

# Issues Brief # 1

## The Environmental Dimension of IFSD



UNEP Division of Environmental Law and Conventions (DELCL)

**Note on Issues Briefs:** The issues revolving around the theme of the Institutional Framework for Sustainable Development (IFSD) are complex and numerous and the information that exists on it is often dispersed and sometimes not easily accessible. The Issues Brief series has been prepared in order to address some of these information and knowledge gaps as well as to assist stakeholders to understand some of the main concerns that have been raised over the course of recent formal and informal meetings concerning the environmental pillar of IFSD. The Issues Briefs in no way represent a position of any stakeholder or the views of the UNEP Secretariat or its member states but are rather intended to be informative and non-prescriptive. The Issues Briefs will be released on a regular basis over the course of the next 12 months leading up to the Rio+20 Conference.

### Importance of Environmental Pillar to IFSD

#### Background

Ensuring an effective institutional framework for sustainable development at all levels and giving full consideration to each of the three pillars: economic, social, and environmental, is key to the realisation of the goals of sustainable development. An international governance system involves, firstly, the institutions and mechanisms responsible for the entire process, integrating all the aspects of sustainable development. At the same time, it also involves institutions specialising in the three key areas. Making progress towards sustainability necessitates both strengthening the overall structure and enhancing the individual components.

Since the Stockholm Conference on the Human Environment (1972), achievements have been made in protecting the environment through the creation and strengthening of institutional mechanisms. Such mechanisms have been established to address sectoral environmental issues, as well as the inter-

linkages between environmental, developmental and economic concerns. However, as stated in the report of the Secretary-General to the first meeting of the Preparatory Committee for the Rio+20 Conference, despite these advances, the state of the environment continues to decline and the divide between developed and developing countries continues to expand. This situation is largely attributable to the escalating scale and complexity of environmental change. These changes will harm human well-being, especially for the poor and vulnerable groups in society, and needs to be addressed through a further strengthening of international environmental governance and an expansion of political space for taking action.<sup>1</sup>

#### IEG in the Rio Declaration and Agenda 21

In the run-up to the Rio Earth Summit in 1992, there were a number of proposals for global institutional reform to address environmental change within the context of

sustainable development.<sup>2</sup> Ultimately, a number of institutions were established (mainly under Chapters 38 and 39 of [Agenda 21](#)<sup>3</sup>), which were eventually confirmed and specified by the UN General Assembly and the Secretary-General in December 1992, including:

- The 53-member Commission on Sustainable Development (CSD), mainly to carry out public audits of the performance of governments and international organizations in their implementation and financing of Agenda 21;
- A new UN Department for Policy Coordination and Sustainable Development headed by an Undersecretary-General at New York headquarters, and an *Inter-Agency Committee on Sustainable Development* under the existing UN Administrative Committee on Coordination;
- A High-level Advisory Board of eminent persons, reporting to the Secretary-General and

<sup>1</sup> See the Report of the Secretary-General, Progress to date and remaining gaps in the implementation of the outcomes of the major summits in the area of sustainable development, as well as an analysis of the themes of the Conference (A/CONF.216/PC/2) April 2010. Also see the Information note by the UNEP Executive Director, Environment in the UN system. UNEP, 7 June 2010. Available at <http://www.unep.org/environmentalgovernance/LinkClick.aspx?fileticket=tZyjX8cn738%3d&tabid=4556&language=en-US>

<sup>2</sup> Peter H Sand International Environmental Law After Rio Among the numerous pre-Rio appraisals see P.S. Thacher, Background to Institutional Options for Management of the Global Environment and Commons (1991); J. MacNeill, P. Winsemius & T. Yakushiji, Beyond Interdependence (1991); Falk, 'Toward a World Order Respectful of the Global Ecosystem', 19 Boston College Env. Affairs L. Rev. (1992) 711; French, 'After the Earth Summit: The Future of Environmental Governance', Worldwatch Paper No. 107 (1992); L.A. Kimball, Forging International Agreement: Strengthening Intergovernmental Institutions for Environment and Development (1992); Palmer, 'New Ways to Make Environmental Law', 86 AJIL (1992) 259; Palmer, 'An International Regime for Environmental Protection', 42 Wash. U. J. Urban & Contemp. L. (1992) 5, and comments by Miller, Gelfand & Tarlock, 86 AJIL (1992) 21; see also the NGO 'Hague Recommendations' summarised in S. Bilderbeck (ed.), Biodiversity and International Law: The Effectiveness of International Environmental Law (1992) 124-156.

<sup>3</sup> International Institutional Arrangements and International Legal Instruments and Mechanisms.

- through him to the Commission;
- An independent, non-governmental Earth Council – established to promote and advance the implementation of the Earth Summit agreements.

A special financial mechanism, the Global Environment Facility (GEF), was also established.

In addition, the world saw the completion of two main treaties, the United Nations Framework Convention on Climate Change (UNFCCC) and the Convention on Biological Diversity (CBD). In addition, the negotiation of the United Nations Convention to Combat Desertification (UNCCD) was initiated and UNEP's role reiterated.

Principle 4 of the [Rio Declaration on Environment and Development](#) stipulates that “In order to achieve sustainable development, environmental protection shall constitute an integral part of the development process and cannot be considered in isolation from it.” There has been global acceptance of an integrated approach to governing relationships among environmental, economic and social issues. International economic institutions form the strongest of the three pillars with a regime centred on the international financial and trade organisations, including the World Bank, the International Monetary Fund (IMF) and the World Trade Organisation (WTO). The social pillar of sustainable development is represented by institutions such as the International Labour Organisation (ILO), the World Health Organisation (WHO), and the United Nations Human Rights Council (UNHRC). Policy sector institutions such as the United Nations Development Programme

(UNDP), the Food and Agriculture Organisation (FAO), the United Nations Industrial Development Organisation (UNIDO), the International Maritime Organisation (IMO) contribute to both the social and economic pillar. Almost all of the above mentioned institutions have significant environmental portfolios which add to and complement the CSD, the United Nations Environment Programme, the GEF and the Multilateral Environmental Agreements (MEAs).

Despite the formation of new institutions for advancing sustainable development, cumulatively, they have not been able to halt environmental change which threatens human wellbeing. Rather than adding new institutions, measures for enhancing the effectiveness and efficiency of the current institutional infrastructure needs to be considered. Such measures could include actions towards rationalisation, enhanced complementarity and strengthened cooperation.

### IEG in the Johannesburg Plan of Implementation

The concept of three interdependent and mutually reinforcing pillars of sustainable development was incorporated into the 2002 Johannesburg Plan of Implementation (JPOI)<sup>4</sup>. The environmental pillar should be visualised as providing “the foundation for the economic and social pillars of sustainable development, because life on earth is conditioned upon a healthy environment”.<sup>5</sup>

Contained within the JPOI are a range of commitments on strengthening environmental governance. Chapter XI on “Institutional Frameworks for

Sustainable Development” deals exclusively with issues of governance and presents a set of commitments which support enhancing governance systems for sustainable development at all levels. Specific commitments include;

- *Article 139 f)* Increasing effectiveness and efficiency through limiting overlap and duplication of activities of international organisations, within and outside the United Nations system, based on their mandates and comparative advantages;
- *Article 140 (b)* Strengthen collaboration within and between the United Nations system, international financial institutions, the GEF and the WTO, utilising the United Nations System Chief Executives Board for Coordination, the United Nations Development Group, the Environment Management Group and other inter-agency coordinating bodies. Strengthened inter-agency collaboration should be pursued in all relevant contexts, with special emphasis on the operational level and involving partnership arrangements on specific issues, to support, in particular, the efforts of developing countries in implementing Agenda 21;
- *Article 140 (d)* Fully implement the outcomes of the decision on international environmental governance adopted by the Governing Council of the United Nations Environment Programme at its seventh special session<sup>6</sup> and invite the General Assembly at its fifty-seventh session to consider the important but

<sup>4</sup> The World Summit on Sustainable Development (WSSD) met from 26 August - 4 September 2002, in Johannesburg, South Africa. The WSSD's goal, according to UN General Assembly (UNGA) Resolution 55/199, was to hold a ten-year review of the 1992 UN Conference on Environment and Development (UNCED) at the Summit level to reinvigorate global commitment to sustainable development. The JPOI is designed as a framework for action to implement the commitments originally agreed at UNCED.

<sup>5</sup> Note by the Executive Director, “International Environmental Governance: Moving Forward with Developing a Set of Options.” Page 3

<sup>6</sup> References in the present chapter to Agenda 21 are deemed to include Agenda 21, the Programme for the Further Implementation of Agenda 21 and the outcomes of the Summit

complex issue of establishing universal membership for the Governing Council/Global Ministerial Environment Forum;

Through the JPOI, the World Summit on Sustainable Development also supported the full implementation of the 'Cartagena Package'.<sup>7</sup>

The 2005 World Summit Outcome Document set out, in paragraph 169 (A/Res/60/1), areas for further reflection on the current institutional framework of UN environment work. These areas include: enhanced coordination; improved policy advice and guidance; strengthened scientific knowledge, assessment and cooperation; better treaty compliance, while respecting the legal autonomy of the treaties; and better integration of environmental activities in the broader sustainable development framework at the operational level, including through capacity-building.

### Weakness of environmental governance in the context of sustainable development

As environmental services underpin social and economic welfare and consequently sustainable development, the governance systems of all three pillars together form the core elements of sustainable development governance. A functioning sustainable development governance system requires that the governance structure for each pillar be equally strong and that all three be mutually supportive.

When comparing the strengths of the economic and social pillars it becomes apparent that they have much stronger foundations than does the environmental pillar, in that they possess strong anchor institutions

that determine global and regional policies, which generate trickle-down effects to the national level. Within the economic pillar, the international financial institutions, in particular the World Bank Group, the IMF and the WTO, provide strongholds for economic interests with substantial influence on national policies. They owe their influence to their own governance structures and their endowment with financial leverage and compliance controls. The institutional set-up in the economic sphere also exemplifies the close interrelationship between money and power.

Within the social pillar, institutions such as UNDP, the ILO and the WHO have their specific areas of expertise, underpinned by internationally agreed standards and principles. While governance structures at the international level are not as stringent as within the economic sphere and are less well-endowed financially, the moral imperative for decision makers to ensure social well-being and the potential political pressure of a constituency that can speak on its own behalf provides a sufficient basis for successful action. Within the social sphere, the specialization of bodies dealing with specific issues also guarantees a relatively broad coverage of social issues.

The environmental pillar, with its fragmented governance structure and relatively meagre financial means, is much weaker than the economic and social pillars. It owes its weakness to a number of factors. One is that protection of the environment lacks the moral significance attributed to the protection of human lives. Another is that in economic terms it is generally viewed as a "public good";<sup>8</sup> in greatly simplified terms this means

that it is seen as something to be freely enjoyed by humans, owned by no one and having no economic value or cost. Given the characteristics of the environment, its protection would mandate a strict governance structure or abundant resources to ensure its protection through incentives.

The relative weakness of the environmental pillar was recognized by the Secretary-General in his report to the Preparatory Committee for the Rio+20 Conference at its first session (A/CONF.216/PC/2), when he wrote that "the environmental pillar is perhaps where progress has been the slowest" and that "most indicators of environmental improvement have not demonstrated appreciable convergence with those of economic and social progress; indeed, the overall picture is one of increased divergence."<sup>9</sup>

Effective management of the environment faces an additional hurdle in that the environment interlinks with a multitude of other sectors located within the economic and social spheres, including finance and development, industry, agriculture, health and culture. This has meant that sustainable development has not been forcefully implemented, for its implementation requires the economic and social pillars to integrate the environment into their decision-making processes even while they do not see it as a main area of concern to them. In addition to the weakness of the governance system of the environmental pillar itself, the lack of a sustainable development entity with sufficient authority to achieve coordinated governance of the three pillars means that the overall governance of sustainable development is also weak.

<sup>7</sup> The 2002 'Cartagena Package' (UNEP/GC SS.VII/1) – adopted at the seventh session of the Governing Council/Global Ministerial Environment Forum (GC/GMEF) includes recommendations aimed at strengthening international environmental governance through improving coherence in international environmental policymaking, strengthening the role and financial situation of UNEP, improving coordination among and the effectiveness of multilateral environmental agreements and further promoting capacity building, technology transfer and country-level coordination.

<sup>8</sup> In economics, a public good is a good that is "non-rivalrous" and "non-excludable". A good is non-rivalrous when its consumption by one individual does not reduce its availability for consumption by others; a good is non-excludable when no one can be effectively excluded from using it.

<sup>9</sup> Ibid., para. 23.

Albeit formulated at the international level, global policies and agreements ultimately need to be implemented at the national level. It is therefore necessary to look at the national level and examine the governance structures for sustainable development there.

**How strengthening governance of the environmental pillar strengthens sustainable development governance**

Despite the political popularity of the idea of achieving sustainable development, we continue to lack coherent strategies for its implementation. Part of the reason for this is that a lack of clarity has enabled sustainable development to become a catch-all for special interest groups, resulting in an incoherent, sprawling and costly agenda.

This situation has done little to advance the sustainable development

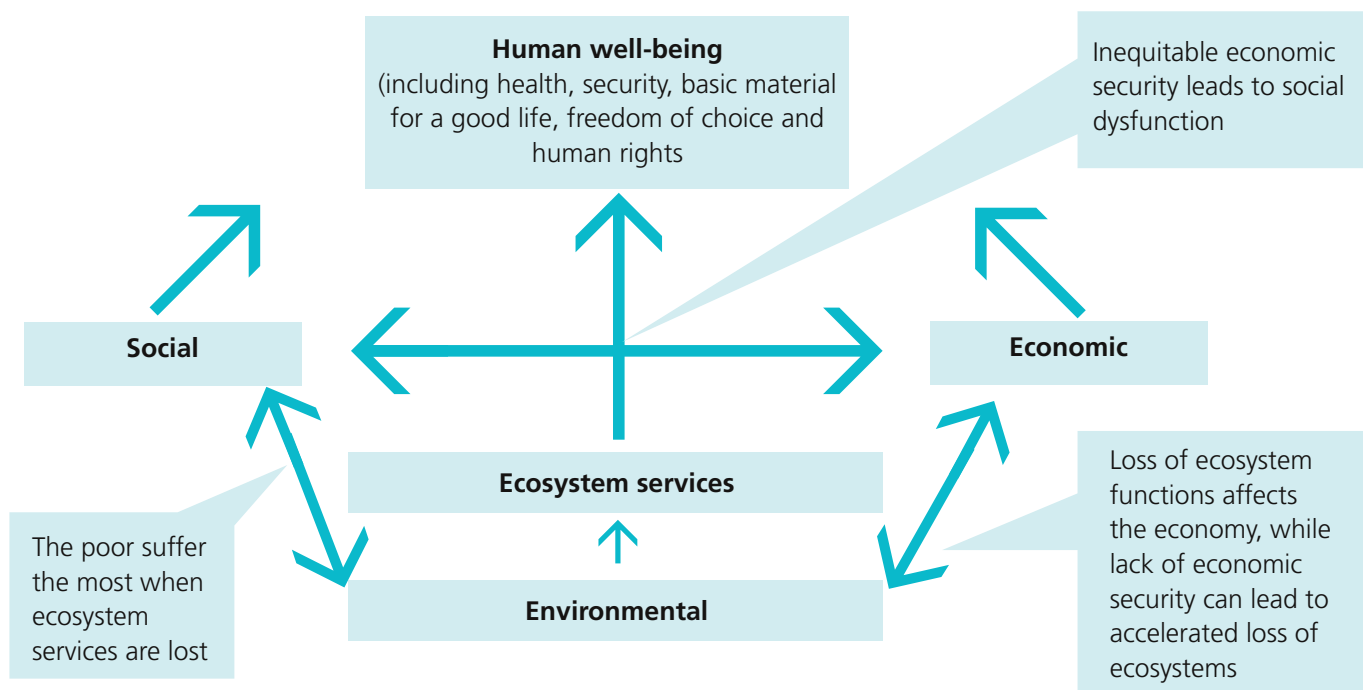
agenda and has detracted from the original premise that environmental sustainability, economic development and social welfare are complementary goals (see figure). As a result, the importance of the environment to the other two pillars of sustainable development has yet to be sufficiently recognised in mainstream policymaking.<sup>10</sup>

Environmental issues are intertwined with many economic development and social issues and are intricately interwoven with poverty. The Millennium Ecosystem Assessment shows that there is a direct relationship between the health of the environment (ecosystems) and economic and social welfare, establishing conclusively that efforts to alleviate poverty and improve human well-being will not succeed where environmental degradation is allowed to continue. Underlying all the resources that we use are ecosystem processes: the biological, chemical and physical interactions

between the components of ecosystems (e.g., soil, water and species). These processes produce benefits to people (or ecosystem services) in the form of food, clean water, carbon sequestration and reductions in erosion, among others.<sup>11</sup> In essence, the goods and services that drive our economy and support our social systems are derived largely from a healthy and functioning environment.

The environment, however, is under threat. Regular scientific assessments and reviews show an alarming decline of the environment as a result of human impacts.<sup>12</sup> These reports show that, in the aggregate, between one third and one half of the planet's land surface has been transformed by human activity. The interim report on the economics of ecosystems and biodiversity<sup>13</sup> estimates that over the past century, 35 per cent of mangroves and 40 per cent of forests have been lost, while 50 per cent of wetlands and

**Links between ecosystem services, sustainable development and human well-being**



<sup>10</sup> David G. Victor, "Recovering Sustainable Development", *Foreign Affairs*, vol. 85, No. 1 (2006).  
<sup>11</sup> R. L. Goldman, "Ecosystem services: how people benefit from nature", *Environment: Science and Policy for Sustainable Development*, vol. 52, No. 5, pp. 15–23.  
<sup>12</sup> The international community has continuously synthesized scientific and national reports into numerous global reviews, such as those in the series published by the Intergovernmental Panel on Climate Change in 1990, 1992, 2001, 2005 and 2007, the *Global Environmental Outlooks* of UNEP (the fourth in 2007), the *Human Development Reports* of the United Nations Development Programme (annually since 1990), the *World Resources Reports* of the World Resources Institute (in 2000, 2002, 2005 and 2008), and the *WWF Living Planet Reports* (the latest in 2008, but reporting on species population trends since 1970).  
<sup>13</sup> See TEEB (2009) *The Economics of Ecosystems and Biodiversity: An Interim Report*. The most recent report in the series of reports on the economics of ecosystems and biodiversity was released in October 2010 in Nagoya, Japan, at the tenth meeting of the Conference of the Parties to the Convention on Biological Diversity. All the reports can be found at [www.teebweb.org/](http://www.teebweb.org/).

60 per cent of ecosystem services have been degraded over the past 50 years. Species loss is 100–1,000 times higher than in geologic times and will worsen with climate change. In terms of the world's fisheries, 80 per cent are fully or overexploited and critical thresholds are being exceeded: for example, coral reefs risk collapse if carbon dioxide emissions are not urgently reduced.<sup>14</sup>

### Links between the environment, economic development and social welfare

A stable environment, the fostering of economic and social development and the enhancing of human well-being (including security, the basic material for a good life (for example, sufficient nutritious food), health and good social relations) are interlinked and inseparable and prosperity and poverty reduction depend on maintaining the flow of benefits from ecosystems.

Goods and services derived from the environment have contributed to substantial net gains in economic development, social welfare and human well-being overall. The version of the report on the economics of ecosystems and biodiversity for national and international policy-makers shows that the economic and social sectors are directly concerned with biodiversity and ecosystem services, including agriculture, fisheries, forestry, development, health, energy, transport and industry. Several depend on natural capital for their flow of inputs, research, new products and business innovation. For example, 20–25 per cent of the pharmaceutical sector's turnover (some \$650 billion per year) is derived from genetic resources, and ecotourism generates around \$100 billion per year in employment.

Overall, the report estimates, failure to halt biodiversity loss on land may cost \$500 billion by 2010, this being the estimated value of ecosystem services that would have been provided had biodiversity been maintained at year 2000 levels. At sea, unsustainable fishing reduces potential fisheries output by an estimated \$50 billion per year.<sup>15</sup>

These gains have been achieved at an ever-growing cost in the form of degradation of many ecosystem services, increased risk of non-linear changes and exacerbation of poverty for some groups of people.<sup>16</sup>

### Moving towards better integration of the three pillars of sustainable development

The need for growth and development and the need to protect and maintain the natural environment are often pitted against each other as opposing objectives. In reality, the world's economies would grind to a halt without the services that ecosystems provide. Environmental policy is greatly affected by economic planning and activity, making consideration of the environment in isolation from economic activity and development an ineffective approach to achieving sustainability. Equally, economic planning that ignores environmental impacts may result in increased negative impacts on resource use and human well being. Accordingly, the institutional basis for decision-making must integrate environmental and economic decision-making to create sustainability. Governance for environmental sustainability is therefore one of the great current challenges for political decision-makers and we must promote governance based on learning from experience and adapting to change, so as to deal

with dynamic social and ecological systems. Since the 1972 United Nations Conference on the Human Environment achievements have been made in protecting the environment through the creation and strengthening of institutional mechanisms. Such mechanisms have been established to tackle sectoral environmental issues, in addition to the interlinkages between the environment, development and economic concerns. These advances notwithstanding, the state of the environment continues to decline.

Improving environmental conditions to reduce poverty involves changing institutions and policy instruments. It has been argued that the causal roots of environmental degradation lie in institutional and policy issues rather than in poverty itself and that the relationship between poverty and environment is mediated by institutional, social, economic and cultural factors.

One of the major policy priorities for improved environmental sustainability is, therefore, improving international environmental governance. To meet the challenges of sustainable development, and taking into account developments since the United Nations Conference on the Human Environment, current structures and institutions in the economic, social and environmental fields, in addition to their respective links, need to be strengthened at the international, regional and national levels, so as to ensure coherence, integrate policies, limit overlap and strengthen implementation and accountability.



<sup>14</sup> TEEB (2009), *The Economics of Ecosystems and Biodiversity for National and International Policy Makers*.

<sup>15</sup> *Ibid.*

<sup>16</sup> Millennium Ecosystem Assessment (2005). *Ecosystems and Human Well-Being: Synthesis*. Washington, DC: Island Press See also TEEB (2010) *The Economics of Ecosystems and Biodiversity: Mainstreaming the Economics of Nature: A synthesis of the approach, conclusions and recommendations of TEEB*