

INTERNATIONAL ENVIRONMENTAL GOVERNANCE: POSSIBLE CANADIAN
POSITIONS

REPORT OF A MEETING AT THE LIU CENTRE, UBC, AUGUST 13-14, 2001

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Introduction:

There was an extensive list of problems identified, from the fundamental and international to the more narrow and domestic:

- There is fragmentation instead of integration of science and policy, and lack of cooperation across agencies. There is a deficit, if not gridlock, of coordination.
- There is an inadequate level of scientific assessment and the need for a mechanism to identify emerging problems.
- There is a shortfall of core funding for UNEP and several Secretariats, and there is a consensus that the GEF (governance issues aside) is under funded by an order of magnitude.
- There is no effective mechanism or impetus to deliver on the Rio promise of Technology Transfer.
- Environment departments are weak and are ineffective champions, without clout in national systems.
- The Brundtland message has been lost. Sustainable development, a great idea originally, is being questioned as to whether it is still an appropriate organizing principle or prism.
- Redesigning machinery has been a waste of time; the same cast of culprits sits around a different set of tables
- There is no “photo opportunity” in implementation of past commitments, nor in capacity building for the South.
- There is an authority deficit - environmental organizations don't have the authority to reach decisions, nor the power to influence or enforce.
- There is a crisis of legitimacy- a deficit with respect to parliamentarian and civil society involvement.
- There is a domestic credibility challenge. Anti-globalization forces are gaining strength and could soon become a force in domestic politics - compromising the prospects for strengthening international rules
- Canada has an international credibility problem based on our recent positions in the Kyoto negotiations, our less than perfect record in implementing our commitments, and our cutbacks in ODA and financial support to UNEP and Convention Secretariats

The overriding problem bedeviling any future effort is the developing countries' profound lack of trust, and their cynicism and suspicion regarding pronouncements from the North. This is a result of the North's breaking of Rio commitments on “new and additional resources” and technology transfer, and the North's default on the Uruguay Round commitments on market access for agriculture and textiles products.

Complicating Factors

Governance involves questions of the nature of internationally common rules binding domestic management of domestic matters. These rules extend to subsidies, to economic activity and eco-pricing, as well as technical standards. The Northern paradigms, which underpin our concept of appropriate rules implicitly, validate privatization and liberalization, which are in effect analogues of the “enclosure” of formerly private lands. Why should the South accept this philosophical basis? In fact, there is no agreement on the definition of the “Global Commons”. There are differing views of the paramouncy of sovereignty, leading to different orientations to accountability, compliance and enforcement.

Framing the Approach:

- There are three different types of problems which require different strategic approaches:
 - global commons problems (and we can’t agree on what Global commons means),
 - incoherence and linkage problems (for example, institutional cooperation across trade and environment authorities, and across health and environment authorities),
 - emerging issues (the process of identifying issues and how to introduce them to agendas).
- There is a stark choice to be made as we tinker, retool, and revise on the margin, and we attempt to introduce new concepts and mechanisms. The difficult decision is on the proportion of resources to be allocated to each track in any two- track strategy – how much effort to the fixer role, modernizing, making mechanical repairs? How much resources invested in the role of the “tipping agent”, the champion of change?
- We should apply a taxonomy in assessing suggestions – for example, the impact on poverty, on land and asset ownership, and on the ownership of processes.
- To ensure the greatest likelihood of success and influence, we should promote a package deal, with something for everyone.

Package Deals

There was considerable discussion of the nature of the elements of a ‘package deal’ – promoting several diverse initiatives, instead of a single initiative, to allow for a win- win outcome for parties with different priorities. The ideal package would give real evidence of a commitment, rather than just make new commitments. Any package would be immeasurably more attractive if it included market access for developing countries (although it was pointed out that some poor countries would lose market share to others if the current quota system was replaced by open access). The package obviously must include more financing for developing countries. A credible offer of market access and financing could include an expectation for increased transparency and civil society participation and a commitment to environmental activities by the South. Any package must have an element of a commitment to implement the MEA s expeditiously and to support and strengthen Secretariats, especially with respect to increasing their core

funding. However, there was considerable skepticism regarding improved market access in the politically sensitive sectors of agriculture and textiles.

A common element of any package should be to accept as an axiom that UNEP will not leave Nairobi. In this light, it is useful to recall the original 1972 mandate of UNEP which still rings true and timely - any failing of UNEP is due to a lack of financing and authority provided to it; financing levels have been grossly incongruent with its mandate. In this light it is appropriate to take stock of the successes of UNEP. UNEP has contributed to an increased profile and substantive advance in the environmental agenda, with significant improvements in international environmental law. UNEP has accomplished this with few complaints concerning its legitimacy.

Ideas that Received Support

1. Energy is a priority issue. There was support for proposing a Consultative Group on Clean Energy (CGCE) modeled on the successful experience of the CGIAR (International Agricultural Research). The premise is that energy is at the core of the prospects for a successful transition to a sustainable development pathway. The CGCE would mobilize and coordinate an accelerated program of research and development designed to produce alternatives to fossil fuels and new technologies. It would also mobilize financing for developing countries to meet incremental costs of employing the best available technologies in their energy development. It could be administered by an expanded GEF, or preferably, separately administered from the GEF, but closely harmonized with it.
2. Water is very likely the issue that will monopolize public and government concern over the next ten years. (This view is consistent with the result of Praxis' July 2001 "Survey of Emerging Environmental Issues") There is, however, a legacy of frustration resulting from years of defeated efforts inside both international organizations and outside. Little has been delivered in terms of management or governance models to assist in international river basin or domestic settings. The United Nation's ACC Sub Committee on Fresh Water, an inter agency coordination mechanism, is cited as a worst practice in its attempt at constructive dialogue. There is no global inter governmental coordination mechanism for water issues. A Consultative Group on Water Management could contribute significantly if its mandate extended to cleanup, preservations, management, trans boundary management and new technology, and if it had access to means to assist research, meetings and projects. Its priorities could be design of incentives and capacity building.
3. Financing UNEP and the GEF at increased levels is essential to restore trust. In fact it is a necessary condition to enable any further reforms or initiatives. There was a consensus that the existing funding level of UNEP had to be put on a "stable, adequate and predictable" basis, possibly at the level of US\$80 million per year. The GEF must be fixed. The February 2002 Third Replenishment at the likely level of US\$2.5 to 3.5 billion would be grossly inadequate. One option is

to try to earmark a portion of the GEF to automatically fund core budgets of UNEP and the Convention Secretariats.

These views regarding minimal financing levels are shared by most UNEP delegates- witness Toepfer's priorities- past Ministerial pronouncements and the Resource Mobilization Strategy. However Environment Ministries so far have been incapable of generating actions. The GEF problem is complicated by a divergence of view on its governance. Developing countries' cynicism has extended to the application of the double majority system, the separation of structures for policy and decision making and financing, and its consequence for GEF priorities and project approval criteria. One option is to give UNEP the lead agency role in the UNEP/UNDP/World Bank management structure, transferring it from the World Bank.

4. A New Capacity Building Mechanism

UNEP is not primarily a capacity building organization. There is significant merit in promoting the compilation and distribution of case studies, best practices and explanations of successful methods to manage issues. There was consensus that it is win-win-win to increase management capacity, and to transfer knowledge of governance structures and techniques, for example, exploiting the fertile Canadian experiences in water management involving several jurisdictions.

Those ambivalent about creating new institutions ("governments will just send the usual suspects to different table and be just as stingy"), may be supportive of a new capacity building mechanism if it is designed as an agile virtual network with a small secretariat. Most agree that networks of dispersed decision points are needed, in addition to coordinated legal frameworks and centralized interstate organizations. Providing the training and the resource library of practical tools to widely decentralized decision makers could fill an important gap. Any new mechanism could build on the UN University network, or on the UNDP.

5. A New Environmental Science Institution

Environmental governance would benefit from a focal point, which could integrate the results of physical science and the related social sciences. There is no authoritative centre of scientific advice, integrated with decision making in the current UN system. In addition to natural science, policy design requires modelers, economists, legal experts, and ethicists. Data on land tenure and ownership is as critical as the data on soil quality and trees logged. In the water sector in addition to hydrologists and lawyers expert in ground/surface water, cultural and conflict resolution experts and negotiators are required. An example of the nature of integration required is the Dutch RIVM institute, covering both environment and public health. Such an "institution" could be a Virtual Network. It could be powered by the paradigm relating vulnerability to human security. The orientation would be to translate the hard science on environmental phenomena into impacts on people and policy.

6. A New Model For Corporate Responsibility

A recent Conference Board poll concluded that, in investors' impressions of a company, corporate social responsibility scores higher than brand quality and business fundamentals. Religious organizations and other institutions are just beginning to consider targeting their investment portfolios on "good corporate citizens". World Resources Institute has been very successful in influencing retailers to buy only from forests that WRI certifies as managed in a sustainable fashion

The "Reverse MAI" idea has civil society, including academics, scientists, and the Private Sector, establish working groups to develop a code of responsibilities for corporations. It could be based on established voluntary initiatives such as the International Chamber of Commerce's, World Business Council on Sustainable Development's, the Global Reporting Initiative, and existing international standards. The first stage could include a provision that corporations publicly report their performance on commitments, with independent third part verification of results. The second stage would establish a legally binding treaty between nation states to ensure investor rights and protection for corporations that adhere to the code. (This would be WTO consistent – privileges are provided to any company that meets the code's requirements)

The Canadian Centre for Ethics and Cooperate Policy is an institution with some expertise in this area. It could be charged to work with international organizations (like SGS International Certification Services Inc and the Global Reporting Initiative), to develop an internationally credible accreditation system, to become the global standard.

Canada could take the initiative to convene business and civil society from around the world and to nurture and support this honest broker initiative.

7. A New Organizing Principle/Prism/Paradigm.

Given the current deficit of international environmental governance in its resources, its reach, its power and its authority, it is time for a new rallying concept. The current intellectual debate on "sustainable development" has run out of steam – the stopgap institutions established frustrated Rio's good ideas. "Sustainable development" was a good model, but it is not working, and it is time to find a supplement.

The new idea would be to get our security institutions, which do have a greater degree of authority and legitimacy to do some environmental work. Perhaps a re formulated Trusteeship Council could have a value added role. The organizing premise would be that the level of damage of environmental degradation on humans is, in many cases, worse than the damage from war. It is time to establish an "Environmental Security" paradigm in terms of people's vulnerability to environmental damage, in terms of the damages' human impact. The proposed new approach would be based on science – translate physical science on phenomena into impacts on humans and then policy. The logic of science, directed this way over the long term will lead to the realization of the need for different authority structures – existing security institutions will eventually accept the redefinition of their mandate.

8. Global Environment Forum.

There is widespread effort to promote the Global Minister's Environmental Forum, meeting in Nairobi and New York in alternate years. Canada could strongly endorse this initiative, focusing efforts to ensure its success. The idea is characterized as a necessary but not sufficient initiative in improving environmental governance. The mandate would include informing the GEF regarding environmental policy priorities. It need not deteriorate to a "club of the most marginalized Ministers" – Trade and Treasury Ministers could be invited on an ad hoc basis.

Ideas That Did Not Receive Overwhelming Support.

- A) The Next MEA: There were no proponents that the Canadian priority position should be to initiate any new convention.
- B) Parliamentary Forum: There was little support for the eloquently presented argument that Parliamentarians could find a value added and mediating role - perhaps on the OAS model, where a Parliamentary Assembly interfaced effectively with Civil Society Organizations.
- C) Make UNEP a Specialized Agency: Enthusiasm waned when faced with the practicality that it would take five years, at best, to negotiate a Charter.
- D) Join the EU in its General Agreement Initiative: While there was no criticism of the EU initiative, no one spoke with passion or enthusiasm regarding allying with the EU on their approach.

Strategy and Tactics.

There was general agreement that to effectively pursue any initiative and to promote the Canadian position, there would have to be a full court press involving many elements. There was apparent agreement for a three part strategy.

First, the strategy should involve a trust-enhancing unilateral gift to restore Canada's credibility.

Second, the Canadian position should involve a "change agent" longer-term visionary proposal – one that is ambitious, if not radical. This could be the Environmental Security Paradigm, or a path to a dramatically strengthened institutional mandate.

Third, there should be a very limited number of short -to - medium term initiatives (fixing things incrementally), perhaps focusing on core funding of UNEP, the GEF, and Clean Energy.

With respect to tactics, to effect any changes, Canada will need cosponsors. The suggestion, generally endorsed, was to convene an "informal group" including South Africa, Nigeria, Algeria, Mexico, Belgium and an Asian country. Mexico is the site for the March 2002 UN High Level Conference on Financing for Development. This core group should try to reach consensus.

The Environmental Department should make full use of Canada's diplomatic network, making demarches in key countries and hosting meetings with the ambassadors

of members of the “informal group” in Nairobi and New York. A tour to the capitals of the “informal group” countries to explain the proposal would be helpful (Canadian Parliamentarians can be used as emissaries, as in the successful Landmine campaign). One caveat-the Aug 13-14 meeting suffered from the absence of representatives from the business community and from the provinces. While the conclusion may not have been changed, they would certainly have pertinent views on mobilizing support, and should be consulted to ensure a unified Canadian view.

If the G-7 and G-20 are to be enrolled as supporters, the Department of Finance’s support is a precondition and its active participation as co-architect is essential.

Conclusion

Any discussion of “package deals” is complicated by widely held views that the North has reneged on past “package deals” that the South naively accepted- the WTO deal on increased agriculture and textile market access in return for concessions on services, etc.. The Rio commitments of “new and additional resources” and technology transfer were honored in the breach. Any initiative will suffer from the distrust and credibility gap. This leads to the conclusion that to gain support, any Canadian Initiative must be both dramatic and substantively attractive, and be formulated to attract Southern cosponsors.

One dramatic initiative that would capture attention would be a \$30 million a year Gift from Canada - a unilateral unconditional initiative. This could take many forms. One Example: Canada could decide to fund the Global Environmental Outlook Report at a level sufficient to provide an environmental equivalent, or one superior, to the World Banks “World Development Report” or the UNDP Human Development Report. (This could be done in part by endowing funds focused on providing Canadian scientific research and assessment directed specifically to support the Global Environmental Outlook Report).

There is a plethora of indicators and measures of environmental achievement, worldwide – an authoritative and definitive report would be a constructive foundation for further policy and program initiatives. The Report would be based on lessons learned from past efforts and debates. Indicators such as the “strength of social relationships” as well as conventional indicators of water quality, and less conventional ones such as measures of civil society participation (the latter is for example only – some Southern governments would perceive this as a subversive gift).

An alternative Gift from Canada could be the idea to unilaterally sponsor and host a Working Group over a sustained period of time to pursue the question of improving international environmental governance over the long term. Generally, there doesn’t appear to be any stomach for other than an evolutionary, incremental approach. The discomfort with radical ideas has resulted in inadequate analysis; innovative models for a vibrant and agile future regime have not yet emerged. The idea would be to remove the artificial guillotine of RIO+10 as the deadline for a “deal” or for progress on governance arrangements. The Working Group’s expenses could be entirely borne by Canada (with a reasonable ceiling of course). There are several acceptable permutations related to its

secretariat, meeting venues, and research budget. The terms of reference to this group of the best creative minds available would be, thinking outside the box, to recommend new ideas.

The short-to-medium term initiative must include feasible initiatives to deal with increasing UNEP's core funding, as well as the GEF's replenishment and priority setting processes. Then and only then will any other initiatives be feasible. The proposal for the Consultative Group on Clean Energy seemed most attractive – it is a relatively fresh idea and could incorporate elements important to the South – technology transfer and capacity building. Another attractive innovation would be a new mechanism dedicated solely to capacity building.

The long-term initiative could be a blueprint of the desirable architecture, for ten or twenty years hence, along with the directions for the first steps along the path. This could be a document that promotes Environmental Security as a new organizing principle, explaining potential roles for existing security institutions, as well as a series of new ideas, mechanisms, and Facilities that could be over the horizon. This could be a vehicle to promote Canadian ideas on, for example, Water, a Clean Production Mechanism, Corporate Social and Environmental Responsibility, and the ultimate Financing Solutions.