



United Nations Environment Programme

PERSPECTIVES

ISSUE No 4

Environmental and Sustainability Governance – Thoughts from an Industry Perspective

Thomas R. Jacob*

Introduction and Summary

Expectations for a more sustainable future that were kindled in the 1992 UN Conference on Environment and Development in Rio¹ have not been met. It is generally accepted that governance and the global institutions governments create must change to better advance sustainable development. That is why the topics of an **Institutional Framework for Sustainable Development (IFSD)** and the related **International Environmental Governance (IEG)** will be primary themes to be dealt with at the upcoming UN Conference on Sustainable Development (Rio +20).

The tasks of redefining IFSD and IEG will not be straightforward, however. Rio +20 is not merely designing (or redesigning) institutions to fill gaps. There is a need to re-think our approach to governance. There are huge **Forces of Change** challenging our traditional approaches to governance. The pressures of globalization are particularly significant and they are changing in fundamental ways the character of the “governance” challenge. The environmental dimension of the sustainability triad has also been evolving in ways that are testing the limits of our governance institutions. And the nature of sustainable development, itself, is a challenge to historic approaches to governance in response to global problems.

There is also an extraordinary **Opportunity** that has been created by the significant progress in advancing sustainability over the past 20 years. This can be leveraged far more effectively. Adaptation has been occurring particularly within Business & Industry, and much of that change has been in the direction of globally stronger, more responsive attention to environment and sustainability. That adaptation can play an extremely important role in advancing sustainability globally, if the governance frameworks recognize and embrace it.

1 Output of the 1992 UN Conference on Environment and Development is contained in Agenda 21, accessible at: <http://www.un.org/esa/sustdev/documents/agenda21/english/Agenda21.pdf>

A UNEP publication series that presents views from Major Groups and Stakeholders of Civil Society or about issues that are relevant for them. PERSPECTIVES is coordinated by UNEP's Major Groups and Stakeholders Branch/ Division of Regional Cooperation. The presented views are entirely those of the authors and do not necessarily reflect the views of UNEP.

These realities have significant **Implications for Governance**. It will not be “business as usual” for the governments and their global intergovernmental organizations (IGOs). The conventional approach of defining a problem and creating an entity to address it will not significantly advance “Sustainable Development.” Instead, leadership and high-level commitment from both the governments and their global IGOs will be needed, dedicated to delivering more coherent and coordinated direction at both the country and intergovernmental levels. Governments will also have to redefine their relationship to the key non-governmental actors, and effectively leverage the positive change occurring there.

Forces of change

The fundamental challenges to which governments must adapt are driven by globalization, the evolving nature of the environmental dimension, and the integrative nature of Sustainable Development, itself.

Globalization

In a sense, this is all about the forces of globalization. These forces are challenging sovereign control. The economic and social systems of most sovereign states were once largely self-contained. Outside influences were limited and to a significant degree controllable. That is no longer the case. The impact of forces such as the internet and related telecommunication advances has been huge. The evolution of transportation technologies has shrunk the world and delivered its own social and market implications.

Markets and trade have been fed by these developments, and have evolved to global scale in many areas. Key to that extraordinary acceleration of global markets was the dissolution of Communist economic ideology in the late 20th century. The emergence of China and India, in particular, has shifted eastward major centers of gravity in numerous markets. It has led to unparalleled connectivity in the global economy; and to unparalleled prosperity in both of those huge population centers and a host of other developing nations.

All of these have contributed to the extraordinary spread of economic and social linkages that have become increasingly prominent in the affairs of nations all around the globe. This all reflects an erosion of sovereign control. The forces shaping national economic and social affairs are no longer self-contained within any one nation. Intergovernmental cooperation and coordination are now required. But such coordination carries its own challenges. Nation states are acutely conscious of the pressures of globalization and the tradeoffs in sovereign control invited by coordinated response to them.

The Changing Face of “Environment”

The rapid evolution of “environment” is both a fundamental driver of sustainable development and one of the major challenges in advancing it. Its entry into the sustainable development triad is relatively recent. It has only been in the past 50 years that environment has come to prominence paralleling the social and economic dimensions.

In contrast, the social and economic institutions have been evolving over millennia; and long ago became central features of the nation states that evolved around them. The institutions spawned by our environmental concerns are only just now taking



shape. In many respects, environment is not yet mature as a focus of attention and awareness, even at the national level. That reality has huge implications for both IEG and IFSD.

Most governments have some measure of environmental governance, but far fewer have institutionalized sustainable development in its broader context. Even with environmental governance, both science and awareness have evolved significantly. Institutions of governance are being tested by developments in the environment and sustainability areas.

We have become more and more conscious of extra-territorial impacts of pollution that are posing problems for governance limited by sovereign bounds. And with the evolving science, our attention has migrated from facility-specific concerns and their visible insults to the environment, to less direct human and environmental impacts associated with products. This includes more systematic attention to the life-cycle impacts of products, involving entire global value-chains.

Products are now produced, marketed and in some cases disposed of in multiple jurisdictions, so the limits of sovereign authority and traditional notions of direct regulatory control become a challenge. Even though the attention of the environmental community is increasingly focused on these life-cycle, product-centered concerns, no government has yet institutionalized a comprehensive response to them.

The environmental frontier is migrating as it matures, and governments (as well as business & industry) are struggling to adapt to that. In many aspects there is still not yet a common vision of what should be addressed on this frontier, let alone what institutional structures would best enable that. It is becoming increasingly apparent, though, that international coordination will be central to the environmental dimension of sustainable development.

The “integrative” Nature of Sustainable Development

Governments typically try to address a problem by designing a process or institution to address it, with minimal interaction with existing institutions. This is evident in the compartmentalized IGO structures that have evolved as governments (often different arms of the same governments) have chosen to address separately various areas of concern. We are left with a patch-work of IGOs, each functioning relatively independently.

The concept of sustainable development, however, is an insightful leap beyond that. At its core is recognition that the social, economic and environmental dimensions are inherently interrelated. “Sustainable development” is less an attainable external state than it is a mindset that takes all three dimensions into account when decisions are being made. The challenge is therefore not one of creating new institutions, but of getting existing institutions to deliver mutual awareness and respect, recognizing that actions in one area can affect the other two. Among intergovernmental institutions, it is often quite the contrary that prevails: they jealously guard against encroachment.

Overcoming this and delivering true integration of the sustainability dimensions will not require new authorities. But it will have to be made a priority, and be backed-up by the authority of firm expectations from the governments, delivered clearly and consistently to all relevant IGO regardless of whether they are dominantly economic, social or environmental. This may be the greatest challenge in governance to be faced in Rio.



Opportunity

Sustainable development cannot be delivered by governments alone. We will truly be on the road to sustainable development only when institutions ranging from governments to industry to households instinctively understand the interrelationships of social, economic and environmental order, and adjust their actions accordingly.

Fortunately, many of the major institutional actors outside of governments have already begun this adjustment. It has only been 20 years since the initial Rio Conference for the first time focused the attention of the world on “sustainable development.” The global penetration of these ideas and the way that institutions have adapted to them in that short time is quite remarkable. The challenge for governments and intergovernmental institutions is to recognize, reinforce and leverage this to reach even more broadly and deeply.

Adaptation within Industry

Global industry is a particularly important example of how non-governmental organizations are adapting to the heightened awareness and concern with sustainability. Companies evolved the ability to mobilize resources globally. Societies, particularly over the last century, came to rely upon corporate enterprise to deliver goods and services on an increasingly mass scale. They still do, but that scale has reached the level where it is threatening the environment upon which we depend. Increasingly, companies have come to realize that responsible corporate citizenship is taking on new dimensions as a result. It is coming to extend to social and environmental responsibility, as well, on a global basis.

Evidence of the penetration of these ideas within industry is broad and growing. For example, the *KMPG International Survey of Corporate Responsibility Reporting 2011*² showed that 95% of the 250 largest companies around the globe now report on broader measures of corporate responsibility, not just financial performance. The report showed 80% follow the Global Reporting Initiative (GRI)³ standards that are widely regarded as the most highly developed, combining environment, social and governance reporting. Global industry leadership is responding to rising expectations.

Those global leaders are typically at the hub of enormous global supply- and distribution-chains – “value-chains”. Efficiently mobilizing such vast networks requires them to overcome the constraints of geopolitical and social boundaries – they must find ways of communicating and organizing consistently and effectively across many boundaries. It is an expertise that is very highly evolved in global corporations; and the instinct to standardize approaches to common challenges is now deeply imbedded. That instinct is increasingly being applied to meet expectations around environment and sustainability.

The 2011 report on *Keeping Track of Our Changing Environment*⁴, by the United Nations Environment Program (UNEP)⁵, for example, cites the 230,000 company certifications under the Environmental Management Standard of the International

2 KMPG International Survey of Corporate Responsibility Reporting 2011, KMPG International, 2011; <https://www.in.kpmg.com/SecureData/aci/Files/corporate-responsibility2011.pdf>

3 Information on the Global Reporting Initiative is available at: <https://www.globalreporting.org/Pages/default.aspx>

4 *Keeping Track of Our Changing Environment*, United Nations Environment Program, 2011, http://www.unep.org/geo/pdfs/Keeping_Track.pdf

5 See: <http://www.unep.org/>



Organization for Standardization⁶ (ISO 14000) in 2009. That standard didn't even exist until 1999. Management standards such as ISO 14000, ISO 9000 (Quality Control) and ISO 26000 (Corporate Social Responsibility) are important to industry as tools through which to achieve a "common currency" of quality, responsibility and practice. For purposes of IFSD and IEG, however, it is useful to consider them as highly developed tools that are very effective at disciplining very complex global value chains. These tools are already beginning to spread the "sustainability mindset" even in the furthest reaches of the globe; and should be recognized, encouraged and rewarded.

Sector-Specific Responses: Perhaps more important to the specifics of Agenda 21 is the fact that this broadening of awareness and engagement is paralleled in many industries by deeper efforts to establish more sustainable practices within particular sectors and value-chains.

The International Council of Chemical Associations (ICCA)⁷, for instance, has a number of initiatives advancing sustainable development themes. Responsible Care®, for example, is the chemical industry's global initiative that drives continuous improvement in health, safety and environmental performance. Launched in 1985 by the Canadian Chemical Producers' Association, it is now a Global Charter, involving over 50 national chemical manufacturing associations. Through them it reaches thousands of chemical sites around the world, driving standards of health, safety and environmental performance even where there are not highly developed regulatory systems. The industry now has added a Global Product Strategy, applying similar approaches to improve the industry's management of chemicals throughout the value chain.

Another example of adaptation by industry is the Greenhouse Gas Protocol⁸, developed jointly by the World Business Council for Sustainable Development (WBCSD)⁹ and the World Resources Institute (WRI)¹⁰. This pioneering work began in 1998 and has established the foundation for greenhouse gas accounting that now underpins critical government programs such as the Kyoto Protocol and the EU Emissions Trading System. It grew out of a joint recognition by WRI and WBCSD that there was a major technical gap emerging that had to be filled by a fundamentally new global standard.

This type of adaptive response to the growing environmental and sustainability concerns is mirrored in numerous industry initiatives at many levels, such as:

- the chemical industry's support of the joint UNEP-UNIDO Resource Efficient and Cleaner Production (RECP) Programme¹¹,
- the WBCSD's Cement Sustainability Initiative (CSI)¹²,
- the International Council on Mining and Metals' Sustainable Development Framework¹³,

6 Information on the various ISO standards, including ISO 14000:2004 and ISO 26000:2010, can be obtained at http://www.iso.org/iso/iso_catalogue.htm

7 For information on all the ICCA programs, see: <http://www.icca-chem.org/>

8 Information on the Greenhouse Gas Protocol and related developments is available at: <http://www.ghgprotocol.org/>

9 See: <http://www.wbcsd.org/home.aspx>

10 See: <http://www.wri.org/>

11 See: http://www.unep.fr/scp/cp/unep_unido_prog.htm

12 See: <http://www.wbcsdcement.org/>

13 See: <http://www.icmm.com/our-work/sustainable-development-framework>



- the World Bank's public/private Global Gas Flaring Reduction partnership (GGFR)¹⁴,
- the UNEP-initiated Partnership for Clean Fuels and Vehicles (PCFV)¹⁵, and
- WBCSD's Tire Industry Project¹⁶.

As these examples illustrate, industry (often in conjunction with others in civil society) is taking more ownership of environmental and sustainability performance. Critics can certainly have differences with the details of any of these initiatives, but collectively they represent significant, systemic movement toward more sustainable practices.

The Opportunity: Better-Integrate Non-Governmental Actors

Non-governmental actors can help deliver on sustainability even where States and IGOs cannot. Business and industry and others among civil society are already organizing and advancing environmental and sustainability awareness and responsiveness. Many of these initiatives are delivering standards and practice that historically would have been the purview of government regulators. This represents a significant evolution in the world of governance. It is enabled by the capacity of industry and other key civil society players to mobilize ideas and organize globally.

It also represents the growing realization that environment and sustainability are a shared responsibility – shared among governments, intergovernmental organizations, and the non-governmental organizations that can and are working to deliver practical real-world progress. In the context of IFSD and IEG, that recognition of a shared responsibility poses an enormous opportunity, but it needs an approach to governance that will support and nurture this evolutionary expansion of the role of business and others in civil society.

The opportunity is therefore presenting itself in Rio +20 to rethink the traditional role of governance and the role which non-governmental actors play. We are at a stage in the evolution of our civilization where it should be possible to recognize and leverage the capabilities of civil society, including business & industry, and the significant effort already underway that is advancing more sustainable practices.

The implications for governance

The framework of global governance cannot deliver sustainable development in isolation. IFSD and IEG can, however, strengthen the role of governments and government resources in advancing sustainable development. They can also enhance the momentum building in industry and the rest of civil society. It is important to realize that, while there are certain general considerations applicable to both IFSD and IEG, the two really are quite distinct.

General Considerations

Governance structures at local, regional, national and global levels need to be aligned and mutually reinforce each other to deliver on the promise of sustainable

14 See: <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTOGMC/EXTGGFR/0,,menuPK:578075~paePK:64168427~piPK:64168435~theSitePK:578069,00.html>

15 See: <http://www.unep.org/transport/pcfV/>

16 See: <http://www.wbcds.org/work-program/sector-projects/tires.aspx>



development. Ultimately, though, the nation-states are key. Fundamentally sound governmental structures within the nation-states must include a stable economic environment governed by the rule of law. This should include safe and stable communities, strong contractual arrangements, effective intellectual property rights protection, and multilateral rules-based trade and investment. Only when that is all in place can states meaningfully develop and drive integration of social, economic and environmental governance at the national or global level. It is only if that is in place that business & industry and the rest of civil society can deliver on their shared responsibilities.

For advancement toward sustainable development, there must, indeed, be shared responsibility. It must be shared among the governments, their intergovernmental organizations, business & industry and the rest of civil society. The institutional framework of governance must reflect and reinforce this. The governments cannot turn to their historic practice of framing yet more institutions to manage separately yet more bits and pieces of the challenge. The need is for more coherence, not more compartments – to enable the right frameworks so that all actors can deliver on that shared responsibility.

That must also extend to more effective integration of the constructive work being done by non-governmental organizations, particularly business and industry, to advance sustainable development. There is no standardized approach to civil society engagement among IGOs. Programs differ and constituencies differ. To capitalize on both the capacity and the initiative of civil society, though, a more direct role in IGO programs is in order. An example of how to build that into our governance regimes may have been cultivated at the program level under UNEP's Strategic Approach to International Chemicals Management (SAICM)¹⁷. Under SAICM, from its earliest stages, the key stakeholders from among civil society (in this case business & industry, labor and the NGO community) have been centrally involved, even to the point of having seats on the SAICM Bureau.

This has provided a unique model to demonstrate that non-governmental actors and governments can productively share ownership of international processes. There may be limits to how broadly this can be generalized or "scaled-up," but at the program level where there are clear constituencies among the major groups, this may well be a key to recognizing and capitalizing on the progress already being made by non-governmental actors. Rio +20 must ensure that structures, programs and regulations enable their role.

Sustainable Development/IFSD

An Institutional Framework for Sustainable Development must span the range of global IGOs dealing with the social, economic and environmental challenges. Serious progress toward sustainable development on a global scale will only occur when all of the IGOs are functioning to be mutually supportive. That will require a fundamental shift in thinking and approach to their respective programs. That will only happen when the national governments that steer them demand it and work to ensure that it happens.

That is a tall order, given that few (if any) of the states have yet fully integrated this perspective; and that each of the IGOs has been created independently to meet its own mission, with mandates and legal constraints fashioned accordingly. This is the

¹⁷ See: <http://www.saicm.org/index.php?ql=h&content=home>



reality that must temper our expectations for Rio. We cannot expect change that will somehow bypass that evolution at the national level and deliver us to some ultimate global sustainability structure. We can, however, set the stage for meaningful change within the existing framework.

Structural Considerations: The starting point for structural modifications should be an emphasis on refining what we are already doing, to make it more fully responsive across the dimensions of sustainable development. It is not about adding major new agencies or structures. It is about stitching together the existing ones in ways that make sense from a sustainable development perspective.

In the present structure, the component of the UN system focused primarily on delivering “Sustainable Development,” the Commission on Sustainable Development¹⁸, seems largely disconnected from the agencies and institutions it should be working with. The impression can easily be had, as well, that initiatives in the name of advancing sustainable development are oriented more toward advancing environment. The predominance of environment portfolios among government participants in CSD, and the focus on “Mainstreaming Environment” within the UN Development Group (UNDG)¹⁹ are just two examples.

If, indeed, the dominant focus is to cultivate sustainable development, this tendency to view challenges through the narrow prism of “environment” must be shed. A couple of general considerations in structure are in order:

- **Awareness and understanding of each domain of the sustainability triad (social, economic, environmental) should ultimately be mainstreamed into the thinking and programs of the others.** No domain (or its primary institutions) should be isolated from the mainstream of UN policy. The ultimate goal must be to deliver sufficient understanding that programs in all three dimensions can be mutually supportive.
- **Responsibility for ensuring and overseeing that integration as a priority should be higher and more central within the primary UN hierarchy.** It should not be vested within any institution focused primarily on any one of the three domains. While some in the environmental community view UNEP or the Environmental Management Group (EMG)²⁰ as logical choices, sustainable development is neither an extension of the environmental dimension nor the purview of environmental leadership.

Specific Needs: There are a number of more specific needs that should be integrated into the Institutional Framework for Sustainable Development. In its submission to the Zero Draft for Rio, the primary industry vehicle for input, Business Action for

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_14844

