, and if the environment is to be one of the basic pillars of sustainable development, then the approach to environmental issues must consider both the needs of present generation as well as those of future generations. This implies taking the environmental health issues of the poor seriously.

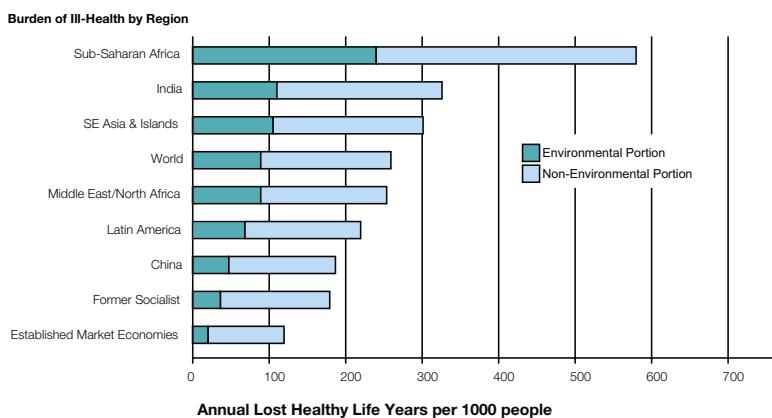
One could argue that these are not really environmental issues. After all, income poverty alone is enough to ensure that poor groups suffer more than the affluent from the ill-health, injury and premature death caused by environmental hazards. Individuals and households without

*...environmental health problems that arise in poor and unserved neighbourhoods and settlements are often closely interconnected and pose public health risks...*

However, while those living in poverty also suffer more from non-environmental health problems, the share of the burden of disease arising from (physical) environmental hazards is greater in low income settings. Thus, in the regional estimates provided in Figure 3, the environmental portion of the burden of disease is estimated to be highest in Sub-Saharan Africa and lowest in established market economies.

adequate incomes are less able to afford accommodation that protects them from environmental risks – for example, good quality housing, piped water and adequate provision. In their struggle to secure a livelihood, they are liable to undertake work that exposes them (and often their families) to environmental hazards. They have the least resources to cope with illness or injury when they occur. Their governments are also likely to be poorly resourced to address these deprivations.

The local environmental health

**Figure 3: The Environmental Portion of the Global Burden of Disease**

Source: Smith et al. (1999), Figure 4, cited in Kjellén, 2001

problems suffered by so many of the world's poor are not, however, simply a reflection of economic poverty. In common with larger scale environmental burdens, the physical attributes of most local environmental burdens make them very difficult to address through conventional market mechanisms or government regulations. In economic terms, they involve a range of environmental externalities, public goods (or 'bads'), and common property problems. In any case, formal regulations to address local environmental burdens are rarely designed to meet the needs of the poor. Many cannot even secure legal access to their homes and work in the 'informal' sector. Under these conditions it is hardly surprising that there is little formal support for the initiatives of poor groups to improve their living and working environments. Yet their capacity to pursue environmental improvements is not only influenced by local politics and governance, but also national and even global politics. The international politics of privatisation, for example, has helped create a situation where urban water regimes often emerge from negotiations involving national governments, international agencies and multinational companies, with little or no representation from urban poor groups (who, it must be acknowledged, typically

have very little influence over public utilities either). Neither environmental nor health perspectives can ensure that the needs of the poor receive the attention that they deserve, but they could at least contribute to a more balanced and equitable approach.

In theory, health could help provide a unifying framework within which the range of different environmental burdens could be interpreted, assessed and acted upon. After all, local environmental hazards (e.g. poor sanitation) and global threats to life support systems (e.g. climate change) may be difficult to compare in physical terms, but both eventually threaten human health. Given the current state of knowledge about environmental risks and health, it is barely possible to estimate the DALYs associated with localised, short-term environmental hazards, let alone assign values to more indirect, dispersed and long term risks (such as those associated with global deforestation, loss of biodiversity or carbon emissions). On the other hand, in a more qualitative assessment of the risks of different environmental burdens, a health perspective can complement residents' own perspectives on the one hand, and perspectives claiming to represent a broader public interest on the other.

Overall, a combined agenda

encompassing health and environmental issues stands a far greater chance of ensuring that local initiatives for sustainable development enter the mainstream of local politics and policies. Increasingly, efforts to raise local awareness of global environmental issues in high-income countries are emphasising the health consequences of, for example, global climate change. The health consequences of environmental problems are a more immediate concern in most low-income countries. Moreover, a health perspective could help raise global awareness of local environmental issues in low-income countries. ■



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# A Matter of Survival: Water, Sanitation and Hygiene

by Sir Richard Jolly



**A s thousands of delegates meet at the World Summit on Sustainable Development (WSSD) in Johannesburg, it is most reassuring to note that the WSSD agenda has given high priority and deservedly so - to water - our most precious resource, vital to our daily lives, our economies and to the health of our environment. But to billions of people, mostly the poor and marginalised segments of society, it is a matter of survival. Today, there are still some 1.1 billion inhabitants on Earth without access to a safe water supply, and a much greater number, over 2.4 billion, without adequate sanitation.**

This scandalous situation exists despite the laudable achievements that were made during the International Drinking Water Supply and Sanitation Decade (1981-1990) to meet these basic needs. In fact, according to the WHO/UNICEF/WSSCC Global Water Supply and Sanitation Assessment 2000, coverage during this Decade enabled an estimated 816 million people to gain access to improved water supply and some 747 million people to improved sanitation. However, the increase in the numbers of people served was just sufficient to keep pace with population growth.

Rapid urbanisation especially in urban areas and in Africa will continue to place increasing pressure on services that are already overwhelmed and developing countries in Africa, Asia, Latin America and the Caribbean are especially going to face unprecedented demands and pressures.

Access to sanitation facilities is a basic human right that safeguards health and

diarrhoea and malaria are among the main causes of deaths, especially of those under 3 years old, resulting from impoverished conditions of some 600 million children around the world.

During the International Conference on Freshwater in Bonn in December 2001, the Water Supply and Sanitation Collaborative Council (WSSCC) launched the WASH campaign – a global advocacy effort by over 1500 members in over 140 countries – to mobilise political support and action to ensure an end to this scandal and the suffering of the poorest of the poor. Special emphasis has been placed on the promotion of a global sanitation target – halving the numbers without sanitation by the year 2015 – without which health for all cannot be achieved. The Bonn Declaration recognised this vital need and made an unprecedented step to recommend a sanitation goal to be added to the Millennium targets, to complement the existing goal of halving those without a safe water supply.

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**Water and sanitation should form part of an integrated resources management approach that leads to poverty alleviation and sustainable development.**

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human dignity. Every individual deserves to be protected from disease and other health hazards posed by the poor disposal of excreta and human waste. Children, who are the first and the most vulnerable to fall prey to such hazards, deserve a better environment and the highest standard of living possible, according to the Convention on the Rights of the Child. The WHO/UNICEF report published in March 2002 said that preventable diseases such as

One of the main messages of WASH is that women and children deserve priority attention when addressing water, hygiene and sanitation issues. Lack of these basic services does not only endanger their health but also affects their mental and physical development. Addressing gender issues benefits girls' status and education, improves privacy and restores human dignity – a first step to improving their quality of life.



School children collecting water, Zaka, Zimbabwe

What has changed since the 'Earth Summit' in Rio de Janeiro? Have we made a real difference to the lives of the billions of poor people around the world? What actions have been taken that resulted in alleviating poverty, improving the health and status of the billions of women, men and children because of the implementation or non-implementation of Chapter 18 of the Rio Summit's Agenda 21?

Revolutionary thinking and a new paradigm shift are required to change the attitudes and behaviours of those who are entrenched in top-down approaches and traditional water management policies. We know from experience that clean water alone leads only to minor health improvements. Sound hygiene behaviour must be recognised as a separate issue in its own right, with adequate sanitation and clean water as supporting components. While each of the three elements has some health benefit, it is their combined effect that has far greater impact. Water and sanitation should form part of an integrated resources management approach that leads to poverty alleviation and sustainable development.

In specific terms, the Johannesburg Summit should include the following recommendations:

- achieve the Millennium Development poverty-related goals, including the

reduction by half, by 2015, of the proportion of people without access to safe drinking water.

- launch a global action programme on sanitation, with financial and technical assistance from developed countries, and to halve by 2015 the proportion of people lacking access to improved sanitation, with assistance to national and local governments for the development and implementation of sanitation systems and infrastructure while safeguarding human health.
- prepare, in cooperation with UN agencies, Governments, NGOs, private sector organisations, a programme to survey and inventory communities lacking access to safe drinking water and sanitation.
- prepare an inventory of appropriate technologies for providing safe drinking water and sanitation in both rural and urban areas, and assess the costs of expanding access.
- organise, under the auspices of the WSSCC and the UN, a consultative meeting of interested international organisations, donor countries, selected recipient countries, and other potential contributors to develop a global strategy for increased access to safe drinking water and sanitation.
- strengthen national and local programmes for extending access to water supply

and sanitation in consultation with underserved communities, including appropriate technologies and cost recovery schemes.

- encourage the donor community to use funds released through debt relief initiatives for basic water and sanitation services.
- set up micro-credit mechanisms for supporting access to water and sanitation as a key element of poverty eradication, with special consideration to the needs and interests of women.
- promote effective, responsible and democratic local governments to enable communities themselves to plan their own water and sanitation policies and mobilise their energies and creativity to be part of the solution.
- restructure sector investments by reallocating a higher proportion of funds to affordable and appropriate sanitation projects in rural and low-income urban areas, where needs are greatest
- allocate appropriate resources for sanitation and hygiene education services and improve the capacity of developing countries at all levels to effectively meet the sanitation goal of halving the numbers without access by 2015.

In addition, the WSSD outcome should include the following:

*Mobilise international and domestic financial resources for water and sanitation infrastructure and services, transfer of technology and capacity building, ensuring that water and sanitation infrastructure and services meet the needs of the poor. Governments have the primary responsibility for sustainable and integrated water management. This can be achieved by:*

- Improving the efficient use of existing resources, finding low-cost, sustainable solutions, and sharing the costs of water delivery and conservation among all stakeholders.

 Promoting partnerships involving governments, United Nations agencies, NGOs and the private sector to mobilise financial resources, transfer technology and provide assistance in capacity building. Examples of existing partnerships include the Global Water Partnership, the Water Supply and Sanitation Collaborative Council, and the World Water Council.

 Developing and building capacity at all levels, including women, to manage, educate and disseminate information on sanitation and hygienic practices.

 Developing an advocacy and communications programme for wide dissemination of information to multi-stakeholders, including schools and the media, on water resources management, improved sanitation and their contributions to sustainable development.

*Improve efficiency in the use and management of water resources and adopt allocating mechanisms that balance human needs and ecosystem requirements with domestic, industrial and agricultural needs, with due regard to social equity and gender equality.*

 Establish a financial mechanism based on partnerships among governments, United Nations agencies, NGOs and the private sector to implement integrated water resources management, transfer of technology and capacity building to meet the Millennium Development Goals.

 Employ the full range of policy instruments, including regulation, monitoring, voluntary measures, market and information-based tools, land-use management and pricing policies, and adopting an integrated water basin approach.

*Take measures to improve the efficiency of water infrastructure to reduce losses, improve irrigation systems, and enhance recycling of water with due care to health and ecosystems*

 Disseminate widely information on proven, low-cost and/or appropriate technologies for leak detection, lower water using appliances, recycling in industrial processing and efficient irrigation and rainwater harvesting techniques through publications and their dissemination in the print and electronic media, as well as through popular theatre and other traditional means of communication.

 Encourage donor and recipient countries to promote the use of environmentally sound and efficient technologies in water resources and sanitation projects.

 Support the development of such technologies by the private sector, non-governmental and community-based organisations and other local entrepreneurs.

*Develop national programmes to monitor and assess the quantity and quality of water resources and of their sanitation and hygiene situation, including through the establishment of monitoring networks, the development of national water resources databases and relevant national indicators.*

 Make use of existing global initiatives such as the United Nations World Water Development Report/World Water Assessment Programme, the Water Supply and Sanitation Collaborative Council and provide sufficient financial and technical support for technical cooperation programmes to help developing countries in improving water resources, sanitation and hygiene databases and data analysis capabilities.

 Assess the status and monitor conditions of water and sanitation facilities in developing countries, starting at the household level up to the national level

 Define, test and validate a core set of indicators for measuring implementation of water resources and sanitation programmes.

The World Summit on Sustainable Development provides a monumental challenge but that every individual can make contribution. It provides an excellent opportunity for all nations to redress this dire and unacceptable situation in the 21st century. We make a plea to every individual who is in a position to influence policy, provide adequate resources and generate political will, to do all that is possible to reverse one of this century's worst public health disasters, so that countries can strive towards economic progress, social stability and global security. ■



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As former architect of UNDP's Human Development Report, Sir Richard Jolly is a strong advocate for actions to improve the health and well-being of the poor, and especially disadvantaged women and children in developing countries. He is well known for his work on 'adjustment with a human face'. Currently he is an Honorary Professor and Research Associate at IDS, Sussex and is working on a history of the United Nations contributions to economic and social development.

# Turning the Rhetoric on Tourism into Action

by Dilys Roe



**C**ountless texts on tourism begin with the phrase “tourism is one of the world’s largest industries...” What does this mean for the potential of tourism to contribute to sustainable development and poverty reduction?

Proponents of the travel and tourism industry claim that it is well placed to contribute to sustainable development on the grounds that it:

- has less impact on the environment than many other industries;
- is based on an enjoyment of the natural and cultural environment and so is motivated to protect them;
- can play a positive role in awareness raising and consumer education through its vast distribution channels; and
- provides an economic incentive to protect habitat which might otherwise be converted to less environmentally friendly land uses.

(through taxes, visas, levies etc) and to the informal economy (through stimulation of small and medium enterprises (SMEs) etc). The United Nations Conference on Trade and Development (UNCTAD) notes that tourism is the leading service export sector in 24 of the 40 Least Developed Countries (LDCs). Tourism developments often bring with them infrastructure such as piped water, roads, electricity and so on.

Sceptics argue that, driven by private sector interests, tourism is at odds with sustainable development and poverty reduction. Local people are rarely involved in planning and decision-making while national governments desperate for foreign exchange are keen to incentivise investment, not to put up barriers including planning controls to address community concerns. Furthermore, the asymmetry in

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The focus of sustainable tourism initiatives have been mainly location- or product-based rather than being integrated into broad-based national or local sustainable development or poverty reduction strategies.

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Furthermore, the tourism industry is one of the world’s largest employers (an estimated 200 million people worldwide work in this sector) and can be a source of growth in many poor areas with few other economic options. Tourism contributes to foreign exchange earnings (The World Tourism Organisation estimates that it is the main source of foreign exchange for 38% of countries); government revenues

bargaining power between large operators in tourist-originating countries and local suppliers means that local people are unable to dictate the terms and conditions under which tourism occurs. The costs and benefits of tourism are not distributed equally – either geographically (both between and within countries) or socially – tourism is noted for high levels of revenue “leakage”. Of the revenue that is



Ecotourism: holding an orphaned orang-utan, Borneo, Indonesia

retained in the destination country, much is captured by rich or middle-income groups; not those that necessarily bear the costs. Tourism is also a volatile industry, being extremely susceptible to events that are difficult to control – political unrest, exchange rate fluctuations and natural disasters. The impact of terrorist attacks in the US on September 11, 2001 on the global industry is a prime example of this.

Research on pro-poor tourism however, noted that these problems are common to many types of economic development in a globalising world while tourism appears to have certain characteristics that have greater pro-poor potential than other industries:

- It is a diverse industry. This increases the scope for wide participation, including the participation of the informal sector.
- The customer comes to the product, providing considerable opportunities for linkages (e.g. souvenir selling).
- Tourism is highly dependent upon natural capital (e.g. wildlife, scenery) and culture. These are assets that some of the poor have, even if they have no financial resources.
- Tourism can be more labour intensive than manufacturing

(though less labour intensive than agriculture).

- Compared to other modern sectors, a higher proportion of tourism benefits (jobs, petty trade opportunities) go to women (though it is not known whether these are necessarily the poorest women).

Given that tourism already has an impact on many of the world's poor, whether or not it is more or less pro-poor than other sectors is perhaps irrelevant. The challenge is to enhance the many positive impacts it can have and reduce the costs it can place on the poor.

Considerable progress has made in addressing the negative impacts of tourism over the past 20 years. While it cannot be claimed that all tourism is now sustainable, progress is marked, particularly within the hotel sector in terms of resource use, waste reduction and so on. However, the major – but not exclusive – emphasis has been on environmental sustainability. For example, the 1996 WTO/WTTC/Earth Council document **Agenda 21 for the Travel and Tourism Industry: Towards Environmentally Sustainable Tourism** refers to the interdependence of development and environmental protection, but its main thrust is on environmental sustainability. Socio-

economic and poverty reduction criteria, while often featuring on guidelines, codes of conduct and so on, are usually at the bottom of the list. Furthermore, the focus of sustainable tourism initiatives have been mainly location- or product-based rather than being integrated into broad-based national or local sustainable development or poverty reduction strategies.

This approach to 'sustainable tourism' fails to take into account the links between poverty, environment and development. In a world of growing inequality, there can be no doubt that attacking poverty is a critical component of sustainable development. Global stability depends upon this recognition. Significantly, the 7th meeting of the UN Commission for Sustainable Development in 1999 urged governments to: 'maximise the potential of tourism for eradicating poverty by developing appropriate strategies in co-operation with all major groups, indigenous and local communities' and a work programme for sustainable tourism has been developed.

In 2001, the UN has, for the first time, included sustainable tourism in its Programme of Action for LDCs, while a new global initiative, Sustainable Tourism Eliminating Poverty (STEP), has been proposed, with support from UNCTAD and the World Tourism Organisation to finance, research and implement tourism initiatives that contribute to poverty reduction.

Achieving sustainable development and poverty reduction through tourism requires action at all levels and by all stakeholders – not just the industry. National and local governments need to develop the appropriate policy and regulatory frameworks that encourage responsible tourism and ensure that it is mainstreamed into sectoral policies plans and strategies.

Donors too have an important role to play in supporting sustainable development and poverty reduction

through tourism. While many donors are involved in tourism activities, few see it as a key development sector in spite of the clear significance of tourism to developing countries and to poor people. Consequently, it is not considered as a significant engine for poverty alleviation compared to agriculture, primary health and education as a means for poverty alleviation – although no cost-benefit analysis has been undertaken to test this assumption. While the industry itself from - from airlines to individual hotels should take a lead in responsible behaviour, tourists too have a role to play. Some of the bigger players in the industry – such as those who make up the World Travel and Tourism Council are engaging with the corporate social responsibility agenda. However, the majority of the industry is comprised of small businesses who may be less able to respond to this agenda, yet cumulatively can have the largest impact.

Macro-economic benefits aside, tourism can be made more pro-poor at the local level and contribute to sustainable livelihoods through a number of strategies:

#### **increasing access of the poor to economic benefits** (by expanding business and employment

opportunities for the poor, providing training so they are in a position to take up these opportunities and spreading income beyond individual earners to the wider community);

#### **addressing the negative social and environmental impacts often associated with tourism** (such as lost access to land, coastal areas and other resources and social disruption or exploitation); and

#### **policy/process reform** (by creating a policy and planning framework that removes some of the barriers to the poor, by promoting participation of the poor in planning



Eco-tourism: trekking in the Himalayas, Annapurna, Nepal

and decision-making processes surrounding tourism, and by encouraging partnerships between the private sector and poor people in developing new tourism products.

The key requirements from international initiatives to actions for individual consumers are summarised in Box 1:

### Box 1: Ten Sustainability Needs

Many of the requirements of sustainable tourism are necessary at all levels of operation, and the above can be distilled into

#### **ten core sustainability needs:**

1. Industry responsibility and accountability
2. Principles, criteria and indicators for sustainable tourism
3. Increased use of environmentally sound technologies
4. Networks for research, dissemination and technology transfer
5. Understanding of the implications of international trade agreements
6. Development of national and local tourism strategies integrated with broader development strategies backed by a supportive legislative framework
7. Participation of all stakeholders in tourism policy and planning
8. Local benefits (financial and non financial)
9. Management at the destination level
10. Increased consumer awareness

**INTERNATIONAL**

**CONSUMER**

## A 10-point Action Plan for Sustainable Development and Poverty Reduction through Tourism

### **Actions for the Tourism Industry**

1. Commit to placing sustainability and poverty reduction objectives at the heart of the management structure
2. Maximise use of local suppliers and local staff and encourage supply chain partners to do the same
3. Develop partnerships with, and/or provide technical advice to, local tourism enterprises and help market them
4. Allow local people access to healthcare, communications and other services provided for tourists
5. Respect and promote local guidelines and norms
6. Engage in and provide commercial advice to multistakeholder sustainable tourism initiatives
7. Build socio-economic considerations into existing checks and balances (eg health and safety procedures)
8. Provide advice to customers and suppliers on sustainable tourism and pro-poor tourism
9. Engage in dialogue with local stakeholders to develop a shared vision of sustainable tourism
10. Encourage tourists to donate to community projects and to support local enterprises

### **Actions for National and Local Governments**

1. Develop national tourism strategies and master plans which reflect socio-economic as well as environmental concerns and are integrated with national sustainable development and poverty reduction strategies
2. Establish a supportive legislative framework that provides security of tenure for poor people and establishes standards for tourism development including EIA requirements, core labour standards and incentives for investment
3. Encourage local participation in tourism planning and decision-making
4. Use planning controls and investment incentives to realise poverty reduction and sustainable development objectives
5. Encourage dispersal of tourism to poorer areas as part of an integrated approach to rural/urban development
6. Ensure good policy is followed up with implementation, through linking policy to budgeting cycles and building sufficient implementation capacity at the appropriate levels of government, as well as devolution of resources
7. Provide support to local enterprises through access to credit, training, marketing through national tourism boards
8. Establish mechanisms to support the engagement of SMEs in the corporate responsibility agenda
9. Develop locally applicable standards, regulations and indicators
10. Explore a range of alternative forms of tourism to avoid over-dependency on big, overseas operators

### **Actions for Civil Society**

1. Increase awareness of the sustainability issues associated with tourism and its poverty reduction potential
2. Lobby the tourism industry for greater responsibility and accountability
3. Lobby for the inclusion of sustainable development and poverty reduction objectives within multilateral trade agreements
4. Help local people ensure their voice is heard at the international level
5. Support campaigns that aim to enhance the sustainable development and poverty reduction objectives of tourism
6. Respect local norms and traditions
7. Adhere to restrictions on activities – particularly in sensitive areas

8. Support local enterprises and avoid tourism products such as "all-inclusive" resorts that provide limited, if any, benefits to the local area
9. Support local initiatives based on traditional practices or local products rather than "imported" burger bars and soft drinks
10. Ask for locally grown produce in hotels – and don't expect it to look or taste the same as it does at home!

### **Actions for Donors**

1. Treat tourism on the same terms as any other industry when exploring poverty reduction interventions
2. Request an assessment of poverty reduction and sustainable development objectives when supporting tourism development
3. Ensure tourism consultants are aware of poverty and sustainable development and have to address them, given their considerable influence in tourism national plans
4. When supporting growth or anti-poverty strategies in specific areas where tourism exists, ensure the pro-poor potential of tourism is assessed
5. Promote pro-poor tourism within the international agenda, with other governments and the industry, particularly by emphasising a pro-poor and Southern focus within sustainable tourism
6. Support networks for research, dissemination and technology transfer
7. Promote and support regional cooperation, particularly amongst small states
8. Investigate international agreements (eg GATS) to ensure they do not undermine the domestic tourism industry
9. Provide support to governments seeking to develop supportive policy and regulatory frameworks
10. Investigate mechanisms for providing micro-finance to small enterprises

*Source: Pro-poor Tourism Briefing Nos 1 and 2. See also [www.propoortourism.org.uk](http://www.propoortourism.org.uk)*



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# Trading for the Future

by Ritu Kumar



**E**xporters from developing countries are facing mounting pressures to integrate environmental and social factors into their export strategies. Yet, despite a range of impressive initiatives that have emerged in recent years, there is still no institution at the global level with either the mandate or capacity to enable developing countries to respond to this challenge.

## Responding to Market Pressures

The main driver for the growing incorporation of environmental factors into international trade is a combination of changing business requirements from buyers in industrialised countries and a growing demand from the end consumer for products that demonstrate environmental and social responsibility. Environmental, and increasingly social, factors are now routinely incorporated into supplier contracts across a range of sectors, notably agriculture, electronics, forestry and textiles.

New trade opportunities have resulted for a number of developing country producers. But many exporters have experienced difficulties responding to these demands, incurring extra costs at a time when global competition is constantly eroding returns to the producer. Although higher standards are sometimes associated

market-driven measures to improve the environment may be genuine, the manner in which they have been implemented leaves much to be desired. In particular, they:

- lack *transparency* – with little or no involvement of developing country producers in setting the standards;
- fail to consider questions of *equity* – and the way in which the costs of improving environmental and social performance are distributed along the supply chain; and
- neglect the need to make the links between environmental measures and developing country capacity for *innovation* – essential if environmental upgrading is to generate lasting productivity and gains to value-added.

A new generation of enterprises has come to the fore in many developing countries committed and capable of achieving world-class standards in quality, the environment and social matters.

with premium prices in export markets, more often they are simply an ‘entry ticket’ – an added burden rather than a source of competitive advantage. These concerns are heightened by the mounting complexity of environmental and social aspects of international trade, with an array of often incompatible measures, from company-specific codes of conduct through regional initiatives to global systems of certification.

While the motivation behind these

The result is considerable frustration in the marketplace and fears that these voluntary market-based environmental requirements will simply hamper export prospects ('green protectionism'). On the part of the North, there is still widespread distrust of the South and its capacity to move towards sustainable production and trade. A new generation of enterprises has come to the fore in many developing countries committed and capable of achieving

world-class standards in quality, the environment and social matters. However, media reports tend to focus exclusively on poor performers where bad practice undoubtedly still exists.

If these market pressures are to lead to genuine sustainable development – the central objective of the Johannesburg Summit – then additional measures are required to give developing country exporters both the capacity and the connections to shape these requirements to their advantage.

### Serving the South – The Role of STIC

The Sustainable Trade and Innovation Centre aims to take up this challenge, with an overarching mission of enabling developing country exporters to respond, anticipate and ultimately shape the environmental and social dimensions of the market, thereby capturing a greater share of the value-added of trade. This process has been guided by an international advisory panel chaired by Dr. Ben Ngubane, Minister of Arts, Culture, Science and Technology of South Africa, with the Commonwealth Science Council (CSC) acting as the secretariat. By focusing on the practical needs of developing country exporters, STIC is proposing to fulfil this mission in three main ways:

### 1. Exchanging Information

Practical experience has shown that inadequate information is often a major constraint to both developing country producers and the buyers in developed countries. Very often developing country producers lack information on the multitude of standards and regulations that exist in export markets. This is often accompanied by a lack of knowledge and know how on technological and managerial solutions.

On the part of the North too, there is inadequate information and understanding, not only of the pressures facing businesses operating in the South, but also of the potential for Southern businesses to meet environmental and social challenges.

There is a definite need for greater information exchange. Although there are a number of existing initiatives to learn from – see Box 1 for a leading example -- two key problems need to be confronted. First, there is often inadequate national network leadership in participating countries. Second, experience has shown that in many countries, a purely electronic information dissemination network is inappropriate and must be accompanied by more traditional information dissemination activities.

There is also a need to link up existing information exchange activities. STIC will aim to provide comprehensive and coordinated information dissemination, with the active support of existing networks. It will do this through various media: websites, workshops, seminars, and briefings. At the sectoral level, for example, STIC will work together with business organisations such as the International Apparel Federation in disseminating information to the textile and clothing producers in developing countries and retailers in developed countries.

#### Box 1

##### Disseminating Knowledge on Textiles and Sustainability

As part of the Commonwealth Knowledge Network, the CSC has recently launched TEXBASE, a CD Rom containing comprehensive information on environmental and social standards, codes, and case studies of cleaner production for the textile and clothing sector. This builds on previous work done by the CSC with textile and clothing producers in developing countries and the challenges they face in meeting environmental and social standards.

### 2. Promoting Innovation

Moving to sustainable patterns of production and trade requires investments of time, commitment and finance, and this means the development of new support mechanisms for producers and other agents. Experience has shown that it is the innovative businesses, those that have introduced changes in product design as well as in management practices that have been able to seize the opportunity, increasing exports of sustainable products and making profits in the bargain.

The challenge is to ensure that the experience of these market leaders is replicated on an industry wide basis. STIC will aim to act as a hub for building such capabilities in developing countries.

Examples of the type of activities STIC could undertake include:

- Foresighting: strengthening the capabilities of producers to undertake technological foresighting. This may be done, for example, by adapting the CSC's existing work on foresighting to emerging global requirements for sustainability;
- Norms and standards: building the technical and managerial capacity to conform with mutually agreed upon norms and standards;
- Tools and techniques: training producers on tools and techniques such as the Integrated Product Policy, life cycle analysis, eco-design etc., as well as co-designing management and reporting systems for SMEs;
- Applied research: making links with existing research institutes, including CSIRs in various countries, in the application of technical solutions for sustainability and productivity gains.

**Box 2****Strengthening Capacities to Meet Impending Regulations**

CSC has provided support by way of training in ecodesign to electronic component manufacturers in India in meeting the forthcoming (2008) EU legislation on Wastes from Electronics and Electronic Equipment (WEEE). This has enabled Indian manufacturers not only to effect technological changes for redesign, but also to improve management and interaction with agents along their supply chain, resulting in environmental and productivity gains.

and well-facilitated dialogue may be organised on sectoral and geographical lines, bringing together consumer groups, industry, buyers, financial institutions, governments, NGOs, researchers from the North and South. It could involve: an analysis of the implications of EU and other Northern requirements for Southern producers; the possibilities and ways forward for elaborating a mutually agreed upon minimum code of conduct for particular sectors; the requirements for implementing such a code, including the tools and techniques for managing sustainable supply chains; implementing social accountability improvements and applying eco-efficient solutions.

formal memorandums of understanding will be completed.

STIC has received support from a number of quarters and will be presented as an example of a Type 2 partnership for sustainable development at the Johannesburg Summit. The challenge is to turn the much-contested arena of trade and environment into a marketplace where developing country exporters can generate value added through innovation and environmental improvement. ■

### 3. Brokering Solutions

One of the major obstacles facing developing country producers is a lack of input into the plethora of trade related environmental and social standard setting initiatives. Dialogue along the value chain needs to be stimulated to generate fair, feasible and lasting solutions. This dialogue needs to bring three sets of stakeholders to the table: business representatives, such as buyers and suppliers; regulatory and standard setting authorities; and civil society representatives. At present no organisation is engaged in such activities in a dedicated and singular manner with developing countries entrepreneurs as the main target beneficiaries

Two particular priorities for STIC could be:

- voicing the concerns of developing country producers in implementing existing environmental and social standards imposed by export markets and working together with standard setters to ensure that these concerns are taken into consideration;
- co-designing mutually agreed upon standards and codes through dialogue between different stakeholder groups. Professional

**Box 3****Stimulating Dialogue on Global Textile and Clothing Standards**

WWF International, with the support of CSC, recently conducted a dialogue for the textile and clothing sector. The participants included producers from South Asian countries and retailers from the North. Consensus was reached on how a minimum code and basic certification for environmental and social factors may be designed. It was also agreed that an initiative, such as STIC, could develop this further.



Ritu Kumar is an environmental economist experienced in dealing with issues related to sustainable production, trade, and climate change. She works as a consultant for the Commonwealth Science Council in London and is Director of the European office of the Tata Energy Research Institute (TERI-Europe). She is experienced in issues relating to social accountability and corporate responsibility and is in the process of developing concrete action programmes in South Asia. She has worked with UNIDO for ten years and has developed and implemented projects relating to industry and environmental policy in several developing countries.

### Next Steps for STIC

STIC will work as a network organisation with its core secretariat located in South Africa. Whereas the detailed governance structure is still to be finalised, it is clear that for STIC to be a global and successful entity it must work with organisations that have similar mandates across the globe. It is envisaged that focal points and STIC managers will be appointed in different regions from within existing organisations. Preliminary contacts have been made with interested parties willing to be part of the network with whom

# Markets for Environmental Services:

## Acting to Ensure Sustainable Development

by Natasha Landell-Mills



**In 1992 the global community gathered in Rio de Janeiro to commit itself to an ambitious agenda for promoting sustainable development. Of the many promises made, a critical theme was the need for economic actors to "internalise their externalities". While translating promises into practical action is rarely easy, ten years on from the Rio Summit significant advances have been made in achieving this pledge.**

Market-based instruments have become a central tool in forcing decision-makers to take account of their unintended environmental impacts. However, the rapid spread of market mechanisms in the environmental arena has also raised concerns. A central worry is that too many market-based instruments are directed towards ensuring environmental protection, rather than on welfare enhancement, and that too few take account of their impacts for poorer groups. These issues demand urgent attention, not just for moral reasons, but the sustainability of past and future efforts is at stake. This chapter focuses on the case of emerging markets for forest environmental services to explore how policy-makers can ensure that market approaches work for environmental sustainability, economic efficiency and poverty alleviation.

Earth's atmosphere is well recorded, but largely goes uncompensated. Forests' role in harbouring a significant share of the world's biodiversity and maintaining ecosystem balance, evolutionary processes and natural resilience to shocks is also widely recognised, but un-rewarded. At the local level, forests are credited with maintaining a range of watershed services, from soil erosion control, stream flow regulation to flood prevention and the maintenance of aquatic productivity. Again, forest owners are unlikely to be offered payment for the services they deliver.

The consequences of 'missing' markets for forest environmental services can be severe. Where forest services do not carry price tags, producers of these services (i.e. forest owners or managers) do not get paid. Similarly, 'consumers' are not asked to pay. The result is under-

**How markets for forest environmental services impact on poor people is an important ethical issue...to the extent that society values equity, governments have a duty to promote markets that realise these aspirations...**

### Forest Externalities and Market Creation

Forests provide an array of environmental goods and services. Yet, while a large number of forest goods (e.g. timber, fuelwood, fruit and nuts) can be bought and sold in markets, few services are traded. The critical role of trees in soaking up carbon and helping to reduce the build up of greenhouse gases in the

investment in forest protection, and over consumption. Governmental response to this problem has traditionally been to take responsibility for the provision of these services, frequently through public forest ownership.

Recently, however, there has been growing evidence that - in the right conditions - consumers of environmental services are willing to pay for the benefits they experience. Increased



Tropical Rainforest, Orinoco basin, Venezuela

awareness of the economic importance of environmental services, as well as a growing recognition of threats to supply, have been critical drivers for demand. At the same time, improved methods for monitoring the status, impact and consumption of environmental services has made it possible to link payments to consumption and reduced the costs of controlling non-payment, otherwise known as 'free-riding'.

Evidence that markets for environmental services are gaining ground is widespread. Between 2000 and 2001, IIED undertook a global review of markets for four forest environmental services – biodiversity conservation, carbon sequestration, watershed protection and landscape beauty (*Landell-Mills and Porras, 2002*). While this review provides only a snapshot of the rapidly evolving situation, it covers over 280 examples of payment systems in a range of developed and developing countries.

While the spread of markets for environmental services has been rapid, practical understanding has lagged behind. Unanswered questions abound. What drives market development? How should markets be established? What costs are involved? Will markets improve welfare? Will some stakeholders benefit more than others? Of particular concern is the lack of knowledge related to what market creation means for poor people.

in the implications of markets for poverty is also rooted in concerns over economic efficiency. Where markets exclude certain groups, their ability to ensure the lowest-cost supply, and that the neediest consumer is supplied, will be compromised. Moreover, where inequalities are exacerbated, markets can undermine social stability, with serious consequences for welfare. Markets' long-term viability depends on retaining the support of local-level stakeholders.

To evaluate how markets affect poor people it is useful to consider impact on household assets. Opportunities offered by markets in building poor people's asset base are set against risks that markets will devalue key assets.

### **Markets for the Poor: An Unprecedented Opportunity or Unacceptable Risk?**

How markets for forest environmental services impact on poor people is an important ethical issue. To the extent that society values equity, governments have a duty to promote markets that realise these aspirations. But interest

## Natural Assets

Land and its associated natural resources are often the most important assets held by poor households. Markets for forest environmental services can offer new opportunities for raising the net wealth of natural resource owners by permitting forest owners to realise a financial return on their forests' offsite benefits. Markets can also increase the flexibility by introducing new livelihood options. Improved choice is critical to lowering vulnerability to unexpected shocks. Where the sale of services results in improved forest management, a number of positive spin-offs for timber and non-timber forest products may also be realised.

The extent to which these benefits are experienced depends on market

## Social Assets

Social assets refer to informal cooperative, family, or community-based support structures that are often essential to the wellbeing of poor households. Markets may strengthen social assets in a number of ways. Critically, market creation can spur the clarification of previously informal property rights, an important prerequisite for service sales. Where the delivery of environmental services requires cooperation amongst forest owners, markets may also catalyse the emergence of community-based organisations capable of delivering the necessary coordination. Improved local organisational, management and leadership skills are likely to have positive spin-offs for joint action in other areas.

## Human Assets

Market development is frequently associated with a process of education and skill development amongst participants. Service suppliers need to develop technical skills associated with the delivery of demanded services (e.g. forest management that maximises carbon offsets), as well as marketing, negotiation, management, legal, accounting and coordination skills. A number of indirect benefits for human assets may also result from improved forest management. Where supplies of non-timber forest products are augmented, subsistence households may benefit from a more reliable and varied diet. Reduced forest fires and improved local water supplies (reliability and quality) may also benefit forest-based communities.

However, none of these benefits will

flow to poorer groups where market development leads to exclusion from forest resources. Local communities may not just be physically excluded from access forest land; they may be discriminated against when it comes to finding staff to carry out the necessary forest management and marketing work. Without the necessary skills, jobs and the associated training may be lost to better-off outsiders.

## The increased competition over forest resources engendered by market development puts poorer groups in a weak position.

access. Unclear property rights over natural assets, insufficient skills and training, inadequate information, poor market contacts and communication infrastructure and inappropriate contract design are just a few reasons that poorer groups may lack market access. Furthermore, inaccessibility is likely to be exacerbated by greater competition for control over natural assets. Far from being boosted by market development, marginalised groups may find that they are excluded from the natural assets on which they have historically depended.

To the extent that markets promote forest protection, they may also provide a valuable source of income for preserving forest-based cultural heritage.

As in the case of natural assets, however, the benefits of markets for social assets are a function of access and local power relations. The increased competition over forest resources engendered by market development puts poorer groups in a weak position. Rather than spurring the formalisation of their property rights, markets may achieve the opposite: the distribution of property rights to more powerful individuals and the loss of existing informal tenure arrangements. There are also concerns that where benefits are unequally distributed markets may upset existing power balances and undermine social cohesion.

## Physical Assets

The extension of markets into remote rural areas is often associated with the spread of transport and communication networks, water and sanitation supply, and the construction of hospitals and schools. Improvements in local physical assets, however, are likely to be more limited in the case of environmental services, since the provision of these services is generally less labour intensive than for most goods, e.g. there is no need for transport to bring services to market.

### Financial Assets

New markets offer forest dwellers new opportunities for converting natural assets into cash flows. Where finance is in short supply, cash offers flexibility and, thus, improved security. For poor people who purchase environmental services, however, new demands for payment may undermine financial security.

### Political Assets

Access to and influence over policy-making is important to welfare. Without the rights and capacity to express grievances and demand action, the opportunities open to people for improving their livelihoods will be curtailed. Poorer households often lack critical political leverage. Where markets catalyse cooperation amongst disadvantaged households, they may also provide a critical boost to political representation. Where markets undermine local cohesion and marginalise poorer households, political assets will be undermined.

Markets may benefit the poor through a number of channels but they also pose serious risks. Whether the poor realise the potential, or fall victim to the risks depends on a number of factors:

 **Security of tenure:** A clear prerequisite for the poor to benefit is that they have property rights over forests, and rights to income generated by environmental service sales.

 **Skills and education:** Managerial skills for organising supply (especially when large number of landholders are involved), negotiation and contracting skills for structuring deals and technical skills relating to the delivery of environmental services are just a few of the skills that determine

individuals' ability to participate and compete for business.

 **Market information:** Access to information on potential buyers and current prices being paid for environmental services is key for sellers and buyers to be in a position to negotiate a fair deal.

 **Market contacts:** Knowing where to go to initiate a trade and where to find support and advice is critical.

 **Communication infrastructure:** An important determinant of costs of negotiating and concluding deals will relate to how accessible sellers are to buyers.

 **Contract design:** Poor communities rely on livelihood strategies that are flexible enough to allow them to respond to shocks. Contracts need to be designed to permit short-term shifts in land use.

 **Financial resources:** Participation in emerging markets requires up-front investment. Service providers will need to invest in searching for clients, acquiring skills, bringing the service to market, insurance, etc. Buyers need finance to conclude a deal.

 **Co-ordination costs:** Searching for, negotiating, agreeing, implementing, monitoring and certifying deals are all costly. These transaction costs will be higher the greater the number of buyers and sellers involved. Poor households with small plots will tend to face high co-ordination costs.

 **Power:** Even when the poor can participate in markets, they tend to be the weakest party. Whether they are negotiating with ecotourism companies for a share of rents, or

being asked to pay for watershed protection by electricity suppliers, they will be pushed towards their reservation price.

The above factors are inter-linked and mutually reinforcing. The risk is that new markets for environmental services will reinforce the existing power balance, thereby restricting the ability of poor communities to tap into increasing forest-based wealth. The opportunity is that markets will provide a mechanism for poor communities to overcome historical marginalisation and improve their welfare. The challenge is identifying how to ensure that markets provide a force for poverty alleviation.

### An Agenda for Action

The literature on forest environmental services provides little guidance on the development of "pro-poor" markets. Given the role of governments in establishing the legal underpinnings and regulatory framework for markets, they must play a central part in ensuring equity. Seven possible steps for promoting pro-poor markets include:

1. **Formalise forest service property rights held by the poor.** Formalisation of natural resource property rights is essential for giving poor households control over, and rights to, returns from sales. In most poor countries environmental service rights are embedded in land or resource tenure rights. In these cases formalisation requires clarification of individuals' tenure over forestland and standing trees. In more sophisticated economies property rights for environmental services may be separated.



# The International Tropical Timber Organization

***The only treaty-based organization focusing on sustainable tropical forest management and a sustainable tropical timber trade***

The International Tropical Timber Organization (ITTO) puts words into action by matching its initiatives in policy with work in the forest.

**What is ITTO?** ITTO is an intergovernmental organization established by a United Nations-negotiated treaty to promote sustainable development through tropical forest management, tropical forest conservation, and a sustainable tropical timber trade. Its member nations collectively represent 90% of the world tropical timber trade and 77% of the world's tropical forests.

**The words** ITTO has developed policies for:

- the sustainable management of natural tropical forests and forest plantations;
- the conservation of biological diversity in tropical production forests;
- the management of forest fire;
- the restoration and management of degraded and secondary tropical forests; and
- timber trade-based sustainable development.

**The action** ITTO's portfolio of more than 400 field projects is bringing these policies to life in the forest. Projects are managed and implemented locally and usually involve partnerships between government, the private sector and civil society. The portfolio is broad, addressing sustainable forest management, forest fire, reduced impact logging, community forestry, protected area management, the restoration of degraded lands, mangrove conservation and sustainable use, tropical timber market transparency, the enforcement of forest laws and timber-trade regulations, and forest industry development. The program's main donors are the governments of Japan, Switzerland and the United States.

**Governance** ITTO's decision-making body, the International Tropical Timber Council, meets twice a year to make policies and consider and finance projects. It also annually reviews and assesses the international timber situation, including the progress of members towards the sustainable management of timber-producing forests.



An ITTO project is helping a community in Peru's Urumba watershed to manage its natural forests sustainably. This local forester trained by the project is using a global positioning system to check the location of a seed-tree of a valuable timber species marked for retention during harvesting. Retaining trees with superior characteristics to assist the natural regeneration of the forest is one element of a sustainable forest management regime.

## Message to the WSSD

We, the Council of the International Tropical Timber Organization (ITTO), with its 56 Member Countries and the European Community, having met in Bali, Indonesia on 13–18 May 2002:

- Draw the attention of the World Summit on Sustainable Development to the valuable work of ITTO and its Members towards achieving the objective that all tropical timber traded is sourced from sustainably managed forests, which includes providing policy guidelines supporting capacity building, and financing and implementing more than 400 field-based projects in more than 25 tropical countries;
- Underscore ITTO's commitment to continue to work together in partnerships with governments, other international organizations, the private sector and civil society organizations and to bring to these partnerships its experience in promoting policy dialogue on sustainable forest management and its ability to take action to implement the outcomes of this policy discussion with action at the local, national and regional levels as a real demonstration of what the WSSD is advocating for action on the ground.

2. **Promote simple, flexible and self-enforceable contracts.** Where regulatory capacity is weak, simple contracts that can be self-enforced and that fit into existing legislative systems are preferable. In addition, contracts need to be flexible enough to allow individuals to respond to unexpected shocks. Shorter duration contracts and systems of insuring service delivery may reduce risks for buyers and sellers, and broaden prospects for poor groups to participate.
3. **Devise cost-effective payment mechanisms.** In areas where regulatory capacity is weak, trading skills in short supply and market infrastructure under-developed (e.g. communication, information systems, transport, monitoring), simpler payment mechanisms are likely to be most effective. Innovative techniques to lower transaction costs such as systems for pooling demand and supply and intermediary-based transaction should be actively encouraged.
4. **Strengthen cooperative institutions.** Cooperation in the delivery of, and payment for, environmental services is crucial. Not only does it allow poor landowners and service beneficiaries to share costs but it is essential in tackling threshold effects associated with service supply. Official recognition of cooperative institutions, as well as training in project management, conflict resolution and participatory processes would strengthen poor communities' ability to cooperate.
5. **Invest in training and education.** While requirements will vary, training in marketing, negotiation, management, financial accounting, contract formulation and conflict

resolution are all important. Technical skills relating to the delivery of forest environmental services will also be needed. In some instances it may be most cost-effective for government to support the emergence of specialised ancillary service providers and intermediaries who can offer necessary support to poor communities. A key consideration will be how to ensure service providers do not exploit their position, and retain the trust of poor communities.

6. **Establish a market support centre.**

A central market support centre could offer a number of services: free access to information on recent prices and transactions; a contact point for potential buyers, sellers and intermediaries; an advice bureau to support the design and implementation of contracts; and research which draws together emerging best-practice with respect to contract design and implementation and feeds this back through its advice bureau. This could be particularly important in the development of flexible contracts that are suitable to poor communities' needs.

7. **Improve access to finance.** Where banks and other formal lending institutions are failing to provide loan facilities due to their lack of expertise in emerging markets, inflexible collateral laws and/or the non-existence of reliable credit registries, governments may have a role to play in supporting access to funds. Support should target specific bottlenecks through the provision of improved information on market opportunities and the clarification of property rights and the streamlining of national registries.

Poor people face numerous hurdles in accessing emerging markets for environmental services. Governments have a responsibility to level the playing field. The actions listed above represent preliminary steps in a broader strategy of promoting pro-poor markets. The list is not comprehensive and the identification of specific actions and the prioritisation of these actions need to be undertaken at the local level, with the participation of affected parties. ■



Natasha Landell-Mills is a Research Associate at IIED. She has been heavily involved in IIED's Forestry and Land Use Programme's Instruments for Private Sector Forestry project, including the completion of a global review of private sector participation in sustainable forestry, a country study in China and a review of financing mechanisms for sustainable forestry in Malawi. She worked in Guyana under the Overseas Development Institute's fellowship programme as the Forest Economist in the Guyana Forestry Commission. This chapter draws heavily on Landell-Mills, N. and I. Porras 2002. "Silver bullet or fools' gold? A global review of markets for forest environmental services and their impacts on the poor". IIED, London.

# CAPACITY 2015

## Local to National to Global

The United Nations Development Programme (UNDP) has launched Capacity 2015 to develop the capacities needed by developing countries and countries in transition to meet their sustainable development goals under Agenda 21 and the Millennium Development Goals (MDGs).

*Capacity 2015* will orient and support a number of key capacity development initiatives, including developing capacities for local sustainable development, sustainable development strategies, local capacity development for Multilateral Environmental Agreements and developing capacities to reduce vulnerability in small island developing states (SIDS).

Operating globally and nationally, *Capacity 2015* will help developing and transition countries ensure co-ordination, mutual support and maximum synergies among partners' capacity development efforts.

### An Interview with Alvaro Umaña

Advisor and Leader,  
Environmentally Sustainable Development, UNDP

#### **How is Capacity 2015 different from UNDP's Capacity 21?**

Capacity 2015 builds on the experience of Capacity 21 that worked in 75 countries. It is a re-focusing of the Programme to address the Millennium Development Goal targets that are to be reached by 2015.

#### **How will Capacity 2015 work?**

We believe very strongly that capacity development and governance are two sides of the same coin and we have to work on both sides. One of the main lessons of capacity development is that it is a long-term process that has to be supported over decades. It should not be project-driven but it should be internally-driven.

What we are doing now is developing regional programmes with a network of regional coordinators so that we can maximise the opportunities for countries to learn from each other. We will identify a new generation of projects at regional level and establish new partnerships for capacity building in the areas of water, energy, agriculture and biodiversity.

#### **How will the Capacity 2015 Fund operate?**

The Capacity 2015 Fund will work in similar fashion to Capacity 21. It will respond to demand from countries. We are relying on the donors who provided funds to Capacity 21 to donate to this Fund. So far, we have received positive expressions of interest from Japan, Germany, Norway, Sweden, UK and USA.

For more information on Capacity 2015, please consult our website at:  
<http://www.undp.org/wssd/capacity2015.html>

Millennium Development Goals		
1	Eradicate extreme poverty and hunger	Reduce by half the proportion of people living on less than a dollar a day Reduce by half the proportion of people who suffer from hunger
2	Achieve universal primary education	Ensure that all boys and girls complete a full course of primary schooling
3	Promote gender equality and empower women	Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015
4	Reduce child mortality	Reduce by two thirds the mortality rate among children under five
5	Improve maternal health	Reduce by three quarters the maternal mortality ratio
6	Combat HIV/AIDS, malaria and other diseases	Halt and begin to reverse the spread of HIV/AIDS Halt and begin to reverse the incidence of malaria and other major diseases
7	Ensure environmental sustainability	Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources Reduce by half the proportion of people without sustainable access to safe drinking water Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020
8	Develop a global partnership for development	Develop further an open trading and financial system that is rule-based, predictable and non-discriminatory. Includes a commitment to good governance, development and poverty reduction—nationally and internationally Address the least developed countries' special needs. This includes tariff- and quota-free access for their exports; enhanced debt relief for heavily indebted poor countries; cancellation of official bilateral debt; and more generous official development assistance for countries committed to poverty reduction Address the special needs of landlocked and small island developing States Deal comprehensively with developing countries' debt problems through national and international measures to make debt sustainable in the long term In cooperation with the developing countries, develop decent and productive work for youth In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries In cooperation with the private sector, make available the benefits of new technologies—especially information and communications technologies

# Putting Words into Action

## Reflecting on Practical Experience

by Stephen Bass



If the 1992 Earth Summit laid out all the right words (the many chapters of Agenda 21 and legal agreements), the 2002 World Summit on Sustainable Development (WSSD) should be dedicated to galvanising action. Most, but not all, of the required actions are national and local. They need to come together, in an enabling framework that can unleash local leadership, innovation and investment for sustainable development, a necessary complement to the policy-push of recent years.

## 1992 to 2002 – International ‘policy inflation’ on sustainable development and the ‘capacity gap’

As soon as WSSD was announced, it sparked fears of a mere recycling of words, with the limited political energies being fully expended on continued ‘word-smithing’ about global issues. Once sat behind their national flags, government negotiators (for that is how they will see themselves) would exhibit rather limited forms of behaviour, producing further international agreements with multiple escape clauses and very little substance to back them up – something which might well be described as policy inflation.

## Finding real value – what works for sustainable development, and the conditions that help

Yet there is real action, producing real value, if only we would look for it. It is increasingly clear that leadership in sustainable development is shared. The tacit Rio assumption that government alone will lead us through the transition to sustainable development has proven not to hold. Sustainable development involves a triad of government, civil society and the private sector. Many stakeholders have the potential to be champions for sustainable development if only conditions would allow them to.

Thus nations, communities and sectors should now start to look for what actions already work for sustainable development. This search can better inform us how to put words into action with reasonable surety of success. WSSD needs to get the conditions right for this assessment – it is

not an international or national ‘beauty contest’ we need but a sharing of lessons, not inter-governmental negotiation but a multi-stakeholder learning exercise.

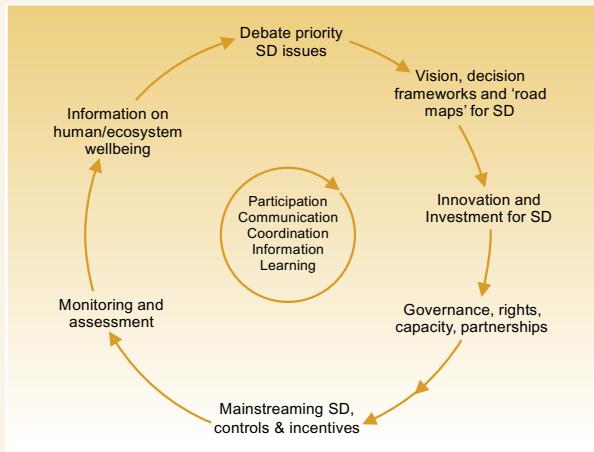
IIED’s explorations of ‘Policy that Works’ have developed useful methods to conduct such assessments (see e.g. Mayers and Bass, 1999). Essentially, multi-stakeholder fora (at national and local levels) are asked to identify areas where livelihoods, sector sustainability and ecosystem conditions have improved – and then to correlate these outcomes with specific mechanisms, processes, initiatives or projects. By doing so, portfolios of promising actions have been identified.

## Pulling together a practical, continuous improvement framework

Interestingly, ‘Policy that Works’ has shown there are sometimes clear links between the elements that support success. Figure 1 illustrates this.

Sustainable development will not be achieved in one go: it is often described as a journey, and therefore requires mechanisms to power it, set the pace, explore paths, check progress, learn and adapt. For government, civil society and business alike, the emphasis is now on a stepwise system, not an encyclopaedic ‘master plan’, as we have stressed in our chapter on National Strategies for Sustainable Development (see p28). Business readers will recognise the similarity of Figure 1 with corporate management systems. Corporations find that the way to make progress in conditions of uncertainty is to identify one or two priorities, try both proven and innovative approaches, learn from success and failure, and then (with confidence

## Conclusion



**Figure 1: Sustainable development through continuous improvement**

in the ability to change) proceed to new challenges.

Countries will also have many of the promising mechanisms in place for a continuous improvement approach (see Figure 1) but they may not be coordinated well. Thus similar conclusions arise from the OECD's work with eight developing countries to identify what, in practice, are the most effective 'strategies for sustainable development' that were called for by Agenda 21 (OECD-DAC, 2001). This also suggested that a step-wise approach is more effective: agreeing one or two clear priorities that were compelling and yet focused enough to attract (limited) political attention, that responded to a real demand pull from particular stakeholders, that did not over-burden limited technical capacity, and that were often done in partnerships.

The OECD concluded that progress towards sustainable development just cannot be sparked off by the overly comprehensive resolutions, 'desiderata' and 'plans' of the 1980s and 1990s on their own. These inspired little in the way of action, partly because they: were pushed by (international) policy-makers; used standardised methods; and suggested a vast array of 'essential' activities, all requiring (in Agenda 21's words) 'the maximum possible participation'. With no implementation, plus the generally promiscuous use of 'sustainable development' words without follow-up action, the impression has been created

that sustainable development is a concept with no 'bite'. In contrast, where plans have been implemented, it is because of local insight into the need to build the systems, mechanisms and capacities for continuous improvement.

Can we be sure what sustainable development *'in action' looks like*? If words have been more evident than action, it is not unreasonable to ask 'how would I recognise sustainable development if I saw it?'. Figure 2 reminds us that sustainable development involves ways to strike balances between environmental, social and economic objectives. It means 'win-wins' where possible, and informed trade-offs between objectives where 'win-wins' are not possible. It is therefore about configuring the whole of Figure 2, and not only about the 'win-win-win' Utopia in the centre.

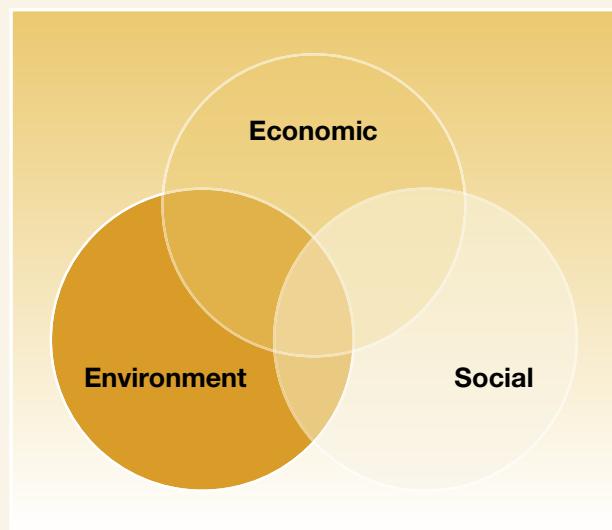
Of course, there are complications – there are balancing acts to be struck between current and future generations (requiring proxies for people not yet born!), and different issues at local to global levels to be differentiated and then reconciled. So when people speak of 'sustainable development' they tend to refer to either:

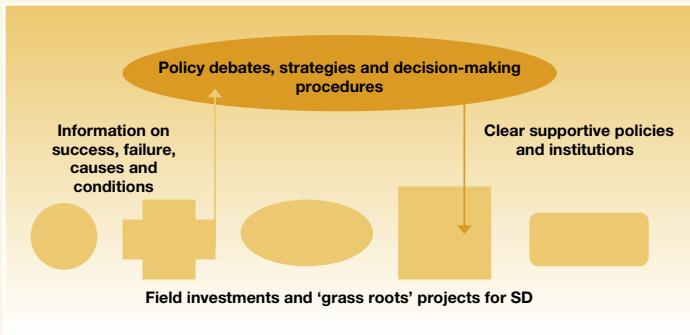
- policy and planning processes (e.g. sustainable development councils and fora, strategies and plans, information and monitoring systems, and procedures such as environmental/social impact assessment) that result in a balance of objectives; or
- investments and 'grass roots' projects that include a broader scope of environmental, social and economic objectives than hitherto.

Regarding policy and planning processes, we have noted the promising moves towards pragmatic systems of continuous improvement.

Regarding investments and 'grass roots' projects, there is a vast range of activity. The recent emphasis on ensuring that economic activities are environmentally sound (green industry, organic farming, sustainable forestry, eco-tourism, renewable energy, etc) has

**Figure 2:  
Sustainable  
Development:  
Integration  
of objectives,  
and trade-offs  
between them**





**Figure 3:**  
Linking SD  
initiatives at  
policy & field  
levels

tended to lead to a misapprehension that sustainable development is only an environmental affair. It is not. It is equally about ensuring the social responsibility of both business (pro-poor tourism, reducing child labour) and environmental activities ('parks for people' projects). And it is about ensuring the economic viability of environmental conservation (markets for environmental services). Although there are fewer instances where a real integration all 'three' economic, environmental and social objectives has been delivered, most countries will be able to identify some local activities, notably community-based projects in common property, (e.g. coastal zone and forest management). In summary, there has been much field-based innovation at the interface between economic, environmental and social systems.

### Both policy and field action need to come together for sustainable development

In identifying ways to encourage real 'action' for sustainable development, some people disregard the framework of the policy/planning processes (and notably the various Rio-inspired strategies) as having achieved little other than the imposition of international precepts and resulting 'policy inflation'. They look only for performance on the ground – investment and 'grass-roots' projects: however, the cult of the 'local success story' should equally be avoided. It is too easy to say 'this local project is

good, so we'll have a hundred more of them'. Grass-roots successes and other 'miracle cures' are usually explained in part by enabling policy and institutional conditions. And good policy is informed by knowing what works on the ground. Figure 3 illustrates the need to link action and learning between policy and field. Three examples offer useful lessons on linking policy 'process' and field 'performance':

Firstly, over 80 National Councils for Sustainable Development (NCSDs) have been set up since Rio. Some NCSDs spend time in capital cities theorising how an integrated approach can be organised. But other NCSDs – and notably those with good local links such as in the Philippines and Mexico – are beginning to respond to local initiatives that show how integration can actually work in local conditions. Such 'tiered' fora might even extend to the global level so that, for example, a multi-stakeholder CSD interacts with equivalents at national and local levels.

Secondly, Local Agenda 21s have been prepared in over 6400 local districts and municipalities. The best have: combined local policy and governance initiatives aiming to develop a framework for sustainable development; identified priority actions dealing with concrete environment/development links; begun to unite different innovative 'policy communities' such as those concerned with 'green' and 'brown' issues; and are driven by local demands.

Thirdly, a mix of process standards and performance standards for business is accepted as providing a credible and effective road map towards sustainability. For example, ISO management system standards may be integrated with established sectoral codes of practices for environmental and social concerns in agriculture, forestry, and industry.

### What worked in the past is not necessarily all we need for the future – especially in a globalising world with forces beyond local control

Globalisation was largely ignored at Rio, but is now a strong influence on conditions for sustainable development. The continuous-improvement approach places a premium on mechanisms that can keep sustainable development on the agenda and deal with uncertainty and change. There is a special need to look at the future opportunities and threats posed by globalisation as drivers for sustainable development, or as constraints to it

Globalisation describes the economic, technological, political, social and environmental processes by which international interactions influence local assets and autonomy. It is the spirit of the age. But its drivers, beneficiaries and ultimate direction are all deeply contested. The 'Washington Consensus' – essentially that globalisation will produce enough wealth to repair any damage it may cause – can no longer claim to represent widespread consensus. However, it is becoming clear that territories and people who are 'included' in globalisation do well; those who are 'excluded' (or immobile) are marginalised further (and often bear the risks for others). This division is sharply eroding traditional North/South distinctions.

**Table 1:**  
**Globalisation - Opportunities and Threats for Sustainable Development**

Globalisation	Opportunities for developing countries	Threats to developing countries
<b>Economic</b>	Markets for environmental services (biodiversity, carbon) From 'bulk' to 'bytes' – low impact knowledge economy Shorter supply chains through better communications USPs and niches open up as corollary to standardisation – e.g. tourism, offshore/niche banking	Limited scale economies available Limited scope for national economic management Race to the bottom? (countries competing on the basis of low social/environmental standards) Unsustainable export orientation 'Sustainability' standards defined by big players Trade partners not captive, so countries are price-takers; and yet little long-term investment
<b>Technological</b>	Communications help in 'playing global' Cleaner technology access	Digital divide between connected and unconnected stakeholders Dependence on transport links
<b>Political</b>	Stronger civil society networks Electronic democracy Global institutions for collective decisions	Global institutions can limit government autonomy and ignore local needs Global NGOs can marginalise local knowledge/values
<b>Social</b>	Shared environmental values Civil society innovation	Loss of cultural diversity 'Disneyfication' Aspiration to unsustainable consumption patterns Dependence on external skills Failure of family/community 'safety nets'
<b>Environmental</b>	More efficient use of resources by specialisation	Vulnerable to global environmental damage

**'Globalisation's effects depend on the policy choices adopted by governments, international institutions, the private sector and civil society'**

So says the UK Government White Paper on Globalisation. We cannot stop globalisation, but we should steer it, making use of its opportunities to forge sustainable development, and creating resilience against the threats. While attention might be placed on the development of the 'opportunities' presented by globalisation in Table 1 (Singapore's post-independence strategy was to make the new nation 'relevant to the rest of the world'), 'threat' management is also key – to help the poor and build up local means of resilience. This means tackling the 'governance gap' – public institutions (at local to global levels) cannot cope with either the direction or the pace of change,

and have few countervailing forces to curb market power.

A new basis of 'soft policy' may help to temper globalisation towards sustainability. Perhaps the most interesting example is that of 'stewardship councils', formed by multi-stakeholder groups to harness consumer powers that can punish or reward corporations (in fields as diverse as forestry, fisheries and now tourism and carbon management). The best of these marry the need for globally recognised principles (to ensure a level playing field for trade and investment) with locally negotiated, detailed standards (to ensure sector activities contribute to local sustainable development). Unlike the Bretton Woods institutions, which were set up to 'modernise' development, the stewardship councils were established according to sustainable development principles, in their governance structures, standards and procedures. The question is where and how to back them up with hard policy.

**Six ingredients for continuous improvement stand out, both from assessments of 'what works', and as robust means to deal with globalisation**

These are key for a continuous improvement approach and, as such, they appear prominently in Figure 1. They are touched on in many chapters of this book.

**a. Develop a climate of innovation:**  
Sustainable development is about what you can do – not only about what you cannot do. Leaders and champions in governments, corporations and communities alike have realised this. They need to be sought out and given freedom to develop initiatives that experiment across the apparently impermeable walls of sectors and institutions. We also need mechanisms to learn from the results of experiments – e.g. the International

Model Forests Initiative and the Equator Initiative take debate from policy rooms to the field – and vice versa. Innovation is encouraged by full exposure to major trends and their interaction e.g. the interface of globalisation and localisation has led to e.g. corporate-community partnerships of many types. It is helped by good access to information.

**b. Ensure people have useful information for sustainable development:** In reviewing more than 350 activities that emerged from Pakistan's National Conservation Strategy, Hanson et al (2000) correlated the more successful outcomes with awareness-raising activities, both formal and informal. Internet connectivity has latterly become extremely important. Information about sustainable development issues, rights and obligations has both shaped and legitimised local sustainable development action. For example, the Indian People's Registers of Biodiversity and related knowledge were inspired by awareness of the provisions of the Convention on Biodiversity. Awareness of other stakeholders and their needs has built understanding, trust and partnerships. However, as yet there are weak information flows between producers and consumers. As Michaelis pointed out in his chapter (see p86), you cannot change production patterns without also changing consumption patterns. The Fair Trade Initiative is helping to ensure that consumers become more aware of the consequences of their consumption patterns, and there is potential to ensure that production standards reflect the livelihood and sustainability issues of the producing country.

Michaelis also stressed the value of recent increases in reflexivity – people and institutions have been communicating more openly about their values and priorities. An active media and the technology for 'electronic democracy'

have helped. Gradually, this is shifting value systems towards sustainable development, helping to build institutions.

**c. Establish integrated decision-making frameworks and 'road-maps' for sustainable development:** Effective frameworks that describe sustainable development – and that can be applied to the tasks of analysis, consensus, negotiation, conflict management, etc – have only now begun emerging. Useful examples include:

- The World Commission on Dams (2000) which sets out a combination of the universal human rights and development rights conventions and the Rio principles, and calls for an integration of this emerging global normative framework with local values.
- The Global Compact for business responsibility adopts a similar approach, combining principles of human rights, environmental conservation, and labour rights.
- In the forest sector, the development of principles and criteria of sustainable forestry has offered a lingua franca for debate between stakeholders and countries with very different needs. It has also served as a framework for rationalising multiple policies affecting forests (in the UK), for defining voluntary certification standards (Indonesia, Europe, Canada), and for investment screening.
- The sustainable livelihoods framework has enabled assessment of the needs for, and implications of, particular development interventions. By focusing on what poor people have – their assets (as well as their vulnerabilities) – it has helped to identify the potentials of poor groups for sustainable development (where poverty assessments have tended to focus on what people do not have).

**d. Get resources and investment in the right places for sustainable development, particularly to alleviate poverty:** Robins in his chapter (see p48) has pointed out how investors are beginning to seek out companies with positive attributes for sustainable development, rather than just to screen out bad practice. There is a special need to create jobs at low cost, especially in the South where population is rising and capital-intensive production requires expensive investment for each job created (Ashok Khosla has noted the need for 15 million new jobs, every year, in India alone). Banuri and Spanger-Siegfried (2001) show that job creation will result from reducing risks of small-scale business and investment. They discuss the possibilities for niche-filling in bigger development finance chains that can end up supporting sustainable livelihoods activities. But perhaps most can be done by improving the capacity to express demands for finance, to access to it, and to deploy it, than by adding words to the current exhortations to increase supplies of finance. (Again, strong local institutions will be key to sustainable development by forging demand for it.) But the state can also play a key role, by partnering civil society in overcoming exclusion from policy and markets, and in accessing information and technical assistance to find niches, meet global standards and access finance (Vorley and Berdegué, 2001).

Landell-Mills (see p114) described how some of the more energetic progress since Rio has followed up its call for 'internalising externalities'. Dozens of examples of 'markets for environmental services' have been attempted, driven by emerging legal regimes (especially in the case of carbon) but also by strongly evident shortages (in the case of local watersheds). Sometimes the finance flows

have tipped the precarious profitability of land use in favour of sustainable management. But IIED's timely study of 'what works' (Landell-Mills and Porras, 2002) also shows that more needs to be done to benefit the poor, and to ensure balanced environmental benefits. There is still little to stop the Clean Development Mechanism, for example, reducing biodiversity in favour of vast areas of uniform, fast-growing plantations fixing the maximum amount of carbon.

**e. Forge governance reform for sustainable development:** In the last ten years, individual organisations may have adopted sustainable development approaches, but the institutional landscape, as a whole, still tends to reflect older values and power structures. Figure 1 suggests that continuous improvement will be driven by participatory approaches. To be sure, 'multi-stakeholder' approaches are already, in practice, obligatory. But many are still struggling with the unprecedented costs and benefits of participation. And few are even bothering to identify who counts most in relation to a particular issue, or to ensure that careful assessments are made of the relative costs, benefits and risks of any partnership. Generally speaking, sustainable development needs local rights to be clear, so that people can be effective participants. This may also demand changes to be made in resource allocation (as we have seen in allocating rights to marketed environmental services). It will certainly require government officers to work with standards that reflect sustainable development. For example, Jamaica is considering a sustainable development framework to guide public sector reform.

**f. Integrate monitoring, assessment and research with decision-making:** A continuous improvement approach depends upon learning. Lessons become a key input to policy. And effective

lessons include real facts on human and ecosystem wellbeing, and how these can be correlated with specific actions. As the development paradigm pendulum swings towards participatory approaches, there is more urgency than ever in assessing the status of the environment (lest we realise the real risk, in some places, that we are merely democratising the asset-stripping or destruction of ecosystems). Numerous ways are emerging on how to do this (e.g. Prescott-Allen, 2001, OECD and UNDP 2002), but few as yet are strongly established or linked to policy processes.

It is not surprising that IIED, as an independent policy research institution, should stress the value of research. Sustainable development is knowledge-intensive, requiring good understanding of: local conditions; the underlying causes of problems; solutions that work; and the conditions under which they work. However, myth abounds in development policies, and development solutions tend to favour fashions and miracle solutions. Such assumptions need to be kept under review. And any review should involve local analysts. As with other fields, sustainable development knowledge is globalising – witness the dominance of the World Bank (and some international NGOs and Foundations) in setting the agenda and in patronage of the research process – and thus in defining dominant values. As with other forms of globalisation, this can marginalise important local knowledge and potential contributors to knowledge generation. Equity and effectiveness reasons suggest, therefore, that locally based research capabilities should be built into all the tasks illustrated in Figure 1.

Finally, WSSD participants may wish to reflect on the analogies of 'liberty' and 'justice'. As with these fine words, 'sustainable development' will remain a vague and far-off notion until it is defined by local stakeholders, is demanded by them in their production

and consumption activities, and is tried, tested and improved through a framework of mechanisms that allow for continuous improvement. ■



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