



OPENING UP THE SUMMIT PROCESS

The Summit could usefully reinvigorate Rio's central message on the importance of integrated decision-making to achieve sustainable development. This means understanding the real strengths and weaknesses of the multi-stakeholder processes such as strategies for sustainable development and Local Agenda 21s launched at Rio – and critically working out how these processes can effectively influence core economic decision-making and development planning exercises of national governments and decentralised authorities.

The WSSD should urge the international private sector to recognise the International Development Target which requires all countries to have a strategy for sustainable development by 2002. Business can help to ensure that future investments support strategies and policies for sustainable development elaborated by developing countries rather than undermining them.

While recent global summits have credited some of their success to involving non-governmental organisations (NGOs), civil society and business, few routines are in place to do this in equitable, accountable and credible ways. The Aarhus Convention, agreed by the UN Economic Commission for Europe in 1998, presents useful principles that are not well applied at international level. It grants the public rights and imposes on parties and

public authorities obligations regarding access to information and public participation and access to justice. Both the design and the agenda of the WSSD really need to get to grips with the strong consensus that sustainable development can only be debated, planned and implemented through the engagement of civil society, business and government. Without this, there has tended to be too much preoccupation with 'word-smithing' texts, and too little in developing strong policy directions and ideas for implementation.

GETTING TO GRIPS WITH GLOBALISATION

Globalisation provides a new context for the 2002 event. The UN Commission on Sustainable Development (CSD) process during the 1990s was often rendered irrelevant by the seismic economic, political and technological shifts underway beyond the conference hall. This also creates a different political climate – whereas most were willing to suspend belief at Rio and back a warm consensus for sustainable development, this is unlikely in 2002; and the likelihood of substantial public protests on perceived governmental weakness should not be discounted, nor the likelihood of the media focusing on failure and activist dissent.

The stalling of a World Trade Organisation (WTO) Round and the launch of new initiatives targeted at the corporate sector, such as the UN Global



Compact Initiative, which promotes good practices by corporations based on universal principles, offers an opportunity for some hard and honest thinking, particularly about the relations between processes of globalisation and parallel movements for decentralisation across the developing world. It is in the dynamic interaction between these two trends – especially in governance and business patterns – that much of the most potent innovation is occurring.

FINANCING FOR DEVELOPMENT

There is a crisis in development finance. Steady erosion in official development assistance (ODA) and declining effectiveness and legitimacy of domestic revenue-raising efforts have sharply reduced support for programmes of capacity building, poverty eradication, and environmental conservation. While non-concessional financial flows – commercial credit and direct investment – are growing, their focus is on large-scale industry and infrastructure projects, which are inadequate vehicles for the pursuit of sustainable development. The small and medium-scale sectors, which hold the potential to create large numbers of sustainable livelihoods, are generally not reached by this large and growing segment of development finance.

In a number of the wealthiest countries, ODA has sunk to 50-year low levels, coinciding with states' shifting

priorities, shrinking autonomy and increased obligations to emerging crises – changes that suggest to many that the era of aid as a force in development is nearing its end. Similarly, domestic tax collection, which has historically yielded funds for poverty and development programmes, is in crisis in many developing countries. Commercial creditors typically find small-scale development finance too costly a resource to provide. Finally, while the shining example of micro-credit provides grounds for optimism, it has worked effectively in only a handful of countries and caters only to a small (though significant) niche.

The UN Financing for Development (FfD) conference is intended to address these issues. In collaboration with the World Bank, International Monetary Fund and WTO, it will be held in Mexico in early 2002. It will treat all aspects of financing for development as a coherent and integrated whole, addressing: domestic financial resources; international resources: foreign direct investment and private flows; international trade; international financial cooperation; external debt; and systemic issues.

FfD has two main strengths: it places poverty reduction at the centre of its agenda and it recognises the importance of the private sector as a source of finance for development. However, it has yet to address the challenge of sustainable development and the interactions between poverty, environment and development,



in spite of the stated intention to adopt an integrated approach.

Underlying the FfD agenda is the priority to mobilise funds. The assumption is that mobilising financial resources is what is needed to meet development objectives and in particular to address poverty reduction. An alternative view is that putting money into development is futile without addressing the basis of mainstream financial decision-making. While the private sector can be a source of funds for development, it is all too often associated with unsustainable activities. Many financial decisions are made without sufficient attention to their environmental and social implications or their impact on poverty. This applies particularly to foreign direct investment. But it is not just private sector financial institutions that could do more to mainstream sustainable development into their business. There have been some much criticised cases of incoherence between the financing decisions of public sector-backed export credit agencies (ECAs) and the development policy goals and activities of their respective governments. The environmental and social impacts of large infrastructure projects, dams, power stations and mining projects supported by the ECAs, and in some cases development finance institutions, have aroused concern, both locally and internationally.

While aid for development is laden with difficulties – inefficiency, ineffectiveness,

corruption, misuse – the professional consensus is that aid within a supportive domestic and international policy framework, is the best – indeed, the only – method of enabling certain types of essential development activity. Heightened capacity and strong institutions are widely recognised as the cornerstones of poverty alleviation and sustainable development. These are objectives which commercial finance has no clear and immediate incentive to pursue. With the precipitous drop in this form of finance, progress toward sustainable development is indeed in question.

As the Summit approaches, these trends reflect poorly on the global commitment to the goals of Agenda 21. A renewed commitment would involve a three-pronged international agenda:

- ▶ Reversal of the trajectory of declining sources of finance.
- ▶ Creation of an institutional framework that will enable and encourage private, non-concessional finance to reach small and medium scale enterprises.
- ▶ Strengthening the capacity of small and medium-scale borrowers to access and deploy resources effectively.

In its response to the questions of future development finance, the international community should encourage these alternatives, and to place the development of this type of framework and the capacity of participant groups, at the centre of its strategy.



THE UNCED AGREEMENTS

UN CONFERENCE ON ENVIRONMENT AND DEVELOPMENT (UNCED) AGREEMENTS

The Framework Convention on Climate Change establishes that climate change is a serious problem; that action cannot wait upon the resolution of remaining scientific uncertainties; that developed countries should take the lead; and that they should compensate developing countries for additional costs incurred in taking measures under the Convention. The Kyoto Protocol, agreed by Parties to the Convention in 1997, sets specific commitments for limiting greenhouse gas emissions by the industrialised countries listed in Annex I of the Convention. It also describes a range of mechanisms that offer flexibility in the implementation of these commitments, and special provisions relating to developing countries.

The Convention on Biological Diversity aims to preserve the biological diversity of the planet through the protection of species and ecosystems, and to establish terms for the associated uses of biological resources and technology. It affirms that states have 'sovereign rights' over biological resources, the fruits of which should be shared in a 'fair and equitable' way on 'mutually agreed terms'. More recently, governments negotiated a subsidiary agreement to the Convention to address the potential risks posed by cross-border trade and accidental releases of living modified organisms (LMOs). Adopted in January 2000, the Cartagena Protocol on Biosafety allows governments to signal whether or not they are willing to accept imports of agricultural commodities that include LMOs by communicating their decision to the world community via a Biosafety Clearing House, a mechanism set up to facilitate the exchange of information on and experience with LMOs. In addition, exported commodities that may contain LMOs are to be clearly labelled.



The UN Convention to Combat Desertification, agreed in 1994, acknowledges that the struggle to protect drylands will be a long one with no quick fix. The causes of desertification are many and complex, ranging from international trade patterns to the unsustainable land management practices of local communities. One of the fundamental problems associated with the CCD concerns the unbalanced pattern of interests between the different parties. The Convention paid particular attention to the need for a participatory approach, bringing in NGOs from the South into the negotiation process. Although dryland degradation may be widespread throughout the world, it has failed to attract the kind of international support promised for tropical forests. This lack of interest translates into a lack of funds and, consequently, the Convention has been given low priority by both affected and donor countries.

Agenda 21 outlines an 'action plan' for sustainable development, covering a wide range of specific natural resources and the role of different groups, as well as issues of social and economic development and implementation. Agenda 21 seeks to combine two strands of development action: one which focuses attention on improving the access of the poor to the resources they need for survival and development; and one which concentrates on management of these resources. These two strands need to be better linked to ensure that anti-poverty programmes include an element of natural resource management, and resource management programmes include improved access to resources for the poor. Agenda 21's influence since UNCED is difficult to quantify, but it remains the most authoritative (and probably the most convoluted) guide to sustainable development. Two main shortcomings have become clear since Agenda 21's inception: first, its recommendations and sources of funding have not been adequately considered; second, there is no attempt to set priorities – everything seems equally important. Despite these reservations, it should be seen as a valuable first step in a process to refine international co-operation towards a more sustainable world.



UNCED (cont'd)

The Rio Declaration comprises 27 principles for guiding action on environment and development. Many address development concerns, stressing the right to, and need for, development and poverty alleviation; others concern the rights and roles of social groups. Principles concerning trade and environment are ambiguous. The Rio Declaration has been invoked in national law in various contexts, and principle 10 provided a basis for subsequent negotiation of the Aarhus Convention on access to environmental information.

The non-legally-binding Forest Principles represent the remains of the first wave of blocked attempts to negotiate a convention on forests. They emphasise the sovereign right of countries to exploit forest resources along with various general principles of forest protection and management. A succession of inter-governmental fora under the Commission on Sustainable Development has formulated proposals for action, but the process has been tortuous. A UN Forum on Forests has been created which will facilitate implementation of agreed proposals for action, and ultimately will consider the need for an international legal regime.

The UN Commission on Sustainable Development was established to play a central and catalytic role in promoting implementation of Agenda 21. Its annual work programme has focused on elements of Agenda 21 and, more recently, on issues such as tourism, energy and transport which were not specifically addressed at UNCED. It has been criticised as an ineffective 'talkshop', and (particularly in its first four years) for deliberating on issues dealt with in more detail in other fora. At the UN Rio +5 Conference in 1997, a new work programme for the CSD was agreed which addressed some of these criticisms, but its lack of influence in global politics remains a widespread concern. However, the CSD has initiated some useful discussions on elements of sustainability, and its lack of decision-making capacity can be understood as allowing more open dialogue and greater flexibility in involving civil society organisations.