

COMMENTS: A Contribution to the Working Group III Text on Sustainable Development Governance

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WHAT Governance Programme

A Joint Initiative of Stakeholder Forum for Our Common Future and Global Legislators Organisations for a Balanced Environment (GLOBE) Southern Africa

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“The present course is unsustainable and postponing action is no longer an option. Inspired political leadership and intense cooperation across all sectors will be needed to both existing and new policy instruments to work” GEO 2000

“Implementation has become the most problematic aspect of sustainable development policy. Complicated political dynamics and logistical barriers stand in the way”
Consensus Building Institute 2002

This paper presents the comments of Stakeholder Forum for Our Common Future on the proposals produced by the Governance working group Vice Chairs' (Ositadinma Anaedu (Nigeria) and Lars Goran Engfeldt (Sweden)) in their paper on “Sustainable Development Governance” presented to the third Preparatory Committee meeting for the World Summit on Sustainable Development (WSSD).

1. Environment

The vice chairs' text makes a commitment to progress the recommendations on the international Environment Governance (IEG) which came out of the seventh and final meeting of UNEP's intergovernmental working group on IEG. However many groups were disappointed with the outcomes of the UNEP meeting. Of particular concern was the failure of governments to commit a greater level of funding or to make practical commitments for reform.

UN Environment Programme (UNEP)

More fundamental proposals for reform of IEG e.g. the introduction of a World Environment Organisation, or enhancing UNEP to become a specialised or centralised UN agency, were not addressed substantively by the working group. Some organizations have been lobbying for either the establishment of a World Environment Organisation, the conversion of the UN Trusteeship Council into a Sustainable Development Council, or enhancing UNEP to become a specialized UN Agency, taking into account Article 59¹ of the UN Charter. The latter would secure mandatory annual financial contributions from government members. The Institute for Advanced Studies (IAS) “Inter-linkages” initiative on IEG indicates that this option might be preferable, since it could be achieved more gradually, rather than requiring the introduction of a new institution and another layer of bureaucracy. The IAS also questions whether a more centralised subsidiary body to the General Assembly could be established, under Article 22² of the UN Charter, since the environment could be seen as too intrinsic to the UN's mandate to be placed solely under a specialised agency. Both proposals are aimed towards environmental centralization. However, this would not reduce the need for environmental programmes, staff and offices in non-environment related agencies and institutions, e.g. World Bank, ILO, WHO, FAO, UNU, UNESCO, UNCTAD, IAEA, OECD, who all have environmental components. Mainstreaming of the environment into all agencies represents one of the successes of modern environmental policy, even if they may have areas requiring improvement (IAS 2002).

Multi-lateral Environment Agreements (MEAs)

Clustering of MEAs was only briefly discussed in the UNEP International Environment Governance (IEG) process. Clustering could take the shape of:

- Administrative clustering: such as joint-meetings of Conference of Parties;
- Functional clustering: such as finance, e.g. GEF, and communication e.g. UNEP's Global Environment Outlook (GEO) reports;

¹ **Article 59:** The Organization shall, where appropriate, initiate negotiations among the states concerned for the creation of any new specialized agencies required for the accomplishment of the purposes set forth in Article 55. <http://www.un.org/esa/coordination/ecosoc/charter.htm>

² **Article 22:** The General Assembly may establish such subsidiary organs as it deems necessary for the performance of its functions. <http://www.un.org/aboutun/charter/chapter4.htm>

- Thematic/issue clustering: such as the chemicals conventions;
- Regional groupings: grouping similar MEA issues for countries in the same region e.g. desertification.

Clustering should be understood as a process rather than as a goal in and of itself. It doesn't necessarily ensure better governance of MEAs. Policy makers will need to weigh up the pros and cons of different ways of integrating the different aspects of MEAs. For example fragmented and autonomous MEAs have been highly innovative over the last 30 years, whilst more traditional structured international organisations have been slower to evolve (IAS 2002). The specialised nature of each MEA means that there may be only limited scope for clustering thematically. However, grouping at the regional level might provide a better platform for MEA integration along thematic lines, since regional governments are more likely to be facing similar environmental issues and be signed up to similar agreements. Regions could be defined along political lines e.g. UN ECE or by Bioregions / Eco-regions. Again this should be assessed fully before establishing new groupings. Similarly, moves to integrate MEA reporting should only start with very small clusters at first e.g. forest-related MEAs, before trying to extend reporting integration more widely (IAS 2002).

Stronger compliance regimes for MEAs should be implemented through clearer regulatory, monitoring and enforcement systems e.g. through an Environmental Ombudsman. Some have proposed that UNEP's Executive Director of UNEP should take on this role. The work of the Earth Council in promoting this idea should be built on. A further option is to introduce a new World Environment Court, within the auspices of UNEP, or to strengthen one of the existing environmental courts e.g. International Court of Justice's Environment Court. A number of governments have requested that there be simplified national reporting requirements, as well as greater technical assistance and capacity building to support verification, information gathering and monitoring of implementation at the national level. Ensuring compliance will also require the further clarification of the relationship between WTO trade agreements and MEAs.

Precautionary principle

The politically sensitive nature of risk assessment and application of the precautionary principle make it essential that science and research institutes, independent of state or commercial interests are fostered. Greater support is therefore needed for independent, internationally accepted bodies to provide scientific advice, monitoring and policing of resource use policies (WHAT 2000). The establishment of a new Intergovernmental Panel on Global Environmental Change (mandate and modalities to be decided) was a positive step to come out of the UNEP process. However there are some groups that are concerned that this covers a very broad area, may not represent legitimate civil society perspectives and will not be adequately resourced. In defining its modalities the Panel could be broken down into more focused areas – e.g. Biodiversity, Oceans, Climate (as in the Intergovernmental Panel on Climate Change), etc and it should involve representatives of major groups who specialise and have an interest in these areas. The process of establishing the body would certainly gain legitimacy if it is done in an open and participatory way.

Participation

Rule 69 of the GC "Rules of Procedure for major group participation"³ is to be reviewed, for possible amendment by a working party of the UNEP Committee of Permanent Representatives. However

³ **Rule 69:** 1. International non-governmental organizations having an interest in the field of the environments, referred to in section IV, paragraph 5 of General Assembly resolution 2997 (XXVII), may designate representatives to sit as observers at public meetings of the Governing Council and its subsidiary organs, if any. The Governing Council shall from time to time adopt and revise when necessary a list of such organizations. Up the invitation of the President or Chairman, as the case may be, and subject to the approval of the Governing Council or of the subsidiary organ concerned, international non-governmental organizations may make oral statements on matters within the scope of their activities.

2. Written statements provided by international non-governmental organization referred to in paragraph 1 above, related to items on the agenda of the Governing Council or of its subsidiary organs, shall be circulated by the secretariat to members of the Governing Council of the subsidiary organ concerned in the quantities and in the languages in which the statements were made available to the secretariat for distribution. Rule of Procedure of the Governing Council http://www.unep.org/download_file.asp?FileID=11

additional finance for capacity building and participation from non-governmental organizations, particularly from developing countries and countries with economies in transition, was not addressed. Also use of Agenda 21's Principle 10⁴ (on participation and access to information and justice in relation to environmental matters) at the national level was not addressed in the formal process.

Establishing a system of effective environmental reporting, policy-making and implementation will require improved stakeholder involvement at all levels. GEO, the Millennium Ecosystem Assessment and other reporting processes are beginning to adopt this approach. UNEP is making some progress in this area. However it needs to be applied more consistently in throughout environmental decision-making. At the national level this should involve the adoption of Principle 10, e.g. the UN ECE Aarhus Convention. At the global level, clarification of rules of accreditation, ensuring resources for effective participation and improved access to information and decision-making processes, are some of the key areas for reform.

Finance

Whilst the UNEP process indicates government support for strengthening of UNEP, the process has not done enough in reality to build UNEP's capacity or authority. It failed to produce further specified financial support for UNEP's environment fund.

The Global Environment Facility is having an increasingly effective role in pulling together fairly distinct institutions (WB, UNDP, UNEP), and encouraging a greater role for regional development banks and NGOs. However, extended and innovative investment for the provision of environmental global, regional and local public goods, such as Climate, Freshwater, Oceans and Biodiversity, and other environmental areas need to be established. This could include the use of tradable permits (also called tradable non-utilisation commitment certificates), public provision, user-charges (WBGU 2002, WHAT 2000, Gardiner and Le Goulven 2001).

2. Development, Finance and Trade

The Prep Com 3. text on governance makes broad reference of the need to strengthen the social dimension of development – integrating Sustainable Development into the policies and programmes of those organisations with a “primary focus” on social issues. In addition it calls for:

International Monetary Fund (IMF)

In the current Governance text, the IMF is requested to build partnerships with other international bodies and ensure its programmes “take full account of sustainable development priorities of developing countries and avoids adverse affect on the environmental and social goals”. There has certainly been some progress in the IMF, such as the proposed changes to deal with financial crises – including enabling the use of Special Drawing Rights and adopting international bankruptcy law (based on USA Ch.11 Bankruptcy Law) for coping with national economic crises. However these proposals have yet to be utilised and have not been well received by all governments. In addition there have been on-going calls for increasing the transparency of IMF and the participation of civil society. Other proposals include: Adopting a simplified financial reporting process; offering greater technical support for countries on financial reporting processes; allowing for greater flexibility and domestic autonomy in developing and implementing national macroeconomic policy.

This last area on national macroeconomic policy – calls for a reduction of the conditionality attached to the IMF “structural adjustment” programmes of developing countries. This is supported a number of

See also: Strategy Paper On GC 21/19. 6. Appendix I. 6.1. (Draft) Strengthening of Rule 69 of the Rules of Procedure of the Governing Council <http://www.unep.org/Documents/Default.asp?ArticleID=2955&DocumentID=226&Section=7>

⁴ **Principle 10:** Environmental issues are best handled with the participation of all concerned citizens, at the relevant level. At the national level, each individual shall have appropriate access to information concerning the environment that is held by public authorities, including information on hazardous materials and activities in their communities, and the opportunity to participate in decision-making processes. States shall facilitate and encourage public awareness and participation by making information widely available. Effective access to judicial and administrative proceedings, including redress and remedy, shall be provided. <http://www.igc.org/habitat/agenda21/rio-dec.html>

studies including a recent UNU WIDER study. The study indicates that where “horizontal inequality⁵” is great, public policies will be needed to correct it. The policies used would depend on the kind of inequality that exists within each country, but include public sector policies such as investing in employment, health, land reform and ownership, education, credit allocation. This finding is contrary to current IMF and World Bank (WB) austerity measures which focus on the promotion on economic growth and the reduction of state intervention, allowing the market to determine resource allocation. The study indicates that the opposite is true for highly inequitable economies, that deregulation under these conditions would actually fail to tackle the fundamental problem of poverty and inequality (Stewart 2001).

There is on-going work to tackle corruption (public and private) and money laundering e.g. through ratification and implementation of the International Corruption Convention. Like the WB, some groups have identified a need to reduce top-down decision-making and heavy-handed conditionality associated to IMF programmes.

World Bank (WB)

The WB is making some progress on encouraging greater strategic integration, e.g. as occurred in the recent OECD Development Assistance Community’s pilot initiative looking at coherence between National Strategies for Sustainable Development (NSSDs), Poverty Reduction Strategies and Country Assistance Strategies. Indeed the text calls for policy coherence between Poverty Reduction Strategies and NSSDs. There are other signs of recent cross-institutional coordination, such as the recent WB, DfID, EC, UNDP report “*Linking poverty reduction and environmental management: Policy challenges and opportunities*”. Such activities could be applied not just in reporting processes but also in programmatic areas. As discussed in the section on the IMF recent studies still call for tackling overly top-down decision-making, e.g. the WB continues to retain fairly tight control over the development of the initial framework for PRSPs, and allowing for greater flexibility in defining poverty eradication programmes at the national and local levels. Provision of technical support and policy advice will remain critical however.

World Trade Organisation (WTO)

Trade and sustainable development under the current architecture of global governance are not being reconciled. As things stand, the WSSD is unable to coherently address the impacts of trade on Sustainable development and it looks increasingly unlikely that the WTO will assess the implications of the new trade round on sustainable development – trade will therefore continue to fall through a loop hole, without adequate global attention. Indeed, during Prep Com 3, substantive debate around the WTO as an institution and trade as a global process was largely blocked by the US, G77, Japan and Australian governments. They argued that the Doha process needed to run its course before the international community could examine further reforms. The need for greater institutional coordination is in fact identified in the Governance text but the mechanisms through which this will take place remain unclear.

At the WTO Doha meeting in November 2001, the industrialised countries avoided making concrete commitments to reform their own domestic governance. This meant that questions of improving market access for poor countries and reducing domestic tariffs and subsidies, e.g. agriculture, were left untouched (Squire 2002). Some progress was made however, such as support for a trust fund to assist training of developing countries within policy and programme negotiations. Nevertheless, despite a brief reference in the Doha declaration, it is clear that Sustainable Development is not set as a core issue for the WTO and its forthcoming Doha new trade round.

The WTO Committee’s on Trade and Environment, and Trade and Development – initiated to as a means to encourage coherence between these areas – have been criticised as talk shops, lacking sufficient clear jurisdiction to make clear or obligatory policy recommendations. UNEP and some of the MEAs have observer status at the WTO and as an intermediate solution this role could be extended to a clearer advisory/supervisory role, potentially useful when addressing inter-relationships between International Environmental Law and trade agreements. As in the other global organisations there is an on-going push for greater transparency, accountability, participation and access to information by the WTO, as well as a more fundamental call to reframe the WTO’s central objective of trade liberalisation. Proposals include increasing UN / WTO interaction, and some even propose bringing the WTO more clearly under the auspices of the UN.

⁵ Horizontal inequality: gap between the wealth of individuals at national (or international levels)

UNDP

Although there is no reference to other UN development agencies and programmes, the text does talk broadly about learning from the existing experiences of the UN Development bodies. As well as refer to better support of UNDP's Capacity 21 initiative in the production of NSSDs.

Some groups are calling for more integration between development processes e.g. national sustainable development reports and Human Development Reports, and for better follow-through of such processes through the national offices e.g. ensuring long-term viability and resource commitments for the Capacity 21 initiative. UNDP could also take a stronger development coordination role at the international level, through the UN Development Group – bringing together not only UN Agencies but also external development bodies, as well as looking at their looks to non-development institutions that are still relevant to development programmes.

Financial markets and economies

It was hoped that the International Conference on Financing for Development in March 2002 (Monterrey, Mexico) would produce some proposals for institutional reform, aimed at progressing the Millennium Development Goals (MDGs) and assisting the commitments for implementation at WSSD. However, key countries were opposed to substantive proposals for institutional reform in the international financial architecture, from the outset of the meeting. What remained in the text were appeals to involve developing countries more in the decision-making processes of international financial institutions, and to strengthen the United Nations, particularly the General Assembly and ECOSOC (Maier 2002). There was reference to negotiating and finalizing as soon as possible a United Nations Convention Against Corruption⁶ and to promote cooperation for eliminating money laundering. Also improving the relationship between the United Nations and the WTO around development was proposed, particularly to strengthen their capacity to provide technical assistance to countries in need of support and to provide follow up. Nevertheless, there is a more fundamental weakness in the Monterrey Consensus, indicated clearly by the Global NGO forum statement presented during the meeting:

"We are not part of the Monterrey Consensus. We do not consider it a sufficient basis for combating poverty or for advancing economic, social and cultural rights...With respect to systemic issues, we affirm that the prevailing neo-liberal framework undermines sustainable development, and fails to address the needed reform of the system of global economic governance...The governments have talked about reforming the World Bank and IMF and WTO but this is not reflected in the Consensus. Why Not?"
Civil Society Statement to the International Conference on Financing for Development, Friday March 22nd 2002.

They argue that the Western market model of production and consumption, is based on the assumption that markets can be drivers of innovation, prosperity and a better future for all. Such group recognize that markets are, in reality, detached from societies needs and the support of collective well-being. These groups recognise that markets need governance, not only for ensuring their own effective operation (through WTO, and regional trade blocks), but more importantly to ensure that they deliver environmental and social benefits, *"our morality does not mesh with our economic system...we cannot ask the market to define a desirable future"* (WHAT 2002). To tackle this governance gap, there has been a growing call for the development of a Framework Convention for Trans-National Corporations based upon OECD Guidelines, ILO standards, Agenda 21 and UN human rights conventions. This proposal is clearly controversial. The agreement might be viewed by some NGOs as simply another MAI (Multi-lateral Agreement on Investment) that was widely criticised when it was proposed through the WTO and OECD. Whilst, the less progressive businesses may be unhappy by the potential financial implications of fulfilling the obligations of such an agreement. It was partly a result of these problems that Kofi Annan opted to take a voluntary approach through introducing the Global Compact. Despite some backlash, the Global Compact may prove a worthwhile venture yet. The Global Reporting Initiative (GRI) has recently been brought into the process help provide a reporting standard for those companies signing up to the

⁶ Draft United Nations Convention against Corruption:
http://www.undcp.org/crime_cicp_committee_corruption_session_1.html
See also: <http://www.undcp.org/corruption.html>

Compact. Nevertheless, third party, independent, verification of the company reports that are produced will remain essential if the Compact is going to gain greater external legitimacy. The adoption of a more obligatory Global Compact will have to be addressed in the near future however. The ICFTU in its position paper for Prep Com 3 said:

"Rigorous regulatory enforcement together with well-targeted voluntary agreements (VAs) can facilitate the engagement of workplace stakeholders. Activities related to the OECD, CSD, UNEP, Global Reporting Initiative (GRI) and the UN Global Compact should be linked to the new OECD Guidelines on Multinationals. They should work to ensure that VAs are linked to standards and implemented through effective multi-stakeholder use of verification, reporting and evaluation criteria."

Proposals for reforming macroeconomic governance is another related area. Since 1992 there has been strong calls for the removal of socially and environmentally perverse and market distorting subsidies. The EU currently spends 25% more subsidising farmers through the Common Agricultural Policy (CAP) than it does on development assistance. Yet almost all of the \$35bn allocated to the CAP provides subsidies to large commercial farms. Unless industrialized countries can get their own market systems in order it will remain hard to encourage good practice in developing countries and countries with economies in transition.

The NGO Forum presented a paper on "Systemic Issues" at Monterrey, which made several recommendations regarding macroeconomic governance which are worth consideration:

- Developing countries must have equal voice and vote in standard-setting and economic decision-making processes.
- Ensure the effective participation of civil society organizations representing diverse sectors and interests, including workers', women's and indigenous and rural peoples organizations.
- All stakeholders must commit to put in place debt workout mechanisms that uphold the following principles: Neutral decision-making, protection of debtors' basic needs, co-responsibility of debtors and creditors, transparency and civil society participation.
- Developing countries must have the right to choose their own capital accounts and exchange rate regimes. Those countries under crisis must regain autonomy to implement macroeconomic policies appropriate for recovery.
- All countries should have the right to implement policies which de-emphasise export-led development in favour of domestic demand-driven growth, regional integration and cooperation.
- Adoption and implementation of a UN Convention on Corruption and the transfer of illegally acquired wealth to the countries of origin.
- Stakeholders must commit to the implementation of progressive taxation systems (Frade, 2002)

3. Integrated frameworks

"One of the keys to establishing and mainstreaming coherency within sustainable development governance lies in the relationships between the institutions of different regimes, including, environment, trade, health, and peace and stability". Institute of Advanced Studies, 2002

Within much of the discussion on governance reform there is a common call for greater "horizontal and vertical integration" between and within institutions and processes. This can be loosely defined as:

- **Vertical integration:** collaborative action between different levels – i.e. tie in of both top-down and bottom-up approaches e.g. local and sub-national to national processes or national to global processes.

- **Horizontal integration:** Balancing economic, environmental and social objectives through cooperation between different sectors or departments both internally e.g. between different government departments of finance, trade, health etc, and externally e.g. between international institutions, such as UN, International Financial Institutions and the WTO (WHAT 2000)

One key argument for greater integration (in both directions) is a problem known in governments as the “Administrative trap”, which recognizes that:

“Administrative structures are typically organized vertically between sectoral, or functional, ministries and departments (Agriculture, education, Health etc). This works reasonably well until the system encounters a problem of a very broad and highly integrated nature – such as desertification. The it tackles only the parts which are identifiable within each ministry and each ministry tackles the symptom as a problem in, and of, itself” ACIPA, 1986

The Sustainable Development paradigm also appears to support integrated or “holistic” governance processes, *“the development of strong and clear complementarities and compatibilities between different international regimes and bodies of international law will both help to create, and reflect, a balance between the three pillars (economic, social, and environmental) of sustainable development.”* (IAS 2002). However, it is important to note, as the IAS study points out, that integration in and of itself does not ensure the establishment of good governing systems. One needs to clarify the purposes, risks and benefits of increased institutional cooperation and coherence before undertaking a process of establishing stronger linkages. In addition, it is important to highlight the subsidiarity principle which recognizes that the vertical lines or different levels of governance (local to global) should be seen not in hierarchical terms but as different SPHERES of governance, each of which have important aspects to contribute to the entire global governing system.

Horizontal integration

Some proposals for further horizontal integration include:

UN Security and Trusteeship Councils

Security Council reform, (as supported by the Brahimi Report on UN Peacekeeping Reform) is an essential step to improving governance of peace and security issues (issues frequently sidelined in the SD agenda). In addition, proposals seeking a more integrated architecture include establishing an Environment Trusteeship Council (conversion of the UN Trusteeship Council) to tackle environmental impacts of conflict and natural disasters, environmental refugees and the use of environmental resources as tools of war. An even more substantial idea is to establish a sustainable development trusteeship council to bring a more balanced approach throughout the UN (IAS 2002, WHAT 2000).

Commission on Sustainable Development (CSD)

There is no question that the CSD has been the most interesting UN Commission and has developed an advanced interaction with Major Groups⁷. The critics of the CSD however claim it is a talk-shop, dealing with too many environmental interests, dominated by too many environment Ministers, too many northern NGOs, and providing no machinery for implementation. It has failed to ensure adequate financial support, particularly towards the target of 0.7% GNP, nor has it adequately assessed the transfer of technologies as outlined in Agenda 21 - an often-voiced criticism of G77 countries. Whilst these are all legitimate concerns the CSD has also seen a number of successes (Dodds 2001) (Figure 1).

The Governance text proposes universal membership of the CSD. However, if this is carried through governments will need to consider the implications upon the 54 country member ECOSOC to which the CSD is currently accountable. This in addition to greater reporting by the other UN Commissions and agencies to the CSD, might lead people to begin to question the continued value of ECOSOC at all. More realistically there is room to improve national and institutional reporting obligations and stronger powers to ensure the follow-through of commitments from governments, international agencies and organisations alike. In addition, the policy formulation process of the CSD should be facilitated by establishing better

⁷ Women, Youth, NGOs, Business, Science and Technology Community, Local Authorities, Farmers, Trade Unions

multi-stakeholder dialogue around policies, such as through the establishment of multi-stakeholder policy working-groups involving government ministers during CSD sessions.

Economic and Social Council (ECOSOC)

Accepting a continued role for ECOSOC, governments, as members of both ECOSOC and WTO, should ensure that these institutions are more closely linked in the follow-up of the Johannesburg Summit outcomes. In particular the new Doha trade should be encouraged to further address mainstreaming of sustainable throughout its programmes and agreements.

In terms of increasing the role of the functioning Commissions (Social Development, Status of Women, Sustainable Development and Population and Development, plus the Commission on Human Settlement, which is a standing committee), there could be a more coordinated approach between the different UN Commissions where each would also work to an agreed multi-year thematic programme of work, they could work for a set of common meetings and establish joint programmes of action wherever possible.

Inter Agency Committee on Sustainable Development (IACSD)

The IACSD was not discussed in the Working Group Governance paper. It was set up: to streamline existing inter-agency coordination machinery; allocate and share responsibilities for Agenda 21 implementation by the UN system; monitor new financial requirements of UN organizations for Agenda 21; Assess reporting requirements that are related to the implementation of Agenda 21; and make

Figure 1. Some key outcomes from CSD

Forests - Established an Inter Governmental Panel on Forests (1995) and an International Forum on Forests (1997). Agreed to the setting up of a UN Forest Forum under the General Assembly as a separate body. (2001)

Marine - Supported the Washington Global Plan of Action on protecting the marine environment from land-based activities (1996). And set up a new process in the General Assembly to discuss oceans (1999).

Production and Consumption - Set up a work programme on sustainable consumption and production (1995). Set up a multi-stakeholder group under Department for Economic and Social Affairs (DESA) to look at voluntary agreements in industry (1998). Agreed new consumer guidelines to include sustainable development (1999).

Agriculture - Set up an ongoing multi-stakeholder group on sustainable agriculture and rural development (2000).

Trade and Investment - Called for greater co-operation of the CSD with the governing bodies of the Bretton Woods institutes and the WTO (1994). Informally highlighted to governments the problems of the draft Multilateral Agreement on Investment (1997). Agreed the replenishment of Global Environmental Facility (GEF) (1997).

New issues - Added in effect three new chapters to Agenda 21 on Energy, Tourism and Transport (1997). Developed an International Work Programme on Sustainable Tourism (1999).

Reporting - Introduced national reporting to the CSD and started an integrated indicators programme (1994). Set a firm date of 2002 for governments to produce their National Sustainable Development Strategies (1997).

Participation - Multi-stakeholder dialogue formally established (1997). All stakeholders are allowed to address the 1st, 2nd and 4th Prep Coms and the Johannesburg Summit.

Adapted from Dodds, 2002

recommendations on streamlining. The involvement of the UN Agencies as Task Managers for the different chapters of Agenda 21 should help ensure a more co-operative approach and the CSD does offer one of the few places where it is possible to review the work of different Agencies outside of their own Governing Bodies. There has been opposition by some UN bodies about how far they should be engaged or required to produce work programmes for the CSD. Their attitude has even been quite hostile at times, to quote one UNESCO official: "we have our own governing bodies". Although much of this is true, the nature of Rio was to encourage a more integrated approach to sustainable development.

It does raise a serious question when, if the General Assembly endorses a CSD decision, which it does each year, should a UN Agency be able to just disregard a decision of the GA? We would argue that the Interagency Committee on Sustainable Development should be re-established to facilitate the follow-up and reporting of UN agencies in accordance with CSD

recommendations. The IACSD could

report on fulfilment of obligations to the CSD Intercessional. The Chair of the IACSD should be questioned by governments and allowed to make recommendations for further work.

Vertical integration

The Regional level

Beyond becoming Regional Sustainable Development Commissions, as the Governance text proposes, the Regional Economic Commissions could be further utilised in the global reporting processes. Furthermore they convene Regional Summits five years after the WSSD, to avoid some of the expense and “watering down” of a global meeting, whilst retaining the momentum of the process. The Commissions need to ensure stronger local/national input as well as coordination between other key regional “pillars”, including UNEP’s regional offices, Regional Development Banks, regional trade blocks e.g. ASEAN, and regional conventions e.g. transboundary pollution agreements, as well as sub-regional groupings e.g. the Mediterranean CSD (IAS 2002, Dodds 2001).

National, sub-national and local levels

All governments need to work to tackle the failure to build “joined up” governance structures. The role of National Councils for sustainable Development, sub-national and local councils (typically Local Agenda 21 groups) need to be enhanced, and involve the participation of different major groups at each level. At the local level, there is a short reference in the Governance text regarding support for local governments in their local Agenda 21 process. However the local level seems to have considerable experience of putting Sustainable Development into practice. Local civil society, as well as local authorities, has a very significant role to play and need to be represented in this process.

At the national level the framework established in countries such as Mexico and Philippines, often cited by the Earth Council, may provide useful examples of where countries have established platforms of sustainable development at each of these levels. Similarly the study by the International Council for Local Environmental Initiatives (ICLEI) of Local Agenda 21 programmes across the globe, provides an insight to some practical experiences at the local level. One could argue that this is useful not only for local authorities and local communities to learn principles of good governance for sustainable development, but at other scales as well. These experiences, at all levels, need to be further exchanged and good practice encouraged in mainstream policy-making.

Participation and decentralisation

The Governance text on Participation of civil society only includes a brief reference to enhancing partnerships “in all major groups at all levels” but this is not clarified with specific commitments.

One need only look at a proposed Summit initiative to see why broad participation from the outset of a Sustainable Development project is crucial. The “*New Partnership for African Development*” (NEPAD) – in principle a very good initiative aiming to help the governance of African economies – has recently been hit by civil society groups because of the lack of transparency in its development phase. Critics question the aims of the programme, particularly the heavy liberalization focus and the use of multi-lateral loans (which they say will start a new cycle of African debt).

The Global Compact – proposed by Kofi Annan at Davos in 1999 - is based on the intent to improve governance, the initial stages of the Compact only included business and government representatives. Only later were other groups invited to participate in the process. Several non-profit lobby groups said it indicated the corporatisation of the UN and of business using the UN logo to “green wash” the public about their real corporate conduct. In both cases, if such groups had been involved early on, NEPAD and the Global Compact would have had a better chance to evade some of the criticisms regarding lack of transparency and credibility. Both processes could have faced the more challenging questions regarding their structure head on, before the processes were too far developed.

Referring directly to the text, there is a need to be clear on the definition of “Civil society”, in that it incorporates all major groups as well as other groups not referred to in Agenda 21, such as Media, Older people, Education and Faith Communities. As such there is no need to refer to particular major, in addition to the term civil society (i.e. Business) in the text since to be fair this would then require a reference to all the other groups as well (see 14. b).

There needs to be UN-wide clarification of principles of civil society engagement. There is currently considerable variation in the rules of participation across the UN, and whilst this may not be a problem in itself they need to be clarified and made more widely available. The increase of corporate power and the

rise of influential NGO movements presents a great challenge for democratic systems. By addressing this challenge pro-actively, rather than reacting to pressures from powerful stakeholders or engaging in various, rather unconnected individual initiatives, governments and inter-governmental bodies will also avoid their own disempowerment. The challenge is to provide them with the fora to bring their wisdom to the table effectively and equitably. Agreeing advanced mechanisms of transparent, equitable, and legitimate stakeholder participation will ultimately strengthen (inter) governmental institutions. For MSPs to better contribute their potential, governments and intergovernmental institutions will need to develop more consistent policies as regards to stakeholder participation. At the moment, different bodies are experimenting with different structures and mechanisms and it is often difficult for stakeholders to understand what is expected of them, what they are being invited to do, and how reliable that role will be. Clearly participation is not a simple process, however some general principles and ground rules should be applied to ensure more constructive and balanced dialogue. Multi-stakeholder processes are now being written into many other areas of the UNs work. Stakeholder Forum has recently produced a review of these and an easy guide on how to do them⁸ (Dodds 2002). Some proposals, particularly regarding improving participation in the CSD, include:

- Admitting new major groups - There are obvious additional Major Groups asking for recognition including the Education Community – since there is a chapter on Education and nearly all chapters mention the role of education. Others mentioned include the media, faith groups and older people.
- Reporting - Most Major Group focal points do not represent or have contact with a major part of their constituency. To be able to ask them to report in similar way as governments is unrealistic. However they could report on successful pilot projects and encourage discussion around the possibility of replication. In many cases they may need governmental input to help create the right conditions.
- Dialogues and outputs – Governments should involve stakeholders more effectively, for example by challenging them to discuss implementation of policies and decisions in multi-stakeholder settings. This would alert stakeholders to their responsibilities, generate and encourage their commitment and forge new partnerships.

4. System-wide reform

“Good governance is essential for sustainable development. Sound economic policies, solid democratic institutions responsive to the needs of the people and improved infrastructure are the basis for sustained economic growth, poverty eradication and employment creation. Freedom, peace and security, domestic stability, respect for human rights, including the right to development, and the rule of law, gender equality, market-oriented policies, and an overall commitment to just and democratic societies are also essential and mutually reinforcing.” Draft Monterrey Consensus Section II.

Moves towards globally Sustainable Development will require system-wide changes. It is an ongoing process which needs to be founded on clear principles of good governance, including: Equity, Rights, Limits, Democracy, Ethics, Precaution, Participation, Subsidiarity, Accountability, Common but differentiated responsibility, Justice, Diversity, Sustainable Production and Consumption,

Sustainable Development is a process, aiming at finding short and long term balance, rather than some finite policy option, therefore systems of governance need to recognize that SD governance should allow a continual process of refinement, dialogue, diversity, adaptation and change.

It is unlikely that many of the wider questions of organisational and institutional reform discussed above - particularly regarding the wider UN, IFIs and WTO – can be fully addressed at the Summit. At a minimum, we would hope to see the following developments:

⁸ This can be found on www.earthsummit2002.org/msp and will come out in a book form by Earthscan in January 2002. : "Multi-Stakeholder Processes for Governance and Sustainability. Beyond Deadlock and Conflict" by Minu Hemmati, with contributions from Felix Dodds, Jasmin Enayati, and Jan MacHarry

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- Resources – Governments should commit to further support and funding for UNEP, the GEF, technology and capacity building to help further the ratification and implementation of existing MEAS (e.g. CBD, FCCC, POPs, PICS, Straddling fish stocks, Forest principles), as well as additional support for specific task managers UNDP Capacity 21 initiative.
- Regional Commissions – a move to be established as Regional Sustainable Development Commissions, adopting a stronger regional coordination role for Sustainable Development – linking national and global processes.
- MEAs - Further capacity, ratification and implementation of key MEAS i.e. Biodiversity and biosafety, Climate Change and carbon dioxide emission (Kyoto), POPs and PICs, Migratory and Straddling Fish Stocks, Forests.
- UNCSD – Establish a five - ten year timetable for new and emerging issues – with a special focus on making progress on the Millennium Development Goals (Poverty; Health – HIV/AIDS, reproductive health, child and maternal mortality; Education; Environment; Gender; Water Supply; Sustainable Development)
- Participation - Clarification of rules of engagement from civil society /major groups in the CSD.

The Summit also needs to set in place a process to ensure that wider systemic reform will take place afterwards. The Summit could establish an inter-governmental and multi-stakeholder working-group to follow-up the debate on global governance (WHAT 2000). The group could carry out some of the following activities:

- Audit of global governance architecture - Undertake an audit of the present governance institutions and global conferences, focusing on innovation and practical action – bringing together all key stakeholders in dialogue.
 - Two-way governance – investigate how to improve bottom-up processes to bring a better balance to an overly strong emphasis on top-down governance.
 - Participation – establish mechanisms for the wider application of common rules of engagement from civil society /major groups.
 - Innovation - develop new proposals and recommendations for Governance reform
 - On-going monitoring of Summit outcomes – including agreements on governance reform
 - Sustainability Indicators – further development and application e.g. national reports
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