

# Overview of Issues Relating to the Institutional Structure for Sustainable Development

World Leadership Conference: Asia-Pacific  
Towards Rio+20, Singapore

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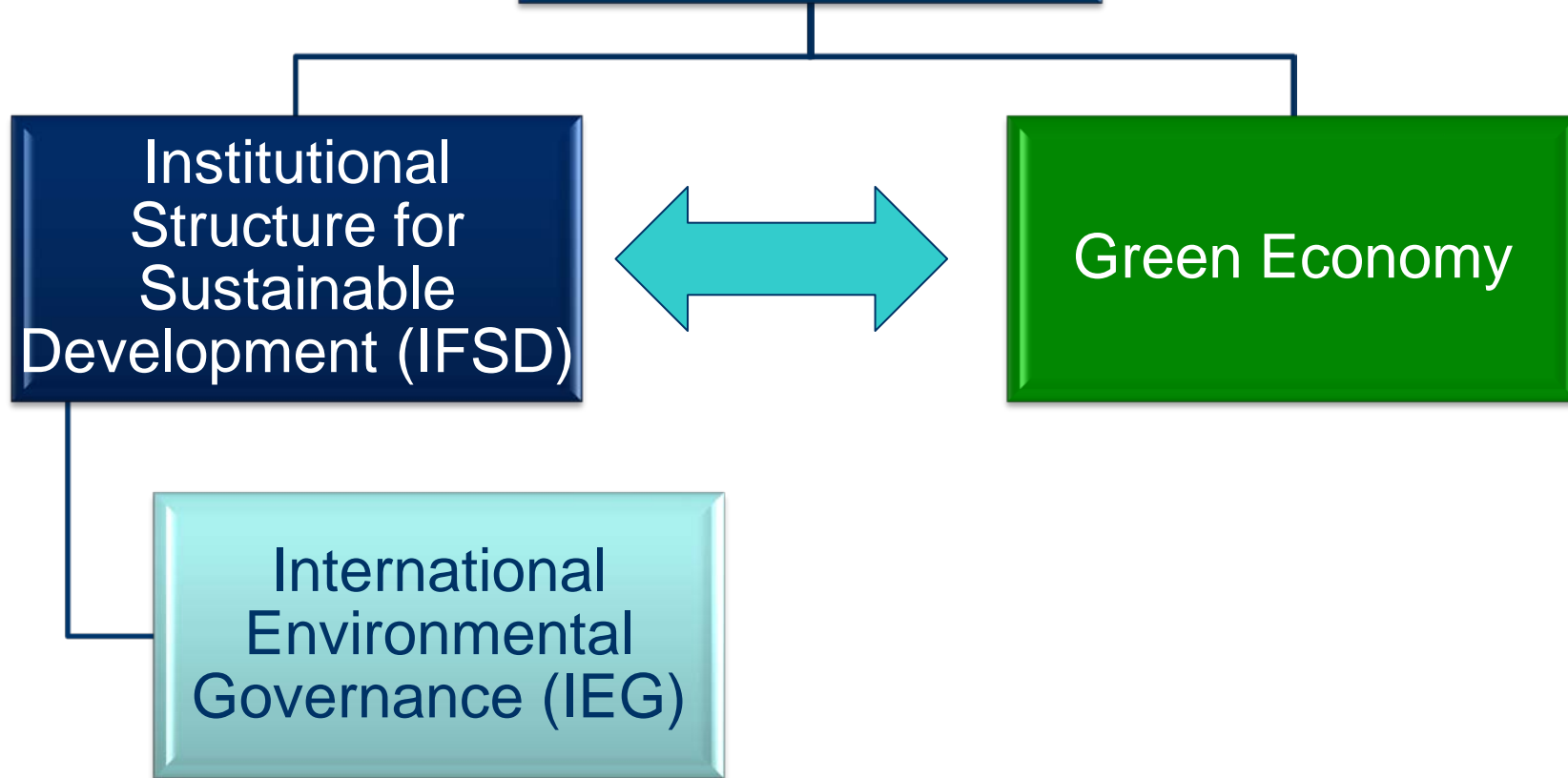
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**RIO+20**  
United Nations  
Conference on  
Sustainable  
Development

# Rio+20 Themes

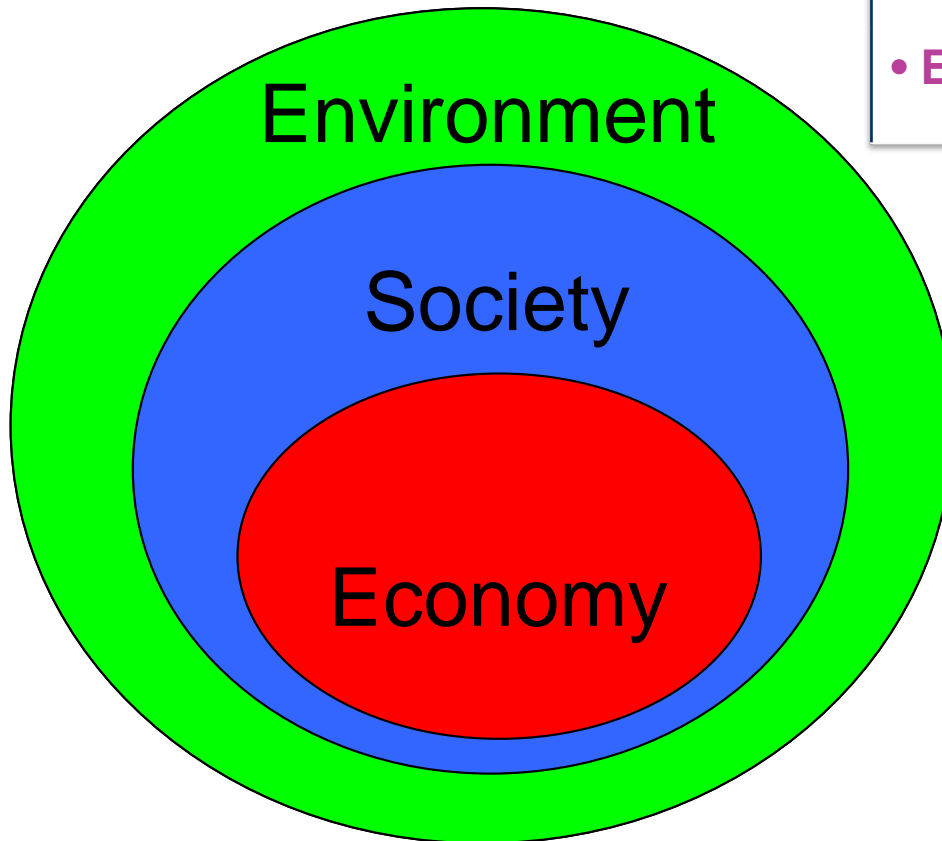


# Outline

- Relation between sustainable development, environment, and green economy
- Institutions for IFSD
- Suggestions for Rio+20

# Three Dimensions of Sustainable Development

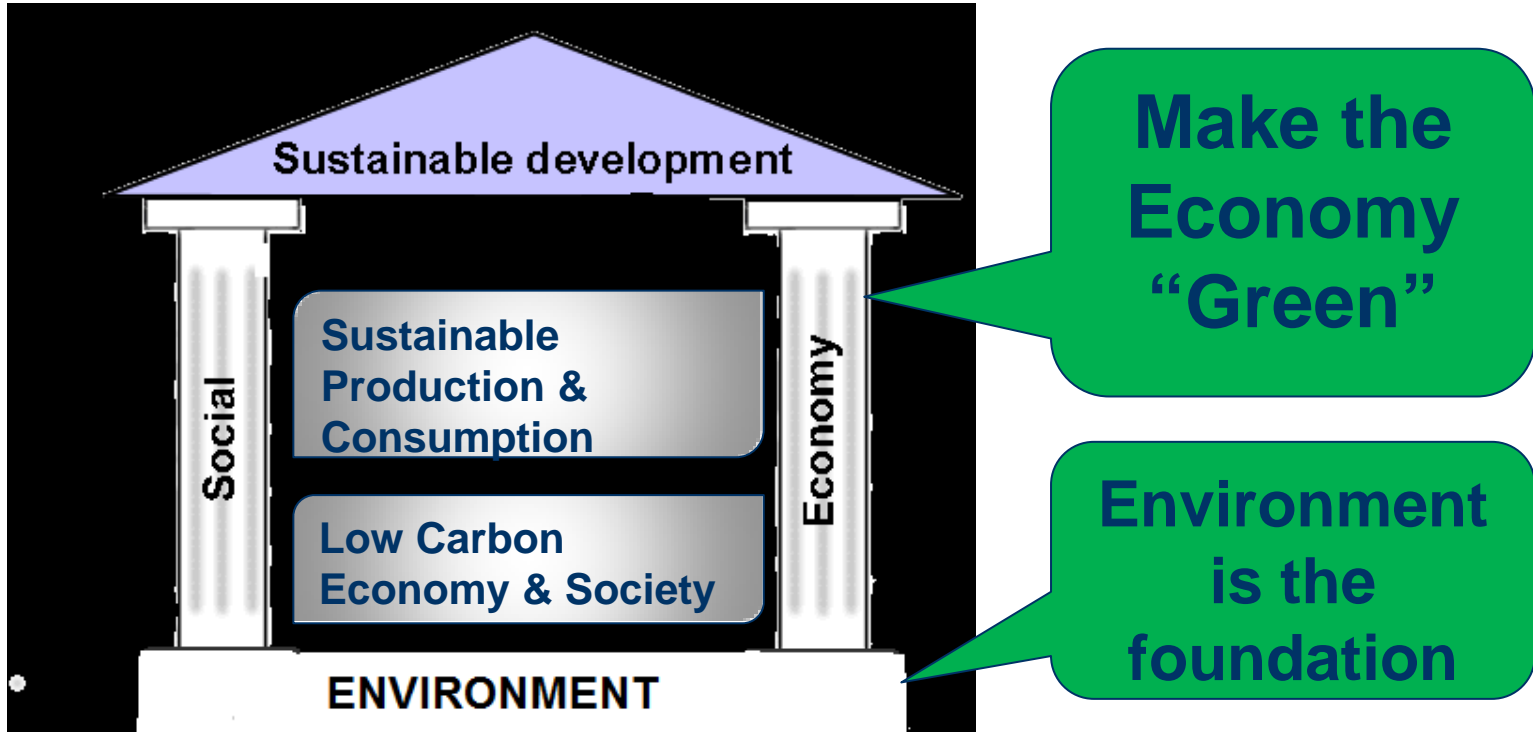
- Society exists in the environment
- Economy is one aspect of society



## Nested Dependencies Model.

Senge , Peter 2008. *The Necessary Revolution: How People and Organizations are Working Together to create a Sustainable World*. New York: Doubleday.

# Relationship between Sustainable Development, Environment, and Green Economy



- Avoid wasting time on discussion of definitions
- Each country should implement green economy based on its own circumstances

# Options for strengthening IFSD (officially on the agenda)

## 1. Enhancing UNEP

- Universal membership, no change in mandate, minimal financial implications

## 2. Establishing a new umbrella organization for sustainable development.

- New institution with executive functions; established by GA or legal instrument
- Possibly founded on existing entities.
- Focus on economic, social and environmental dimensions

## 3. Establishing a specialized agency such as a world environment organization.

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

## 4. Reforming the Economic & Social Council & the CSD. Options:

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

## 5. Enhancing institutional reforms and streamlining existing structures.

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

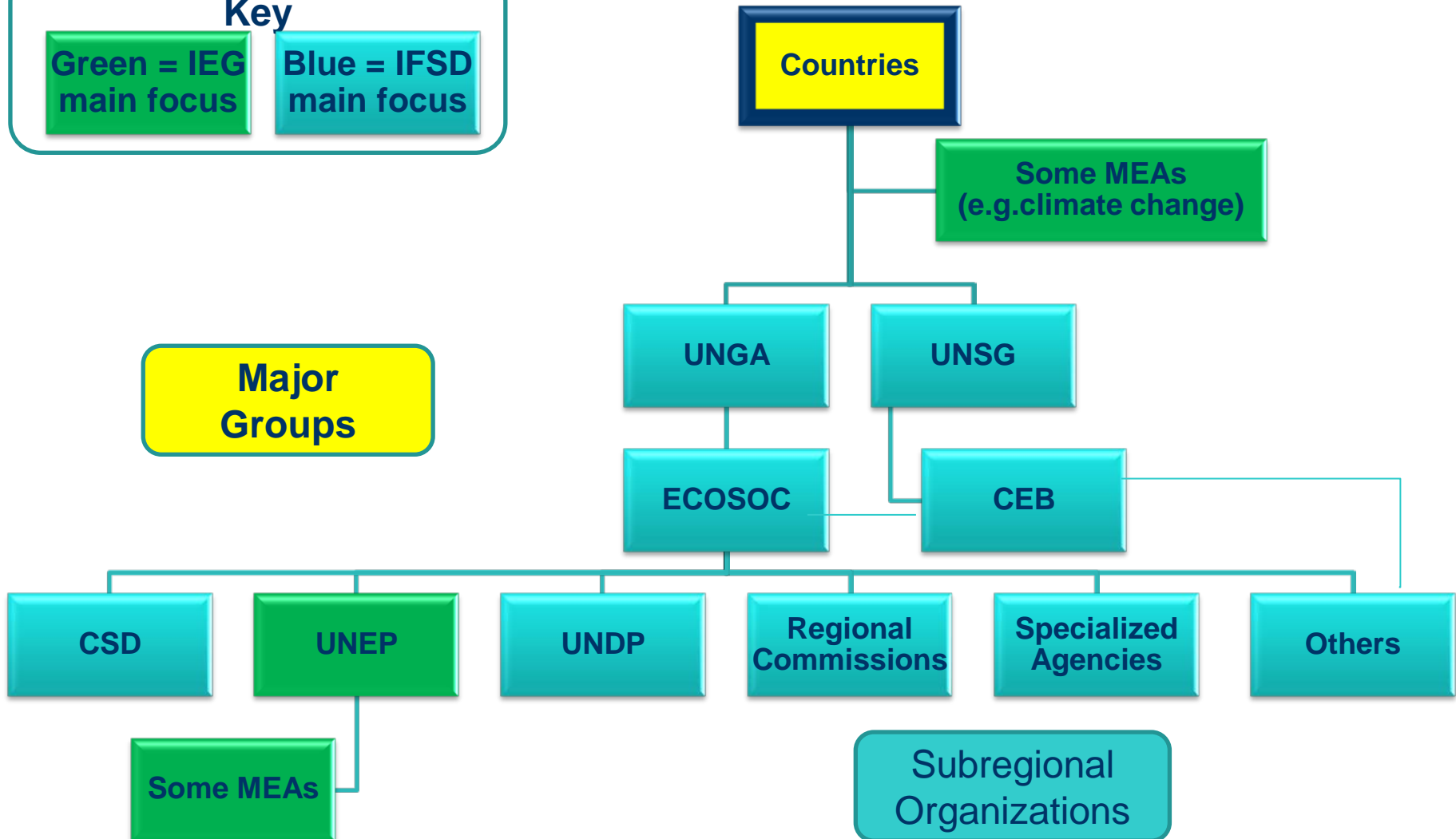
# IFSD STRUCTURE

## Key

Green = IEG  
main focus

Blue = IFSD  
main focus

## Major Groups



# Observations on IFSD Structure

- National governments determine international institutions
  - UN reform cannot happen without their agreement
  - Governments accountable only to domestic constituents
  - UN organizations are accountable to national governments (which have varied interests)
- GA & ECOSOC institutions are comparatively weak
- Major economic institutions (e.g. IMF, WB, WTO etc.)
  - Separate governance structures outside GA
  - More influence by developed countries
- Fragmentation: many overlapping institutions
  - Governments decided (many like it, despite inconvenience)
  - Difficult to coordinate





# Selected IFSD Institutions

ENVIRONMENT	SOCIAL	ECONOMIC	DEVELOPMENT
UNEP	WHO	World Bank	CSD
GEF	UNESCO	IMF	UNDP
MEAs	ILO	WTO	UNCTAD
	UNICEF	FAO	
	UN-HABITAT		

## Current *Economic Institutions at different levels*

Level	Institutions (selected, not comprehensive)
Global: Bretton Woods	World Bank, IMF, WTO
Global: Other	G20, G8, including ministers meetings (finance ministers & central bank governors)
Global: UN related	GEF, UNDP, UNCTAD, UNIDO, ILO, etc.
Regional: Asia	APEC, APP, ADB, ASEAN, ministers meetings
National	Executives, Ministries of Economy, Finance, Trade, sector ministries (energy, transport, etc.), central banks
Subnational	Various subnational governments
Standard setting	ISO, Global Bioenergy Partnership, accounting
Non-governmental	Especially business related, ISO, cartels, etc.
Sector: Energy	IEA, IRENA, OPEC

# Current economic institutions' orientation towards sustainable development

INSTITUTIONS	ORIENTATION TOWARDS SUSTAINABLE DEVELOPMENT
G20 Finance Ministers & Central Banks	<ul style="list-style-type: none"> <li>• Sustainable growth</li> <li>• Goal: “ensure the global economic recovery and the transition to a strong, sustainable and balanced growth” (April 23, 2010, Washington)</li> </ul>
IMF	<ul style="list-style-type: none"> <li>• International monetary cooperation, exchange rate stability, balanced growth of international trade, help with balance of payments difficulties, assist poverty reduction” (website)</li> <li>• Some relation to SD (poverty reduction)</li> </ul>
World Bank	<ul style="list-style-type: none"> <li>• Financial &amp; technical assistance to developing countries</li> <li>• Fighting poverty (but SD not explicitly mentioned)</li> <li>• Activities cover 3 dimensions of SD</li> </ul>
WTO	<ul style="list-style-type: none"> <li>• Focus on trade; negotiating forum, dispute settlement</li> <li>• SD not in mission</li> <li>• But emphasizes that environment &amp; trade not incompatible; Doha Round emphasizes trade’s contribution to development</li> </ul>
ADB	<ul style="list-style-type: none"> <li>• Many activities oriented towards aspects of SD</li> <li>• However, overall description of context emphasizes economic development, poverty reduction, development finance, not SD</li> </ul>

## Observations on current economic institutions and sustainable development

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

➤ **Institutions (and political leaders) should be asked to emphasize their commitment to SD, explain their plan to contribute**

# Overall Problems with SD Governance

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



# Main obstacles to strengthening sustainable development, green economic transformation

- **Priorities**
  - Unwillingness to give up high consumption lifestyle
  - Prioritization of economic growth
- **Beliefs**
  - Tradeoff between environment and economy
  - Belief that “green” is costly, will reduce jobs
  - Inadequate understanding of environmental costs & benefits
- **Institutions’ current orientation and circumstances**
  - Prioritize economic growth
  - Weak environment and SD institutions
  - Inadequate integration of science into decision making
  - Inadequate consideration of a broad stakeholder views
- **Inadequate capacity (all kinds) in developing countries**
- **Technical**
  - Tradeoffs: addressing one environmental problem can create others
    - (e.g. many renewable energy technologies need rare earth metals, much water)
  - Technical solutions not likely to be sufficient

IFSD can try to address but difficult

IFSD can address

# Solutions need to be addressed at all levels: Multilevel Governance

Levels of Governance	Advantages & Disadvantages
<input type="checkbox"/> Global	<ul style="list-style-type: none"> <li>• Many problems require global cooperation</li> <li>• Global cooperation is cumbersome</li> </ul>
<input type="checkbox"/> Regional / Subregional	<ul style="list-style-type: none"> <li>• Cooperation &amp; coordination easier than global</li> </ul>
<input type="checkbox"/> National	<ul style="list-style-type: none"> <li>• Key powers to tax, spend, regulate</li> </ul>
<input type="checkbox"/> Subnational	<ul style="list-style-type: none"> <li>• Close to implementation, knows local conditions</li> <li>• Limited power, sometimes problems aren't local</li> </ul>
<input type="checkbox"/> Non-governmental -- Business groups, NGOs, etc.	<ul style="list-style-type: none"> <li>• Individuals and businesses are key actors</li> <li>• Can sometimes act faster than governments</li> <li>• But free rider problems, difficult to coordinate</li> </ul>

- One level can't solve problems alone; cooperation between & within levels needed
- Principle of subsidiarity: delegation to lowest appropriate level

# Importance of Multistakeholder Participation

- Can improve coordination
- Can improve information input into decisions
- Can improve implementation
- Can improve legitimacy
- Can improve accountability





## Rio+20 Ideas: Strengthen IFSD/IEG Institutions

- Coordinating role for SD/GE needs to be strengthened
  - Probably ECOSOC, Regional Commissions, CSD, Secretary General
  - Needs high profile leadership, better organizational capacity
- IEG also needs to be strengthened
  - At least universal membership, consider WEO
  - Needs additional resources
  - Particularly, focus on capacity building in developing countries
- However
  - IEG/IFSD institutions alone cannot achieve SD/GE
  - Therefore, economic institutions need to work on SD/GE. They are already doing to some extent, but more is needed.
  - Most resources will remain with economic institutions

## Rio+20 Ideas: Enhance the Role of Economic Institutions

(IMF, WB, ADB, etc.)

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

# Actions outside of Rio+20 & UN are important

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

- **Actions outside Rio+20 & UN can be discussed at Rio+20**
- **But Rio+20 is the only place to decide UN related reforms**
- **So need to be careful about the time allocation**

# Capacity Development for Developing Countries is Key

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

# Accountability

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