



Public Participation in Global Initiatives

Luke Danielson
Mining, Minerals and Sustainable Development
Project Director

WORLD POVERTY

“Poor people live without fundamental freedoms of action and choice that the better-off take for granted. They often lack adequate food and shelter, education and health, deprivations that keep them from leading the kind of life that everyone values. And they are often exposed to ill treatment by institutions of the state and society and are powerless to influence key decisions affecting their lives.”

---World Development Report 2000/2001

Extreme Poverty

- 24 % of the world's population lives on less than \$1 per day

Global Environmental Outlook 2000

“The main threats to human survival are water shortage, global warming, and nitrate pollution from artificial fertilizers. The gains of better management and technology cannot keep up with global degradation and population increase. Unclean water still kills 15 million young children annually. The population of Africa (which was half that of Europe) will be 3 times Europe's in 50 years.”

Guardian Weekly, September 23, 1999

Global Environmental Outlook 2000

“Time has already run out and full-scale emergencies already exist The climate change which the world is already suffering from is now unstoppable. Tropical rainforest destruction cannot be reversed. Many species on the planet are already lost; one quarter of mammal species are now at risk of total extinction. The world's sea fisheries have collapsed, and half its coral reefs are being destroyed.”

Do We Have to Choose?

ONE VISION:

- We cannot provide a dignified and decent level of existence for all without economic progress.
- The only proven path to economic development is the one already followed by the rich countries
- While this path has been quite damaging to the environment, this is the price we have to pay to lift people out of poverty

A Second Vision

- We cannot have economic development without serious additional strains on our natural resources
- If we further strain our ecosystems, the planet could become uninhabitable for all of us. This is in no one's interest.
- Therefore we cannot have more economic development even if this means continued poverty.
- “The poor will always be with us.”

Sustainable Development

- Is based on the political reality that neither of the preceding views will ever command consensus
- Is based on the insight that poverty is often a principal cause of environmental degradation
- And that environmental degradation can be a cause of poverty
- And that neither poverty reduction nor environmental protection can be achieved without functioning institutions with a reasonable level of capacity

The Four Pillars of Sustainable Development

- Economic Development
- Social and Cultural Development
- Environmental Protection
- Governance Systems Which Promote These Values

A “Governance Gap?”

- Globalisation poses new challenges
- National governments have limited territorial jurisdiction
- National governments have yet to develop the capacity to manage many aspects of the global economy (e.g. electronically driven financial markets; environment; human rights)
- International institutions have yet to solve the problem

International Organizations

- Are showing some leadership –the Global Compact being advanced by the UN
- Face limitations of resources and capacity
- National governments are concerned about invasion of their spheres
- Many are concerned about the creation of an unaccountable “world bureaucracy”

Governance for Sustainable Development

- Sovereign national governments and their subsidiary levels clearly have a role
- So do international organizations established by government
- But there is a growing recognition that these institutions alone cannot produce sustainable development
- Which re-raises the question: Is sustainable development no more than a comforting myth?

What Are The Alternatives?

- **NEGOTIATING TREATIES?**
- **THE UNITED NATIONS SYSTEM?**
- **THE WORLD BANK/REGIONAL BANKS?**
- **PRIVATE VOLUNTARY INITIATIVES?**

***ALL OF THESE ARE BEING DISCUSSED
IN THE MINERALS SECTOR***

Voluntary Initiatives

- Can work together with other proposals
- Have emerged in various industries
- Need careful architecture
- Lawyers and legal advisors have a key role

Some Voluntary Initiatives

- Chemical Industry – *Responsible Care* ®
- Fisheries – *Marine Stewardship Council*
- Forestry – *Forest Stewardship Council*

Elements of a System

(1) NORMS: set of rules which define appropriate practices

(2) ORGANISATIONAL STRUCTURE: administrative system for making the norms operational

(3) INCENTIVES: set of rewards for complying with the norms or penalties for noncompliance

(1) Norms for Sustainable Development

- Can take many forms – standards, guidelines, statements of best practice, codes of conduct
- Is there an advantage if the norms deal with the whole range of “sustainable development” issues?
- Need for balance, e.g., of North-South concerns

(2) Administrative Structure

Possible roles for administrative structure:

- A non-hostile forum for discussion
- Developing norms
- Their continuing improvement and development
- Verifying compliance with norms
- Investigation, mediation, conciliation

Open Questions

How to account for differences in national and regional priorities

1. National or regional systems only
2. National/regional systems accredited by a global body
3. Global norms supplemented by regional/national norms
4. A unified system of global application

Open Questions

- Does industry do this alone, or with other actors?
- How is the relationship among the different stakeholders structured?
- Global efforts should not impede specific initiatives on particular issues or at a national or regional level

(3) Incentives

FINANCING: lower loan rates, easier access to capital, less transaction costs

MARKETS: distinction between products that comply and those that do not

REPUTATION: improved reputation and acceptance

FINANCIAL INCENTIVES

DEBT – Greater lender acceptance, quicker approval, lower transaction costs, lower loan rates

EQUITY – Greater acceptance by individual and institutional investors concerned about environmental and social issues, could be linked to acceptance criteria of “ethical” funds

RATINGS – Acceptance by Dow Jones Sustainability Index, new FTSE rating system, Innovest, etc.

INSURANCE – Lower costs, quicker approval

MARKET BASED INCENTIVES

“GREEN” LABELING e.g. tuna labeling

CERTIFICATION OF ORIGIN e.g.
diamonds

REQUIRED BY LARGE CUSTOMERS,
e.g. ISO 14,000 Certification

A POTENTIALLY POWERFUL SYSTEM

- Multinational companies could face significant pressure to comply
- Could significantly improve company performance in a number of important areas such as environment, labor rights, community development, human rights, corruption
- Could provide an effective set of rules in areas where national governments have not developed the capacity to be effective counterweights to the power of multinational companies
- Consistent with the UN Global Compact

A NOTE OF CAUTION

- Are we making the world safe for big business at the expense of small business?
- Will this be yet another way that the North/consumer interests take advantage of the South/producer interests?
- Will the norms reflect everyone's concerns and values or those of a limited segment of world society?
- **WHO GETS TO PARTICIPATE AND HOW?**

1. Not Everyone Has the Same Capacity to Participate

- A recent study of 178 countries measured public “voice” and accountability of government measured by indicators of civil liberties, political rights, the transparency of the political system, and the existence of independent media.
- These were found to be strongly associated with high per capita income, low infant mortality, and high adult literacy.

--Kaufman, Kray and Zoido-Lobaton 1999

Participation Fatigue

Reported by many actors

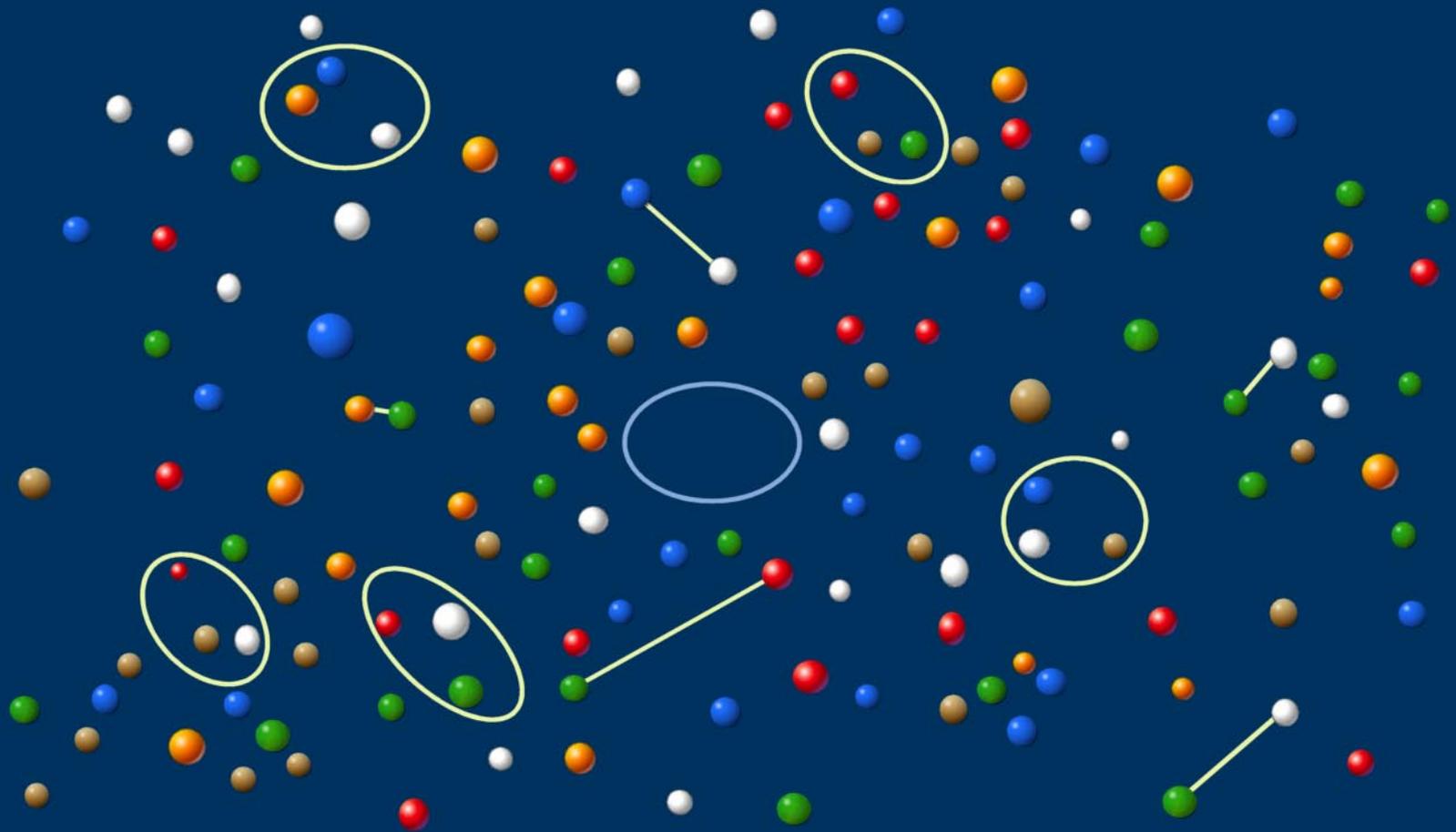
2. Action at Many Levels

Participation at Many Levels

- We cannot progress without coordinated efforts being taken at many different levels:
 - Global
 - Regional
 - National
 - Local
 - Community
 - Household
 - Individual
- The emphasis depends on the principle of subsidiarity

3. Who convenes the process?

- Someone with “convening power” must propose the first step
- Universally accepted wise neutrals are in short supply
- Therefore it may need to be a balanced group of convenors
- But this requires some degree of pre-existing relationship and trust

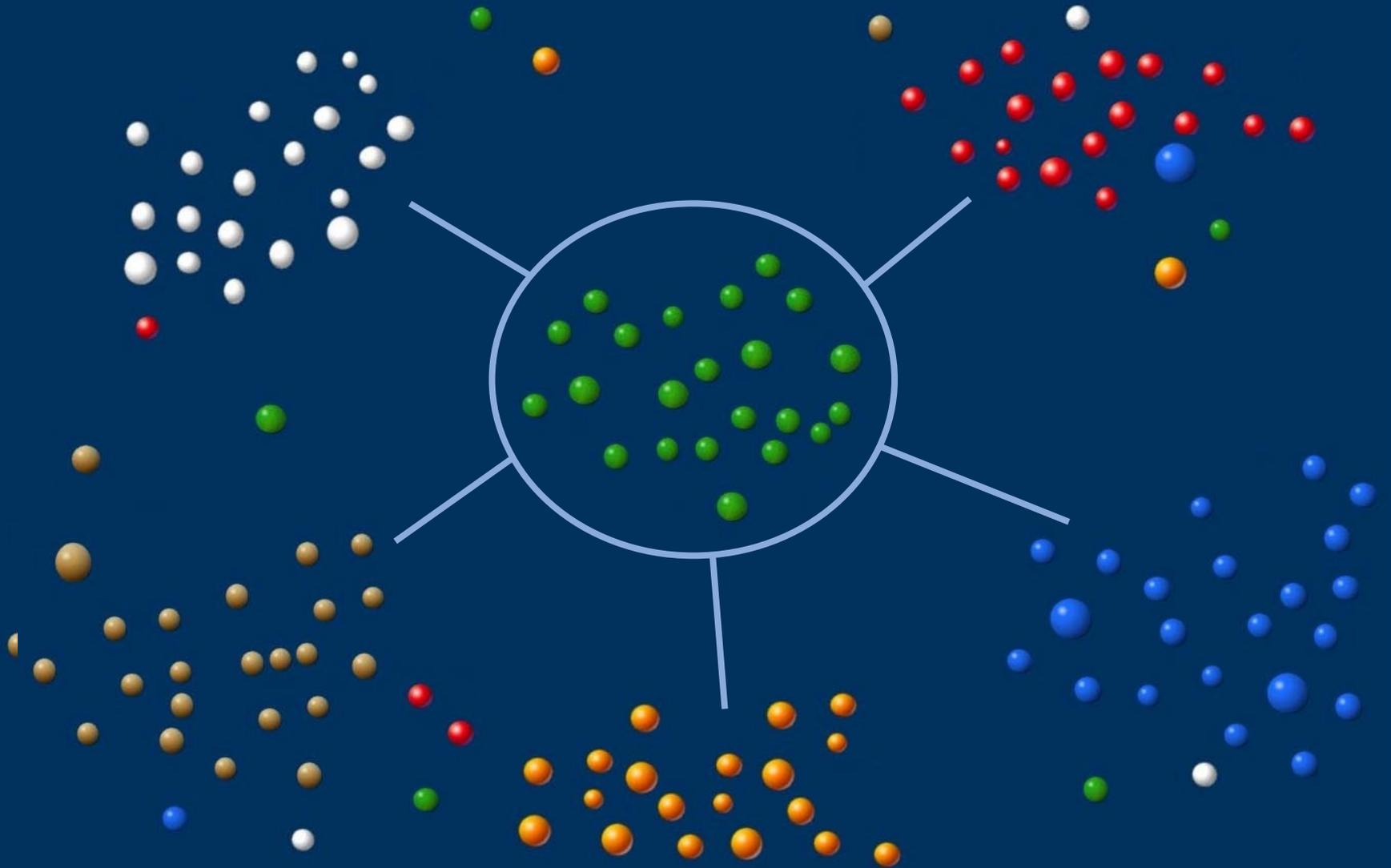


4. How is the System Legitimized?

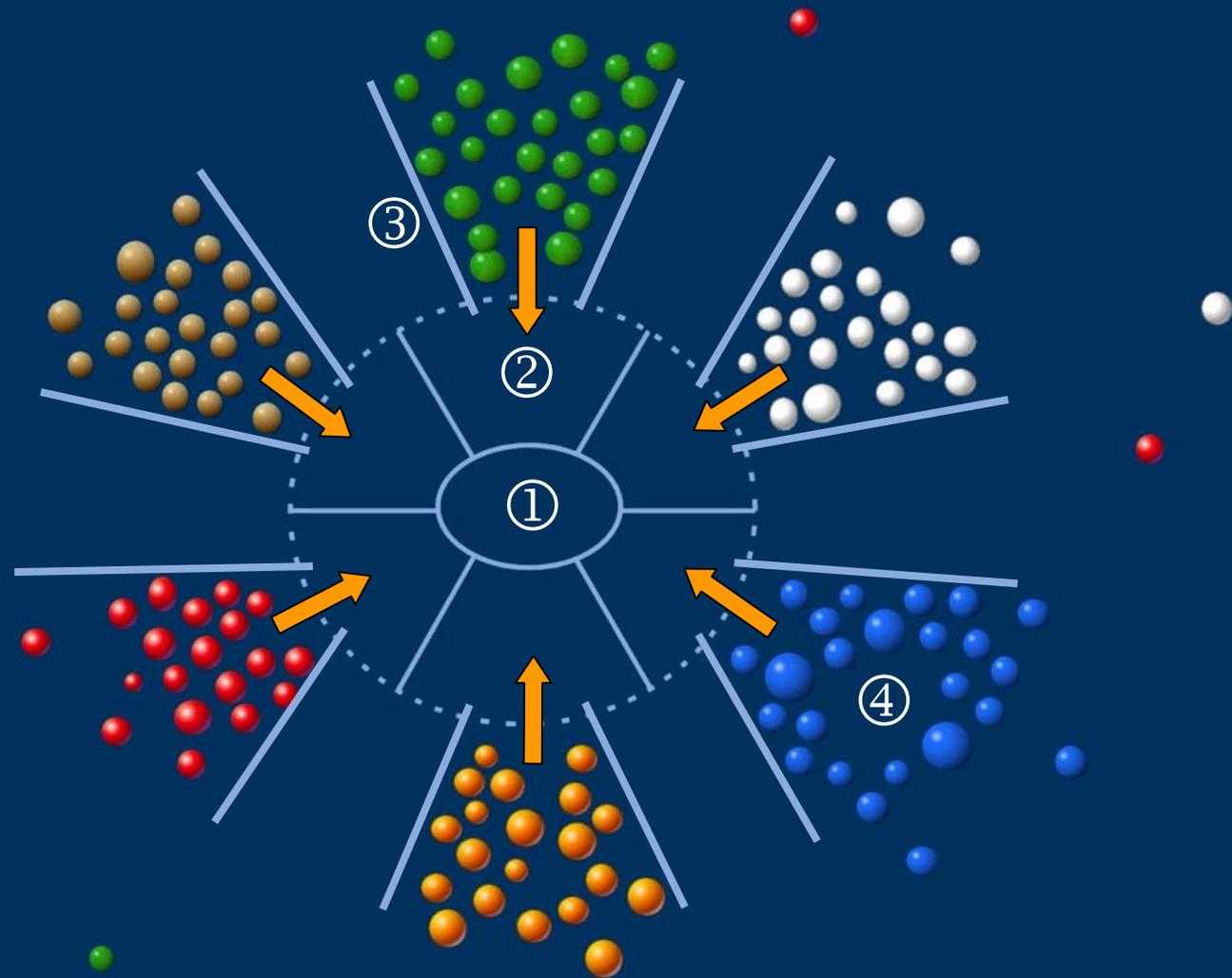
- **THE STRUCTURE OF THE SYSTEM**
- **BROAD POLICY DECISIONS AND ONGOING GOVERNANCE**
- **CASE SPECIFIC DECISIONS**

5. How is the System Governed?

- One stakeholder in a management position e.g., the World Bank guidelines, or an industry run self-certification system
- Shared control and management by multiple stakeholders



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5. How is the Mandate Maintained and Renewed?

- The mandate of those who run governments and those who run nongovernmental organizations runs out
- They need to put themselves up for reaffirmation
- How is this done in the kind of structure we are talking about?

6. How is it paid for?

- The “golden rule:” the person with the gold makes the rules???
- Need to start with some relatively “neutral” funding
- Ultimately could be a “tax” or “charge,” e.g. a fee for certifying products

7. What is the Government Role?

- Government is a critical stakeholder
- Failure to involve government weakens the result
- But under WTO rules, a government backed system (particularly one such as certification which uses the market as its driver, may constitute an unfair trade restriction under the PPM concept

For more on MMSD:

www.iied.org/mmsd

mmsd@iied.org

