

REFORM PAPERS



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Crisis in Global Governance: Challenges in Achieving the Millennium Development Goals

Report of Conference June 2004

INTRODUCTION

Stakeholder Forum for Our Common Future

Stakeholder Forum for our Common Future exists to promote and facilitated multi-stakeholder participation in policy development and decision making and in implementation activities for the achievement of sustainable development agreements. As a central element of their work programme, Stakeholder Forum is currently undertaking significant research and analysis of the current international sustainable development governance architecture, with the aim of providing recommendations for its reform. In support of this work, on 8th June 2004 Stakeholder Forum hosted a one day conference: ***Crisis in Global Governance: Challenge in Achieving the Millennium Development Goals.***

Purpose

The purpose of the conference was to provide governments, UN agencies and stakeholder with the opportunity to;

- Engage in early dialogue on the review of the Millennium Declaration;
- Share their experience in the governance related challenges in achieving the MDGs;
- Discuss possible ways forward in overcoming current barriers to implementation.

Outcomes

This report is offered as a contribution to inform government, UN and stakeholder thinking around the review of the MD and in particular the governance related aspect of these. In addition to this, core issues and recommendations will be appropriately recognised in the development of the governance programme and the reports arising from it.

The conference raised awareness and understanding amongst UK civil society of the review of the MD and the 2005 agenda, invigorating further engagement in this process. It also enabled a shared understanding to be developed between speakers and participants of the key challenges, solutions and ways ahead.

Attendees

The conference was attended by in excess of 200 participants, representing a broad range of predominantly UK civil society to include;

- NGO's;
 - Business and industry;
 - Youth;
 - Women;
 - Central and Local Government;
 - UN Agencies;
 - Trade Unions.
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Key Note Speakers

The conference was addressed by the following speakers during plenary sessions:

- Derek Osborn – Chair, Stakeholder Forum;
 - Rt. Hon Margaret Beckett MP – Secretary of State for Environment, Food and Rural Affairs;
 - Masood Ahmed – Director General, DfID;
 - Ian Christie – Joint Head of Economic and Sustainable Resources;
 - Olivier Delueze – Head of Major Groups and Stakeholder Branch, UNEP;
 - William Day – Special Advisor, UNDP;
 - Kurt Hoffman – Director, Shell Foundation;
 - Peter Warren – Special Advisor, WHAT Governance Programme;
 - Georgina Ayre – Head of Policy and Research, Stakeholder Forum;
 - David Hales – Co-Chair, Stakeholder Forum;
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BACKGROUND

Millennium Development Goals (MDGs)

The MDGs were articulated and agreed upon by UN Member states during the Millennium Summit, 2000 to encourage a global commitment to fulfilling development through means that are sustainable and balanced. UN Member States have committed to achieve each of the eight goals articulated below by 2015:

1. Eradicate extreme poverty and hunger;
2. Achieve universal primary education;
3. Promote gender equality and empower women;
4. Reduce child mortality;
5. Improve maternal health;

5. Combat HIV/AIDS, malaria and other diseases;
7. Ensure environmental sustainability;
3. Develop a global partnership for development.

Each goal contains specific targets which attempt to further clarify what it is that countries need to achieve them. The progress made towards the targets is monitored through identified indicators. Developing countries have been invited to produce national progress reports by 2004, and developed countries have been invited to report on their progress towards achieving MDG 8 [develop a global partnership for development]. At the regional level, UNDP in collaboration with other bodies produces regional progress reports. These, in addition to contributions from across the UN inform the development of the Secretary General's Yearly Report on the implementation of the MDGs.

5 Year Review of the MDGs

At the 57th Session of the UN General Assembly in 2002, it was agreed that a comprehensive review of the implementation of the Millennium Development Goals would take place in 2005. This Summit level event will bring together a review of the progression made in implementing the MDGs and address the coherent follow-up to the major United Nations conferences in economic and social fields.

It is anticipated that the review of the MDGs will provide the opportunity of ensuring the development of policies and action plans to serve the needs of the world's poorest, while also allowing greater consideration to be offered on how to converge the numerous intergovernmental processes on sustainable development.

Reform in Global Governance

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 the environment, development and economic concerns. However, 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 attributed to weak international environmental governance and a lack of political will. The establishment of multilateral environmental agreements, soft law commitments and national policies without due consideration to their relationship with one another, and with the wider international system has resulted in a multifaceted institutional architecture at the international level which lacks cohesion and coherence.

Renewed efforts are being made to reform and strengthen the international governance architecture to further support the implementation and attainment of sustainable development. Such processes include a proposal by the French Government to elevate UNEP to a UNEO, work by the European Commission to address the relationship between MEAs and Trade Rules, and the development of a Memorandum of Understanding between UNDP and UNEP.

Governance related challenges are not limited to the environmental field. Barriers such as lack of policy coherence and duplication and gaps in implementation activities are seen across the UN, within and between international organisations, at the regional, national and even local

levels. This problem has been increasingly identified and processes and mechanisms have been put in place to address them. 2005 will see the coming together of a number of these, reporting on their recommendations for reform and strengthening of governance structures and systems. These include:

1. Blue Ribbon Process on Peace and Security;
2. General Assembly Debate on UNEP Reform;
3. Proposed conclusion of the Doha Development Round;
4. New presidency of the World Bank;
5. 5 Year Review of the Millennium Development Goals;
6. 10 Year Review of the Barbados Programme of Action;

Stakeholder Forum is currently undertaking a three year work programme – the 'Governance Audit' which seeks to evaluate the current gaps, overlaps, strengths and weaknesses in governance and make recommendations for institutional and structural reform. The programme seeks to assist stakeholder engagement with the governance debate, and will offer recommendations for the strengthening of the international governance architecture.

GOVERNANCE AUDIT

Back-Ground

The World Humanity Action Trust (WHAT) Governance Programme, was established in 1998 as an independent think tank seeking practical resolutions to global problems. The programme sought to raise awareness and develop practical governance solutions through the development of issue based Commissions. As such, the programme addressed requirements to enhance governance systems and structures towards supporting sustainable development. A report was published in 2000 which provided an analysis of common governance issues and policy recommendations which arose from each of the Commissions.

The WHAT Governance Programme defines governance as;

'Governance is the framework of social and economic systems and legal and political structures through which humanity manages itself'.

In recognising the fundamental need for governance systems and structures to be assessed and strengthened, Stakeholder Forum in collaboration with GLOBE Southern Africa offered support to the WHAT Governance Programme and increase its scope, activities and timeframe. Under the auspices of Stakeholder Forum, the WHAT Governance Programme has now been running for 2 years since 2001. In 2002, Stakeholder Forum was extremely pleased when the Rufford Maurice Laing Foundation agreed to support the programme for three years.

The principal aim of the WHAT Governance programme is to have a direct impact on governance discussions taking place primarily within the UN, but also in other international forums. During 2001 & 2002 the focus of the work was on the UNEP International Environmental Governance Intergovernmental Working Group, the UN Financing for Development Conference, and the World Summit on Sustainable Development. During 2002 & 2003, the focus of the programme has been around UNEP Governing Council, the reform of the

Commission on Sustainable Development, and the 5th Ministerial of the World Trade Organisation (WTO). In 2003 & 2004 the focus of the programme has been on the reform of JNEP, the environmental component of the MDGs, the functioning of the Regional Implementation Forums of the CSD and the relationship between trade and environment.

Goals and Aims

The overarching goal of the WHAT Governance Programme is to seek out ways to enhance governance systems and structures for the effective implementation of sustainable development.

The principle aims of the WHAT Governance Programme are as follows:

1. Improving the institutional coherence and coordination between key UN Agencies, and other international bodies;

2. Improving governance systems and structures for specific issues, in particular Water, Energy, Health, Agriculture and Biodiversity (WEHAB);

3. Improving stakeholder involvement in the review and design of governance systems and structures;

4. Supporting the UN Secretary General's new track on reform of the UN;

5. Provide up-to-date and relevant information and resources on governance for various stakeholders involved in the debate;

6. Produce research papers and targeted inputs to governance negotiating processes.

7. Suggest alternatives and options, identify gaps and new issues in governance systems and structures

8. Monitor and report on institutional developments in key institutions e.g. the UN CS, JNEP Governing Council, WTO, Bretton Woods Institutions

9. Encourage dialogue about options for reform and enhancing institutional systems and structures, including interaction of civil society

MINISTERIAL DISCUSSION

Rt Hon Margaret Beckett MP, Secretary of State for Environment, Food and Rural Affairs

'Working for the Environment'

Stakeholder Forum was extremely pleased to receive the Rt Hon Margaret Beckett MP, Secretary of State for Environment, Food and Rural Affairs as a key note speaker to the conference. The Secretary of State addressed the conference on the issue of 'working for the environment'.

In her speech the Secretary of State emphasised the environmental dimension of the MDGs and in particular MDG 7 on environmental sustainability. The address was presented on the assumption that collaborative efforts should be about achieving international development, which is sustainable, especially for the poorest:

Recognising that the environment and development communities have not traditionally worked well together, the Secretary of State urged an integrated approach to be adopted during the

2005 review of the Millennium Declaration and the co-ordinated implementation of the outcomes of other major UN Conference. Acknowledging the mutually reinforcing relationship of agreements made at Monterrey, Doha and Johannesburg the importance of understanding the inter-linkages between environment and poverty was stressed.

Two critical challenges of governance and financing are leaving us off track in achieving the Millennium Development Goals. To address this, the Secretary of State noted that integrated policy making must lead to integrated implementation. This can be achieved through a series of means to include: developing PRSPs along side National Sustainable Development Strategies addressing the MDGs and Johannesburg commitments together; enabling and ensuring trade finance, environment and development ministries and agencies work in collaboration; encourage donor coordination, partnerships of all kinds and cooperation between UN Agencies Trade Institutions, IFIs and the World Bank. A strong UNEP will be fundamental in promoting environment for development'.

The Secretary of State emphasised that 2005 will be a historic opportunity for the UK to rene its commitment to progressive multilateralism. Whilst prioritising climate change and Africa, the UK will work with other EU member states on issues such as illegal logging. Making a step change towards integrated implementation, monitoring and reporting of the MDGs will be achieved if actual plans of implementation are developed and the environment and development communities work in a collaborative manner, at all levels, and ensure the active participation of stakeholders.

(Transcript of speech available on request)

Masood Ahmed [Director General – Department for International Development] *Targeting the Poor*

Masood Ahmed, representing Rt Hon Hilary Benn, Secretary of State for International Development, addressed the conference on the issue of *targeting the poor*.

Mr Ahmed explained how the MDGs provide not only the over-arching framework for policy development within the Department for International Development, but also that the departments' performance targets are derivatives of the Goals.

Despite progress being made in alleviating poverty, it was noted that we are not on track for achieving the MDGs. If current trends persist, Sub-Saharan Africa will not achieve Universal Primary education until 2019 or achieve the target on child mortality until 2165. 2005 is therefore a vitally important year for both the UK, and the international community in bring about the required change in implementation.

Mr Ahmed indicated that by the end of 2005, the UK Government would like to see two things achieved:

- o Reaffirmation of the MDGs and the 2015 targets
- o Concrete agreement to stepped up actions aimed at reaching the targets by 2015.

In recognising the tensions that exist between the global promotion of the MDGs and the principle of country ownership and prioritisation (i.e. water may not be a national priority), collaborative working is required to assist developing countries themselves to improve the

welfare of their own people. This is particularly important in those 24 states emerging from war.

Mr Ahmed noted that due to the Rome Harmonisation Declaration not being fulfilled, there is a current lack of coordination in donor aid policies, procedures and monitoring at the national level. To ensure that aid is spent on development, whilst avoiding a 'one size fits all' economic orthodoxy, work is required to understand how conditionality can be used to promote the MDGs.

After many years of decline aid is now beginning to increase. In the UK levels have risen in real terms by 97% since 1997 and the ODA/GNI ratio is set to rise to 0.4% by 2005/06. The UK's International Financing Facility proposal is designed to bring about the significant increase in aid that is required to meet the MDGs in a predictable and effective manner. It was noted however that an increase in aid flows and efficiency is insufficient to bring about real change in achieving the MDGs. Critically reform is required in the international trading system through the reduction of export tariffs and the elimination of agricultural subsidies in developed countries.

Finally Mr Ahmed drew attention to the need to consider the impact of climate change on development, noting that the number of people affected by flooding has risen from 7million in the 1960's to 150million today. The potential impacts of the predicted rise in global temperatures are devastating for both the environment and for people.

In concluding Mr Ahmed reaffirmed the governments' commitment to taking a lead role on climate change and Africa during their EU Presidency and G8 Chair. He paid tribute to the role and work of civil society, urging such organisations to continue pressing international leaders to face the challenges ahead and to demonstrate the political will to end absolute poverty.

CHALLENGES AND OPPORTUNITIES IN IMPLEMENTING THE MDGs

Olivier Deluze [Head of Major Groups and Stakeholders Branch, UNEP]

Mr Olivier Deluze addressed the environmental challenges and opportunities posed by the implementation of the MDGs

As a result of no specific large scale strategy having been developed the international community possesses the finances and the know-how, they lack the urgency and drive to effectively achieve the MDGs. This is reinforced by figures which indicate that OECD countries allocated five times more spending to agricultural resources than they do to ODA. Mr Deluze noted that although the aspiration is that the MDGs will be the over-riding cause of growth this will not be achieved if urgent action is not taken to improve financing.

Adopting an integrated and coordinated approach to achieving the MDGs is critical. This will require a balanced agenda to be developed to include mechanisms for addressing international peace and security. Critically a shift in values and culture is required to bring about change, and individuals need to be tasked with a shared sense of responsibility.

Mr Deluze noted that integrating the environment and development agendas will be key. For this to be achieved conditions under which the environment can also be an asset for development need to be considered. An example of this was illustrated at the Bonn Conference

on Renewable Energy. Even in the absence of climate change, there is still a need for renewable energy because forecast for energy demand in the future will outstrip current supply. Therefore the discussion is about development in the south not about protecting the environment from on a northern perspective. For clean technologies to be implemented in emerging/developing countries, they must be seen as an asset for development.

As an intergovernmental organisation, UNEP seeks to influence policy design and ensure its fit and effective implementation. Stakeholder engagement by governments and UN agencies is critical to ensuring both policy development and implementation are coherent and effective.

Kurt Hoffman [Director, Shell Foundation]

Mr Hoffman made three sets of observations on the challenges and opportunities associated with implementing the Millennium Development Goals. As summarised below, these were;

Myth vs Reality

If effectively financed the MDGs will bring about significant improvements in human welfare. For this to be achieved increased levels of well targeted and effectively coordinated aid needs to flow from developed to developing countries in a sustained manner. A critical challenge is the lack of the direct cause and effect relationship between aid flows and poverty reduction. This is particularly so when a long-term approach is adopted.

Despite aid flows of in excess of \$1 trillion since 1950, 3 out of the five poorest countries have had zero or negative growth since 1981 and many others have shown little or no growth. As a result, countries such as Ghana and Bangladesh have been recipients of extremely high level of aid and dept relief. Despite this, per capita income in HICs fell by 13% illustrating that resources were not reaching the poorest.

Whilst these challenges can not only be attributed to AID it is clear that AID alone will not achieve poverty eradication. Before attempting the MDGs we need to know what's gone wrong in the past, so we can rectify our mistakes.

Growth Matters

Economic growth in particular through job creation and higher wages offers the best and often only opportunity for poverty alleviation. Short term improvements in health, sanitation, consumption and education don't cause economic growth - improvements transmitted through labour markets do. Therefore, attempting to implement the MDGs in the absence of economic growth will have little long-term benefit. Economic growth is best achieved through the expansion of small enterprises, this is best illustrated in China where the creation of 30 million SMEs in 20 years has lifted 100's of millions of people out of poverty and reduced dependence on aid. Therefore, in implementing the MDGs we should seek in all instances to involve SMEs

Transferring Business DNA

Donors, policy workers and delivery agents responsible for current efforts in achieving the MDGs need to critically analyse their skills and rules to determine what needs to change to

to ensure the MDGs are achieved. One approach may be the integration of best practices in the development community with tool techniques and strategies from the business community. The end goal of the two communities is very similar – solving problems and producing solutions that improve people's quality of life.

GOOD GOVERNANCE FOR SUSTAINABLE DEVELOPMENT: THE NEED FOR REFORM

Ian Christie [New Economics Foundation]

In his presentation, Ian Christie spoke on four main issues: the current situation of global governance for *unsustainable* development; ecological preconditions for success in achieving the Millennium Development Goals; What global governance for sustainability must supply; proposals for innovation in global governance.

Global Governance

Institutions and decision making processes designed to protect global public goods and to apply collective ingenuity may be acting counter to their purpose, and are instead having a negative impact. It was noted that institutional quality is fundamental to development. At the national level, this requires political stability, rule of law, trust, accountability, property rights, resilience and monitoring.

Ian Christie noted that there are a number of preconditions for sound institutional development. These include for example; stable environment and security of ecological services and the absence of war. To achieve good governance a number of risks need to be overcome, including; institutional power in balance at the global level, lack of legitimacy and instability caused by unilateral activities. At the national level these include; instability as a result of premature exposure to market liberalisation and ecological disruption.

Looking at the current state of play, Ian Christie argued that despite the agenda having been made clear over a decade ago, that we are no closer to having the required outcomes. A cause of this, is that we currently are experiencing global governance for *unsustainable* development. This is the result of a number of factors including; democratic deficits; weak implementation; and poor accountability and transparency.

Providing an over-view of the global governance landscape, Ian Christie raised a number of issues to include; the fragmentation and subordination of the UN system, the lack of policy coherence and integration, and the poor representation of the ecological core of sustainable development. Post WSSD three issues challenged global governance; US dominance, lack of means of implementation and an asymmetry in priority setting. It is recognised that while the ideal type of governance exist i.e. to include democracy, multi-sector partnerships and consensus building, that this too comes with its own sets of problems and risks such as how democratic should a system be? What tensions exist between participatory processes and need for action and the reality that good governance doesn't guarantee sustainable development.

A key questions to be answered include; do sustainable development and environmental governance demand global government? And is ecological sustainability a precondition for the achievement of the MDGs? The answer to the latter at least is yes, the MDGs will be undermined unless integrated with effective ecological strategies. Anti-poverty initiatives depend

Long-term environmental stability and ecological disruption not only affects the poorest most, but also undermines political and social progress.

Current trends have put us on a path to unsustainable development including climatic disruption, soil erosion, collapse of fisheries, conflicts over limited natural resources and migration. To manage this we need good governance of the commons, this will require the setting of clear boundaries, the development of locally appropriate rules, implementation of monitoring systems, conflict resolution systems and the recognition of the right to organise. These principles could be transferred to enable sustainable trans-national governance.

Essentially we need to look at what kind of governance we want and need. Ian Christie suggested that this was not a 'global government', a 'global plutocracy' or an 'empire lite' but more a well supported global sustainability framework involving all members of civil society. He argued that good governance for sustainable development has four key requirements; a stronger role of environmental governance in the UN system, transparency, accountability and coherence in a reformed WTO, serious financing for the MDGs and CDM and competition, monitoring, checks and balances via independent global agencies. To achieve this a number of improvements will be required such as; a recognition of the pre-conditional nature of ecological sustainability; centralising climatic change; amending UN and G8 priorities.

To address these challenges, Ian Christie made 4 proposals:

- Develop a World Environment Organisation with responsibility for information dissemination, technology transfer, policy learning, innovation in financing of environmental policies in developing countries and governance of climate strategy. Within this proposal, financing of the MDGs and environmental action would also be reformed.
 - Reform the WTO to protect MEAs, allow or adopt (national) environmental standards. Within this proposal, states are urged to create a flexible institutional machinery for post-Kyoto, with or without the USA.
 - Develop a House of the Global Commons which through the inclusion of civil society and national representatives would be a second chamber of the UN, responsible for scrutinising the WTO, IMF, MEAs, MDG process and the World Bank. In addition, learning centres would be developed for earth systems governance.
 - UK to use its unique opportunity as president of the EU and Chair of G8 to reform the G8 develop a model of 'flexible network governance between nations and civil society, and to engage the US in sustainable development.
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WORKSHOPS

Mechanisms for Delivery

In order to achieve the Millennium Development Goals significant changes are required in the delivery mechanisms and efforts, both in terms of intensity and type. Whilst the goals provide a useful and a critical lens for looking at specific elements of sustainable development, in the absence of effective delivery plans, they will not contribute to development or environmental protection. As a critical element of any delivery programme capacity building is required to ensure practitioners at all levels are able to undertake effective implementation activities.

Constraints and Obstacles

Two significant challenges were identified:

1. The need to take a systems based approach:
 - a. Scaling-up activities
 - b. Ensuring strategic interactions both in terms of the actors involved, the types of activities undertaken and the level at which these are implemented;
2. The need to develop and implement capacity-building efforts driven from the bottom-up taking account of the needs of communities.

It was noted that a tension existed between these two.

Capacity Building needs a Partnership Approach

1. Partnerships are/should be developed to assist build capacity;
2. Capacity building requires donor coordination;
3. Implementation partners in capacity building programmes should be able to deliver

Seven additional challenges to the effective development of delivery mechanisms were identified as:

1. The lack of donor coordination, in particular around strategic plans e.g. NPAD, PRSPs;
2. Problems associated with obtaining long-term financing for partnerships;
3. Corruption deters investment and therefore reduces funding levels and effectiveness of capacity building for partnerships;
4. The poor lack the ability to hold their government accountable for corruption;
5. Disadvantaged and marginalized groups are unable to engage and frequently do not benefit from delivery mechanisms;
6. There are a number of problems associated with measuring the impact of delivery, resulting in a lower than expected performance, and an inability to incentivize delivery agents;
7. The current lack of participation by developing countries inhibits the development of effective delivery mechanisms which most suit their needs and expedite implementation in their countries.

Questions to be addressed:

1. What's the UN's role in all this?
2. What would capacity building for economic growth look like?
3. How can political will be built?
4. How can the role and capacity of the private sector be harnessed in achieving the MDGs?

Solutions and lessons learned

A set of six concrete proposals for strengthening delivery mechanisms for the achievement of the MDGs was put forward. These included;

1. Increase and focus the allocation of UNDPs resource and skills based towards the brokering of multi-stakeholder partnerships for the delivery of the MDGs. This would enable UNDP to place increased levels of resources into developing brokering skills at the local level;
 2. Deliver increased donor coordination around longer term strategic multi-action/actor capacity-building initiatives and partnerships. These should have a strong focus on delivering outcomes detailing clear review mechanisms enabling a high levels of transparency to be attained;
 3. Increased attention should be placed on build the capacity of communities/disadvantaged groups to enable them to engage in decision-making processes and partnership development and delivery;
 4. Enable communities to lead in the setting of priorities and sharing the outcomes through the adoption of action orientated research approaches to capacity building;
 5. Create innovative systems for mainstreaming ideas which have evolved at the local level, allowing the flow of ideas upwards. UNEP could play a role in facilitating this both economically and politically;
 6. Continue to develop international partnerships and policy networks capable of increasing political will, and support political action on key issue such as water, energy, health, agriculture and biodiversity;
 7. Partnerships should be recognised and developed as an opportune mechanism for engaging with PRSP processes in a horizontal manner.
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Streamlining the International Process

Achievements have been made in protecting the environment through the creation and strengthening of institutional mechanisms. However, a strategic approach has not been adopted to this development, resulting in a weak international environmental governance architecture. This has been exacerbated by the lack of consideration given as to how various processes, policies, laws and agreements related to one another and to the wider international system. The result is a multifaceted institutional architecture at the international level which lacks cohesion and coherence. What is needed now, are clear recommendations and signals for the achievement of a more streamlined and a coherent international governance architecture.

Constraints and Obstacles

A number of overarching challenges were identified these included:

1. A statement on the mandates of each UN agency needs to be produced to offer clarity on roles and responsibilities. This is particularly important for indicating, which agency is responsible for the inclusion of environmental considerations within PRSPs;
2. To enable civil society to work more effectively with one another, coordination of NGOs at the national, regional and international should be enabled. Any such efforts should recognise the inherent challenges and inappropriateness of attempting to harmonise NGOs;
3. A clear focus needs to be placed on strengthening the environmental pillar of policy coordination;
4. The use of 'jargonised' language is a significant barrier to engagement and implementation. Capacity building is required to enable practitioners to understand agreements and work programmes, and to enable documents to be written in a more simplified manner;
5. Governments are faced with an ever expanding set of commitments, in the absence of focus implementation at the national level becomes an impossibility;

6. A key challenge to strengthening international governance is a lack of willingness on the part of governments to relinquish any national sovereignty;
7. Whilst a clear focus is required on implementation – in particular with regards to capacity and financing - attention also needs to be paid to the process level to ensure that decisions are taken in a transparent, accountable and inclusive way;
8. Compliance at the normative level needs to be considered, taking account of rules other than judicial law.

International Level

MEAs

1. Fragmentation of the governance architecture is a result of the dispersion of MEAs;
2. An integrated approach needs to be adopted towards financing and compliance of environmental commitments, and in particular MEAs.

PRSPs

3. The environmental component of PRSPs remains weak. As a result development is promoted with little regard for its environmental impacts;
4. PRSP are not developed in full consultation with local communities.

WTO

5. Environmental agreements remain subservient to the WTO. Any discussion around the strengthening of sustainable development governance, must take account of and seek to address the WTO;
6. The WTO has a competence in world trade, it does not have the expertise, and should therefore not be charged with the task of addressing environmental matters;
7. Clear attention needs to be paid to the dispute settlement mechanism. Currently the mechanism favours trade above the environment. An innovative mechanism is required which addresses any dispute in a neutral manner;
8. It should be recognised that the intellectual depth of WTO deliberations far exceeds that of the UN and should be used as a resource;
9. The perceived use of environmental measures as a non technical barrier to trade, and as being trade protectionist are a significant obstacle in reconciling the environment with trade agreements;
10. Whilst the WTO is heralded as a powerful international organisation, the Secretariat of the WTO is critically under funded.

Reform of UNEP

11. Efforts around the reform of international environmental governance should be focused on better use of pre-existing institutions and the strengthening of UNEP, not on the development of a new organisation;
12. As a result of its unchecked evolution, the WTO now has an unmanageable agenda which is leading to a systematic weakening of the organisation. The development of a United Nations Environment Organisation should learn from this experience;
13. The manner in which a UNEO is financed will be the critical element to and indicator of its success;
14. Increased recognition and responsibility should be given to UNEPs trade department in developing greater coherence between environmental agreements and trade rules;
15. In the evolution of UNEP to a UNEO two critical questions need to be answered:
 - a. Why?;
 - b. For what purpose?

16. UNEP should have a clearly defined role in the review of the Millennium Development Goals;

National Level

1. There is a clear need to harness and develop knowledge at the national level to encourage investment;
2. Organisations at the national level may not be appropriate for the needs and requirements of that country to enable them to effectively meet their various sustainable development commitments;
3. A current lack of transparency and accountability exists within a large number of national governance structures and within national governments;
4. There is a lack of coherence in national policy and implementation activities;
5. Environment Ministries tend to lack capacity and authority to contribute to and influence decisions and policy developments at both the national and international levels;
6. Solutions tend to be project based and therefore short-term in their approach;
7. Modes and means of communication are often inappropriate resulting in insufficient availability of information;
8. In the absence of coordination at the national level stakeholders lack the ability to act in a coordinated manner;

Regional Level

1. A Memorandum of Understanding is required to set out how UN Houses are to be used to facilitate coordination between agencies, particularly at the regional level;
2. As a normative body, UNEP does not have a clear role in strengthening environmental governance at the regional level.

Solutions and lessons learned

1. The 'Intergovernmental Strategic Plan for Technology Support and Capacity Building' currently being prepared by UNEP in consultation with other agencies, governments and representatives of civil society will go in some way to providing greater coherence to international environmental governance;
2. Greater transparency in decision making processes, particularly within the WTO is required. This could be achieved through the further promotion and facilitation of meaningful stakeholder participation;
3. Efforts to coordinate procedures, such as global standard setting should be explored;
4. Common reporting procedures for MEAs would both reduce the administrative burden on those Secretariats, but would also enable MEAs to be monitored in a more coherent manner;
5. During an intervention at CSD-12 UNDP requested integrated reporting, in particular around the review of the MDGs. To assist with the achievement of this, the programme will be providing guidance on streamlined country reporting;
6. UNEP should enhance its engagement of and participation in the UN Development Group;
7. Better donor coordination is required, in particular at the regional level and between bilateral donors;
8. The role of Regional and international coordinatory bodies addressing environmental critical standards should be further explored.

Infrastructure Development

The appropriate development of infrastructure for the provision of services is critical to achieving the Millennium Development Goal and associated targets, in particular the goal of halving the proportion of people with access to safe drinking water or sanitation by 2015. With one in six people drinking unclean water, and one in three people remaining without access to basic sanitation significant efforts are required in order for the MDGs to be met.

Constraints and Obstacles

The following challenges were identified in the water and sanitation sectors;

Fragmentation of water and sanitation sector

1. Multiplicity of institutions including:
 - a. National government for policy;
 - b. Municipalities and local government for implementation;
 - c. Health authorities for sanitation;
 - d. Water resource management authorities in environment protection.
2. It is now acknowledged by the World Bank and others that water and sanitation for the poorest will continue to be provided through public entities. However such decentralisation is placing major burdens on local government who are often without the resources to plan, manage and monitor the work programmes;
3. Responsibility for water, sanitation and hygiene has been separated into different ministries. Where domestic services are integrated poor linkages are made for example between water and food, industry, power and the environment;
4. There is a current lack of mechanisms and institutions to support local decision-making for the best/most equitable allocation of water resources;
5. The water sector as a whole is not strong in making linkages with other sectors concerned with the MDGs. If water and sanitation do underpin other MDGs [as referred to by the Hon Margaret Beckett MP in her key note address to the conference] what evidence is there that the water sector works with other MDGs sectors to achieve this?;
6. Financing comes from many different streams, and in least developed countries where official development assistance (ODA) is the principal funding source, it is often not integrated into national planning and budgeting processes. For example, in Malawi, 75% of water points are provided outside the budget of the Ministry of Water Development.

Leadership

1. Clear and strong leadership is required to promote a range of alternative models of service delivery. It is questioned as to whether the over-promotion of the international private sector as a silver-bullet has resulted in a loss of confidence about promoting other models such as; public, private and civil society partnerships; using co-op movement models; working with private sector and media in social marketing of hygiene messages.

Awareness Raising

1. A current lack of awareness and understanding of the MDGs exists in the UK. An awareness raising programme is required to address this, and to gain support for the UK Government actions in achieving the goals.

Solutions and lessons learned

Three core recommendations were made to assist with the expeditious implementation of targets for water and sanitation. These included:

1. Recognise the right to water: Operationalise the service delivery aspects of the right to water; support public [and traditional] water rights and empower communities to negotiate on how water rights can be used in their favour;
 2. Replicate the small-scale: Develop processes that are cost-effective with reduced transaction costs on replicating small-scale, community manageable solutions. Don't assume that going to scale in infra-structure technology is the correct solution;
 3. Learn for other sectors: Understand how other sectors [forestry] have worked to develop community negotiation skills on conflict management for the protection of natural resources.
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Environmental Sustainability

Under the leadership of Dr Topfer, UNEP's new mantra is 'environment for development', illustrating a clear commitment to working towards an integrated sustainable development agenda. Since Stockholm, 1972 it has been widely acknowledged that development will only be sustainable if it is based on a healthy environment. However, unchecked globalisation, unmanaged trade liberalisation and the pursuit of economic growth and development without due consideration to their environmental consequences has resulted in a continued decline in the global environment. MDG 7 – Ensure Environmental Sustainability - recognises the need for development to take place in a manner that does not negatively impact on the environment.

Constraints and Obstacles

Environmental Governance

1. Smaller states, and in particular Small Island Developing States are falling behind on their environmental commitments;
2. Some regions lack altogether or have poor environmental governance;
3. In many countries and regions significant gaps exist in available environmental data due either a lack of capacity and resources to collect data, or a decline in the measurements being taken e.g. in Africa;
4. Good environmental governance should be based on the provision of information, transparency and a participatory approach, including local stakeholders;
5. A current lack of political will exists over strengthening environmental governance in a meaningful way. The reason behind this needs to be understood.
6. The appropriateness of global governance needs to be identified and discussed.

Competing Interests

7. Environmental governance and achieving environmental sustainability forces government and stakeholders to make decisions over competing interests such as environmental compliance and market access;
8. Military actions, in particular the war on Iraq and oil wars are a major derailment to sustainability.

Capacity Requirements

9. The current lack of capacity to achieve environmental sustainability needs to be addressed from a system based approach. Such efforts should be based on;
 - a. Enabling informed choices to be made;

- b. Enabling local voices to be heard;
- 10. Achieving environmental sustainability is largely dependant upon strong leadership from environmental ministries. In many cases this is lacking either due to their marginalisation or their lack of capacity to engage with and influence decision making at the national and international level.

Role of the Media

- 11. A disconnect currently exists between poor people and global governance. Mechanisms need to be identified or developed which enable this link to be made. The media may be one option;
- 12. An often overlooked element of governance is that of the media.

Local Level

- 13. In order to enable poor people to associate with global issues, they need to be made relevant to their own lives, therefore empowering them to take action;
- 14. There has been a continuous decline in the enthusiasm for Local Agenda 21. This is cause and a result of government action becoming piecemeal at the local level;
- 15. A change in the incentive structure is required to encourage a change in behaviour and activity in particular at the local level;
- 16. Through learning from passed experiences, alternative solutions need to be identified at the local level. Such solutions should recognise a diversity of models dependant upon national and regional characteristics.

Trade and Finance

- 17. Achieving environmental sustainability is being compromised by an aggressive pursuit of trade liberalisation. Whilst it is recognised that some liberalisation may be beneficial, the negative impacts that this could have on for instance the marine environment should not be unchecked;
- 18. The trend of globalisation will pose a significant threat to environmental sustainability unless corporate governance is addressed;
- 19. The greatest incentive to ensure compliance or a change in behaviour is cost. The practicality of internalising environmental costs is one fiscal measure which should be further explored;
- 20. A current inequity exists between trade rules and environmental measures, this needs to be addressed if we are to make any progress in achieving environmental sustainability;
- 21. New funding mechanisms need to be identified to assist with the protection of biodiversity.

Integrated Agenda

- 22. Drawing inter-linkages between environmental challenges such as climate change and biodiversity are critical to developing appropriate solutions. This would most appropriately be addressed at the local level;
- 23. Urbanisation is identified as a more immediate environmental challenge than climate change;
- 24. Adopting a holistic approach, both global and local problems need to be addressed.

Learning from Experience

- 25. Politicians and policy makers often do not have a grasp of environmental systems, feedbacks and the risks posed by unintended consequences of their actions. There is a critical need for the training of decision makers in this area;

26. Lessons from the use of perverse incentives have not been learned in policy development. Contradictions still exist between UN agencies, government departments and local implementation actors;
27. The 'policy elites' for example within the G8 are insulated from the physical and emotional realities of unsustainable development. Subject to security needs, leaders and decision makers should be shown and appreciate the decline in biodiversity, the environmental consequences of conflict and perverse policies as well as positive projects.

Consumer Choice

28. The importance and fragility of biodiversity needs to be better communicated to consumers to enable them to enhance and use their consumer power to protect the environment;
29. There is a current lack of information available to the general public on the environmental impacts of their life-style choices.

Integrating the Development and Environment Agenda

30. The development and environment agenda often clash, it is critical that they are addressed in a coordinated and coherent manner in order to achieve sustainable development;
31. Critically environmental issues need to be better and more appropriately communicated to the development community;
32. The gap between environment and development is in critical need of address.

Solutions and lessons learned

In addressing potential solutions to achieving environmental sustainability, eight recommendations are made;

1. Phase out environmentally perverse subsidies;
2. Introduce incentives and penalties to ensure compliance with environmental agreements and commitments at the national level. This might include for example exclusion from the UN/WTO if governments do not sign up to Kyoto;
3. Integrated environmental considerations and measures into economic, trade and development policies;
4. Capacity building is required to ensure linkages are made between PRSPs, the environment and the WTO;
5. Whilst recognising the importance of adopting a global perspective in addressing environmental challenges, focus should be paid to the development of local solutions;
6. Solutions to environmental problems need to take into consideration local, national and regional characteristics, building on experience gained at the local level. Such solutions should include the development of environmental rules, and the communication of how a declining environment will negatively impact peoples lives and prosperity;
7. Local authorities should be further empowered to ensure sustainable development initiatives are driven forward at the local level, including through the full involvement of local communities;
8. Links should be drawn to best value through the inclusion of sustainability in a comprehensive performance assessment;
9. Despite the participation of stakeholders in policy, decision making and implementation being recognised as critical, current models of stakeholder engagement are designed to fail. An analysis of stakeholder participation in environmental governance and the development of an inventory of best practice needs to be undertaken.

Financing for Development

In the absence of adequate financing poverty alleviation and development - particularly in less developed nations - will remain largely unattainable. The numerous pledges and commitments made by developed states to increase resources allocation to developing countries remain largely unfulfilled. As a result, the international community needs to consider innovative ways to mobilise and equitably distribute resources for development, such as the International Financing Fund proposed by the UK. In addition to this, mechanisms are required to promote coherence and an integrated approach to financing for development, and to ensure that developing countries are meaningfully involved in the decision making processes of IFIs and particularly the Bretton Woods Institutions.

Constraints and Obstacles

The following challenges were identified as inhibiting the realisation of financial commitments to development:

An Integrated Approach

1. Lack of coherence in policy and a duplication of efforts exists between UN agencies, the World Bank and other IFIs;
2. A great deal of aid provision happens in isolation causing 'aid silos'. An integrated approach is required to ensure resources are allocated effectively and equitably;
3. Military activity and the security agenda has dominated the development scene resulting in a diversion of aid to conflict countries;
4. Those in poverty are at the greatest risk from any decline in the economy or environment.

Good Governance

5. Bureaucracy results in slow and inefficient procedures causing a delay in the distribution and allocation of resources;
6. There is a lack of transparency and accountability in financing for development at both the national and international levels;
7. The provision of aid has become highly politicised and is often biased by other non development objectives. This is a particular challenge in bilateral aid agreements;
8. Supported by the development of PRSPs aid should be demand driven, this would help to overcome local planning deficits, support sustainability and the democratisation of donor support.

Resource Provision

9. Commitments to identify and release new and additional sources of financing have not been realised. As a result there are insufficient levels of aid being made available to deal with even the most critical of development issues.

Perceptions

10. Developing countries and economies in transition have been left with a lack of trust in donors and have been left disillusioned as the provision of aid is often surrounded by hypocrisy;
11. Aid currently has a poor image, this is exacerbated by lack of marketing;
12. Inappropriate or 'unfortunate' terms are used such as grants and loans.

Solutions and lessons learned

The following sets of recommendations were made to improve the provision of aid for development:

1. Increase levels of aid, by ensuring donor governments meet their commitment of allocating 0.7% of GDP to ODA;
2. An increased proportion of aid should be allocated to multilateral organisations to assist them deliver their programmes on the ground;
3. Developing countries should be empowered as a consumer and encouraged to use their choice to most benefit and address their development needs.

Innovative Mechanisms

4. Provide a full and clear explanation to the international community and to UK civil society on exactly how the International Financing Facility will work;
5. Further support should be provided to regional initiatives and in particular to NEPAD;
6. The UK Government should publish figures on the amounts of aid they give, and the distribution of this;
7. New and innovative financial mechanisms should be explored such as an international development tax;
8. The provision of small loans or other innovative mechanisms should be used to initiate livelihood improvements in least developed countries, by enabling communities to assist themselves;
9. The EU should be given an ultimatum to ensure the ring fencing of aid to specific causes and countries;
10. An increase in bank lending to developing countries and in particular the least developed of these, would increase their ability to choose how to allocate spending to national development priorities.

Good Governance

11. Improvements should be made in the way budgets are set, including transparency in the charging and allocation of taxes and revenues;
12. Developing countries, and in particular the poorest of these should be fully involved in the setting of international financial standards;
13. Developing countries and the least developed of these should be fully involved in a review of PRSPs;
14. Reduce or remove the red taps and bureaucracy;
15. Ensure better management systems for the provision of aid through improved coordination and adopting a results-based approach;
16. Implement the Rome Declaration on Harmonisation¹.
17. Aid for development should respect people's needs and rights;

CONCLUSIONS AND WAY FORWARD

CONCLUSION

A declaration agreed at a meeting of multilateral, bilateral development institutions, representatives of IMF, other multilateral financing institutions and partner governments to reaffirm their commitments to eradicating poverty, achieving sustained economic growth and promoting sustainable development. The deliberations focused on harmonising operational policies, procedures and practices of their institutions to improve the effectiveness of development assistance.

2005 will be an extremely significant and important year, both internationally with numerous multilateral processes coming together, but also for the UK as the country takes up the position of Chair of the G8 and the Presidency of the European Union.

Stakeholder Forum will be inputting into the Dutch Luxembourg and UK Presidency. Stakeholder Forum as a result of this conference, further encourages governments to empower and engage civil society in the preparations for and delivery of the 2005 agenda. It will be reviewing the modalities of the Secretary Generals paper when it appears and feeding into governments thoughts on the review