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GLOBAL MINISTERIAL ENVIRONMENT FORUM

INTERNATIONAL ENVIRONMENTAL GOVERNANCE

Report of the Executive Director

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INTRODUCTION

1. As we approach the World Summit on Sustainable Development to be held in 2002, the environment remains high on the international agenda. Significant achievements have been made during the last 30 years. Since the Stockholm Conference on the Human Environment and the 1992 United Nations Conference on Environment and Development (Earth Summit), steady progress has been made which has resulted in the establishment of a variety of institutional mechanisms designed to address specific environmental issues as well as the interface between the economic, social and environmental aspects of development.

2. These institutional mechanisms have, however, often been created without due consideration of how they might interact with the overall system and questions have increasingly arisen concerning the coordination of this multifaceted institutional architecture. The continued sustainability of the planet predicates a balanced approach, with due recognition of the principle of common but differentiated responsibilities, integrating environmental protection, economic growth and social development fully in both policy formulation and implementation. However, as noted in the recently released report of the Secretary-General on the implementation of Agenda 21, despite the efforts made to achieve sustainable development, progress has been slower than anticipated and in some respects conditions are worse than they were in 1992.

3. This unfortunate situation, coupled with the continued destruction of the natural resource base, declining financial resources and the realization that environmental problems are of such magnitude that the international community must address the continued sustainability of the planet in a more coordinated and coherent manner, have resulted in an awareness that the international institutional architecture dealing with environmental issues must be strengthened. A series of intergovernmental decisions have addressed this issue and a number of initiatives have been launched to develop proposals on how the system could function better.

4. The 1997 Nairobi Declaration on the Role and Mandate of the United Nations Environment Programme adopted by the Governing Council of UNEP and endorsed by the United Nations General Assembly, clearly establishes the United Nations Environment Programme (UNEP) as “the principal United Nations body in the field of the environment” and clarifies its role as the “leading global environmental authority that sets the global environmental agenda, that promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system and that serves as an authoritative advocate for the global environment”.

5. During 1998, within the overall reform effort of renewing the United Nations, the Secretary-General appointed the United Nations Task Force on Environment and Human Settlements which finalized its work in 1999 with the adoption of the report of the Secretary-General on environment and human settlements. The work of the Task Force focused on a number of aspects, including inter-agency linkages, intergovernmental forums and the involvement of major groups, information, monitoring, assessment and early warning and the revitalization of UNEP and the United Nations Centre for Human Settlements (UNCHS) (Habitat). Its recommendations were considered by the Governing Council and adopted by the General Assembly in its resolution 53/242. One of these recommendations dealt with the establishment of an environmental management group to address the issue of improving coordination between agencies and between environmental conventions. The Group held its first meeting in January 2001. A second recommendation of the Task Force dealt with the creation of a global ministerial environment forum that would meet annually on the occasion of the Governing Council.

6. The first meeting of the Global Ministerial Environment Forum, held in Sweden in May 2000, adopted the Malmö Ministerial Declaration which focused on crucial areas such as major environmental challenges of the twenty-first century, the relationship between the private sector and the environment, civil society and the environment and the 10-year review of the implementation of the outcome of the Earth Summit. As all these areas impact on the role of the environment in an increasingly global policy outlook, Governments agreed that the 2002 World Summit on Sustainable Development should review the requirements for a greatly strengthened institutional structure for international environmental governance based on an assessment of future needs for an institutional architecture that has the capacity to effectively

address wide-ranging environmental threats in a globalizing world. The role of UNEP in this regard should be strengthened and its financial base broadened and made more predictable.

7. This conclusion was based, in part, on the present proliferation of structures, agreements and conferences, which has resulted in a heavy burden on developing countries in particular, many of which simply do not have the necessary resources either to participate in an adequate and meaningful manner, or to comply with the complex and myriad reporting requirements associated therewith. It is also becoming apparent that weak policy coordination is resulting in missed opportunities to enhance coherence and synergy among the various instruments. The number of legal agreements dealing with environment and sustainable development is increasing while the average time taken to negotiate each treaty is decreasing. At the same time, the scale of problems to be addressed has widened – from the regional through the hemispheric to the global – while the number of sovereign States that have to participate in the negotiation of such legal arrangements has gradually burgeoned. This proliferation has placed additional burdens on many countries, particularly in respect of domestic coordination. In this regard, cognizance needs to be taken of constraints faced by developing countries in terms of their limited capacity, financial resources and lack of access to technological expertise. Whereas the creation of the various legally binding conventions and protocols on the environment constitutes an outstanding achievement on the part of the international community, it also raises the need for continuing policy coherence among the various instrumentalities that exist in this area at both the inter-agency and intergovernmental levels.

8. It is against this background that, at the twenty-first session of the Governing Council, in February 2001, Governments expressed increasing concern that the current governance structures do not meet the needs of the environmental agenda and addressed the issue of international environmental governance. In decision 21/20, the Council provided for the further strengthening of UNEP, while decision 21/21, on international environmental governance, built on such elements as the 1997 Nairobi Declaration and the report of the Secretary-General on environment and human settlements and also called for a comprehensive policy-oriented assessment of existing institutional weaknesses as well as future needs and options for strengthened international environmental governance, including the financing of UNEP.

9. A new model of international environmental governance must be predicated on the need for sustainable development that meets the interrelated social, economic and environmental requirements. The environmental problems of today can no longer be treated in isolation. They are inextricably linked to social demands, demographic pressures and poverty in developing countries, counterposed against excessive and wasteful consumption in developed countries, which negatively impact on longer-term sustainable use of natural resources. In addition, any approach to strengthen international environmental governance must command credible universal commitment and ownership on the part of all stakeholders, an undisputed authoritative basis and adequate, stable and predictable funding.

10. Most of the views expressed on the reform of international environmental governance tend to support an incremental approach to strengthening and streamlining the current international environmental governance structure, with the starting point being the strengthening of the authority and mandate of UNEP, in consonance with what was foreseen in General Assembly resolution 2997, and for it to play the role of a global environmental authority effectively, as envisaged in the 1997 Nairobi Declaration. The proliferation of legal instruments and proposals for umbrella conventions and the costs of geographical dispersal must also be addressed. Although promising steps were initiated by the General Assembly in resolution 53/242 and in a number of Governing Council decisions, the momentum must be maintained.

11. A wide range of options related to new international environmental governance structures have been proposed and large volumes of literature have been circulating on this topic. However, in considering these options, it must be clear that any new institutional structure will have to address the current deficiencies in coordination of policy. In this context the Secretary-General's report on the implementation Agenda 21 also refers to the apparent discordance between policies in the areas of finance, trade, investment, technology and sustainable development, citing the need for improved coherence. In addition, the crucial concerns of the developing world regarding capacity-building efforts, the transfer of environmentally sound technologies and a corresponding set of financial strategies, have to be taken into consideration and any future agreement

on the way forward will therefore have to include a commitment by developed countries to additional responsibilities

12. Since the adoption of UNEP Governing Council decision 21/21 on international environmental governance, four meetings of the Open-ended Intergovernmental Group of Ministers or Their Representatives on International Environmental Governance have been held in New York on 18 April, in Bonn on 17 July, in Algiers on 9 and 10 September, and in Montreal on 30 November and 1 December 2001. At the first meeting, delegations expressed their generally positive sentiments concerning the report of the Executive Director on international environmental governance (UNEP/IGM/1/2) and agreed that the report should be considered a "living document" and be periodically updated to reflect the status of intergovernmental deliberations as the process proceeded.

13. Both the New York and Bonn meetings benefited from a rich exchange of views among delegations. At the first meeting, the moderator, Ambassador Raul Estrada of Argentina presented the following conclusions:

(a) Participants expressed the view that there was a need for a better definition of international environmental governance. The process should be evolutionary in nature, rather than revolutionary;

(b) In line with Governing Council decision 21/21, the process of international environmental governance should be seen within the broad context of sustainable development;

(c) The series of meetings concerning international environmental governance should lead to comprehensive inputs to be incorporated in the preparations for the World Summit on Sustainable Development and presented for consideration by the Summit itself;

(d) There was a need for further analysis of the present shortcomings at the international level. More time was required to study and reflect on the content of the Executive Director's report. Governments might present their reactions in writing;

(e) Certain points went beyond the mandate of environment ministers and therefore required the involvement of other branches of government;

(f) Consensus emerged on the need to strengthen UNEP and ensure enhanced, more reliable and more predictable funding for UNEP;

(g) Dispersed headquarters of secretariats and meeting venues imposed increasing costs and efforts on all countries, particularly developing countries, whose involvement and participation must be facilitated;

(h) Prudence was recommended while considering institutional changes and a preference for better use of existing structures was suggested, as well as coordination of multilateral environmental agreements at the levels of secretariats and bureaux. Clustering of agreements acting in similar fields was also flagged for further consideration;

(i) There was general support for the effective participation of stakeholders (other than Governments) in the process and the need to facilitate adequate representation of the civil society of developing countries;

(j) It was important to ensure that developing countries were present and effectively participating in the process of international environmental governance. An all-inclusive, transparent process should be ensured.

14. At the Bonn meeting, further to an exchange of views on a set of questions posed by the Executive Director and related to international environmental governance (contained in document UNEP/IGM/2/CRP.1), the Chair presented the following conclusions:

- (a) The role of the Governing Council/Global Ministerial Environment Forum and its potential to serve as the umbrella environmental policy and coordination body in the field of the environment was highlighted;
- (b) A solution to the financing of international environmental activities was considered vital. The need for additional financing was underscored, as was the need for stable, adequate and predictable funding for UNEP and the need to examine the possibility of establishing an agreed system of assessments, based on the United Nations scale of assessments;
- (c) There was a sense that the proliferation of meetings, agendas and institutional arrangements not only contributed to the loss of policy coherence but also lessened the impact of the limited resources available as a result of fragmented action;
- (d) There was support for the mainstreaming of environmental considerations into decision-making in other social and economic sectors, including at the national level, and for international environmental governance to become an integral component of sustainable development governance;
- (e) There was support for further examination of clustering of multilateral environmental agreements and further consideration of questions related to location as well as programmatic cooperation between UNEP and those agreements;
- (f) Any new system of international environmental governance must take into account the constraints and needs of developing countries and take an evolutionary approach. It should also take into account the principle of common but differentiated responsibility;
- (g) It was considered important that environmental considerations should be taken into account in the work of international financial institutions and trade institutions, particularly the World Trade Organization, and that UNEP should play a greater role in that regard;
- (h) The need for continued efforts in developing a coordinated approach within the United Nations was supported, as was a strong role for the Environmental Management Group to enhance efficiency and eliminate gaps and duplication;
- (i) Given the increasing trends of environmental degradation, it was considered important to strengthen UNEP's capacity for environmental monitoring, assessment and early warning and the provision of relevant information to countries;
- (j) The need for increased regional cooperation and strengthened regional mechanisms was supported;
- (k) There was support for ensuring full implementation of General Assembly resolution 53/242 as a basis for further strengthening of governance;
- (l) The important role of civil society in international environmental governance was highlighted and it was recognized that a meaningful role must be secured for key stakeholders;
- (m) It was also noted that the relationship between UNEP and GEF deserved further consideration, including UNEP's role as an implementing agency.

15. In order to assist in further focussing the discussion and to provide a basis for a common understanding of the issues, the Executive Director of UNEP requested delegations to respond to his questions in writing. The President of the UNEP Governing Council, taking into consideration the comments of delegations, subsequently presented the third meeting of the Intergovernmental Group of Ministers held in Algiers with a number of proposals, or "building blocks", based on the outcomes of the first and second meetings. The "building blocks", contained in the report of the Algiers meeting (document UNEP/IGM/3/3) greatly assisted in focusing discussions, and included chapters dealing respectively with: improving

coherence in policy making – the role and structure of the Global Ministerial Environment Forum (GMEF); strengthening the role, authority, and financial situation of United Nations Environment Programme (UNEP); improved coordination and coherence between multilateral environmental agreements; and enhanced coordination across the United Nations system - the role of the Environmental Management Group. The Algiers meeting discussed these proposals in detail and reached a number of conclusions.

16. As agreed in Algiers, the document was further updated to reflect additional issues on which agreement appeared to have emerged, such as the inclusion of an additional chapter dealing with capacity-building, technology transfer and country-level coordination for the environment pillar of sustainable development, and was presented to the fourth Intergovernmental Group of Ministers meeting in Montreal, Canada, for further consideration. The outcome of the Montreal meeting will subsequently be reflected in the final version of the document, to be presented to the next Intergovernmental Group of Ministers for further elaboration on this important subject. It is important to note that both the Algiers and Montreal meetings successfully made use of working groups to discuss in detail the contents of the proposals put forward by the President of the UNEP Governing Council. Under the wise guidance of Ministers Mohamed Valli Moosa of South Africa, Philippe Roch of Switzerland, Kezimbira Miyingo of Uganda and Børge Brende of Norway much progress was achieved. These meetings, in particular, also benefited from the valuable inputs of the UNEP Committee of Permanent Representatives.

17. During the international environmental governance process Governments requested a number of documents from the UNEP Secretariat, including, further clarifications on duplications and overlaps between multilateral environmental agreements, possibilities of clustering such instruments, the financial situation of UNEP (as well as possible new funding scenarios) and the legal definition on the status of the UNEP Governing Council and Global Ministerial Environment Forum. These documents have all been listed on the UNEP Web site and are available for the information of Member States.

18. The UNEP Governing Council, in decision 21/21, decided that the next Global Ministerial Environment Forum, to be held from 13 to 15 February 2002, should have in-depth discussions, taking cognizance of the work done by the Intergovernmental Group of Ministers. The outcome of the discussions will serve as input on future requirements of international environmental governance, in the broader context of multilateral efforts for sustainable development, to the tenth session of the Commission on Sustainable Development, acting as preparatory committee for the World Summit on Sustainable Development. The preparatory committee, at its organizational session held in New York from 30 April to 2 May 2001, invited all intergovernmental processes relevant to the Summit, including the international environmental governance process launched by the UNEP Governing Council, to submit their progress reports/results to the Preparatory Committee at its second session, to be held in New York from 28 January to 8 February 2002, and their final inputs to the third session.

19. In order to facilitate the linkages between the various processes, the Bureau of the UNEP Governing Council met in Stockholm, in the margins of the Conference of Plenipotentiaries on the Stockholm Convention on Persistent Organic Pollutants, on 23 May 2001. Thereafter, a joint meeting of the Bureaux of the Governing Council, the Committee of Permanent Representatives to UNEP and the Commission on Sustainable Development, acting as the preparatory committee for the Summit, took place at the same venue. This joint Bureau meeting was the first ever of its kind and clearly established a formal linkage between the work of the Open-ended Intergovernmental Group meeting with the World Summit on Sustainable Development. The views of the Global Ministerial Environment Forum on international environmental governance will, in accordance with the decision of the UNEP Governing Council and the invitation of the Preparatory Committee, be submitted to the third session of the Preparatory Committee for the Summit, scheduled for New York from 25 March to 5 April 2002, so that they can be fully considered in the preparatory process.

I. OVERVIEW OF THE STATE OF INTERNATIONAL ENVIRONMENTAL GOVERNANCE

A. Development of the current system of international environmental governance

1. Stockholm Conference on the Human Environment

20. In June 1972, representatives from 113 countries met in Stockholm at the United Nations Conference on the Human Environment. The Stockholm Conference constituted the first attempt by the international community to address the relationships between the environment and development at the global level. The Conference succeeded in putting the environment on the global agenda, with the adoption of the Stockholm Action Plan for the Human Environment, a first global action plan for the environment, which provided the basis for a standard agenda and a common policy framework to deal with the first generation of environmental action. A declaration of principles was adopted which provided the foundation for the development of international environmental law during the 1970s and 1980s. An important outcome of the Conference was the subsequent establishment of the United Nations Environment Programme, through General Assembly resolution 2997. The Conference created an important impetus in countries and in the United Nations and other organizations in recognizing and addressing emerging environmental problems.

2. Stockholm +10

21. A decade after the Stockholm Conference, although there was progress in developed countries in improving air and water quality, tightening the control of chemicals and conserving the components of nature, most developing countries were experiencing environmental destruction at a pace and on a scale never seen before. Many newly industrialized countries had suffered a massive deterioration of their environment. For them, environmental problems associated with their sudden industrialization and explosive urbanization were being added to the already heavy pressures arising from underdevelopment and poverty. To mark the tenth anniversary of the Stockholm Conference, a session of a special character of the UNEP Governing Council was held in Nairobi in May 1982. It provided a unique opportunity to bring together the new generation of environmental decision makers from around the world to reinvigorate the standard environmental agenda, policies and institutions in the light of the experience of the 1970s and the emerging challenges of the time. At the end of the session of a special character, the Governing Council adopted a resolution citing the achievements of the United Nations in implementing the Stockholm Action Plan and the challenges that faced the international community. At the tenth session of the Governing Council, held immediately after the session of a special character, the Montevideo Programme for the Development and Periodic Review of Environmental Law was adopted to serve as strategic guidance for UNEP in catalyzing the development of international treaties and other agreements in the field of the environment.

3. The World Commission on Environment and Development

22. By resolution 38/161 of 19 December 1983, the General Assembly set up the World Commission on Environment and Development to propose long-term environmental strategies for achieving sustainable development to the year 2000 and beyond. The Commission was requested to consider ways and means by which the international community could deal more effectively with environmental and development concerns. In 1987, after three years' work, the Commission made comprehensive proposals and recommendations to promote sustainable development, including proposals for institutional and legal change. It summarized the key institutional challenge of the 1990s as the ability to choose policy paths that are sustainable and stated that this challenge would require that the ecological dimensions of policy be considered at the same time as the economic, trade, energy, agricultural, industrial and other dimensions - on the same agendas and in the same national and international institutions.

4. The 1992 Earth Summit

23. In June 1992, exactly 20 years after the Stockholm Conference, world leaders met in Rio de Janeiro at the Earth Summit. The Conference was a significant turning point in redirecting national and international policies towards the integration of environmental dimensions into economic and developmental objectives. The outcome of the Conference, in particular Agenda 21 and the Rio principles, became instrumental in promoting the development and strengthening of institutional architecture for environmental protection and sustainable development at the national and international levels. Chapter 38 of Agenda 21 outlines international institutional arrangements and specifies tasks to be carried out by UNEP. Subsequently, in resolution 47/191 of 22 December 1992, the General Assembly adopted new international institutional arrangements, including the establishment of the Commission on Sustainable Development. The development of international regimes to address complex global environmental issues such as climate change, biological diversity and desertification was accelerated. In addition to Governments, civil society organizations, the private sector and other major groups of society have been increasingly recognized as essential stakeholders in achieving the goals of sustainable development.

5. Rio +5

24. In 1997, at its nineteenth special session, the General Assembly undertook a five-year review of the outcome of the Earth Summit and adopted the Programme for the Further Implementation of Agenda 21 (S-19/2, annex). The Programme recognized the progress made since the Earth Summit and the challenges that faced the world community in pursuit of sustainable development, acknowledging a variety of governmental and non-governmental actors active in the field of the environment and sustainable development, and underscored the role of UNEP as the leading global environmental authority. The heads of State and Government at the special session were of the view that a number of positive results had been achieved but were deeply concerned that overall trends with respect to sustainable development were worse than in 1992. They emphasized that the implementation of Agenda 21 in a comprehensive manner remained vitally important and was more urgent than ever before.

B. The current state of international environmental governance

25. The complex web of international environmental governance may be highlighted by observing the structures of multilateral processes, multilateral agreements and consultative mechanisms that address environmental and environment-related matters. This section reviews the existing institutional structures, instruments and arrangements, including those in the United Nations system, multilateral environmental agreements and the available means for coordination and consultation.

1. Multilateral processes

(a) The United Nations system

(i) The General Assembly

26. Under Article 10 of the Charter of the United Nations, the General Assembly may discuss any question or any matters within the scope of the Charter or relating to the powers and functions of any organs provided for the Charter. The Assembly, which consists of all the Members of the United Nations (currently numbering 189), may make recommendations to the Members of the United Nations or to the Security Council or to both on any such questions or matters, except where the Security Council is exercising in respect of any dispute or situation the functions assigned to it in the Charter. The Assembly initiates studies and makes recommendations for the purpose of promoting international cooperation in the political field and encouraging the progressive development of international law and its codification and promoting

international cooperation in the economic, social, cultural, educational and health fields and assisting in the realization of human rights and fundamental freedoms for all.

27. As subsidiary of the General Assembly, the Governing Council of UNEP/Global Ministerial Environment Forum reports to the Assembly which considers and decides on selected environmental and environment-related issues, including institutional arrangements and related international processes.

(ii) The Economic and Social Council

28. The Economic and Social Council, consisting of 54 Members of the United Nations elected by the General Assembly, may make or initiate studies and reports with respect to international economic, social, cultural, educational, health and related matters and may make recommendations with respect to such matters to the General Assembly, to the Members of the United Nations and to the concerned specialized agencies. It may coordinate the activities of the specialized agencies through consultation with and recommendations to such agencies and through recommendations to the Assembly and to the Members of the United Nations.

29. The Programme for the Further Implementation of Agenda 21 emphasizes that given the increasing number of decision-making bodies concerned with various aspects of sustainable development, including international conventions, there is an ever greater need for better policy coordination at the intergovernmental level and for continued and more concerted efforts to enhance collaboration among the secretariats of those decision-making bodies. The Programme emphasizes that, under the guidance of the General Assembly, the Economic and Social Council should play a strengthened role in coordinating the activities of the United Nations system in the economic, social and related fields.

(iii) The United Nations Environment Programme

30. As mentioned above, UNEP was established by the General Assembly following the Stockholm Conference by resolution 2997 (XXVII) of 15 December 1972. Under the resolution, the Governing Council is composed of 58 members elected by the General Assembly and has the following main functions and responsibilities:

(a) To promote international cooperation in the field of the environment and to recommend, as appropriate, policies to this end;

(b) To provide general policy guidance for the direction and coordination of environmental programmes within the United Nations system;

(c) To receive and review the periodic reports of the Executive Director on the implementation of environmental programmes within the United Nations system;

(d) To keep under review the world environmental situation in order to ensure that emerging environmental problems of wide international significance receive appropriate and adequate consideration by Governments;

(e) To promote the contribution of the relevant international scientific and other professional communities to the acquisition, assessment and exchange of environmental knowledge and information, and, as appropriate, to the technical aspects of the formulation and implementation of environmental programmes within the United Nations system;

(f) To maintain under continuing review the impact of national and international environmental policies and measures on developing countries as well as the problem of additional costs that may be incurred by developing countries in the implementation of environmental programmes and projects and to

ensure that such programmes and projects shall be compatible with the development plans and priorities of those countries;

- (g) To review and approve the programme of utilization of resources of the Environment Fund.

31. The General Assembly decided that the Governing Council should report to it through the Economic and Social Council, which transmits to the Assembly such comments as it may deem necessary, particularly with regard to questions of coordination and the relationship of environmental policies and programmes within the United Nations system to overall economic and social policies and priorities.

32. At its nineteenth session, held in February 1997, the Governing Council adopted the Nairobi Declaration, emphasizing that UNEP has been and should continue to be the principal United Nations body in the field of the environment. The role of UNEP, according to the Governing Council, was to be the leading global environmental authority that sets the global environmental agenda, that promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system and that serves as an authoritative advocate for the global environment. To this end, the Nairobi Declaration reaffirmed the continuing relevance of the mandate of UNEP deriving from General Assembly resolution 2997 (XXVII), which designates UNEP to keep under review the world environment situation in order to ensure that emerging environmental problems of wide international significance receive appropriate and adequate consideration of governments. The core elements of the focused mandate, further elaborated through Agenda 21 by establishment of the linkage between environment and development, of the revitalized UNEP were stated in the Nairobi Declaration to be the following:

- (a) To analyze the state of the global environment and assess global and regional environmental trends, provide policy advice, early warning information on environmental threats and to catalyze and promote international cooperation and action, based on the best scientific and technical capabilities available;

- (b) To further the development of its international environmental law aiming at sustainable development, including the development of coherent interlinkages among existing international environmental conventions;

- (c) To advance the implementation of agreed international norms and policies, to monitor and foster compliance with environmental principles and international agreements and stimulate cooperative action to respond to emerging environmental challenges;

- (d) To strengthen its role in the coordination of environmental activities in the United Nations system in the field of the environment, as well as its role as an implementing agency of the Global Environment Facility, based on its comparative advantage and scientific and technical expertise;

- (e) To promote greater awareness and facilitate effective cooperation among all sectors of society and actors involved in the implementation of the international environmental agenda and to serve as an effective link between the scientific community and policy makers at the national and international levels;

- (f) To provide policy and advisory services in key areas of institution building to Governments and other relevant institutions.

33. The General Assembly, in the Programme for the Further implementation of Agenda 21, endorsed the Nairobi Declaration. The Programme stated that at the international and national levels, there is a need for, inter alia, better scientific assessment of ecological linkages between the conventions, identification of programmes that have multiple benefits and enhanced public awareness-raising with respect to the conventions. Such tasks should be undertaken by UNEP in accordance with the relevant decisions of the Governing Council and in full cooperation with the conferences of the parties to and governing bodies of relevant conventions.

(iv) The Commission on Sustainable Development

34. In its resolution 47/191 of 22 December 1992, the General Assembly endorsed the recommendations on international institutional arrangements to follow up the Earth Summit in chapter 38 of Agenda 21, particularly those on the establishment of the Commission on Sustainable Development, and requested the Economic and Social Council to set up the Commission as a functional commission of the Council in order to ensure effective follow-up to the Conference and to enhance international cooperation and rationalize the intergovernmental decision-making capacity for the integration of environmental and development issues and to examine the progress of the implementation of Agenda 21 at the national, regional and international levels.

35. The Commission consists of representatives of 53 States elected by the Economic and Social Council from among the Members of the United Nations and members of its specialized agencies. In keeping with the recommendations of the General Assembly, the Commission has the following functions:

(a) To monitor progress in the implementation of Agenda 21 and activities related to the integration of environmental and development goals throughout the United Nations system through analysis and evaluation of reports from all relevant organs, organizations, programmes and institutions of the United Nations system dealing with various issues of environment and development, including those related to finance;

(b) To consider information provided by Governments;

(c) To review the progress in the implementation of the commitments contained in Agenda 21, including those related to the provision of financial resources and transfer of technology;

(d) To review and monitor regularly progress towards the United Nations target of 0.7 per cent of the gross national product of developed countries for official development assistance;

(e) To review on a regular basis the adequacy of funding and mechanisms;

(f) To receive and analyze relevant input from competent non-governmental organizations, including the scientific and the private sector, in the context of the overall implementation of Agenda 21;

(g) To enhance the dialogue, within the framework of the United Nations, with non-governmental organizations and the independent sector, as well as other entities outside the United Nations system;

(h) To consider, where appropriate, information regarding the progress made in the implementation of environmental conventions, which could be made available by the relevant conferences of parties;

(i) To provide appropriate recommendations to the General Assembly, through the Economic and Social Council, on the basis of an integrated consideration of the reports and issues related to the implementation of Agenda 21;

(j) To consider, at an appropriate time, the results of the review to be conducted expeditiously by the Secretary-General of all recommendations of the Earth Summit capacity-building programmes, information networks, task forces and other mechanisms to support the integration of environment and development at regional and subregional levels.

(v) The regional commissions

36. The regional commissions of the United Nations have developed and implemented environmental programmes for the regions and assisted the Governments in the regions to promote relevant activities in the field of the environment.

(vi) Other United Nations bodies and specialized agencies

37. At the United Nations Centre for Human Settlements (Habitat), issues related to urban environment and human settlements are addressed in cooperation with UNEP. The United Nations Development Programme (UNDP) has continued its programmes in sustainable development and the implementation of Agenda 21, particularly in the areas of capacity-building and support for national environment strategies. The United Nations Conference on Trade and Development (UNCTAD) continues to examine linkages among trade, investment, technology, finance and sustainable development, and continues to work with UNEP, and in cooperation with the World Trade Organization (WTO), to support efforts to promote the integration of trade, environment and development.

38. A number of specialized agencies have developed and implemented programmes related to the environment in accordance with their mandates. Those with a mandate in environment-related areas include the Food and Agriculture Organization of the United Nations (FAO) (agriculture, forestry, fisheries, soil management, plant protection), the World Health Organization (WHO) (health and the environment), the United Nations Industrial Development Organisation (UNIDO) (industry and environment), the United Nations Educational, Scientific and Cultural Organization (UNESCO) (environmental education, scientific activities, for example, on oceans and solar energy), the World Meteorological Organization (WMO) (atmosphere and climate, including the Intergovernmental Panel on Climate Change (IPCC)), the International Labour Organization (ILO) (working environment and occupational safety), the International Marine Organization (IMO) (marine pollution, dumping at sea and safety in maritime transport of dangerous goods) and the International Civil Aviation Organization (ICAO) (environmental aspects of civil aviation). The International Atomic Energy Agency (IAEA) is responsible for matters related to nuclear materials, including nuclear safety and radioactive wastes. FAO, ILO, IMO and IAEA have been actively promoting the development of conventions and protocols related to the environment within their areas of competence.

(b) Other intergovernmental organizations and arrangements

39. The World Bank has a significant role to play in the protection of the environment and sustainable development, in particular through the volume of resources that it commands and the environmental implications of its development work. The World Bank recently announced the core elements of its new environment strategy, focusing on improving the quality of life, improving the quality of growth and protecting the quality of the regional and global commons. The World Trade Organization, through its Committee on Trade and Environment, has given consideration to the relationship between these two areas. It cooperates with UNEP and UNCTAD to consider aspects of the linkages between the environment, trade and development, and the outcome of the recent meeting in Doha clearly reflects the importance of this strategic partnership.

40. Intergovernmental bodies and organizations outside the United Nations system have been active in setting out or influencing the course of action for Governments and other entities in the field of the environment. Such bodies and organizations are often based in a region or subregion with their own decision-making structures for environmental matters as well as environmental programmes for the area.

41. Certain groups of countries – such as the Group of 8, the African Ministerial Conference on the Environment, the Council of Arab Ministers Responsible for the Environment, European Union Environment Ministers - regularly meet to consider general environmental policies and identify a general course of action on environmental matters. In addition, regional financial institutions such as regional development banks, have environment-related activities aimed at influencing the activities of Governments and other entities in the concerned region.

42. Intergovernmental forums and panels addressing specific environmental issues have been formed to provide scientific assessment, for example, the Intergovernmental Panel on Climate Change, or to establish policy priorities, for example, the Intergovernmental Forum on Chemical Safety.

(c) Linkage between national and international institutional arrangements

43. Since the Stockholm Conference on the Human Environment, most Governments have established a new ministry or government body responsible for environmental matters or designated the existing bodies to carry out such functions. Sectoral issues have often been dealt with by more than two ministries or bodies in the government, which require a national machinery to coordinate their sectoral policies. International institutional arrangements and processes have largely reflected the same government structures at the national level, and as a result also would benefit from better coordination.

(d) Networks

44. A myriad of networks on environmental matters among various actors, both governmental and non-governmental have been developed at the national and international levels. With the accelerated development and use of new information technology, the number of global networks is on the rise. Such networks are of value in, for example, the exchange of scientific, technical, legal or policy information contributing to informed decision-making and supporting environmental governance at the national and international levels, or in enabling groups of citizens to mobilize popular support for political action. The worldwide network of Global Environment Outlook collaborating centres is a good example.

(e) Major groups

45. It has been recognized that addressing the complex issues of environmental protection and sustainable development requires the participation of all sectors of society. Major groups represented by civil-society organizations (such as non-governmental organizations, academia and the private sector) form an essential part of the social structure to support and make effective systems of national and international environmental governance, not only in development thereof, but also in terms of implementation.

2. Multilateral environmental agreements(a) Development of multilateral environmental agreements

46. It is estimated that there are more than 500 international treaties and other agreements related to the environment of which 323 are regional. Nearly 60 per cent or 302, date from the period between 1972, the year of the Stockholm Conference on the Human Environment, and the present.

47. Many of the earlier agreements were restricted in scope to specific subject areas, for example, certain species of marine wildlife, selected chemicals and quarantine procedures for plants and animals, *inter alia*, and were regional in focus. The largest cluster of pre-1972 agreements, albeit very heterogeneous, accounting for 40 per cent of the total, are biodiversity-related with half of them dealing with marine wildlife and three quarters being regional in character.

48. The period from 1972 to the present has witnessed an accelerated increase in multilateral environmental agreements. Of the 302 agreements negotiated, 197, or nearly 70 per cent are regional in scope as compared to 60 per cent for the earlier period. The emergence of regional integration bodies concerned with the environment in regions such as Central America and Europe have contributed to this trend. In many cases, regional agreements are closely linked to global ones. Of greatest impact has been the emergence of the 17 multi-sectoral regional seas conventions and action plans embracing 46 conventions, protocols and related agreements. The largest cluster of multilateral environmental agreements is related to the marine environment, accounting for over 40 per cent of the total, the most notable being the United Nations Convention on the Law of the Sea (1982), new IMO marine pollution conventions and protocols, the Global Programme of Action for the Protection of the Marine Environment from Land-based Activities (1995) and regional seas agreements and regional fisheries conventions and protocols.

Biodiversity-related conventions form a second important but smaller cluster, including most of the key global conventions: the Convention Concerning the Protection of World Cultural and Natural Heritage (1972), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) (1973), the Conservation of the Convention on Migratory Species of Wild Animals (CMS) (1979) and the Convention on Biological Diversity (1992).

49. In contrast to the pre-1972 period, two new important clusters of agreements have emerged: the chemicals-related and hazardous-waste-related conventions, primarily of a global nature, and the atmosphere/energy-related conventions. The first include several ILO conventions that address occupational hazards in the workplace. Most recently, we have had the adoption of the Rotterdam Convention on the Prior Informed consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (1998) and the Stockholm Convention on Persistent Organic Pollutants, adopted in May 2001. At the forefront of the atmosphere/energy-related conventions are the Vienna Convention for the Protection of the Ozone Layer (1985) and its Montreal Protocol on Substances that Deplete the Ozone Layer (1987), and the United Nations Framework Convention on Climate Change (1992).

50. From a combined global and regional perspective, the resultant proliferation of environmental agreements has placed an increasing burden on Parties to meet their collective obligations and responsibilities to implement environmental conventions and related international agreements.

51. Although the number of agreements negotiated since 1972 is a remarkable achievement, the agreements lack coherence with respect to a number of important new environmental policy issues such as the precautionary approach and scientific uncertainty, intergenerational and intra-generational equity, the life-cycle economy, common but differentiated responsibilities and sustainable development.

(b) Status of multilateral environmental agreements

52. For the purpose of determining the status of the agreements, they are divided into three categories: core environmental conventions and related agreements of global significance; global conventions relevant to the environment, including regional conventions of global significance; and others, largely restricted in scope and geographical range. The core environmental conventions and international agreements are basically divided into five clusters which are related to biodiversity, atmosphere, land, chemicals, hazardous wastes and regional seas.

53. The objectives and priorities of multilateral environmental agreements vary significantly. Sustainable development is the focus of some agreements, while others focus on the sustainable use of natural resources and the environment. The leading cross-cutting priorities are strengthening of the capacities of Parties to meet their obligations, enhanced membership of Governments, public education and awareness, a strengthened scientific basis for decision-making and strengthened international partnerships. The most important cross-cutting issue is the assessment and management of pollution.

54. Most multilateral environmental agreements are legally binding instruments. However, international dispute settlement mechanisms related to the provisions of these agreements remain weak.

55. The regional seas conventions have the distinction of being closely, and in some cases systematically, linked to global conventions and agreements through their protocols, amendments and annexes and are proving to be useful regional instruments in supporting their implementation. The Global Programme of Action for the Protection of the Marine Environment from Land-based Activities provides a good example in this regard.

56. Agreements adopted since 1972 generally have the following institutional elements: a secretariat, a bureau, advisory bodies, a clearing-house mechanism and a financial mechanism. Conferences and Meetings of the Parties are the ultimate decision-making bodies regarding the implementation and evolution of each agreement, including the work programme, the budget, and the adoption of protocols and annexes.

57. Some agreements have established standing committees or hold intersessional meetings to review and advise their secretariats on implementation. Subsidiary bodies, which are generally advisory in nature, reporting to conferences or meetings of the Parties on scientific, technical or financial matters or on progress in implementation, may be internal or external and may be standing bodies or ad hoc bodies with limited mandates. Clearing-house mechanisms may be operated by secretariats to facilitate the exchange of scientific, technical, legal and environmental information.

58. The scope and mandate of secretariats vary. Some prepare for and service meetings of, and provide administrative, technical and scientific support to, Conference of the Parties and subsidiary bodies. Others are additionally involved in implementing programmes and projects at the regional and country levels.

59. The last two years have seen a remarkable rise in the signing of memoranda of understanding between conventions, signalling a period of increased political will for closer collaboration in the implementation of their programmes of work. This has occurred mainly among the biodiversity and regional seas clusters. In this context the convening of a joint liaison group of the Rio conventions provides evidence of the realization that better coordination is required. Memoranda of understanding may pertain to joint work plans, enforcement or the development of a clearing-house mechanism.

60. A broad range of civil society organizations participate in the deliberations of many agreements, either as observers or as advisers, at public meetings or by invitation. Some secretariats maintain close working relationships with non-governmental organizations and civil society generally and encourage their contributions.

II. STRENGTHS AND WEAKNESSES OF THE EXISTING ARRANGEMENTS

61. The increasing complexity and fragmentation in international environmental governance is partly the consequence of the growing number of actors, both governmental and non-governmental, in the field of the environment. In addition, the proliferation of United Nations and other international bodies that incorporate elements of the environmental agenda adds to the complexity. Any successful dialogue on international environmental governance would therefore need to address the need for policy coherence through enhanced coordination among the various intergovernmental organizations and multilateral environmental agreements.

A. Strengths

62. In the three decades since the Stockholm Conference, the environment has increased in significance in public concern and action at the local, national and international levels. Governmental bodies, organizations and other institutional arrangements, within and outside of the United Nations system, have been established to address sectoral environmental issues or categories of such issues. Multilateral processes to consider environmental and environment-related subjects have grown significantly. Networks among various entities and major groups have been developed and are growing. Such trends have accelerated since the Earth Summit and are being driven progressively to the foreground, as has been evident during the recent climate change and freshwater debates, and will be significant factors in the preparation for the World Summit on Sustainable Development.

63. At the national level in many countries, both developing and developed, national environmental legislation and related institutional arrangements have been developed to provide a sound basis for addressing the major environmental threats, often on a sectoral basis and governed by various authorities responsible for specific issues. Mainstreaming environmental considerations into developmental policies has become more significant in developed and developing countries, particularly as the realization took hold that the planet's natural resource base is dwindling. However, policy direction and specific mechanisms to achieve this remain weak.

64. Within the United Nations system, UNEP has continued to provide critical environmental assessment, monitoring and information for decision makers and has served as a global policy-making forum on environmental issues. Consultation and negotiation forums have taken place under the auspices of UNEP to develop global and regional environmental agreements for catalytic actions to support the activities of Governments and coordinate those of relevant organizations. UNEP has supported environmental actions at various levels with national and international partners, both governmental and non-governmental, and is strategically placed as the global environmental authority for setting the global environmental agenda. Its role in this regard has become increasingly evident, as witnessed at the recent World Trade Organization meeting in Doha.

65. The establishment of an annual Governing Council/Global Ministerial Environment Forum, with universal participation at ministerial level, has resulted in a renewed focus for high-level policy discussion. It presents an opportunity to serve as an umbrella environmental policy body and could involve all stakeholders, including other environment forums, thereby contributing to policy coherence. Furthermore, the broad nature of its agenda (it is tasked by General Assembly resolution 53/242 with the review of important and emerging issues in the field of the environment) would encourage participation by civil society and the private sector.

66. With the creation of the Environmental Management Group by the General Assembly, an opportunity has not only been established for inter-agency cooperation within the United Nations system, but also for closer participation and cooperation of multilateral environmental agreements with United Nations agencies. This strengthening of potential coordination at the programmatic and sectoral levels requires further enhancement and could particularly be of benefit by integrating environmental considerations more fully in institutions tasked with economic and social policy formulation. In this regard the EMG would be able to provide support to the realization of sustainable development goals.

67. Many multilateral environmental conventions and other agreements have been developed to address sectoral environmental issues, providing an internationally agreed framework for environmental governance of such issues. UNEP's Montevideo Programme for the Development and Periodic Review of Environmental Law has provided the international community with a significant impetus to this end for the past two decades, contributing to the development of regional seas conventions and protocols and action plans around the world as well as global treaties governing the protection of the ozone layer, the control of transboundary movements of hazardous wastes, biological diversity, information exchange on hazardous chemicals in trade and persistent organic pollutants. In addition to legally binding instruments, numerous non-binding international instruments have been developed to provide norms, principles, procedures, guidelines and codes of conduct to address environmental issues. The existence of this wide array of environmental conventions and other agreements provides an opportunity through which implementation at the national level can be enhanced, provided effective coordination at regional and global levels is realised.

68. Current arrangements provide a number of options to further strengthen cooperation and coordination. These are, inter alia:

(a) Clustering presents opportunities at various levels such as sectoral (for example chemicals and biodiversity related conventions, back to back meetings of conferences of Parties), functional (for example trade and finance related issues, capacity-building and training programmes), physical (for example co-location of secretariats) and regional (for example compliance and enforcement, complementary legislation);

(b) Opportunities exist for secretariats and governing bodies of multilateral environmental agreements to foster inter linkages on, for example, information management practices and technologies; and

(c) Opportunities also exist for closer cooperation among the scientific bodies of the agreements.

69. Arrangements which enable conventions to work together in a more integrated manner are increasing (such as among the Rio conventions), leading to the development of joint programmes of work in areas of common interest, for example, capacity-building and the development of national legislation that supports the implementation of conventions and protocols at the country level. The recently concluded Global Programme of Action meeting, in adopting the Montreal Declaration on the Protection of the Marine Environment from Land-based Activities, provides impetus to regional cooperation through the acknowledgement that cooperative partnerships are required and that oceans governance processes need improvement.

B. Weaknesses

70. The Malmö Ministerial Declaration adopted by the first Global Ministerial Environment Forum in May 2000 noted with deep concern an increasing rate of deterioration of the environment and the natural resource base, an alarming discrepancy between commitments and action, an inadequate level of integration of environmental considerations into the mainstream of decision-making in economic and social development and challenges to the implementation of multilateral environmental agreements.

71. In pursuance of Governing Council decision 21/21 on international environmental governance, consultations with experts, civil society organizations and United Nations agencies have focused on some of the weaknesses inherent in the current system. In addition, the Committee of Permanent Representatives to UNEP, in its consideration of international environmental governance, has been engaged in an ongoing process of consultations on this matter and identified a number of shortcomings. Taking into consideration these wide-ranging discussions, as well as the deliberations in the Open-ended Intergovernmental Group of Ministers or Their Representatives on International Environmental Governance, problem areas could broadly be categorized as follows:

- (a) Inadequate international institutional arrangements;
- (b) Gaps in international policy forums;
- (c) Incoherent decision-making structures;
- (d) Limitations in access and participation;
- (e) Weak support for the existing institutions and oversight mechanisms;
- (f) Lack of meaningful coordination;
- (g) Unbalanced approaches to the three pillars of sustainable development; and
- (h) Inadequate authority of UNEP.

72. It has become evident in discussions of the Open-ended Intergovernmental Group that current approaches to global environmental management and sustainability are increasingly felt to be ineffective. To date, international action has focused primarily on a sectoral approach to addressing environmental issues. There is a need to move toward a coherent and integrated management framework that addresses individual challenges in the context of the transboundary nature and interconnectedness of the global environment. The advent of globalization necessitates a new approach to managing the global environment, reflecting past experiences and the need for new and stronger arrangements and approaches required to deal with global environmental issues and new and complex emerging issues. In this regard, international decision-making requires a strong political base for coordinating interlinkages of multilateral environmental agreements and the development of credible decision-making mechanisms.

73. Given the expanding environmental agenda and the fragmented approach to international action, the international community needs to consider whether the existing international institutional machinery, characterized by vague mandates, inadequate resources and marginal political support, can confront future

challenges. Although coordination should take cognizance of the autonomous nature of international institutions, and not take place at the cost of specificity in decision-making, its absence seriously undermines the formulation of a strategic approach which could focus on the development of a coherent approach involving interlinkages among issues and functions.

74. The growing number of environmental institutions, issues and agreements are placing stress on the current systems and our ability to manage them. The continuous increase in the number of international bodies with environmental competence carries the risk of reduced participation by states due to limited capacity in the face of an increased workload, and makes it necessary to create or strengthen synergies between all these bodies. The proliferation of international demands has placed a particularly heavy burden on developing countries, which are often not equipped to participate meaningfully in the development of international environmental policy. In addition, developing countries find it increasingly difficult to implement and monitor agreements at the national level as there is no common framework to buttress their capacity to do so, or to assist them with the required technical capabilities.

75. Structures which govern how production, trade and investment occur often pay inadequate attention to the task of protecting the environment and human life. Environmental imperatives and social safeguards are yet to be effectively integrated into global economic and social decision-making. In this regard the fourth WTO Ministerial Declaration, adopted recently at Doha, is of particular relevance as it states that trade rules must be mutually supportive of environmental protection and sustainable development. The Doha meeting is also significant in terms of the emphasis placed on the issue of coherence between rules and institutions for global economic and environmental governance, and especially the involvement of multilateral environmental agreements in subsequent discussions on this topic.

76. Despite some improvements, there is continued reluctance on the part of some agreements to cooperate with others. Many conventions remain inward-looking and averse to the idea of sharing or giving away part of what they perceive as their domain. Inadequate attention is also paid to the harmonization of national reporting though there is an initiative among environmental agreements under UNEP for the streamlining of national reporting focusing on the global biodiversity-related conventions

77. International dispute settlement mechanisms remain weak and measures dealing with compliance and enforcement are inadequate, exacerbated by an apparent lack of political commitment.

78. Competing for scarce funds and political commitment, existing institutions are frequently torn between competing priorities which are driven by overlapping and unfocused demands. There continues to be a lack of financial resources for international environmental cooperation. The sense of disillusionment that many developing countries have concerning implementation of Agenda 21 commitments by the industrialized countries remains an impediment to further progress, and is also mentioned in the Secretary-General's report on implementation of Agenda 21. The lack of financial and technical resources to enable developing countries to prepare for, participate in and implement international agreements is a matter of serious concern and has resulted in increasing suspicions that the development agenda is being held hostage to ever changing political considerations.

79. International governance structures and the rules that flow from them must have the capacity to shape national policy. While international trade policy is rather effective in this regard, the impact and benefits of international agreements are often less evident. International environmental governance can therefore be effective only if it is integrated into national and regional governance structures which encompass governments as well as civil society and the private sector. The development of an inclusive approach at the national level, involving all these stakeholders, is crucial as lack of coherence at this level would seriously undermine effective environmental governance at other levels.

80. If international environmental agreements are to be effective in the face of the ongoing economic liberalization, it is important that they, too, have mechanisms which encourage compliance at the national level. It is further important that economic imperatives are not given automatic precedence over environmental and social exigencies without a clear assessment of costs and benefits. The WTO meeting in

Doha, and specifically follow-up actions and research which will be undertaken, for example in the area of fisheries subsidies, is a welcome indication that sustainable management of resources is being recognized as a crucial element in ensuring economic growth. In addition, solutions need to be based on the understanding that human society and the environment are interconnected and that without a productive and viable environment, society cannot function and economic development cannot be sustained.

81. Despite the recent success in the revitalization of UNEP, there continues to be a need to strengthen assessment and early warning functions and enhanced scientific capacity and the building of synergies at programmatic, scientific and technical levels. In this regard, proposals to establish an intergovernmental panel, under the auspices of the Governing Council/Global Ministerial Environment Forum and supported by the Executive Director of UNEP, for the assessment of global environmental change and its consequences for social and economic development, could alleviate current shortcomings.

82. Despite some progress, national environmental ministries and agencies possess neither the political influence nor the resources necessary to implement sustainable development strategies across all areas of government activity and the same problem exists among international institutions. Some aspects can be addressed through better coordination at the national level, leading to more coherent government engagements in international policy and decision-making processes. In this regard support for institution building at the national level, especially in developing countries, is necessary.

III. FINANCING FOR THE GLOBAL ENVIRONMENT

A. Financing international environmental activities

83. Several sources of funding for the environment exist today. They include official development assistance, multilateral financial flows associated with multilateral organisations, multilateral environmental agreements and multilateral financial mechanisms (some of which include official development assistance), debt relief, private capital flows, non-traditional sources of financing, financing via the non-governmental sector and domestic capital flows.

84. In chapter 33 of Agenda 21, on financial resources and mechanisms, developed countries reaffirmed their commitments to reach the accepted United Nations target of 0.7 per cent of the gross national product for official development assistance. Most countries have still not met this target and in 1998, only the Netherlands and the Nordic countries reached this goal. Data show the actual weighted average effort of the member countries of the Development Assistance Committee of the Organisation for Economic Cooperation and Development to be 0.24 per cent. Following a five-year downward trend in official concessional finance, 1998 saw aid flows rise by \$3.2 billion or 8.9 per cent in real terms to \$52.5 billion. However, it dropped again in 1999 and has continued on a downward spiral.

85. With respect to financial flows, the estimates of Foreign Direct Investment (FDI) for 2001 indicate a decrease of 40 per cent, the largest in three decades. This decline is due largely to the current economic slowdown and exacerbated by the tragic events in the United States of America on 11 September 2001. Net private capital flows have, similarly, fallen by more than 50 per cent (from \$367 billion in 1996 to \$167 billion in 2000), placing additional burdens on developing countries already struggling to finance programmes for socio-economic advancement and environmental management.

86. Within this context, the quality of multilateral flows is important in terms of ensuring that sustainability and environmental considerations are integrated into policies and programmes. The Council of the Global Environment Facility (GEF), for example, requested the World Bank to integrate environmental considerations into its programme and a strategy for doing so is in the process of being developed. The World Bank's environment portfolio, including projects with primarily environmental objectives, currently totals about \$15 billion in lending, of which an active portfolio of \$5.16 billion worth of environmental projects existed at the end of fiscal year 2000. The International Development Association (IDA) is the World Bank Group's concessional lending window. It is endowed with a capital of \$20 billion

following its twelfth replenishment. However, its environmental activities have been limited and have failed to reach the level envisaged when Agenda 21 was adopted, particularly as government priorities have focused on borrowing for economic growth and combating poverty.

87. It is increasingly considered essential to establish a stable, predictable and transparent investment climate, based on a multilateral framework of investment supportive of sustainable development. The current discussions related to the establishment of environmental criteria for the design and assessment of macro-economic policy-making, as well as for governmental and multilateral lending and credit institutions such as export credit agencies is central to financing issues. In this regard it will also be of crucial importance to ensure that resumed growth after the economic slowdown currently being experienced takes into account the reforms already achieved in these areas. The new environment strategy of the World Bank appears to be addressing this objective as it emphasizes the importance of continued integration of the environment into investment programmes, sector strategies and policy dialogue. It also envisages improvements in strengthening analytical and advisory services, addressing environmental priorities through project and programme design and improving safeguard systems

88. External debt problems have continued to impede the efforts of developing countries to address their environmental problems and achieve sustainable development. In this regard, it must be realized that, for a large number of poor countries, debt continues to be a drain on the resources required for investment in poverty alleviation, social advancement and environmental management. While progress has been made with the heavily indebted poor countries (HIPC) debt initiative, aimed at reducing their debt, the debt burden continues to be an impediment to the mobilization of domestic resources for environmental objectives.

89. In this context, it is also important to note that the main mission of regional development banks is investment in mega-infrastructure in support of developmental activities and thus their environmental portfolio is limited. However, the May 1999 decision of the GEF Council to consider the four regional development banks (the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development and the Inter-American Development Bank) as special executing agencies for GEF should primarily be seen as an instrument to deploy the regional expertise of these institutions and enhance opportunities for mainstreaming the environment in social and economic decision-making at the regional level.

90. The growth in the number of international environmental agreements, with their own financial mechanisms, is bringing about further diversification and redefinition of the arrangements for financing of the global environmental agenda. These are increasingly being driven by sectoral financial mechanisms, with integrated, cross-sectoral funding conversely on the decline. Accordingly, successful efforts in providing global solutions to global environmental problems through the strengthening of international law will require the closer coordination of financial mechanisms

91. Foundations play an important role in mobilizing funds for the environment. A particularly innovative example is the United Nations Fund for International Partnerships (UNFIP), established by the Secretary-General in March 1998 as an autonomous trust fund. UNFIP is the central administrative vehicle within the United Nations for working with the United Nations Foundation, a mechanism established by Mr. Ted Turner and endowed with \$1 billion to support the efforts of the United Nations on global issues.

92. Specialized agencies of the United Nations such as FAO, UNESCO, WHO and WMO have components of their programmes dedicated to environmental activities. UNDP, the United Nations body for capacity-building, has a prominent sustainable development programme comprising Agenda 21 networks and sustainable energy activities, and is a GEF implementing agency with a portfolio of \$1.2 billion.

93. Non-traditional mechanisms for funding the environment include the Financial Services Initiative operated under UNEP, which promotes the integration of environmental considerations into the financial and insurance sector's operations and services. Two other mechanisms are the Clean Development Mechanism and Joint Implementation procedure of the Kyoto Protocol to the Convention on Climate Change.

94. Civil society has played an increasingly important role in promoting the environmental agenda. The influence of environmental non-governmental organizations on the governance of the environment at all levels is high, ranging from large transnational non-governmental organizations managing multimillion-dollar budgets to much smaller ones on shoestring budgets but nevertheless often having a significant impact. Of the total GEF financing to date, about \$650 million has been approved for activities executed by non-governmental entities.

95. Eco-labelling schemes that enable consumers to make purchasing decisions based on the environmental characteristics of production and “green” investment funds that enable investors to bring investment decisions into line with their environmental preferences are other examples of innovative financial mechanisms.

96. The International Conference on Financing for Development, to be held in Monterrey in March 2002, is expected to discuss the promotion of coherence and consistency in the global financial system. It is imperative that both the Financing for Development Conference, as well as the 2002 review of the outcome of the 1992 Earth Summit bring a development orientation to the world of finance. The issues noted above and the manner in which they are dealt with will have a significant influence on the effectiveness of international environmental governance, as well as the financing of multilateral environmental agreements, and could bring to the fore the potential of environmental non-governmental organizations to mobilize financial resources and influence environmental governance.

97. The financial contributions of major multilateral and bilateral organizations towards environmental issues are not easily discernible, and need to be made more transparent. Since Rio, the only major financing mechanism that has evolved has been GEF. However, its scope has been limited. The meeting of the GEF Assembly in 2002 offers an opportunity to enhance the mandate of the Facility as the main sustainable development financial mechanism in the context of Governing Council decision 21/25.

B. Multilateral financial mechanisms

98. Mechanisms that bring in new and additional sources of financing include GEF, the Global Mechanism of the Convention to Combat Desertification and the Multilateral Fund for the Implementation of the Montreal Protocol. These innovative financial mechanisms were designed to support the flow of financial resources to developing countries and countries with economies in transition while not being a substitute for official development assistance and the required assistance expected from development partners. However, these mechanisms are not available as sources of funding for all multilateral environmental agreements. A variety of special trust funds have therefore been established under these agreements, financed by either voluntary or mandatory contributions from their Parties and used to support the cost of maintaining secretariats and other operations and activities. A limited number of other bilateral voluntary contributions are also received for certain projects and activities.

1. The Global Environment Facility

99. Following a three-year pilot phase, GEF was formally launched in 1994 to forge cooperation and finance actions addressing four critical threats to the global environment; biodiversity loss, climate change, degradation of international waters and depletion of the ozone layer. Related activities addressing land degradation are also eligible for GEF funding.

100. During its first decade, GEF allocated \$3 billion to project activities, supplemented by \$8 billion in additional financing, to 700 projects, in 150 developing countries and countries with economies in transition. GEF was the only new funding source to emerge from the 1992 Earth Summit.

101. GEF projects are managed by three implementing agencies - UNDP, UNEP and the World Bank - and executed by a wide range of public and private partners, including Governments, non-governmental organizations and the private sector. In recent years, the four regional development banks, FAO and UNIDO have been accorded an opportunity to play a more direct role in proposing and managing GEF projects in collaboration with the implementing and executing agencies.

102. Within the strategic framework of the operational strategy, 13 operational programmes have been developed as well as a programme of enabling activities and a window for short-term urgent measures. The operational programmes are:

(a) Biodiversity: arid and semi-arid zone ecosystems; coastal, marine and freshwater ecosystems; forest ecosystems; mountain ecosystems; and agrobiodiversity;

(b) Climate change: removal of barriers to energy efficiency and energy conservation; promotion of the adoption of renewable energy by removing barriers and reducing implementation costs; reduction of the long-term costs of low greenhouse gas-emitting energy technologies; and promotion of environmentally sustainable transport;

(c) International waters: waterbody-based operational programme; integrated land and water multiple focal area operational programme; and contaminant-based operational programme; and

(d) Multi-focal: integrated ecosystems management.

103. As informed and effective advocates, non-governmental organizations have played a role in shaping the GEF and its agenda from the start. Today, participation by non-governmental organizations, both local and international, is crucial not only at the project level but also at the policy level. A voluntary network of regional focal points encourages and strengthens their involvement in the governance of GEF, notably during Council meetings where GEF policies are approved and to which non-governmental organizations are admitted as observers. Consultations involving a wide spectrum of such organizations from all geographical regions precede each Council meeting. Currently, more than 400 non-governmental organizations are accredited to GEF. Approximately 700 non-governmental and community-based organizations actively participate in the execution of GEF projects. GEF's Small Grants Programme, administered by UNDP, provides grants of up to \$50,000 to finance activities of non-governmental and community-based organizations.

104. GEF serves as the financial mechanism for the Convention on Biological Diversity and its Cartagena Protocol on Biosafety, and the Convention on Climate Change. In concluding the Stockholm Convention on Persistent Organic Pollutants, it was agreed that a financial mechanism would be established to fund activities under the Convention and GEF was identified as the principal entity to be entrusted with the financial mechanism on an interim basis. GEF was also called upon to implement an operational programme for persistent organic pollutants as soon as possible.

105. As the financial mechanism of a convention, GEF is responsible for operationalizing the guidance approved by the conference of the parties concerning policy, strategy, programme priorities and eligibility criteria relating to access to and utilization of the resources of the mechanism in the area covered by the convention. It reports to each conference of the parties on how it has responded to the guidance approved by the Parties. GEF's relationship with the global environmental conventions is a crucial component of its mandate and its assistance is critical to advancing the aims of the conventions in developing countries and to assisting such countries to integrate global environmental concerns into their sustainable development strategies, policies and actions.

106. In this regard its involvement in the functional activities of conventions has established a crucial linkage in the development and implementation of global environmental policy. There have been numerous calls for a strengthened relationship between GEF and UNEP, which also has close functional linkages with the conventions. Recent Governing Council decisions have repeatedly called for an enhanced and

strengthened role for UNEP in GEF, based on its mandate as contained in the Instrument of Establishment. As UNEP is responsible for the development of the international environmental agenda and the forum at which international environmental policy is formulated, a need has been expressed to enhance its role in GEF as the principal environmental financing instrument. In this regard a stronger linkage needs to be established between GEF and UNEP's programmatic efforts aimed at enhancing capacities in developing countries. A partnership with UNDP, through its Capacity 21 programme, financially supported by GEF may also be worth exploring.

107. In this context, UNEP has been enhancing its capacity at country level through various actions, such as the creation of a Capacity-building Task Force on Trade, Environment and Development, in cooperation with UNCTAD. In addition, an initial phase of the UNEP/GEF strategic partnership, in the areas of environmental assessment, global environmental knowledge management and global environmental outreach including the mobilization of the scientific community, has been successfully completed. Strategic partnerships with the World Bank and UNDP are also being undertaken. A strategic partnership between UNEP and GEF should be further pursued and could facilitate the mobilization of additional multilateral and bilateral financial resources activities, such as in the areas of assessment, scientific information, best practices, policy analysis and capacity-building and training.

108. A UNEP/GEF partnership could draw on policy advice from the Governing Council /Global Ministerial Environment Forum, particularly as it is envisaged that it would become the cornerstone of a redefined international environmental governance structure. The Governing Council/Global Ministerial Environment Forum could also provide , policy advice and political guidance, consolidated through the participation of ministers other than those solely responsible for the environment, and may wish to consider the enhancement of operational linkages and the financial relationship between UNEP and GEF.

2. The Global Mechanism of the Convention to Combat Desertification

109. The Global Mechanism, is a brokering mechanism of the Convention to Combat Desertification and is entrusted with the task of increasing the effectiveness and efficiency of existing financial mechanisms and promoting the mobilization of financial resources for implementation of the Convention. It was established under the authority of the first session of the Conference of the Parties in September 1997. The International Fund for Agricultural Development (IFAD) houses the Global Mechanism, which itself is supported by a collaborative arrangement involving IFAD, the World Bank and UNDP.

3. The Multilateral Fund for the Implementation of the Montreal Protocol

110. The Multilateral Fund serves a single environmental convention, the Montreal Protocol on Substances that Deplete the Ozone Layer, and was set up under the London Amendment to the Montreal Protocol. The Multilateral Fund meets the agreed incremental costs of compliance based on an indicative list of categories of incremental costs developed by the Parties. It enables Article 5 countries to meet their commitments under the Protocol.

111. Through the Multilateral Fund, industrialized countries provide contributions and financial assistance to developing countries on the basis of incremental costs, based on the decisions of an Executive Committee that is composed of 14 Parties to the Protocol, seven from industrialized countries and seven from developing countries, with equal voting powers.

112. The Multilateral Fund Secretariat is tasked with communication and liaison functions, expenditure oversight, monitoring of the activities of the implementing agencies and production of a range of reports for the Executive Committee, including analysis of every project. These projects, as well as activities supported by the Multilateral Fund, are implemented by four agencies: the World Bank, UNEP, UNDP and UNIDO. The Multilateral Fund is financed by contributions from Parties in convertible currencies or through bilateral cooperation.

C. Financing of UNEP

113. Issues related to strengthening the financing of UNEP as the principal body in the field of the environment in the United Nations system have featured prominently in the international environmental governance process. The General Assembly, in establishing UNEP through resolution 2997 (XVII), provided for the establishment of an Environment Fund for the financing of environmental activities and for the regular budget of the United Nations to finance a small secretariat. After the establishment of United Nations Environment Programme (UNEP), the Environment Fund experienced a period of sustained growth. However, during the 1990's there was a significant decline. The current level of the Fund stands at \$100 million for the 2000-2001 biennium. The apportionment of the United Nations regular budget has decreased in significance over the years and currently represents approximately 4 per cent of UNEP's total budget..

114. Contributions to the Environment Fund are made on a voluntary basis. In 1998, 73 countries contributed to the Fund while in 2000 only 56 countries did so. Despite recent announcements of significant increases by a number of countries contributing to the environment Fund, the continued upward trend in earmarked contributions may cause the Environment Fund to lose its role as the main funding vehicle for UNEP given that currently it represents only 51 per cent of UNEP's financial framework.

115. Although it is clear that financial shortcomings in respect of the Environment Fund present severe limitations, the UNEP system of budgeting also presents a challenge. The current system allows for biennial funding, thereby leaving the organisation in a difficult position to plan beyond two-year intervals. This is particularly challenging when budgetary provisions and forecasts are made for future bienniums, normally two to four years in the future. Obviously, the voluntary nature of contributions exacerbates this situation, as does their unpredictably.

116. A major source of difficulty with the current system of financing of the Environment Fund, the core non-earmarked financing source, is the volatility of the level of the Fund from one biennium to another. This situation is exacerbated by the fact that pledges are often higher than the actual amounts received due to late payment of such pledges and foreign currency fluctuations when receiving pledges denominated in national currencies. The resulting instability has proved debilitating in programming and management of programme implementation.

117. In addition to its Environment Fund, UNEP administers trust funds earmarked for specific purposes by donors. During its first five years, UNEP administered only one trust fund. By 1996, it administered 68 separate trust funds, with contributions increasing from \$300,000 in 1978 to \$40 million in 1996, and to \$84.5 million in the current biennium. Counterpart contributions, UNEP's other source of finance, are earmarked contributions for individual projects and must be sought in a context of competition with other projects. The steady increase in contributions of this type is likely to result in emphasis on favoured projects, culminating in a potential imbalance in priorities for implementation.

118. UNEP's relationship with GEF has steadily improved and activities undertaken during 1999-2000 brought the overall UNEP-GEF funded project portfolio to an accumulative total of \$286 million. Of this amount, \$119 million was new funding approved by GEF for 1999-2000, a 42 per cent increase over 1998. During this period, UNEP's portfolio of new GEF projects grew to include assistance to countries in identifying those environmental issues that required priority interventions, region-based assessments of persistent toxic substances, the Millennium Ecosystem Assessment, a facility for developing solar and wind resource assessments at pilot sites across the world, and a preparatory phase for a global drylands land degradation assessment. Given the priority given by UNEP to support to Africa, total funding from GEF project funding to Africa currently amounts to \$41.6 million. This amount includes the new allocation of \$25.6 million by UNEP over the past two years. As already mentioned, the financial relationship between UNEP and GEF needs to be revisited, particularly given the renewed emphasis which would be placed on scientific assessment, early warning and emerging environmental issues by the Governing Council/Global Ministerial Environment Forum.

119. During the current deliberations on international environmental governance, the instability associated with the Environment Fund has been widely acknowledged and it has been recognized that the overall level of financial resources is insufficient for UNEP to meaningfully implement an increasingly complex and important agenda. While all Governments appear in agreement that a solution is vital, there are a variety of views and proposals which have been suggested, such as:

- (a) Establishment of a binding system of assessments using the United Nations scale;
- (b) Creation of a system of agreed or negotiated assessments - made on a voluntary basis;
- (c) Multi-year pledges.

120. At present there is very little support for a binding system of assessments using the United Nations scale. It is, however, encouraging to note that Member States are also not in favour of continuing with the current purely voluntary system. Whereas the multi-year perspective may result in more predictability, there is no certainty that adequate increased financial support to UNEP would be achieved. Some countries may find it difficult to make multi-year pledges and in essence such a system would remain of a voluntary nature. It would also need to take cognizance of principles such as fair burden sharing and common but differentiated responsibilities, and could result in protracted negotiations to determine which levels of future funding would be sufficient.

121. A system which would retain some voluntary basis of funding seems to be preferred by most countries, particularly if it could be negotiated. Such a system would also involve fair burden sharing, but could be linked to formulas already being applied in other multilateral institutions, relating in particular to multilateral environmental agreements. Support has also repeatedly been expressed for enhanced United Nations regular budget contributions to UNEP, or alternatively to the United Nations Office at Nairobi – which would release funds from UNEP's Environment Fund, currently being used for administrative costs, for its real purpose of programmatic costs. Proportionally the regular budget component has dramatically decreased in recent years and while it is important to continue efforts to increase this source of funding, especially in the medium term, it is not foreseen that there will be substantial increases in the near future. In fact, the moderate increase proposed for the 2002-2003 biennium, has been cut by the General Assembly and continued prioritizing of other United Nations activities, such as in the humanitarian and peacekeeping fields, are illustrative of the difficulties in ensuring a firm and continued contribution from the regular budget.

122. A possible solution to the current unsatisfactory situation, and one which has recently gathered momentum, is to differentiate between UNEP's administrative and operational costs. The former could be covered through a system of negotiated or agreed assessments, while attempts would continue to increase and strengthen the United Nations regular budget component. In such a scenario operational costs would be fully funded on a voluntary basis, with possible assistance drawn also from sources outside Governments. However, the restrictive nature of possible future regular budget increases would have to be fully considered under this proposal.

IV. NEEDS AND OPTIONS

123. As has been mentioned, governments are increasingly expressing concern that the current international environmental governance structure does not meet the needs of the environmental agenda. These concerns range from the proliferation of complex meetings that imposes onerous demands on negotiators, particularly from developing countries, to the fragmentation of the agenda that prevents environmental issues from being dealt with in a comprehensive manner and does not allow the emergence of an approach that could underpin and support the implementation and monitoring of legally binding commitments under international law or allow an effective mechanism to identify and respond to emerging issues.

124. In any reform model in which the central importance of environmental compliance, enforcement and liability, as well as the observance of the Rio principles, including the precautionary approach, is stressed, the particular circumstances of developing countries must be taken into account. Faced with declining terms of trade, tariff and non-tariff barriers to trade, debt, population growth and economic instability, developing countries require enhanced support to meet social and economic demands as they attempt to meet their environmental obligations.

125. It must again be stressed that a new model of international environmental governance must be predicated on the need for sustainable development that meets social, economic and environmental requirements. The environmental problems of today can no longer be dealt with in isolation since most of them are transboundary in nature and interrelated. The linkages between environmental issues and economic development are clear and would need to be considered holistically in any forward-looking approach dealing with the challenges of the next century. Any approach to strengthening and streamlining international environmental governance will need to respond to the following:

(a) Credibility – reformed institutional structures must command the universal commitment of all States, as well as all ministries in their Governments, and be based on transparency, fairness and confidence, in an independent substantive capacity to advise and adjudicate on environmental issues;

(b) Authority – reform must address the development of an institutional mandate that is not challenged and provides a clear framework for the delineation of responsibility and accountability;

(c) Financing – adequate and stable financial resources linked to broader sustainable development objectives are a precondition for effective governance; and

(d) Participation of all actors - given the importance of the environmental consequences of the actions of major groups, ways must be found to incorporate their views in decision-making because the incorporation of perspectives from major groups both enriches the environmental agenda and broadens its ownership.

126. Several ideas have been put forward to strengthen international environmental governance. There are a number of options mentioned in the current debate on international environmental governance, some of which have been addressed in the ongoing debate on improving international environmental governance.

127. During the current discussion, there have been a number of governments requesting a clearer definition of international environmental governance. For the purposes of the international environmental governance exercise, international environmental governance should be deemed to encompass the system of international agreements, secretariats, frameworks and programmes that fall within the competence of the United Nations and include functions of agenda and setting of norms, policy formulation, negotiation of legal agreements and implementation mechanisms.

128. Bearing in mind the above, there have been suggestions to strengthen international environmental governance at the following levels:

(a) At the level of organizational structures; and

(b) At the level of multilateral environmental agreements.

A. Options at the level of organizational structures

129. At the organizational level, the overriding issue regarding strengthening of international environmental governance is the need to improve the positive environmental impact of interventions. Options put forward can be grouped in the following areas:

- (a) Finance, trade and development organizations;
- (b) Environmental organizations and structures; and
- (c) Coordination.

1. Finance, trade and development organizations

130. Concern has been raised about the conflicting goals of large multilateral and bilateral bodies whose negative impact on the environment can compromise efforts towards improving international environmental governance. The solutions put forward to date are:

- (a) To strengthen processes for integrating environmental considerations into existing international financial, trade, technical and development organizations in an effort to enhance their operations in the pursuit of sustainable development;
- (b) To develop common environmental guidelines for export credit agencies to encourage integration of environmental considerations into investment decisions; and
- (c) To take steps to establish a counterpart environmental body to WTO.

2. Environmental organizations and structures

131. Ideas put forward to date reflect a need for a stronger agency for governing the global environment. The numerous options which have been put forward include:

- (a) Upgrading UNEP from a United Nations programme to a full-fledged specialized agency equipped with suitable rules, a new redefined mandate and its own budget funded from assessed contributions from member States, with a system of assessed contributions. Such an approach would involve the negotiation of a charter, its entry into force as a legal agreement constituting a new organization and the dissolution of UNEP by the General Assembly. The time frame involved from a legal and institutional perspective appears to indicate that this approach would be a medium to long-term option.;
- (b) Utilization of the General Assembly or the Economic and Social Council in a more comprehensive institutional manner, for example by integrating deliberative aspects of the work of the Commission on Sustainable Development into the Economic and Social Council;
- (c) Establishment of a new world environment organization. Issues that would need to be addressed are: what functions it would have; whether it would act as a parent organization for the various multilateral environmental agreements; and what financial resources and legal authority it would be endowed with. Considerations similar to those which apply to the creation of a specialized agency would apply and, as such, this option would be a medium to long-term possibility;
- (d) Transformation of the Trusteeship Council, one of the six principal organs of the United Nations, into the chief forum for global environmental matters, including administration of multilateral environmental agreements, with the Commission on Sustainable Development reporting to an economic security council rather than to the Economic and Social Council;
- (e) Some consolidation of the functions of UNDP and UNEP, possibly at the functional and operational level;

(f) Broadening of the mandate of GEF to make it the financial mechanism of all global environmental agreements and linking it more closely with UNEP to ensure coherence between policy and financing;

(g) Raising the profile of the Commission on Sustainable Development to integrate the three "pillars" - environmental, social and economic - with greater involvement alongside other programmes and the United Nations Development Group and involving ministries other than environment ministries;

(h) Establishment of an environmental court to address issues, particularly of dispute settlement and transboundary disputes related to environmental resources.

132. In order to decide on the most effective manner of strengthening international environmental governance, the following issues would need further clarification:

(a) How coordination and synergies on environment-related issues among various organizations would be improved;

(b) How the consistency of environmental standards and agreements would be enhanced, particularly in the context of environmental and trade agreements, and how disputes would be dealt with;

(c) How to improve the role and participation of civil society, particularly environmental non-governmental organizations, in a strengthened system of international environment governance;

(d) How to address effectively the involvement of the private sector; and

(e) How to raise the level of financing and ensure predictability and stability, commensurate with the realization of approved mandates.

3. Coordination

133. Given the fragmented nature of the organizations and structures dealing with environmental issues, most of the ideas put forward have highlighted the need for improved coordination and synergies among the various entities involved. While a strengthened international environmental governance body as suggested above could be given the capacity to coordinate, it would nevertheless need tools or mechanisms for doing so. The ideas put forward to date for doing so are as follows:

(a) Agreement on a structure to provide direction and coherence among agreements within the same category. In this regard, many governments have expressed support for sectoral clustering among the activities of related conventions, i.e. with regard to the atmosphere, chemicals and wastes, biodiversity, etc. Agreement appears to have emerged on considering, in the short to medium term, a functional clustering of multilateral environmental agreements related to trade provisions, through which national capacity-building programmes, compliance and training could be coordinated. In addition, it has been suggested that a pilot phase be put in place through which programmatic clustering of the chemicals conventions could be effected and that this project should be ready for review at the World Summit on Sustainable Development in September 2002 ;

(b) With regard to coordination between trade and environmental agreements, establishment of a dispute mechanism scheme for trade-related environmental issues, with the dispute settlement process being independent of the rule-making and negotiating functions of WTO. While the current shortcomings have been repeatedly stressed, few concrete suggestions have been made on how this issue could be addressed and it is hoped that in the follow-up to the recent Doha meeting progress will be made in this regard;

(c) Improvement of UNEP's coordinating role, one suggestion being to bring together under the aegis of UNEP all organizations with a largely environmental remit in order to harmonize schedules, assessments, actions and strategies on a thematic basis without compromising the current legal autonomy of specific entities;

(d) Utilization of the Governing Council/Global Ministerial Environment Forum for setting broad policy guidelines for international action on the environment. Many Governments have expressed support for an enhanced role being assigned to the Global Ministerial Environment Forum and it becoming the body through which international environmental policy formulation and coordination would take place. The ability of the Governing Council/Global Ministerial Environment Forum to serve as an umbrella environmental policy body has been highlighted and could also be improved through the involvement and effective participation of stakeholders from civil society and the private sector. Through cross-sectoral agenda-setting, the involvement of other relevant branches of government (apart from the environment) could be achieved, thereby providing a valuable impetus to coordinated dialogue on sustainable development policies. The utilization of an enhanced agenda for the Global Ministerial Environment Forum could therefore assist in mainstreaming environmental considerations into decision-making in the social and economic sectors, including at the national level. Such a role for the Global Ministerial Environment Forum, equipped with an enhanced scientific assessment capacity for emerging issues and a coordinating role in respect of other inter-governmental bodies, could constitute a more coherent approach. Through a strengthening of the scientific capacity of the Governing Council/Global Ministerial Environment Forum, linked to a segment dealing specifically with early warning and in-depth consideration of emerging environmental issues and trends, the potential for providing policy advice to a wide variety of environmental institutions and ensuring that they consider the social and economic dimensions when formulating environmental policies would be enhanced. In this regard proposals have also been made to promote an intergovernmental strategic plan through which UNEP could provide implementation support, especially to developing countries. These proposals include the reformulation of a strategic partnership between UNEP and other relevant bodies, including the GEF and UNDP, and would include a role for UNEP in country-level delivery, particularly with the UNDP, in capacity-building and training, and national-level coordination of environmental and sustainable development objectives.

(e) Enhancing the role of the Environmental Management Group as a coordination mechanism to cover all institutions with a largely environmental remit, including UNEP and the secretariats of the multilateral environmental agreements. The Environmental Management Group, through time-bound issue management groups, presents a valuable opportunity to address policy coherence and foster synergistic cooperation within and outside the United Nations system. A more effective utilization of the Environmental Management Group would not only strengthen UNEP's capacity for environmental monitoring, assessment and early warning but could result in the provision of timely, improved and coordinated information to countries. By defining the role of the Environmental Management Group as an authoritative and high coordination mechanism, with high-level participation, programmatic coherence could be enhanced, particularly at sectoral levels. The Environmental Management Group would subsequently submit reports of its activities to the Governing Council/Global Ministerial Environment Forum and ensure wide dissemination of its reports throughout the United Nations system ;

(f) Ensuring full cognizance of the environmental dimension of sustainable development, and the integration of all sectoral policies related to sustainable development, by positioning the Environmental Management Group as a counterpart to the United Nations Development Group.

(g) Inclusion of UNEP in the United Nations Development Group;

(h) Establishment of a United Nations Environment Group, on the basis of the Environmental Management Group, as a complement to the United Nations Development Group;

134. In order to arrive at a meaningful way forward for strengthening the governance of the global environment, these options would need to be discussed further. During the international environmental governance process, the view has been expressed that any changes should be evolutionary in nature and

build on the existing arrangements. There is also a growing awareness that the environmental governance process should form part of a process aimed at improving sustainable development governance and addressing existing shortcomings in the economic and social fields.

B. Options at the level of multilateral environmental agreements

135. With regard to multilateral environmental agreements, the overriding issue for strengthening international environmental governance is the fragmented manner in which they operate, primarily owing to lack of coordination. This has diminished the ability of countries to implement commitments made under the existing agreements. The options put forward may be grouped in the following clusters of topics:

- (a) Coordination;
- (b) Monitoring the state of implementation;
- (c) Improving capacity and incentives for compliance; and
- (d) Compliance and enforcement tools.

1. Coordination

136. At the international level, inadequate coordination among multilateral environmental agreements makes itself felt in the large number of meetings (more than 40 during 2001), difficulties arising from the dispersal of the location of secretariats between Montreal (for the Convention on Biological Diversity and its Biosafety Protocol and the Multilateral Fund), Geneva (for CITES and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal) and Bonn (for the Convention on Climate Change, the Convention to Combat Desertification and CMS) as well as the dispersal of venues of Conferences of Parties and their subsidiary bodies. At the national level, the fact that the various conventions have different focal points also results in inadequate coordination due to the involvement of different ministries. In the absence of national coordination of global environmental issues, it is difficult to ensure adequate international coordination. During the ongoing discussion on international environmental governance, support has been expressed, in various degrees, for the following:

- (a) Physical co-location of secretariats of agreements or the clustering of multilateral environmental agreements at the sectoral (for example, biodiversity-related conventions), functional (for example, trade and finance related issues), or regional (for example, complementary legislation) levels;
- (b) The development of umbrella/parent conventions, possibly at a later stage;
- (c) Utilization of scientific bodies to address the scientific or thematic assessment needs of agreements functioning on a demand-driven basis instead of dedicating distinct ones for each agreement;
- (d) Use of the Governing Council/Global Ministerial Environment Forum to clarify the main principles to be incorporated into the various agreements with a view to harmonizing their implementation. In this regard, a departure point could be enhanced involvement of the Conferences of the Parties of multilateral environmental agreements in the deliberations of the Governing Council/Global Ministerial Environmental Forum, and at the programmatic level through their membership in the Environmental Management Group. This would enable the Environmental Management Group to act as conduit to the Governing Council/Global Ministerial Environmental Forum, the latter then focusing, as applicable, on cross-sectoral issues and acting as an overarching policy forum, providing advice and political guidance through priority setting based on scientific assessments. In addition, the Governing Council/Global

Ministerial Environment Forum could conduct meetings back-to-back with meetings of the Conferences of Parties of sector specific issues included in its agenda, thereby improving overall policy coordination.

2. Monitoring the state of implementation of multilateral environmental agreements

137. Current capacities to monitor the state of compliance with multilateral environmental agreements are weak. The processes currently in place call for national reports on each agreement as a means of monitoring levels of implementation and compliance with conventions. However, some countries do not submit reports while others only do so belatedly. Furthermore, convention secretariats and their budgets are small. Suggestions include:

(a) Establishment of an authoritative body that has the capacity to verify the information to be supplied by Governments. The issue of reviewing the status of implementation on a country-by-country basis as opposed to an agreement-by-agreement basis would need to be resolved; and

(b) Reinforcement of surveillance mechanisms to monitor the implementation of agreements, possibly in conjunction with coordinated national reporting on issues which are sectorally linked (eg., the biodiversity related conventions).

3. Improving capacity and incentives for compliance

138. Concern has been expressed that multilateral environmental agreements are not being implemented effectively. Lack of financial measures and incentives is the primary cause of this problem. In addition, the proliferation of agreements and their associated conferences and obligations places a burden on countries. The following incentives and measures have received some support and have been suggested for improving compliance:

(a) Additional financing;

(b) Adoption of a centralized reporting process for the different agreements, with due regard to the enhancement of internal national capacity through training and broadening skills in subjects related to capacity-building;

(c) Efforts by conferences of the Parties to do more to encourage countries that have not yet ratified agreements to do so and to focus in a coordinated manner on the advancement and enhancement of the implementation of agreed international norms and policies;

(d) Actions to foster compliance with environmental principles and international agreements, including making some agreements enforceable for non-Parties;

(e) Identification of the precise role of technology transfer as an incentive;

(f) Devising new indicators for capacity-building and developing new tools for building capacities;

(g) Drafting of a framework convention on economic instruments to promote the implementation of all multilateral environmental agreements.

4. Compliance and enforcement tools

139. The ideas put forward to date note the inconsistencies between global trade rules and multilateral environmental agreements. Solutions for improving consistency and enforcement could include the following:

(a) Revision of the environmental exceptions to WTO rules, in order to clarify that trade measures taken in pursuance of multilateral environmental agreements are protected from challenge at the trade body;

(b) Establishment of a complaints system with defined roles for the secretariats of environmental agreements in processing such complaints, the powers of Conferences of Parties to rule on them and the range of measures that could be taken;

(c) Establishment of a dispute settlement mechanism (conciliation, negotiations, etc). Issues that would need analysis include whether it would be centralized or specific to each agreement, utilizing a new court, the International Court of Justice, etc. The development of guidelines for cooperation at national, regional and global levels on compliance and enforcement would also need to be considered;

(d) Establishment of an environmental ombudsman or high commissioner, or a centre for amicable settlement of disputes, possibly under the auspices of UNEP;

(e) Implementation of common regulations on the subject of environmental liability as an instrument for prompting Parties to respect their obligations, in conjunction with support to Parties to the environmental conventions to develop and/or strengthen national laws and regulations to enhance enforcement and compliance;

(f) Institution of sanctions and penalties for non-jurisdictional aspects, including the establishment of enforcement focal points for better coordination at the global, national and regional levels.

C. Conclusion

140. The proposals put forward by the President of the Governing Council, and which have been considered by the Open-ended Intergovernmental Group of Ministers, or their Representatives on international environmental governance, are wide-ranging in nature and complementary to this report. In this context the work of the Open-ended Intergovernmental Group of Ministers has been successful and their recommendations are presented, in accordance with Governing Council decision 21/21, for consideration by the Governing Council/Global Ministerial Environment Forum at its seventh special session.

141. As the Secretary-General pointed out in the preface to the UNEP 2000 Annual Report, "there is no shortage of ideas on what should be done. ...What we need is a better understanding of how to translate our values into practice and how to make new instruments and institutions work more effectively. ...We must work towards establishing systems that are governed by people and institutions according to commonly defined rules and mechanisms. We must use these systems to ensure that all parties concerned contribute, and that they all benefit from the efficient and environmentally sound use of resources - whether natural or man-made, whether already available or yet to be developed. We must apply universal values to safeguarding local diversity. And we must build global public awareness so that individuals and groups all round the world can understand what is at stake and join in the effort."

142. Following the decision of the preparatory committee for the World Summit on Sustainable Development to be held in Johannesburg in 2002 to consider the outcome of the international environmental governance process in the preparations, this process should be seen as an important contribution to a positive outcome to the summit. Similarly, it should be viewed as a contribution to the successful implementation and operationalization of the goals in the Millennium Declaration and as such the commencement of a process that should eventually culminate in a coherent and inclusive structure designed to address the multifaceted environmental challenges facing the international community, bearing in mind that it forms an integral part of the wide array of considerations contained in Agenda 21.

Annex

QUESTIONS RAISED ON INTERNATIONAL ENVIRONMENTAL GOVERNANCE

1. The establishment of the Global Ministerial Environment Forum with universal participation at the ministerial level has resulted in a renewed focus for high-level environmental policy discussion.
 - Is there a need to further strengthen the Global Ministerial Environment Forum and enhance its relationship with other intergovernmental environmental forums to assist in developing policy coherence?

2. The fragmentation of the institutional structure for environmental decision-making and the loss of policy coherence and missed opportunities for synergistic cooperation have been identified as major problems.
 - Is there a need to develop a clustering approach to multilateral environmental agreements?
 - Should such a clustering approach take place at the functional or the issue level?
 - What would need to be done to develop the necessary authority and linkages to pursue such an approach?

3. There is general consensus on the need for inter-agency coordination and an authoritative role for the Environmental Management Group.
 - Is there a need to further strengthen, define and provide authority to the role of the Environmental Management Group?
 - How could that be achieved?
 - If a clustering approach to multilateral environmental agreements is agreed on, could the Environmental Management Group be the instrument to achieve that?

4. There is general agreement that the need for increased and stable financing for the international environmental agenda is required.
 - Is there a need to establish a system of assessed contributions to the Environment Fund of UNEP?
 - What should be the relationship between UNEP as the principal environmental policy body and the Global Environment Facility (GEF) as the principal environmental financing body?
 - What would be required to translate the positive sentiments expressed by Governments into real financial contributions?

5. The question of the status and authority of UNEP has been underscored.
 - Is it a realistic and effective approach for UNEP to become a specialized agency of the United Nations?
 - Are there other ways to strengthen UNEP's authority?
 - What should be the relationship between UNEP and other entities dealing with the environment?

6. There is a clear consensus on the need to strengthen the Nairobi headquarters as the location of UNEP and UNCHS (Habitat), as underlined in General Assembly resolution 53/242.

- Is there a need to further strengthen the United Nations Office at Nairobi (UNON) and to increase the United Nations regular budget contribution to UNON and UNEP?
- How can the headquarters location of UNEP be better utilized?

7. It is increasingly clear that the implementation of international environmental policy will require substantial progress in terms of strengthening international cooperation and increased provision of the means of implementation to developing countries.

- Is there a need to strengthen UNEP's work in the area of capacity-building and technology transfer?
- What should be the relationship between different environmental activities in capacity-building and technology transfer?
- Is there a need for increased cooperation between UNEP and operational bodies of the United Nations?

8. There is a consensus that international environmental governance should be addressed in the context of sustainable development.

- Is there a need to better define the sustainable development objectives for the environmental work of the United Nations system?
- Should UNEP and the multilateral environmental agreements integrate cross-sectoral issues into their work?
- How should this exercise relate to sustainable development governance?

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