

The New International Scene and IUCN's Place within it

Report of a Workshop at the
19th Session of the General Assembly of
IUCN—The World Conservation Union
Buenos Aires, Argentina



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IUCN
The World Conservation Union

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Preface

Martin Holdgate, Director-General, IUCN-The World Conservation Union

There can be few periods in IUCN's 45-year history that have seen more significant movement on the international environment scene than the triennium since the Perth General Assembly. UNCED, the United Nations Conference on Environment and Development, came and went like a tornado, leaving the world bedazzled and more than a little confused about what can be expected now.

UNCED—and particularly the preparatory process—did a fine job in raising world consciousness of the extent, gravity and urgency of global environmental problems, and how deep were the changes required to put the world on a sustainable footing. At the same time, it demonstrated that the world's governments were not prepared—especially in a time of economic recession and electoral volatility—to place global concerns above national ones, much less concerns of future generations over those of the present. Thus just as we finally induce the world leadership, after years of concerted effort, to focus collectively on a major global issue, we realize with a sinking feeling that they intend to do no more than to smile and nod. What went wrong?

Did our institutions let us down? Have we reached the threshold of a new era where the ethic of global citizenship, of intergenerational equity, of basic human rights and the like will quietly be scuttled? Are the meagre institutional concessions reluctantly wrested from Rio a sufficient platform on which to build? This workshop addressed these questions, and tried to identify how IUCN could best contribute to the search for solutions.

There are several building blocks which can be used. Agenda 21, for example, is a thorough consensus document on the action necessary to achieve sustainable development. IUCN has already compared its Programme to it and drawn out the corre-

lations. *Caring for the Earth* goes well beyond Agenda 21, and represents a solid set of objectives to which the world community might aspire. This too has been compared to the IUCN Programme and the correlations outlined.

On the institutional front, also, there has been considerable movement. The United Nations Environment Programme has been revitalised and given new leadership. The Commission on Sustainable Development has taken over the political lead on environment and sustainable development, at least at the Government level, and it will be interesting to see whether this has any impact. The NGO movement, having participated well in the preparations for UNCED, is now somewhat to play a role, and will no doubt be an interesting experiment to watch. There can be no question, however, that the institutional pattern for dealing with sustainable development has begun to undergo a profound change, and IUCN cannot help but change with it.

Finally, the funding situation has also begun to alter radically. Environmental 'additionality' can no longer be assumed, not only because significant additional funding in any field is unlikely in the present economic circumstances, but also because it is now clear that to consider environment an 'add-on' to development is to miss the point. New funding mechanisms such as the Global Environment Facility have their admirers and their detractors, and a number of creative ideas are afloat, but it is inescapable that we shall not begin adequately to address the needs identified at Rio unless, somehow, substantial additional resources are located. IUCN must attempt to address this matter, and contribute to the search for solutions.

This workshop was an opportunity to identify the proper policy role for IUCN within this set of issues.

The World After Rio: What is the Real Commitment to Sustainable Development?

Sir Shridath Ramphal, President, IUCN-The World Conservation Union

What is the environmental way forward? We have entered the 1990s with a record that is tangled and disquieting. Rich countries, and the rich in all countries, have grown richer; the poor nearly everywhere have grown poorer. Communism has collapsed in economic and political ruin, and the Cold War has ended with some gains for nuclear disarmament. But as the post-war era closes, the adjustment from centrally planned to market economies is pointing up a crisis of uneven development in Eastern Europe and new freedoms are unleashing new tribal tensions: ethnic, linguistic, religious. The Gulf War was anything but a glorious experience for the world—and rather specially for the United Nations, which was neither able to avert the crisis nor to resolve it in a peaceful manner. And now, Yugoslavia and Somalia in different ways shame us into recognizing how utterly we have failed to fulfil the promises of freedom from fear and freedom from want with which the post-war era began; and how interlocked are the consequences of those failures.

What are the factors that will reshape the future—the New World in which IUCN must play? And what do they imply for the Union? I limit myself to three: the unequal prospects of people, a shifting economic centre of gravity and the weakening of the nation state. These are not the only factors; but I believe that they subsume many others you might think of, and have a particular relevance to IUCN.

The immediate consequence of recent convulsions is that, almost by default, there is a much greater degree of consensus about economic matters. Centralized, state-dominated, command-and-control, highly protectionist systems have been shown not to work. Governments everywhere now acknowledge that economic policy has to be couched within a broad market-based framework.

Yet, what the convulsions are also doing is to sharpen divisions within and between countries that were subordinated to the ideological polarization of the Cold War. Prominent, perhaps pre-eminent,

amongst them is the gulf between the relatively few who are well off—whether people or countries—and the many who are not.

In many countries an enormous gap is opening up between the mass of people and those who, for reasons of enterprise and hard work, but not infrequently of luck, theft, corruption or inheritance, are becoming very rich. Moreover, because there is a near-universal access to global mass media, international income and wealth differentials are increasingly transparent especially to the deprived. A world that is so interdependent in respect of security, economy and environment simply cannot be organized on the basis of oases of prosperity and wastelands beyond.

I do not pretend to understand how, in future, the frustrations of the poor will be expressed. We can be reasonably sure, however, that there will not always be passive acceptance of what is seen as economic injustice. Almost certainly, Communist ideology will no longer be an attractive organizing principle: more likely is a cocktail of religious, nationalist, and ethnic movements, and, in some cases simple criminal violence of the kind readily apparent from the streets of Washington to the beaches of Copacabana. How is IUCN going to translate into policy and programmes its 'Caring for the peoples of the Earth'?

Another factor reshaping the future is the shifting economic centre of gravity. When IUCN was founded, about one-third of the world's population lived in what are today's developed countries. Now that share is less than a quarter. In about 30 years—by 2025, it will fall to 16%—overtaken by Africa alone which will have 18% of the world's people. South-East Asia, wherever you draw its borders, already contains many more people than any other part of the world. This changing demographic scene itself changes the world; and it foretells a story of economic change that will go to the very heart of global relations. Already, slowly, steadily, but inexorably, the centre of gravity of the

world economy may be shifting out of the OECD altogether.

The latest International Monetary Fund GDP statistics show that on a Purchasing Power Parity basis—stripping away exchange rate distorting effects—the OECD now accounts for barely half the world economy; China is the second largest economy after the United States, ahead of Germany and Japan; India is the sixth, ahead of Britain; Brazil and Mexico are in the top ten, ahead of Canada; while Indonesia, South Korea, Nigeria and others are substantial players. Of course, there are still big disparities in living standards, and in technological capacity, but it seems fairly clear that, certainly in terms of market opportunities for trade and investment, and all the many implications for sustainability, there is an irreversible shift taking place to what have been some of the poorer parts of the world.

The rich will have to come to terms with economic multi-polarity—and so will global institutions like IUCN. What is needed is a change in perception and attitude: a recognition that the privileges and responsibilities of global economic governance have to be more widely—and realistically—shared.

A third factor is surely the weakening of the nation state. The underlying premise of the post-war economic order was a set of rules and self-denying disciplines among nation states. The rules were not everywhere observed by those who made them, nor the disciplines faithfully followed. But we have now a new and serious complicating factor in the erosion of economic sovereignty—and even the legitimacy—of many national governments whose collective commitment is the basis of that order.

It cannot be just a coincidence that the governments of so many leading countries face unprecedented domestic unpopularity and demands for major institutional reform; or that so many countries, not just those of the former Soviet bloc, now face powerful centrifugal forces exerted by subnational groups. One explanation is that national authorities are increasingly unable to deliver; that powerlessness, not power, is the dominant reality of national governance. For developing countries, especially smaller ones, loss of economic sovereignty is no great novelty; they never had much anyway. But for the big and the rich, this is a new, and disorientating experience. It is a time for civil society—a time for the NGO communities everywhere—and a time for the kind of interaction between governments and the non-government sector which IUCN is so well structured to provide, provided we are alert to our needs and opportunities.

There is a fork in the road ahead—and the world may reach it sooner rather than later. When it does, it will become clear whether the major players in world affairs are seriously interested in creating an international order based on respect for rules, law, inclusivity and strong global institutions; or are content to let the system drift into semi-anarchy, with narrow, short term (and, in today's highly interdependent world, obsolete) national interest to the fore—a world in which Caring for the Earth and its Peoples will be beyond the reach of vision and IUCN's grasp.

I called the book I wrote for Rio *Our Country, The Planet*. The Spanish edition published here in Argentina by Planate calls it *Nuestro Hogar, El Planeta*: "Our Home, The Planet". Either way, it speaks to a change in our angle of vision—from a world of adversarial nation states to a global community, what *Caring for the Earth* called "a global alliance", a human partnership for survival.

What will be IUCN's role in that world?

- Will it be an agency of partnership—or just a forum of dialogue?
- Will its conservation culture keep the fate of people on the periphery of its concerns?
- Will we remain silent on the human inequities that lie at the heart of the environmental calamity—what President Menem at the Opening of this Assembly called "the false dichotomy between development and conservation...both poverty, with its demanding needs and wealth, with its compulsive habits"?
- Will we continue to believe that ecological economics belongs to an alien discipline and should not distract IUCN from its well grooved mission?
- Will we insist that environmental ethics are soft issues that mar the purity of hard science?
- Will we heed the warnings of our External Review or pay only lip service to the problems of image it has raised?
- Will IUCN preserve the silences of Rio on critical questions like over-consumption?
- Will IUCN's advocacy role continue to make us nervous—even when we have a Mission, a Strategy and a Programme to sell, and a world that needs to be converted to the enlightenment they embody?
- In short, will IUCN confine itself to a backwater of nature conservation narrowly defined or venture out into the evolving mainstream of sustainable development where the real issues of planetary survival will be decided?

After three years of the Presidency, I believe IUCN is poised to respond to each and every one

of these challenges in an enlightened and progressive way. We have nothing to fear from the world that is emerging save our own self-imposed constraints. If it draws a circle around itself, IUCN will become a prisoner of its own making. This is not a time for circles, but for opening up new space. We

know in our minds what we have to do; we must find in our hearts the will to do it and the courage to persevere, however untrodden the path.

In the time ahead IUCN needs to make a reality of 'Caring for the Earth and its Peoples'—to make it a reality for a still uncaring world.

The United Nations System After Rio

Martin Holdgate, Director-General, IUCN-The World Conservation Union

The United Nations System: A Brief Perspective

Let me say at the start that I am not an expert on the United Nations. I am an observer, and like all observers, see a partial picture. Our Chairman knows far more about the UN than I do, and I rely on him to correct distortions in my perspective.

Many people tend think of the UN as a monolithic structure, created in 1945 out of worldwide determination to keep the peace. There is truth in the latter part of the statement. In 1945, nations were shocked not only by the horrors and social devastation of modern war, waged on a global scale, but at the economic disasters it created. They saw that another world war could destroy global civilization and that there must be something more effective than the old League of Nations to deter it.

World War II highlighted the importance of consultation and dialogue to identify potential sources of friction early on, and so avoid conflicts. But the Charter of the UN also recognized that a debating chamber like the General Assembly, even with a special 'inner circle' like the Security Council, was insufficient. Prevention is ever better than cure and the Charter recognized the need for specialized agencies to promote cooperation in key areas like health, economics, and social and cultural affairs "with a view to the conditions of stability and well-being which are necessary for peaceful and friendly relations between nations". And the Charter recognized that the global level was not always the right one for cooperation: regional commissions to further these ends were also envisaged.

I think we often forget the frenzy of institutionalization that overtook the world in the 1940s, and then continued into the 1970s. Some pre-existing bodies were swept into the UN system, like the International, now World Meteorological Organization, created in 1873 and made a Specialized Agency in 1950, or the International

Labour Organization, created in 1919 and a specialized Agency since 1946. The Food and Agriculture Organisation, the General Agreement on Tariffs and Trade, the International Fund for Agricultural Development, the International Maritime Organisation, the United Nations Educational, Scientific and Cultural Organisaton, the United Nations Industrial Development Organisation, the World Health Organisation and the World Intellectual Property Organisation were all established between 1945 and 1970. A group of special financial agencies, originating with the Bretton Woods Conference, the International Monetary Fund, the International Bank for Reconstruction and Development, better known as the World Bank, the International Development Association and the International Finance Corporation date from 1944 to 1960.

These bodies have the status of Specialized Agency: that is, they have their own international Governing Councils, and although they mostly report to the General Assembly through the Economic and Social Council, ECOSOC, they have a large measure of independence. They are open to all members of the UN, but they are not directed by the Secretary General or the General Assembly. Complicated? Yes, but wait for there is more.

The International Atomic Energy Agency—established in 1957—is constitutionally an independent body under the aegis of the UN.

There are two bodies described as 'Organs of the UN'—the United Nations Children's Fund and the United Nations Conference on Trade and Development.

The World Food Programme is a joint organ of FAO and the UN.

There are two 'UN Programmes': the United Nations Environment Programme and the United Nations Development Programme.

The UN Population Fund is a subsidiary organ of the General Assembly, under the administrative authority of UNDP.

There are three UN Commissions—on Population, Human Settlements, and Transnational Corporations. There is a Committee on the Development of New and Renewable Sources of Energy. And there are special Offices, like those of the Disaster Relief Coordinator and the High Commissioner for Refugees.

It is a bureaucratic jungle, even without taking in the Regional Commissions. Yet it has to be said that it works reasonably well within the sectoral specialism of the various agencies. The problem comes when it is necessary to pursue some cross-cutting issue—like the environment—at a practical level below the generality of debate in ECOSOC or the General Assembly.

Environment in the United Nations System

I first became partly aware of this diverse and perplexing system in 1970 or thereabouts, when I led the UK delegation to the Preparatory Committee for the UN Conference on the Human Environment—the Stockholm Conference. At that time we—the Governments—were well aware that environmental issues cropped up in, and were pursued by, a number of UN Agencies, and other bodies, notably FAO because of its concern with agriculture, forests and fishery resources; WHO because environmental care is an important element in preventive medicine; WMO, because the climate drives global ecology and productivity and is influenced by both; IMO, because marine pollution comes in part from ships; and UNESCO, because of this Agency's role in promoting central scientific issues. I think that UNDP—only founded in 1966—was too young at the time to have made much mark.

At Stockholm the cross-sectoral, holistic nature of environmental problems was very evident. At the same time Governments realized that they could not (or would not) erode the independence of the Specialized Agencies by making them subservient to a new environmental directorate. Hence the notion of 'a small coordinating Secretariat', envisaged as having only 50 or so staff (which suited governmental parsimony), working under the guidance of a Governing Council of 58 States (but open to all other UN members as observers). The Governing Council was to agree on a programme of priority actions in the environment field. It would report to the General Assembly through ECOSOC. But the execution of the programme was envisaged

as through the specialized agencies and other international organizations in the environmental field. UNEP was not envisaged as having an executive arm. It was to have a voluntary fund so that it could commission work from the executing organizations. And it was to be helped in its work of coordination by an Environment Coordination Board, chaired by the UNEP Executive Director, bringing together representatives of the agencies, under the auspices and within the framework of the UN Administrative Committee on Coordination (ACC).

You will forgive me if I say that against that background I found the changes in the UN system proposed at, and emerging from Rio, somewhat familiar.

Rio and the UN System

If you look at Chapter 38 of Volume 1 of the Official Report of UNCED, what do you find?

"In fulfilling the mandate of the Conference, there is a need for institutional arrangements within the United Nations system in conformity with and providing input into the restructuring and revitalization of the United Nations in the economic, social and related fields, and the overall reform of the United Nations system, including on-going changes in the Secretariat. In the spirit of reform and revitalization of the United Nations system, implementation of Agenda 21 and other conclusions of the Conference shall be based on an action and result-oriented approach and consistent with the principles of universality, democracy, transparency, cost-effectiveness and accountability."

Phew!

What actually emerged was:

- Recognition that the General Assembly, as the highest intergovernmental mechanism, is the principal policy-making and appraisal organ on matters relating to the Conference.
- The decision that ECOSOC...would assist the General Assembly by overseeing system-wide coordination in the implementation of Agenda 21...and would undertake the task of directing system-wide coordination and integration of environmental and development aspects of United Nations policies and programmes.
- A decision to establish a high-level Commission on Sustainable Development, reporting to ECOSOC, with functions to monitor progress in the implementation of Agenda 21, to consider

national reports, actions and problems; to enhance dialogue with non-governmental organizations and the independent sector; to consider progress in the implementation of international conventions; and to make recommendations on the basis of an integrated consideration of the reports and issues related to the implementation of Agenda 21.

- Affirmation that the Secretary General personally needs to provide strong and effective leadership in this process.
- Reaffirmation that the Administrative Committee on Coordination should be the principal framework for coordinating the activities of the agencies within the UN system.
- The decision that the Secretary General should appoint a high-level Advisory Board "of eminent persons knowledgeable about environment and development, including relevant sciences".
- Emphasis that "all relevant organs, programmes and organizations of the United Nations will have an important role within their respective areas of expertise and mandates".
- A redefinition of UNEP's role as essentially catalytic and promotional, including:
 - development of techniques such as natural resource accounting and environmental economics;
 - environmental monitoring and assessment;
 - promotion of research and dissemination of information;
 - raising awareness;
 - further development of international environmental law, especially Conventions and guidelines;
 - promotion of environmental impact assessments;
 - facilitation of information exchange and provision of advice and support to governments and development agencies; and
 - further development and assistance in environmental emergencies.
- UNDP is similarly redefined as the UN lead agency in capacity-building at local, national and regional levels; mobilizing donor resources on behalf of Governments; and assisting recipient countries with their infrastructure and actions for sustainable development.
- There are other sections dealing with the role of other parts of the machinery, but I stand back at this point and suggest some general comments, before turning to the fundamental question of where this leaves IUCN.

The UN, Stockholm, Rio and the Future

I trust you will forgive the cynicism, but I see strong parallels between the UN after Rio and the UN after Stockholm. In both cases the cross-sectoral nature of environment and need for an integrated approach was recognized. In both cases the solution was to impose a coordinating mechanism on the UN system, without eroding the sovereignty of the Agencies and other institutions. Note, further, that the coordinator of Stockholm, UNEP, becomes one of the coordinated following Rio! In both cases, the ACC was given an internal role (which did not really work after Stockholm and may well not work now). In both cases a new intergovernmental body was established—the Governing Council of UNEP and the Commission on Sustainable Development. But in Stockholm's case, in a more affluent age of the world, a new fund was established. The CSD has no money to apportion, and the Global Environment Facility is not under the control of the post-Rio machinery. You will forgive me for wondering whether the new machinery will work any better than the old.

I sense from the papers and discussions that the UN system remains the captive of several underlying forces it has never, in its history, been able to master.

First, it has never been integrated. The central machinery of GA, ECOSOC, and ACC has in practice never been able to control its agencies, or ensure that their environment and development programmes are truly focused on a common agenda. After Rio, Agenda 21 remains for the agencies to take or leave as their Councils and Directorates see fit.

Second, it has never been truly proactive, with a clear strategy for its work on environmental matters. Agenda 21 is an action list—some would say a wish list—but it does not contain priorities and these are almost impossible to set in an intergovernmental debate where different countries press different interests with little regard to the resources available.

Third, it finds it difficult to address the really big issues, until its member governments reach something near consensus. Rio side-stepped a number of fundamental questions: the widening poverty gap between nations; the defects in the world economic and trading system; debt; population-resource interactions, and the need to curb excessive resource consumption and pollution in the developed countries. There is no consensus on these matters, and the UN is forced to move slowly, like the convoy hampered by its slowest

ship, because it cannot coerce nations even if their conduct appears to the wider world community to be perverse or even dangerous.

Fourth, it has suffered from insularity. This is a reflection of its structure. Intergovernmental organizations are, understandably, dominated by governmental delegations. But if Governments alone are incapable of achieving their set objectives, this cannot be a recipe for success. Yet opening up the intergovernmental machinery to the non-governmental world poses real problems that nobody has yet found ways of solving.

Fifth, being tied to Governments, its authority is in danger of being undermined as the unquestioned authority of the nation state is increasingly called into question. The forces of ethnic and nationalistic splintering and the increasing resistance to governmental direction weaken its members. There is a danger that the UN, like a latter-day Nero, will debate while Bosnia burns or the Sahel starves. Because national Governments cannot deliver, the UN is being eroded.

The Present Situation

It is interesting to look at the Secretary-General's Report of September 1993 in this connection. It implies (as did a personal presentation by Dr Boutros Ghali to his High Level Advisory Board that same month) that the Secretary-General himself is aware of the many problems that confront his organization.

The latest pressure on the UN comes from its peace-keeping role. Commendable in itself, this is absorbing immense resources. There are 17 peace-keeping operations around the world, involving 80,000 civilian and military personnel. The commitment is rising and may have reached 100,000 by the end of 1993. The problem is not only with the demand on resources, aggravated by the failure of Governments to meet their financial obligations, but that this admirable effort obscures in the public mind the other work the UN is doing. But the Secretary-General rightly recognizes a special role for the organization in preventive diplomacy and in reconstruction after conflict. The issue is: can it, constrained as it is by its Governments?

What is important is that he does recognize that environment and development are at the heart of preventive diplomacy and of restoration. In some respects he goes further than his members in stating that "Agenda 21 is the first international agreement expressing a global consensus and a political commitment at the highest level to action on population,

environment and economic advance, encompassed in a programme of sustainable development". This is not how I read Agenda 21, but I wholeheartedly agree that this is what it should be!

The key question is, therefore, can the UN deliver or will it be a victim of the new forces afoot in the world? Clearly one healthy feature is the fact that the Secretary-General and the Rio Conference alike recognize that the institutions of the United Nations alone cannot achieve their goals. And this brings me to the final issue: the relationship between the UN and non-governmental or non-UN bodies. And to a very serious challenge here. For it may be that the only hope is for the UN to develop a capacity to by-pass its governmental members and reach out to a wide world.

IUCN and the United Nations

IUCN's relationships with the UN system have been on one level close and rewarding, and at another level weak and frustrating

When UNEP was first established, it saw IUCN as a partner for the Secretariat especially in the field of wildlife conservation and used the Voluntary Fund to commission considerable work from the Union's Commissions and Secretariat. Even though the financial support has dwindled, Secretariat level cooperation remains close, with UNEP and many other UN bodies:

- The IUCN Secretariat made a substantial direct contribution to the preparation of UNCED agenda papers on forests, marine environments, environmental education, environmental law, biological diversity, and several other topics.
- IUCN has continued to work with FAO on forest matters, and with UNEP and the Secretariats of International Conventions administered by UNEP on biodiversity, trade in endangered species, and the implications of climate change.
- IUCN has maintained close links with UNESCO and UNEP on environmental education, and also with UNESCO on the protection of world heritage areas.
- IUCN has built and maintained close links with UNDP in the field in several countries.
- IUCN has sought close working links with World Bank staff on many issues, including National Environmental Action Plans, and the use of the Global Environment Facility.

At this working level, given resources, there is no reason why cooperation should not remain close. But this is part only of the scenario envisaged at Rio.

As the Decisions of the Conference record, non-governmental organizations are important partners in the implementation of Agenda 21. The United Nations system is urged to "design open and effective means to achieve the participation of non-governmental organizations, including those related to major groups". It is urged that "procedures should be established for an expanded role" for such organizations. "The General Assembly, at an early stage, should examine ways of enhancing the involvement of non-governmental organizations within the United Nations system...in the follow-up of the Conference."

IUCN, of course, is an unusual body in being both intergovernmental and non-governmental, though we are treated rather dismissively as an NGO in UN circles, which, because of the insularity I have mentioned, tend to treat everyone else as second-class citizens. But what could actually be done to enhance our role and contribution? How can we understand, respond to, and help shape the new world that is evolving?

First, can we be accepted as a body representing a 'major group'—the international community of experts on conservation and sustainable use of natural resources? We can make an intellectual claim, at any rate, to have in our membership the major group of world expertise on the conservation of biological diversity. Can intergovernmental meetings

accept IUCN as if we were a specialized agency in this field? Can our members accept that the implication would be that IUCN would, in a real sense, speak for them obviously on the basis of General Assembly policy statements?

Second, can ways be found of making the dreary process of intergovernmental debate more effective? All too often plenary sessions of meetings like the UNEP Governing Council are dominated by national tub-thumping of little relevance to the issues concerned. Can intergovernmental debates be a little more like those in the IUCN General Assembly, with genuine dialogue between governmental and NGO sectors?

I suggest we need to move forward in two ways—internal and external. Internally, we need to develop our advocacy role, gaining authority to speak for our members in intergovernmental meetings, using Resolutions and Recommendations of the General Assembly and approved position papers developed in Council as the basis for the advocacy involved.

Second, externally, we need a dialogue with our colleagues in the UN system about how we can best work together to advance the goals we all share—the peaceful, equitable and sustainable development of world society, founded on respect and care for the earth and the other species with which we share it.

The World Bank After 50 Years: No More Money Without Total Institutional Reform

Bruce Rich, Environmental Defense Fund

Introduction

This paper summarizes some key institutional themes in the history of the World Bank. It also gives an update on the role of the Bank in the 1992 Rio de Janeiro Earth Summit and its aftermath, and on the institutional response of the Bank to growing international criticism of its performance over the past year and a half. The last section brings together conclusions and recommendations.

Four documents of particular relevance are: the most recent issue of *Bankcheck*, a San Francisco-based NGO newsletter on the World Bank; a spring 1990 article in the US foreign policy journal *World Policy Journal* entitled "The Emperor's New Clothes: The World Bank and Environmental Reform"; a memo by Environmental Defense Fund staff attorney Lori Udall; and the draft campaign document of a number of leading US development, environmental, and church NGOs concerning the upcoming 50th anniversary year of the 1944 Bretton Woods Conference. The lead article in *Bankcheck*, "50 Years is Enough", gives an overview of the history of the World Bank, and "The Emperor's New Clothes" analyzes the failures of the World Bank's 1987 environmental reforms (when the Bank announced it was greatly expanding its environmental staff, instituting new environmental policies, and would become a lender for environmentally friendly projects, such as 'sustainable forestry'). The Udall memo outlines recent changes in the World Bank Information Policy and the Bank's creation of an Independent Inspection Panel, and summarizes recent developments in the US Congress. The draft US NGO campaign document summarizes the rational goals and strategy that a number of US groups will be pursuing in 1994, a year that marks the half-century anniversary of the post-World War II international economic system founded at the International Conference convened by the United States and its allies at Bretton Woods, New Hampshire in July 1944.

A Brief Summary of Some Key Themes in World Bank History

The history of the World Bank reveals several themes that have remained constant over most of the past half-century. These themes help to explain what appears to be the Bank's often contradictory institutional behavior:

1. It is an institution driven from the beginning by pressure to lend, to move money, a pressure that too often has overwhelmed all considerations of quality—environmental quality, social quality, and economic quality. The pressure to lend in turn is largely rooted in two fundamental institutional contradictions:
 - The Bank's charter requires it to lend mostly for 'specific projects' (e.g., power plants, agricultural schemes, roads, etc) but from the beginning it could never find enough projects to lend for. So from the 1950s onward the Bank became an active player behind the scenes in helping to design and promote projects in its prospective borrowing countries. The projects it promoted tended to be what was easiest for the Bank to lend large amounts for, rather than what responded most to the social, economic, political and environmental needs of its borrowers.
 - Unlike a commercial bank, the World Bank has a very finite, limited set of borrowers—a hundred or more poorer countries, either in what used to be called the 'Third World' or, more recently, in the former communist East Bloc. This means that after a few years at most, borrowers are paying more back to the World Bank for what they owe on past loans, than the Bank is disbursing to them in new loans. There is a 'net negative transfer' of financial resources from borrowers to the World Bank. But industrialized countries give money to the World Bank for the sake of promoting 'development', or to use the Bank's

- constantly repeated phrase, because 'alleviating poverty is the Bank's overarching objective'. As an official history of the Bank written in 1973 observed, an institution that is receiving more money from poorer, developing nations than it is disbursing to them can hardly be characterized as a development institution—it becomes part of the problem rather than a solution. If the Bank refuses to forgive or write down its loans—which has always been the case—the only solution to this dilemma is for the Bank continually to grow and push its borrowers to ask for bigger and bigger loans, or more ideally, to receive still greater and greater infusions of funds from industrialized nations that it can hand out as grants or very low interest 'concessional' loans.
2. The Bank was born with a lack of public accountability and openness, and continues to conduct its operations in relative secrecy.
 3. The Bank can continue to try to increase lending for disastrous and inappropriate projects also because, unlike a commercial bank, it suffers no financial accountability. It is the borrowing governments that pay back the Bank out of general revenues, regardless of whether the projects fail or succeed—and they agree to pay the Bank as a preferred international creditor, i.e. the Bank gets paid back before any other institution, private or public. Moreover, all of the Bank's loans are backed and guaranteed by the taxpayers of the industrialized nations; should there ever be a major default of several borrowing countries, it is the taxpayers of the industrialized world that must foot the bill. Thus, the Bank has no 'bottom line', no real world financial and market discipline to which it is accountable, even though it may preach such discipline hypocritically to poorer nations around the world.
 4. The Bank has had a shocking record of actually increasing its support for numerous authoritarian and dictatorial governments following their disposal of more democratic regimes (e.g. Brazil after 1964, Chile after 1973), or after domestic increases in officially sanctioned repression, torture and murder, or violations of international norms of human rights (e.g. Indonesia after 1965, South Africa and Portugal in the mid-1960s, Ceausescu's Romania from 1974 to 1982, and most recently, huge increases in lending for China in the years after Tianamen

Square). The standard Bank response to these criticisms is that its charter requires it to only take 'economic' considerations into account in its decisions and expressly prohibits it from considering 'non-economic' matters.

5. In the 1980s the industrialized nations led by the US used the World Bank and the IMF as intermediaries and policemen in the developing country debt crisis. Rather than forgive or write down large portions of the debt, the strategy was:

- To use increased lending from the Bank and the IMF to pump, over the short term, more hard currency into indebted countries so they could meet their quarterly debt payments to large commercial international banks.
- To attach conditions to much of this 'adjustment' lending that required countries to cut domestic expenditures (often negatively affecting social services and education), open their economies to foreign investment, and reorient their domestic economic production to export more.

Since the Bank's Charter still required that most lending be for projects, in a number of countries such as Brazil the Bank explicitly sought and financed the largest, most expensive schemes that could be presented, with the intention of using bigger and faster 'project lending' as an additional way to get countries to borrow more hard currency to service over the short term their international debt. This aspect of the strategy led the Bank to finance a number of horrendous ecological and social disasters in the Amazon rainforest and elsewhere.

The Earth Summit and the World Bank

The World Bank emerged from the June 1992 Rio de Janeiro Earth Summit (officially known as the United Nations Conference on Environment and Development—UNCED) as the key institution, for financing and implementing much of what was agreed at UNCED. To the extent that the commitments of UNCED are carried out, it appears certainly to be the preferred financing vehicle of the richer donor nations. The main accomplishments of UNCED were two international conventions to arrest global warming and protect biodiversity, and an enormous 800-page document setting out principles and programmes needed to develop—sustain-

ably—the entire planet, the so-called Agenda 21. The heart of the two conventions is a commitment from richer nations to establish funds to assist poorer nations in carrying out their commitments to reduce CO₂ and other greenhouse gas emissions and to protect biodiversity. Agenda 21 calls upon the industrialized countries to support huge investments in developing countries in a multitude of areas related to the environment in the broadest sense, including health, sanitation, conservation, education, technical assistance, etc. In Agenda 21, the nations of the world also commit themselves to developing national plans for sustainable development. Most of Agenda 21 will never materialize, since it asserts that the purported cost of doing so would be \$600 billion a year, of which the North is supposed to supply \$125 billion annually. Industrialized countries would have to more than double current levels of development assistance, while Southern countries somehow would come up with an extra \$475 billion annually in matching funds. None of the governments that signed Agenda 21 have any intention of actually making good on these kinds of financial commitments; it is a simple impossibility.

At Rio, under strong pressure from the industrialized donor nations, the World Bank-dominated Global Environment Facility¹ was chosen as the interim financing mechanism for the Biodiversity and Climate Change conventions. The GEF is currently being restructured and, led by European donors, its funding is being increased. It appears that the restructured GEF will be even more under the control of the World Bank than before, despite an interim independent evaluation conducted of the GEF that was strongly critical of its performance (see "No peace for GEF", *Bankcheck*, p. 3).

The World Bank as the most important international development agency² will play a key role in the implementation of the principles of Agenda 21.

Already the Bank is promoting the preparation of National Environmental Action Plans (NEAPs), so far mainly in poor African countries, but also more recently in Bulgaria and Poland, that purport to be the national sustainable development plans called for in Agenda 21. These NEAPs, like the GEF itself, have already been criticized for lack of public participation, access to information, and for calling for new environmental investments and loans without adequately examining how existing foreign aid programmes—starting with the lending portfolio of the World Bank—could be restructured to avoid ecological destruction and promote environmentally sustainable development.

Unfortunately, little attention was given by UNCED and Agenda 21 to the need for reforming the environmental and social performance of the public international financial institutions, particularly the World Bank. Even if one were to assume that all of the projects and activities identified by the NEAPs and funded by the GEF are sound (which is clearly not the case), they would represent at best a few buckets of good money thrown into an ocean of funds used for ecologically destructive purposes. Total foreign aid (Official Development Assistance or ODA, both bilateral and multilateral) totals about \$60 billion annually. The World Bank alone is making \$23.5 billion in new loan commitments a year for projects whose total cost is over \$70 million.

The Bank however is widely viewed by non-governmental environmental groups as an institution that so far has demonstrated its inability to promote environmentally sustainable programmes.³ More alarmingly, it appears to be an institution fundamentally lacking the transparency and accountability needed to carry out the mandate of sustainable development. The Bank's withholding of most of the information it generates in the preparation and implementation of projects (including withholding of information in its files from its own Executive Board of Directors),

1. The Global Environment Facility was created in 1990 by the Bank's financial department (the environment department was left largely out of the loop), then under the leadership of Ernest Stern, in response to statements by the French and German governments at the annual Bank/Fund Meeting in 1989 that they were willing to contribute additional funds to the Bank for environmental grants. It was set up in theory as a joint institution in which the United Nations Environment Programme, the United Nations Development Programme and the World Bank would be equal partners. In reality, it has been World Bank-dominated from the beginning, since World Bank officials hold all three top managerial positions and the Bank controls and administers the GEF investment fund that provides more than 80% of the money for GEF projects. The GEF was intended to be a three-year pilot programme and finance projects for global environmental purposes on four areas: reducing global warming, protecting biodiversity, phasing out ozone-destroying CFCs (chlorofluorocarbons), and protecting international waterways. More than 80% of GEF projects to date have been in the first two areas, and this trend will continue.
2. The World Bank currently has \$140 billion in outstanding loans for development projects and programmes whose total cost (with co-financing from governments, other aid agencies and private banks) is over a third of a trillion dollars. Annual loan commitments total about \$25 billion a year, for projects whose total cost is over \$60 billion.
3. This is despite the Bank's widely publicized environmental reform efforts launched in 1987 in response to years of international criticism and pressure on the part of NGOs and a number of governments, including the US.

and its neglect of local participation on the part of the putative beneficiaries of its activities are causes for deep concern. The long history of lack of transparency and withholding of information extends specifically to the Bank's relations with the United Nations, including open defiance of the UN charter (see "50 Years is Enough", *Bankcheck*, pp. 12-13).

Most disturbing of all, two reports released in 1992—one conducted by a special independent Commission headed by former UN Undersecretary-General and United Nations Development Programme Director Bradford Morse, and a second undertaken by World Bank Vice President Willi Wapenhans—present a disturbing picture of an institution whose overwhelming priority is to move money quickly, whatever the price in systematic violation of its own environmental, economic and social policies and deception of its senior management and Board of Executive Directors.

Without major reforms to make the Bank more accountable and transparent, and to push it to focus on project quality rather than meeting pressures to lend, it will be a totally inappropriate, indeed counterproductive institution to carry out the mandate of UNCED.

The next two sections will briefly cite in a bit more detail from the Morse and Wapenhans reports to convey the full seriousness of the institutional barriers to making environmental sustainability a real priority in the World Bank.

The Morse Commission Report

"The Bank, in crafting our Terms of Reference, invited specific recommendations....If essential data were available, if impacts were known, if basic steps had been taken, it would be possible to know what recommendations to make. But we cannot put together a list of recommendations to improve resettlement and rehabilitation or to ameliorate environmental impacts, when in so many areas no adequate measures are taken on the ground or are even under consideration." [emphasis added] Bradford Morse and Thomas R. Berger in a letter to the President of the World Bank, June 18, 1992.⁴

Responding to growing international criticism of the Bank-financed Sardar Sarovar dam on India's

Narmada River, in 1990 Bank President Barber Conable, in the waning days of his tenure, asked a special independent Commission to review the dam. He asked Bradford Morse to head the investigation. Morse is not only a former member of the US Congress, but had a distinguished career as UN Undersecretary-General and head of the United Nations Development Programme.

What the Morse Commission members found appalled them. The first outside, independent assessment of a World Bank project documented a nearly decade-long pattern of bureaucratic malfeasance, wilful withholding of information from the Bank's management and Board of Directors, and sheer incompetence. Their report, released at a press conference in Washington on June 18, 1992, not only confirmed virtually all of the criticisms of NGOs in India and abroad, it revealed a pattern of gross negligence and delinquency on the part of the World Bank and Indian government much worse than anyone imagined.

The report estimates that the dam and its associated canals would probably displace 240,000 people, not the 90,000 or 100,000 originally envisaged: the enormous water channeling systems in the command area of the dam would forcibly resettle some 140,000 people—a fact never even discussed in the original World Bank appraisals for the dam and the command area canals. It concluded that humane resettlement for most of the people affected was a simple impossibility.

"There appears to have been an institutional numbness," the report continued, "at the Bank and in India to environmental matters...a history of omissions, unmet deadlines, and *ex post facto* revisions" that the Commission concluded amounts to "gross delinquency".⁵ Quoting a Bank consultant's study—which would never have seen the light of day without the Commission's access to Bank files—the independent review concluded that the entire Narmada scheme "appear[s] to have been planned, designed and executed without incorporation of Health Safeguards. He [the consultant] describes various parts of the Projects as 'death traps' and as taking malaria to the doorsteps of the villagers."⁶ "People have died. Yet the Bank's status reports simply say that the preventive measures [for health] required by the formal [loan] agreements seven years ago are not yet due."⁷

4. *Sardar Sarovar: Report of Independent Review*, Bradford Morse and Thomas R. Berger (Chairman and Deputy Chairman respectively), Ottawa, Canada: Resource Futures International Inc., 1992, xxiv.

5. Morse Commission Report, 226, 233-234.

6. Ibid., xxiii.

7. Ibid., 329.

The Morse Commission charged that the abuses in Sardar Sarovar were not an isolated exception, particularly with respect to mistreatment of hundreds of thousands of forcibly resettled rural poor: "The problems besetting the Sardar Sarovar Projects are more the rule than the exception to resettlement operations supported by the Bank in India."⁸ In India alone over a 12-year period from 1978 to 1990 the Bank financed 32 separate projects entailing forced displacement of well over 600,000 poor. The report confirmed again the most extreme charges of Indian and international NGOs: "Upper Krishna I Project...closed in 1986 with a backlog of 100,000 people still to be resettled...Upper Krishna II, a project with 250,000 oustees, was not supervised during a critical phase of implementation.... [The] first Gujarat Medium Irrigation Project. Subsequent supervision reported the predictable widespread failure to rehabilitate the nearly 90,000 people displaced by these dams."⁹

When the Bank became aware of resettlement problems in its India projects "it...failed firmly to address them. Violation of legal covenants are flagged, and then forgotten; conditions are imposed and when the borrower fails to meet them, the conditions are relaxed or their deadlines postponed."¹⁰

Why did this happen and why was it continuing? The Morse Commission states that its comprehensive review of Bank files and numerous discussions with Indian government officials all point to the same conclusion: "the Bank is more concerned to accommodate the pressures emanating from its borrowers than to guarantee implementation of its policies."¹¹

The Bank's response was to ignore and defy the Morse Commission's recommendations and even go so far as to openly misrepresent them to the Bank's Executive Directors—apparently on the assumption that they were too busy or not intelligent enough to read it themselves.

Morse felt compelled to write President Lewis Preston on October 13, 1992 with copies to the Bank's Executive Directors, charging that Preston had sent a document to the Board on management's proposed Next Steps that "ignores or misrepresents the main findings of our review".

At a meeting of the Bank's Executive Board of Directors in October 23, 1992, US Executive Director E. Patrick Coady accused Bank management and staff of a "coverup" in its handling of the controversial Narmada River Sardar Sarovar Dam Project in India, noting that "what is at stake is the credibility of the Bank". He observed that if Bank management continued with the project "it will signal that no matter how egregious the situation, no matter how flawed the project, no matter how many policies have been violated, and no matter how clear the remedies prescribed, the Bank will go forward on its own terms." Several European Executive Directors of the Bank charged that the Bank's management and staff are "not trustworthy", and cannot be relied upon to tell the Executive Directors the truth. They charged that the Bank has shown "a profound lack of accountability to [its] shareholders" and denounced its "suppression of information" to officials of member countries concerning controversial projects.

Although Germany, Japan, Canada, Australia, and the Nordic countries backed Coady's position, they were ignored and Bank management continued to finance the dam for another six months despite a situation verging on civil insurrection among most of the 100,000 people whom it will displace and for whom there is no resettlement plan. It was only in March 1993 that the Bank's financing ceased, when it became apparent that for the first time a majority of votes on the Bank's Board would be cast in favor of halting a project, against the recommendations of management.¹²

The Wapenhans Report

In February 1992 Bank President Preston asked his Special Adviser and Vice President Willi Wapenhans (now retired) to oversee a study on the Bank's project quality. The findings of Wapenhans and his special team (called the Portfolio Management Task Force) indicate that the discoveries of the Morse Commission report are signs of more systematic problems. Judging by standard indicators such as meeting appraised economic rates of return, and compliance with loan conditions, the quality of the Bank's entire loan portfolio

8. Ibid., 53.

9. Ibid., 54.

10. Ibid., 36.

11. Ibid., 36.

12. Technically it was the Indian government that announced it no longer desired Bank participation in the project, but this occurred only after Bank officials notified the Indians that this would save the most face both for the Bank and for the Indian authorities.

is deteriorating at an alarming rate—a portfolio of about \$140 billion in loans and credits for projects and programmes whose total cost approached a third of a trillion dollars.¹³ Moreover, the deterioration had been "steady and pervasive", worsening every year for more than a decade.

"There is reason to be concerned" Wapenhans concluded in a June 1992 presentation before members of the Bank's Board.¹⁴ The annual review of completed projects conducted by the Bank's Operations Evaluation Department showed a steady increase in unsatisfactory projects from 15% in 1981, to 30.5% in 1989, and 37.5% in 1991.¹⁵ The Annual Review of Implementation and Supervision, a survey of on-going projects, reached similar conclusions: on-going projects with "major problems" grew from 11% in 1981 to 20% in 1991; in 1991 the proportion of problem projects in later stages of implementation, i.e. in their fourth or fifth year, was up to 30%. In some sectors, like water supply and agriculture, problem projects were 42% to 43% of the Bank's portfolio.

Most disturbing of all, "borrowers compliance with legal covenants—especially financial ones", was "startlingly low" [emphasis added]. According to one internal Bank study, Wapenhans discovered, "only 22% of the financial covenants in loan/credit agreements were in compliance."¹⁶ In one of the Bank's four major operation regions¹⁷ "a review of compliance with financial covenants for revenue earning entities...shows only 15% of the projects in full compliance."

But the problems go still deeper, and begin much earlier than project implementation. The credibility of the Bank's economic appraisal process, according to the Wapenhans Task Force, "is under pressure".¹⁸ More bluntly, the report adds "many Bank staff perceive appraisals as marketing devices for securing loan approval (and achieving personal recognition). [Other] funding agencies perceive a 'approval culture' in which appraisal becomes advocacy."¹⁹ The picture of the project cycle that emerges from the report is deeply disturbing: "The

Negotiations stage of the project cycle is seen by many Borrowers as a largely coercive exercise designed to 'impose' the Bank's philosophy and to validate the findings of its promotional approach to Appraisal."²⁰

Confidential surveys of Bank staff revealed that the pressure to move money quickly and meet lending targets overwhelms all other considerations: "only 17% of staff interviewed felt that analytical work done during project preparation was compatible with the achievement of project quality." Most believe "timely delivery is given preference over project quality".²¹

The Wapenhans Report definitively documents one of the most critical issues that must be resolved if the World Bank is ever to play a constructive post-UNCED role: environmental, social and economic project quality must take precedence over meeting lending targets.

The Bank's Response to Wapenhans: Not Credible

First Response

Management concludes that under current conditions the Bank's environmental and social policies are too complex and complicated to carry out, so it weakens and eviscerates the policies.

The Bank's first response to the Wapenhans report occurred in January 1993, six months after the report was released. It has been relatively little noted, but the implications are shocking: rather than strengthening its existing development policies and making their implementation a priority to ensure project quality (the policies are known as 'Operational Directives' or ODs), Bank management concluded that they are too complicated and difficult to carry out. The Bank's Vice-President for Human Resources, Armeane Choksi, announced to staff that the Bank will reissue all of the major ODs—for example on forced resettlement, environmental assessment, protection of tribal peoples, protection of wildlands—as new, simplified, less

13. Report of the Portfolio Management Task Force, Willi A Wapenhans, et al., July 1, 1992 (internal World Bank document), 1.

14. Willi A. Wapenhans. Oral briefing given to the Joint Audit Committee at its meeting on June, 22, 1992 on the Portfolio Management Task Force. Draft Notes, (internal World Bank file document), June 22, 1992. 1.

15. Report of the Portfolio Management Task Force, 4.

16. Ibid., 8.

17. Africa, Asia, Latin America and the Caribbean, and Europe and the Middle East. (The report did not examine recently commenced lending for Eastern Europe, or the former republics of the Soviet Union that joined the Bank as the report was being written.)

18. Ibid., 12.

19. Ibid.

20. Ibid., 14.

21. Ibid., 14.

specific 'Operational Policies', limited to a page or two in length. The new Operational Policies will not even specify at what stage in project preparation required measures are to be taken. The more specific, detailed criteria that are currently found in many ODs are to be relegated to non-binding, non-mandatory 'advisory' background documents called 'Best Practice'.

Several Executive Directors of the Bank were troubled by the implications of the initial January proposal, and as a result in March 1993 Bank management was pressured to retreat a bit, but not entirely: the short, vague Operational Policies would also be accompanied by associated Bank Procedures for each policy, that "spell out required documentation and the common set of procedures that need to be observed to ensure consistency and quality across [the Bank's] regions."²² But these Bank Procedures "are to be as brief as possible, almost a checklist". Most detailed procedures—and probably significant parts of what are now mandatory in the ODs—would still be relegated to Best Practice.

Bank professionals who have worked in some cases for years to formulate and push through the Bank's ODs on social and environmental issues view the relegation of what were formerly mandatory concerns to the bureaucratic trash heap of Best Practice as a giant step backward in making Bank staff accountable and responsible for the developmental impact of their actions.

The practical, operational irrelevance of the procedures to be contained in Best Practice is well illustrated in the terms of reference for the new Independent Inspection Panel (see below) that will investigate complaints by affected parties in borrowing countries concerning allegations that the Bank is not implementing its policies. No complaints can be raised for the Bank's ignoring or violating Best Practice.

Alarmingly enough, the Bank's Vice President for Sustainable Development, Ismail Serageldin, has declared that the heart of his efforts to promote sustainable development in Bank operations will involve expanding and propagating among Bank staff information and documentation on 'Best Practice'.

Second Response: 'Next Steps'

It took Bank management nearly a year to formulate a more comprehensive plan of action that purported

to address the problems described by Wapenhan. The proposed actions, presented to the Executive Directors in spring 1993, in a document entitled 'Next Steps', were initially so inadequate that they sent Next Steps back for major revision. The US Executive Director complained at a Board meeting in early May 1993 that "the expected actions are not concrete enough to be monitorable". "Those hostile to the Bank", he warned, would seize on Next Steps "as not a serious response to critical issues of project implementation."²³

A coalition of US church, environmental and development groups wrote to the Bank on May 21, 1993 expressing concern that Next Steps contains no suggestions or plans to improve the quality of Bank lending in terms of sustainable development.

The revised version of Next Steps was approved by the Board in July 1993, and is little improved: in the words of Pat Adams, Director of Canada's Probe International "the final plan is pathetic, [and] unconvincing, and ultimately futile" (for more extensive details, see "The World Bank's New Rules (Same as the Old Rules)", *Bankcheck*, p. 22). The heart of the plan is a purported new focus on "country portfolio management", with "portfolio restructuring" and a newly declared willingness to refrain from new lending commitments for sectors or even whole countries where performance is poor.

There is little that appears to be concretely monitorable, and the declared means to accomplish this, however, are not reassuring: simplifying existing Operational Directives accompanied by advisory Best Practice documentation is a cornerstone of the new approach. Projects are to have "implementation plans" but on the other hand the report states that projects have become "too complex" (i.e. too many environmental, economic and social measures), so their design, and demands, should be "simplified" i.e. keep lending but require less, not more of borrowing governments. This appears to be a surrender to continued poor project quality, rather than a credible approach to improve it. An annual report on portfolio performance will be prepared, simply adding to the already overwhelming volume of paper the Bank produces on its operations. These reports, when they have been more honest and critical—like those of the Operations Evaluation Department (looking at completed projects), or the "Annual Review of Supervision and Implementation" (examining on-going projects)—

22. Jan Wijnand, Senior Manager, World Bank Office Memorandum to Staff Recipients of the Operations Manual, March 12, 1993.

23. Statement by E. Patrick Coady, US Executive Director, to an Executive Board Seminar, May 4, 1993 (US Treasury Department, type-written document, 4 pp.).

have been ignored for over a decade. Other more recent reporting exercises, like the Annual Environment Report, are vapid public relations whitewashes, useless both to staff within the Bank and knowledgeable parties outside.

The hollowness of Next Steps is exemplified in its lead recommendation for improving the effectiveness of the Operations Evaluation Department: the name of the report that Bank staff prepares on the performance of a project at its closing is to be changed from Project Completion Report to Project Implementation Report.²⁴ Recommended changes in the content of this report appear to be more semantic than substantive. In any case changing the name and content of Project Completion Reports—which are what OED reviews and criticizes—has no serious relation or connection to the central issue of OED's effectiveness, namely that in operations Bank management has systematically ignored OED's criticisms and conclusions for years.

The New Information Policy and the Independent Inspection Panel

In response to pressure from the US Congress (particularly implied threats to withhold authorization of the replenishment of the soft loan window of the Bank, the International Development Association, by the US House of Representatives Banking Committee, Subcommittee on International Development), the Bank developed two proposals for institutional reform this spring and summer that were recently approved by the Executive Board of Directors.

The first is a new information policy, that purports to make the Bank more transparent and accessible; the second is the creation of an Independent Inspection Panel, remotely inspired by the example of the Morse Commission, that will investigate complaints of violations of Bank policies and procedures that materially affect parties and groups (not individuals) in borrowing countries. NGOs in many countries have been calling for years for greater freedom of access to information on Bank activities, and more recently have called for the creation of an independent appeals commission or panel that would function as a kind of permanent Morse Commission to investigate and recommend specific actions to counter environmental and human rights

abuses in specific Bank projects. Lori Udall of the Environmental Defense Fund has prepared a memorandum that sets out in more detail aspects of both of these 'reforms'. The following comments supplement the information provided in that memorandum.

For the purposes of this paper, it is worth summarizing the basic thrust—and inadequacy—of each measure. Information on Bank activities and projects is mostly of practical use during the critical stages of project identification, preparation and appraisal, leading up to submission of the project to the Board of Directors for approval. Under the 'new' information policy, before Board approval, all project information is still secret. Thus, key documents such as feasibility studies, consultants' reports on environmental and social risks and issues, engineering studies, economic studies, etc all remain secret. The only change is the preparation of a short Project Information Document (two or three pages) which is little better than a glorified press release. Project Appraisal Reports (the main document summarizing and describing the project) are to be made publicly available after loan approval—but already for years they circulated widely in donor countries, and in many donor countries governments have made them available for years to development consulting and engineering firms that bid on World Bank procurement contracts.

Environmental assessments and National Environmental Assessment Plans are to be made generally available to the public after borrowing governments make them available in their own countries. A key issue is the extent to which the Bank will require that governments receiving Bank financing make draft assessments and action plans publicly available for discussion and input. So far there is disturbing evidence that many borrowing governments only make the environmental action plans and assessments available after they are finalized and are a *fait accompli*, undermining much of the purpose and utility of environmental planning, which to be effective depends on wide public review of draft documents and assessments.

On the positive side, country economic and sector documents will be made publicly available. Some of these documents, such as Country Economic Memoranda, are of considerable importance for understanding the Bank's middle-term development and lending strategies for a given nation.

24. OED, which reports directly to the Bank's Executive Board of Directors, normally reviews about 40% of completed projects, starting with the Project Completion Report. Its independent evaluation of the project, and the PCR, is set out in a Project Performance Audit Report.

Finally, the single most important advance in the new policy is that not only is there a "presumption of disclosure" (which was the case before—except that the Bank specifically prohibited releasing most documents!), but that if NGOs ask Bank staff for additional information and documentation on a project in preparation, "upon request...the Country Department Director responsible will, after consultation with the Government to identify any sections that involve confidential material or compromise government/Bank interactions, release factual documents, or portions thereof, that provide inputs in the project preparation."

The Independent Inspection Panel will consist of three members who will hear complaints from parties or groups (not individuals) in borrowing countries who have been, or threaten to be, materially affected by the Bank's failure to carry out its operational policies and procedures ("including situations where the Bank is alleged to have failed in its follow-up on the borrower's obligations under loan agreements respect to such policies and procedures") in the design, preparation or implementation of a project. They prepare a report, and issue recommendations to Bank management, which then decides on a course of action. The panel's report and management response is sent to the President of the Bank and the Executive Board. Although the Board presumably (as in the Sardar Sarovar precedent) would have a option of revisiting management's response if a majority thought it was inadequate, management has never been formally overruled by the Board in the entire history of the World Bank. In reality the management response would be a *fait accompli*.

As pointed out in Udall's memo, the panel as presently constituted suffers from critical weaknesses: a majority of Board members can overrule the recommendation of the panel to initiate an investigation of a claim, the panel's report and management's response are kept secret until after the final decision on what action to take is a *fait accompli*, and the budget is limited.

Even more disturbing, the purview of what constitutes a valid claim is limited: even the most flagrant violations of Best Practice and Bank guidelines are explicitly excluded from consideration. This reveals to what extent the Bank's declared strategy to promote "sustainable development" is a sham: the World Bank Vice President for

Sustainable Development has publicly declared on several occasions that the very heart of the Bank's "sustainable development strategy" is the elaboration and dissemination to Bank staff of more information and documentation on Best Practice. What possible real incentive can they have to incorporate Best Practice into operations when the highest levels of Bank management and Executive Board are sending the strongest signals that neither the Bank nor any staff will be held the least bit accountable for ignoring it?

Involuntary Resettlement

There is another on-going issue in the Bank that goes to the heart of its credibility and ability to police itself—namely, its record on resettlement and rehabilitation of populations forcibly displaced by Bank-financed projects. The Bank's Operations Evaluation Department completed on June 30, 1993 a report entitled "Early Experience with Involuntary Resettlement, Overview". The report documents that 131 on-going Bank projects are forcibly resettling some 1.9 million people; this figure was updated two months later in a subsequent report "The Bank-Wide Resettlement Review: Mid-Term Progress Report, August 25, 1993" to 134 projects displacing 2 million people. Projects in preparation will probably displace at least as many and probably more.²⁵ Preliminary Bank estimates indicate that another 600,000 people will be forcibly displaced by projects expected to be approved in 1994 alone. It is often the poorest populations in the poorest countries that are most affected.

The Bank's policy on resettlement and rehabilitation of displaced people—now Operational Directive 4.30 (to be reissued as a more general, less binding Operational Policy!)—dates back to 1980 and is one of the Bank's oldest and most important social and environmental policies. It requires simply the minimum of human decency: that a borrowing government prepare before project appraisal is completed, with the consultation and approval of the affected population, a resettlement and rehabilitation plan that at least will put the affected population in an economic situation that is no worse, and hopefully actually improve their welfare. Strict monitoring of government implementation of the plan by the Bank is essential for its success.

25. Of 81 projects in preparation that may involve forcible resettlement, data are available for only 35, and these 35 will involuntarily displace some 1.1 million people. If the same proportion of people will be displaced by the remaining 46 projects, Bank projects in the pipeline will forcibly resettle well over 2 million human beings.

OED discovered total negligence on the part of Bank management: implementation of the policy has been lax or non-existent, and indeed Bank staff and management have not ever bothered to collect basic data on the fate of the millions of poor its schemes have displaced over the past 13 years; information even on the incomes of the forcibly resettled is simply lacking in most Bank schemes involving displacement. A substantial proportion—about 40%—of the projects reviewed in this report were approved after 1980 when the Bank's resettlement policies were in force and should have been adhered to. With some understatement, the report concludes: "Have Bank guidelines helped to improve resettlement results and outcome? Only very general judgments on satisfactory or unsatisfactory outcome can be made since few projects have any data on incomes [of forcibly resettled people]....Bank guidelines have not led to improved monitoring efforts which would permit an assessment on resettlement outcome....This is a serious lacuna since it gives rise to an impression that the Bank is not seriously interested in the achievement of this objective."

The Bank is currently undertaking a review of all of its projects with involuntary resettlement components. This review was one of the actions Bank management pledged to the Executive Directors (at their express request) to undertake in the aftermath of the Morse Commission report. The completed review report, with a plan for corrective actions, is to be presented to the Board of Executive Directors for approval in February 1994. In addition, on November 6, 1993 the sub-committee of the Board of Executive Directors that reviews OED reports, known as the Joint Audit Committee, will meet to discuss the implications and actions to be taken with respect to the conclusions of the June 30, 1993 OED report cited above on earlier experiences with resettlement in Bank projects.

It is critical for NGOs to write to Executive Directors to demand how the Bank is going to deal with its scandalous record in this area, and, as a matter of utmost priority, take immediate measures to remedy the situation of the 2 million poor currently being displaced as well as prevent further impoverishment and abuses of the millions more to be uprooted over the next several years.

We have prepared a draft sample letter to be signed and sent to the Executive Directors, to prompt them to ask hard questions and demand

urgent actions at the November 6 Joint Audit Committee meeting.

November and December will be critical months to express similar concerns and demand strong measures in the drafting of the final version of the Bank-wide Resettlement Review to be presented before the Board in February. In addition, NGOs should demand public discussions of the Bank-wide resettlement review in both donor and especially borrower countries before the final draft goes to the Board. If NGOs have any documented information on resettlement and rehabilitation abuses in Bank-financed projects, this is the time to write the Bank regional vice-president responsible—with a copy sent to your Executive Director—describing the problems and demanding a specific, action-oriented response.

Conclusions and Recommendations

[The language here borrows in part from the *50 Years is Enough* draft campaign document of US NGOs for the 50th Anniversary of the Bretton Woods Institutions]

For over a decade a growing coalition of NGOs concerned with the environment, poverty and human rights in both developing and industrialized nations have worked to promote reforms in public international financial institutions, particularly the World Bank. Despite successes in stopping or modifying some projects, and a number of bureaucratic, institutional changes, the World Bank has carried out since 1987, the projects and programmes of the Bank continue for the most part to promote irreparable and totally avoidable ecological and social harm on a global scale—even in cases where clear alternatives exist and have been proposed for years.²⁶

Over the past decade the Bank's social and ecological negligence has been particularly disastrous for the poor in the poorest countries, making a mockery of its claims that its "overarching objective is poverty alleviation". The Bank's documented negligence in ensuring measures to rehabilitate the over 4 million poor who are being displaced or will be displaced in the near future by Bank projects is a scandal. In Africa over one-third of all Bank-financed projects are forcibly displacing the poor.

As a development institution that justifies its existence on its record of alleviating poverty and sus-

26. For example, a much greater focus on economically less costly, and environmentally and socially more friendly investments in end-use efficiency and demand-side management in the energy sector.

taining the environment, it has failed and continues to pursue the same policies and practices that have led to this failure. As a bank and financial institution, the World Bank is totally lacking in the fiscal accountability and assumption of risk that promote prudent lending in the private sector. Its lending is totally guaranteed and financed by the taxpayers of the industrialized world, and it is the governments and peoples of the developing world that must pay not only principal but interest for the World Bank's mistakes and negligence. It is an institution where management and staff have no political or financial accountability for the consequences of their actions.

More recently, the Bank's defiance of the Morse Commission's recommendations, its inadequate response to the Wapenhans Report, as well as its failure to institute real transparency and accountability in its new information policy and inspection panel (promulgated only under the most extreme outside pressure of one of its major donors) all demonstrate that it is an institution that as currently constituted is no longer worthy of international financial support.

The first step is to halt the source of the problem: money, which after all is the ultimate source of the pressure to lend. If the Bank is not reformable, reducing its finances will limit its influence; if it is, experience shows that credible threats to funding are the last recourse, and the most effective one, to force recalcitrant bureaucracies to reinvent themselves.

The public should pressure the Bank's member governments to encourage and support a diversity of alternative institutions and channels for foreign assistance, ones that would have a better chance of helping people and the environment. Greater diversity and competition are desperately needed to generate alternative structures and networks, to create a flexible, effective and responsive international system, one that can deal with global problems at the local level.

The problem of reforming the Bank and other public international financial institutions is also linked to that of making its member governments more accountable and responsive to their citizens, starting with great access to information on government participation in the Bank and other public international financial institutions.

Governments should no longer use the World Bank as a money-moving machine to address glob-

al macro-economic imbalances—the real solution to which lies with a new global economic bargain between North and South. Key elements of this bargain include debt relief and the lowering of protective barriers to developing country exports. According to the United Nations Development Programme, these two measures alone would transfer more than \$110 billion annually back to the South. Debt-related net negative transfers to the North amount to more than \$50 billion annually, and industrialized country tariffs and other trade restrictions deprive developing countries of at least another \$60 billion annually in export income. Trade barriers to developing country textile exports alone cost developing nations an estimated \$24 billion annually.²⁷

In fact, the World Bank could finance substantial debt relief for Africa without additional appropriations or touching the callable capital of its hard loan window, the IBRD. The Bank has some \$18.5 billion in liquid reserves which it maintains in a semi-permanent investment fund, placed in government and high grade corporate bonds. The interest alone that the Bank earned on this portfolio was about \$1.3 billion in 1993.²⁸ This fund has existed for decades and since 1985 has not sunk below \$17 billion.

The major shareholding countries of the Bank could easily direct it to allot \$10 billion of this fund to its poorest and most economically strapped borrowers for relief from the burden of their World Bank debts. The Bank argues that it needs a substantial bond portfolio "to ensure flexibility in its [the IBRD's] borrowing decisions should borrowing be adversely affected by temporary conditions in the capital markets."²⁹ But half or a third of \$21 billion would be more than sufficient for these purposes. Indeed, Oxfam has endorsed precisely this proposal for Africa, having witnessed first-hand the social damage precipitated by Bank-Fund adjustment programmes.³⁰

If the Bank is reformable—something which remains at best an open question—it would focus on project quality, with full public consultation, participation, and access to information. There would be far fewer loans, and smaller ones, but better. It would be a much more modest institution, but one that might be able to make a real difference through example. The kinds of technical approaches that are

27. United Nations Development Programme, *Human Development Report 1992*, New York and Oxford: Oxford University Press, 1992, 66-67.

28. World Bank, *Annual Report 1992*, Washington, D.C.: World Bank, 1992, 71.

29. *Ibid.*, 71.

30. Oxfam, *Africa Make or Break*, 15.

environmentally more sustainable, in areas such as end-use energy efficiency and alternative agriculture, for example, all involve greater inputs of information, skilled staff work, and fine-tuning to local circumstances, and less money for inputs of energy and capital. All of this means a rather simple, but total, reversal of perspective: instead of the Bank focussing on its own needs, on seeking its "comparative advantage" of big loans with the least amount of staff work possible, it would have to identify its priorities in terms of the real needs of local communities and ecosystems in developing nations.

There would still be a role for non-project, policy loans, as well as for adjustment, but again the perspective would have to be reversed. These loans should encourage balancing partnership between the state and civil society—rather than turning economies inside out to remake them as export machines to service debt at the cost of the environment, social services, and civil rights.

To achieve these goals NGOs might consider the following demands as a common campaign platform in 1994:

- A halt to additional capital contributions to the IBRD.
- The removal of the International Development Association from World Bank management.
- Immediate measures to remedy the situation of the 2 million poor currently being displaced by Bank projects as well discussions of the Bank-wide resettlement review in both donor and especially borrower countries before the final draft goes to the board. There should be a moratorium on all new projects entailing forcible resettlement until the Bank has demonstrated to the Executive Directors and to the public in donor and borrowing countries that it has effective measures in place to guarantee the full implementation of its resettlement policy in all on-going and prospective projects.
- The institution of measures to hold Bank management and staff accountable and responsible for documented negligence and violations of Bank social and environmental policies.
- Demand from their governments and the Bank full disclosure of all pertinent information about World Bank activities and projects of interest, particularly: detailed information (consultants'

reports, feasibility studies, economic appraisals) of projects in preparation, and policy papers and information on structural and sectoral adjustment lending.

- Establishment of truly independent mechanisms for affected and concerned citizens in both borrowing and donor countries to influence the development of World Bank programmes and to appeal the institution's decisions and actions.
- A call on donor governments to initiate studies and an international, public discussion at the highest levels to identify alternative funding mechanisms and institutions to the World Bank that can support participatory, ecologically sustainable development that reaches the poor.
- A world-wide call on the Bank's Executive Directors to instruct Bank management to use \$10 billion of the World Bank's \$18.5 billion in liquid reserves to retire Bank loans to nations in sub-Saharan Africa and selected others of the Bank's poorest borrowers. The debt relief should be accompanied by conditionality promoting democratization and good governance (a portion of the IMF's billions in gold reserves should be sold and used to retire IMF debt to sub-Saharan Africa and other poor nations).
- A call on donor governments to withhold all new funds from the Global Environment Facility, pending a radical restructuring of the GEF that will address the problems identified in the Independent Evaluation of the Pilot Phase of the GEF and embody principals of freedom of access to information, participation, and de-linkage from World Bank lending and administration.
- A call on governments to cease using the World Bank and IMF as money moving machines to address global macro-economic imbalances, the real solution to which lies with a new global economic bargain between North and South. The leading industrialized nations should initiate, in the Paris Club and in other fora, new North-South discussion on debt relief (starting with adoption of the Trinidad Terms), the lowering of protective barriers to developing country exports, and the use of a portion of World Bank liquid reserves and IMF gold stocks to write down the debt of the poorest nations to the Bretton Woods institutions.

The Role of Business: Does it Have a Place in Sustainable Development?

Yasuo Goto, Chair, Committee on the Nature Conservation Fund, Keidanren, Japan

Introduction

Thank you very much, Chairman, for your kind introduction. Honorable guests and ladies and gentlemen, my name is Yasuo Goto and I am the Chairman of the Committee on the Nature Conservation Fund of Keidanren (Japan Federation of Economic Organizations). It is an extreme honor as well as a pleasure for me to be given this opportunity of addressing this very distinguished gathering at the 19th General Assembly of IUCN. I am delighted to introduce to you some of the initiatives taken by Japan's business community in conserving nature. At the outset of my speech, let me extend my congratulations to the Secretariat of IUCN as well as the Argentina staff for their excellent preparation work for this auspicious occasion.

IUCN has been trying to promote the concept of 'sustainable development' ever since it was put forward during the United Nations' Conference on the Human Environment in Stockholm in 1972. For more than 20 years, your organization has spearheaded actions to care for the global environment in partnership with such major conservation organization as the United Nations Environment Programme and the World Wildlife Fund. I would like to extend my deep respect to the efforts of President Ramphal and Director-General Holdgate who have demonstrated their leadership in establishing strategies for nature conservation.

And to our good friends and colleagues in Argentina, let me also express my equally deep respect because you have been trying hard to maintain and preserve your rich diversified environment and ecosystems. We all know this can be a daunting task, when we consider your vast land stretches between 22° and 55° south latitude.

Actions Taken by Keidanren

In April 1991, the Keidanren compiled and published the so-called Keidanren Global

Environmental Charter. The Charter recognizes that the country has suffered industrial pollution. It then explains to other nations how the industrial sector could address this issue by utilizing high technology. The Charter clearly states to the people both inside and outside Japan that Japanese businesses are determined to contribute to ameliorating such borderless environmental issues as global warming.

In September 1992, the Keidanren established the Nature Conservation Fund and its steering council as a concrete step towards implementing the principles stipulated in the Charter.

In Japan, many companies have already been grappling with global environmental issues by actively supporting nature conservation projects. Such corporate actions, however, were voluntary, and therefore independent and discrete. The Nature Conservation Fund is the Japanese business community's first joint effort to address global environmental issues.

The Fund has two major objectives. One is to support environmentally conscious NGOs both inside and outside of Japan, so that they can carry out projects designed to conserve nature in developing countries. The other is to develop Japanese experts in the area of environmental protection.

Let me explain our on-going activities. Our fundraising campaign started in early 1993. We have set the goal at ¥ 300 million, or \$ 2.7 million. Prospective donors are, first, Keidanren's member companies and, second, their top executives. So far, we have collected ¥ 230 million, or \$ 2 million.

Initial projects to be funded intend to find solutions from the viewpoint of 'sustainable development'. They are:

1. Palau Nature Conservation Project, Palau. Organizing NGO : The Nature Conservancy
2. Sulawesi Nature Conservation Project, Indonesia. Organizing NGO: The Nature Conservancy
3. Tagua Project, Ecuador. Organizing NGO: Conservation International

4. Quinine Cultivation Project, Vietnam.
Organizing NGO: NICCO
5. Natural Cultivation Proliferation Project, Tanzania. Organizing NGO: EGAJ
6. Personnel Training Programme (designed for Japanese corporate executives).
Organizing NGO: Conservation International

Our cooperation with IUCN is already bearing fruit. The Japanese translation of the 'Global Biodiversity Strategy' was published recently. We have also pledged to support IUCN's Global Biodiversity Forum.

Our financial base and grant size are still meagre because the organization is in a starting stage. However, we will try hard to expand our horizon of operations by steadily implementing different programmes. At the same time we will always emphasize the importance of accumulating know-how concerning nature conservation and of nurturing Japanese experts in this field. My ambition for the future is to let this organization grow until it is regarded as a full-fledged partner of competent NGOs in the world. Then, we can probably design and implement our own original programmes. I am absolutely convinced that the Keidanren and its member companies are blessed with the potential power necessary to achieve such goals.

Role of Japan's Business Community in Protecting the Global Environment

In Japan, the basic law of the environment was enacted on 12 November 1993. This new law is commonly called the constitution on environment. It is a significant milestone, leading the country into a new age where people are more considerate of the global environment. The government also compiled a national version of Agenda 21 on 24 December 1993.

The national Agenda 21 says in its preamble that Japan has been active in a broad spectrum of economic fronts. It also states that the country has rich experience and excellent technology in the conservation of nature. It continues to say that "the country wishes to take advantage of its capacity, and shall positively serve the international community, ensuring that the efforts for the preservation of the global environment should be pursued in multinational settings. Such a contribution should be commensurate with Japan's position in the global community". Thus, the government clearly expressed its determination to be of service to the world, especially in the area of environmental protection.

Economic development is, and will be, a key factor in the well-being of the future citizens of the world. The business community will play a significant role in this aspect. The development and transfer of environmentally sound technology is another area in which the Japanese industrial sector, especially the Keidanren, can achieve admirable results.

In addition to conventional duties assigned to businesses, they are now expected to take up a new challenge, which is to assume responsibility for addressing global environmental issues.

Japan's business community, including the Keidanren, will continue to strive to harmonize economic development and nature conservation.

Conclusion

Improvement in the global environment calls for all players to join in a common front line. In order to achieve this, participants have to overcome differences of race and of nationality. If a player belongs to a national government, a local government, an NGO or a company, s/he must respect other participants as equal partners, fighting for a common cause.

'Partnership' is a current buzzword. In my opinion, partnership is defined as a dynamic state of human relationship in which both partners do their best to reach their common goal and thereby learn from each other, becoming better individuals through friendly rivalry. Partnership in its true sense does not mean indulgence or dependence on each other.

As I have mentioned before, the Keidanren's Nature Conservation Fund has just started to operate, and, therefore, has not made its presence felt among many people. However, we would like to work with IUCN and strengthen our alliance because we both share the common principle of caring for the earth.

As the first step to solidify the alliance, we are thinking of sending a mission group to visit IUCN's Headquarters and various NGOs in Europe. I would like to ask for your cooperation and guidance for the successful launching of such a plan.

In Japan, we have a word *mottainai*, which nowadays we don't use often. The meaning of the word *mottainai* is:

1. A humble state of mind, awe-inspired.
2. Feeling a sense of gratitude.
3. A sense of regret over time or materials wasted.

The basic concept of that word is that we should love, value and make the best use of ourselves and

everything on the earth. We Japanese used to use this word quite often and have tried very hard not to have meaningless luxury and waste in our daily lives. We believe that we should recognize *mot-tainai* again and constitute a new environmental ethic and seek a new life style by fostering this *mot-tainai* spirit in Japanese minds and in the entire Japanese family. I think this idea leads to the basic philosophy of caring for the earth.

I was born in 1923 and am now 70 years old. Samuel Ulman, said in his poem in praise of youth, of which I am very fond: 'nobody grows old by number of years. We grow old by deserting our ideals'.

So, ladies and gentleman, I am now 70 years 'young' and will stay young for the rest of my life, thanks to my commitment to the ideal which I share with each and every one of you here in this hall—caring for the one—and only one—earth.

Agenda 21: To What Extent should IUCN Define its Role and Activities in the Light of Agenda 21?

Richard Sandbrook, Director, International Institute for Environment and Development

It is always bad to start out with an excuse, but I will! In fact, I have two:

I did not attend this morning's session and so I may say all that others have already said—I apologize. I have to go back to chair Workshop 8 which means I shall sadly miss the discussion tomorrow.

Second, I have to talk about Agenda 21 which is not easy. As most here know Agenda 21 is a very boring document—long and full of worthy sentiments. That might mean a very long boring worthy talk from me. I hope not.

There is a truly excellent book available here titled *Agenda 21—Earth's Action Plan*, edited by Nicholas Robinson of IUCN's Commission on Environmental Law. It includes a reflection on the negotiation of Agenda 21 by Tommy Koh, Chairman of UNCED's preparation committee. It is very revealing indeed. Tommy Koh admits that he used his gavel fast to force consensus; he kept delegates up till 6:00 am to force consensus; he bullied, persuaded and cajoled to force consensus. Little wonder that the result is a consensus. A 40-chapter agenda—a triumph of UN consensus politics—it says pretty nearly everything while allowing a fair number of let outs to pretty nearly everyone.

Perhaps too cynical? Yes and no. Let me briefly review some of the pluses and minuses, and at the same time suggest what IUCN should be doing with it. I will also tie knots between Agenda 21 and *Caring for the Earth*. Overall it is a positive sum game.

First the good news. I actually believe that the first big plus of Agenda 21 is that it is comprehensive or nearly so. (I will deal with the gaps in a moment). It is worth looking at the text if only as a checklist. We have to agree that Agenda 21 at least brings most parts of the human dilemma together. It spans economic and social issues, conservation and management of resources, the role responsibilities of major groups, and gives some ideas on implementation. It attempts integration. Of

course, one can be cynical. We have, in the UK a wonderful institution called the Open University—in my bad moments, I like to think that the real value of Agenda 21 was in its negotiation. That amounted to a wonderful international Open University course for diplomats—very expensive, I grant you—but they actually learnt something about the position of other countries and about policy integration. We are better off with a negotiated and comprehensive text for solving many of the world's ills. If we did not have it, someone would be trying to invent it right now!

The second big plus is that it moved all the emphasis in UN affairs away from the very idea that the problems of environment and social development could be solved by the UN and other inter-governmental agencies. We have in my organisation analyzed Agenda 21 in terms of who has got to do what to comply with it. By far and away the majority of the recommendations relate to governments and local government structures—not to the UN. They are cast correctly in a supporting role and in many cases goes further, as governments are also seen as supporting structures. Chapter 3, for example—there very much as a result of the NGO lobby—is about solving the poverty issue and by implication, the environment problems that arise from poverty. It puts all the emphasis at the community level. Governments, says Agenda 21, should be about empowering communities, about ensuring equal rights for women, about promoting sustainable livelihoods, about encouraging sustainable food security systems all through local action. The text recognizes that the real actors are people—not politicians nor bureaucrats—perhaps not even most city-based NGOs.

Remember, governments all agreed to this language. They should be audited ruthlessly for their performance in carrying it through.

The third big plus was that it called on governments to study Agenda 21, in all its comprehensiveness, and report on progress to implement it. (I will

say more about the who and the when in a moment). This requirement for reporting is complemented by a suggestion that governments draw up national sustainable development strategies (NSDS). The most recent survey that I know of on progress was conducted by the NRDC—a US NGO. They surveyed the membership of the UN and found that some 70 governments had either set up a process to examine the Agenda in their governments or had already made some changes to reflect it.

I can see that an international beauty contest could develop around NSDSs—and as they do, so will the opportunity for NGOs and others to influence the process.

There is important wording in Agenda 21. It calls for participation, integration across government departments, priority setting at a national level. We are already seeing progress—and healthy conflict—arising by way of the national exercises. In the UK, for example, the NGOs produced their own set of priorities for biological diversity as they were not properly consulted on the UK NSD plan due out next week. It will be woefully inadequate—it won't reconcile the laissez-faire car-pushing, rampant speculating, deregulating policies of the government with long-run environmental costs. It won't even attempt to explore the social dimensions—and it will not examine the trade issue. I don't blame the poor officials who draft it—the politicians have to decide. Thus, the NGOs will object and next time—next time...we have a duty to hope.

I am against NSDSs being owned and promoted by external agencies such as IUCN, the World Bank or any aid agency. To be of use they must be a nationally driven exercise in the integration of environmental, economic and social priorities by all major groups in a society—and they must be backed up by a costed set of priorities. The priorities must be debated and carried through in the place where they belong; that is in the hands of democratically elected governments in an open society.

The fourth big plus is that Agenda 21 says much that is totally compatible with *Caring for the Earth*. IUCN has produced an excellent cross-analysis of the one to the other. Suffice it to say that the potential for the Union is enormous. If we consider the core chapters for the Union:

- integrating environment into decision-making,
- the planning and management of land,
- the fragile ecosystems chapter,
- Chapter 15 on biodiversity,
- Chapter 17 on oceans and coasts, and
- those on water and science,

there is a litany of agreed measures that are consistent with *Caring for the Earth* (albeit less precisely written and explained). In effect, the Union must be seen to be at the forefront of reminding governments of what they signed up to and working with its entire membership to follow through. For example, the IUCN Commission on Law has already gone further—it has demonstrated how, in the text, a new body of national and international law relating to the environment has been agreed on and can now grow out of Agenda 21 into national legislation.

So much for the plus points at this stage. What of the negatives? I believe Martin Holdgate has spoken this morning of the lack of priorities in the text. I agree—how could I disagree with our Director-General—but I have one caveat or exception. One priority was set in Rio, namely that governments must pick up Agenda 21 and sort it out in their own contexts. That is as it should be. But the incentives for governments to do that were not on the table. That is failure number one in my book. Rio was a disaster in financial terms. No new money was put on the table and, since, much has been taken off. We are faced with a fundraising crisis in the environment and development world—with very few exceptions. Public finance, be it for domestic environmental instruments or aid flows, is on the decline.

All this points to what I consider to be the greatest policy dilemma we face. How do we persuade the current generation to spend, or invest, in the next? To this point we have failed. Agenda 21 attracted no additional support along these lines. Even the promises made in a straightforward way—such as the ECU 3 billion gesture from the EEC—are now the subject of intense post-event arguments. Some say Europe did agree, others that it did not. A possible idea for funding Agenda 21 was to replenish IDA (the World Bank soft loan window) to the same levels as before plus a 'green increment'. This was suggested at Rio but went the way of 'no money' when the negotiations for IDA 10 was completed some six months later.

Much of the cynicism about UNCED centres on the financial question. At the event the development lobbying was for the old pledge of 0.7% of GNP to be spent on aid. This was made by most of the OECD 15 years ago. But at the event overall, the ideas of doubling OECD aid (from 0.35% to 0.7% of GNP) or of cancelling large chunks of debt were completely out of reach (although debate on the 'Trinidad' terms continues). In the intervening period

the position has got then worse. Cuts have been made by Norway, Sweden, the Netherlands and Finland (who all admittedly had a record of contributing well above the OECD average) and Italy, Canada, and Germany.

In addition new demands on aid budgets have meant that less, not more, has become available for the poverty and sustainable development targets agreed to at UNCED. Thus Eastern Europe, assistance for refugees and emergency peacekeeping have all put pressure against the Agenda 21 priorities. A vivid illustration of this is the cut of 20% plus that the United Nations Development Programme is having to live with. It is ironic that the very agency charged with building up capacity to deal with the conclusions of Rio should have its own capacity so constrained since.

I have stressed the role of nation states but that does not mean that the better-off can walk away and expect action from the poor. Many need help with expertise, pump priming investments and loans. The international system should be there to help but sadly the UN system is going into decline when it comes to the economic and social agenda. A comparison of the recent trends in expenditures of UNDP, the UN refugee operations and the UN peacekeeping operations points to the problem. In 1991, expenditures on UNDP and on refugee programmes reached approximately US\$1.5 billion each, triple that of the US\$500 million cost of peacekeeping operations. The latest estimates for 1993 show a decline in the contributions to UNDP, while refugee programmes have risen to some US\$2 billion and the costs for peacekeeping operations may skyrocket to an estimated US\$3.6 billion.

For decades, the Cold War and other international politics sharply limited the role of the UN only to peacekeeping between nations. While the UN spent less than US\$4 billion on peacekeeping missions during the first 47 years of its existence, it is likely to spend nearly that on such missions in 1993 alone. The growing imbalance between short-term emergency assistance and long-term development aid is deeply troubling. Between 13 and 18 million people, mostly children, die from hunger, malnutrition and poverty related causes each year. Only 10% to 15% of hunger stems from emergencies; most hunger—85% to 90%—is born of poverty. The critical policy debate to be had is whether it is worth investing 'upstream' to prevent crises developing in the first place, given that according to UNDP, 'downstream' emergencies are likely to be more costly and more difficult than curative peacekeeping.

IUCN has a role to play in this 'upstream' approach to disaster prevention. By and large what is good for species and habitats is good for sustainable development. A recent study—albeit preliminary—shows that in Somalia, poverty and environmental deterioration contributed significantly to the break-up of that society. We see the result in a UN army trying to prevent factions from shooting each other. IUCN should not lead the environment security debate, but it should certainly be a part of it.

The other point is trade. Trade was mentioned a lot in Chapter 2 of the Agenda 21 text. The model was free trade trimmed by international rules, but what was missing was any decent analysis of the effects of trading patterns on the environment. Had that been there, the result may have been much different.

In financial terms the trade issue is much more important to the South than aid ever was. This is not the place to go into an argument over the economics winners and losers now that the Uruguay Round has been concluded. But suffice it to say Africa looks again to be the worst off. Before the Round was concluded, the WIDER Institute in Helsinki estimated that the South lost an estimated US\$200 billion plus per annum of trade through discriminatory barriers. It remains to be seen if it is now in a better position to finance its own development.

Post-Uruguay, the trade-environment debate could go a number of ways. On the one hand, there is the tendency for an unholy alliance to develop between the protectionist and the environment lobbies. The North has plenty of politicians all too ready to argue for non-tariff barriers on environmental grounds—making open North-South trade harder, not softer. Such approaches, as typified in the forest debate, do not work. Internationally imposed green conditions for timber will do little as compared with locally agreed rules for safeguarding the resource. As with so much else, looking after the environment starts with sound domestic policy reinforced with international rules, and not the other way round. An extreme of this, put forth by Greenpeace in the UK, is that protectionism is good: why have all this movement of goods and services at all?

But the other possibility is that, in order to meet the ever more exacting demands of the global economy, the pressure to abandon environmental and social standards will grow and the externality, that is the environment, will simply be ignored. The argument is that if the potential benefits of free

trade are to be realised then a set of trading rules such as those developed by GATT will be needed. Ignoring the externality amounts to an environmental subsidy. Thus trade will be distorted unless 'eco-dumping' and 'ecomining' are discouraged. Countries need to be encouraged to allocate resources to the sector and not the other way round. The long and the short of it is that the trade and environment debate has hardly begun, except in polemical terms. An evaluation of the effects is urgently needed and I would urge those interested in this issue to look again at the Agenda 21 text. It is helpful in that it sets out a series of clear propositions and principles for UNCTAD and GATT to follow.

I could go on, Mr Chairman—about the weak position of the Commission on Sustainable

Development, the mounting crisis that I see for the environment caused by direct foreign investment (bankers seem to live outside any post-Rio framework), and much more. But my central message is that there is a helpful framework for IUCN in Agenda 21 if it finally agrees to put its core mission of species and habitat conservation squarely alongside the economic and social priorities humanity faces. Agenda 21 and *Caring for the Earth* complement each other. We can turn our back on it on the grounds that it is by now just so many words or that IUCN has a narrower remit. But is that wise? Tommy Koh's gavel went down on the consensus text and with it went the consent of the family of nations to build a sustainable future. Surely, we should build on that as well we can.

As Barbara Ward said: we have a duty to hope.

Crisis and Opportunity: In the Wave of NGO Action

Maximo T. Kalaw, President, Green Forum, Philippines

There has been a lot of interest in studying the growth of NGOs both nationally and globally as evidenced by the fact that even the World Bank and the World Wide Fund for Nature have funded projects to undertake studies of NGOs. As we all know, the topography of NGOs encompass a wide diversity of organizations and orientations. But I will just focus on NGOs voluntarily created by people in response to public interest needs and, more specifically, those that have been involved in the UNCED process.

The Post-UNCED Activities of NGOs

NGO activities post-UNCED are occurring at various levels. At the global and international level we have organizations like the Earth Council organizing to monitor multilateral agencies' compliance with Agenda 21; the Earth Action Network seeking to build a constituency for global issues through monthly alerts on peace, human rights, development and environment; the International NGO Forum—the facilitator of the NGO treaties at Rio—focussing on creating alternatives from community and civil society experiences; and the International Society for Ecological Economics looking at alternative macro-economic models for sustainable development.

National NGOs continue to attend follow-up conferences to the Earth Summit such as the Down to Earth meeting in Copenhagen in December 1993. They continue to participate in preparatory meetings for the coming Conferences on Women, Population, Small Island States, Desertification and the coming Summit on Social Development in 1995.

All these activities of NGOs represent an emerging national and global process that we have not seen before. It is my perception, therefore, that there is a longer-term wave of NGO action that is still developing. But to understand it we must view

the NGO movement from the perspective of its historical evolution and the needs and opportunities of the future. The latter has emerged because of the inability of states to adequately address the gray areas of governance such as the globalization of capital and technology, the traffic in arms and drugs, and the proliferation of ethnic and religious conflicts.

Historical Evolution of the NGO Movement

It is useful to trace the general pattern of evolution of NGOs from being conduits for the relief and rehabilitation efforts of government and donors; to managing projects; to becoming community organizers as a strategy for achieving social change; to their current role as policy reform advocates and facilitators of people's political and economic empowerment. Within this evolutionary pattern you also have the change in focus of environmental NGOs, from species and site protection to conservation of natural resource systems to sustainable development. Development NGOs, in the meantime, have moved from looking at environmental concerns as an add-on issue to economic and social development frameworks, to a way of doing development, in fact a new development paradigm. The environmental and women's groups have also provided the social movements with a new organizing nucleus, beyond resource mobilization around grievances to that around shared identities; and helped political formations develop "non-party" politics under green platforms.

These evolutionary trajectories must be viewed from the larger context of the re-emergence and re-legitimization of civil society, that is needed to fill the gap between state and community, people and politicians. The nature of civil society's role is different from the wealth-crafting of economic society and the power-crafting of political society, for it focuses on the task of providing normative integra-

tion through the cultural, ecological and spiritual values of a community. NGOs by nature are self-organizing, self-mandating, voluntary and value driven groupings, relying on values articulation, communicative power and organizing to pursue a vision of social transformation.

The Development Dynamics of the NGO Movement

NGOs' Role

As NGO strength and resources increase their vital relationship to people and community, specially to organized groups we call people's organizations, become critical and sometimes produce conflict. At this point constant clarification is needed. The role of NGOs, in the final analysis, should be to obsolete themselves by empowering peoples' organization and communities to become self-reliant and self-governing. Their criterion for success is precisely to effect a situation where the community can take care of its own interests and, at most, can hire NGOs to be their consultants and service providers.

The second dynamic occurs in the area of cooperation with political and economic societies. Here old fears of being co-opted or marginalized are still prevalent. The concept of providing integrative norms for both economic and political society has not yet been well understood. Nor has the concept of partnering and counter-parting which is still looked at more as an operational term rather than a valuing term. The latter is when civil society provides the normative value system and self-regulates its own behavior in terms of lifestyles and consumption, which is the bottom line of sustainable development.

Representation

Another area is one of political and functional representation. NGOs coming from the framework of class struggle speak of facilitating the voices of the unheard and marginalized, and have rightfully focused on political participation as their primary objective. However there comes a point where the next phase of activity is developing alternatives and partnering, and where functional representation makes more of a contribution in terms of creating sustainable operative systems. In this situation the coherence of diverse functions at the levels of the community, the nation, the bio-region and the planet, as well as multi-knowledge system contributions is necessary—where the operational term for participation is diversity rather than quantity.

Creativity and Consensus

In this stage in the process of evolution, the dichotomy or the difference between the need for creativity and the need for consensus has to be understood. Creativity, by definition, does not exist by consensus. It births itself as an aberration of an existing system and, to be encouraged, must be freed from the mediocre pressures of consensus making until it reaches a certain stage of development. It is the same for the process of developing a vision for an organization. The task is to articulate the group's highest level of aspiration as against the lowest common denominator of conflict resolution modes of consensus building.

Participation

As NGOs gain access to international decision-making fora their mode of participation needs to evolve. Participation in decision-making processes is a stage beyond advocacy and resistance. It requires a more informed presence that expresses itself in alternatives articulated in specific negotiating text to existing objectives, policies and programmes. It requires development of alternative units of analysis and tools of management.

Accountability and Professionalism

NGOs, being voluntary and self-mandating, owe accountability primarily to the organizational vision and values of its members; secondly to the relevant communities they serve; and thirdly to their donors. However as the work begins to demand more professional skills, there develops a need to reconcile voluntarism and professionalism.

As a profession NGO work, especially in poor countries, cannot compete with government and business in providing work benefits. As such it provides a difficult career path except for young idealists and that too before they need to support their family. There is a need to make NGO work into a sustainable career path for people who want to do public service in a not-for-profit organization as an alternative to serving in government at the local, national and international level.

Future Needs and Opportunities

Predictions for the next two decades forecast no employment growth in Europe. They foresee 'long term' poverty for a majority of the human family. With the globalization of markets, capital and technology will continue to result in the disintegration of

society where the majority of citizens cannot be market players. They acknowledge that the state is powerless to regulate and govern international financial flows, the traffic of drugs and armaments, ethnic and religious conflict, and the trans-boundary destruction of planetary life support systems. Such a situation provides the proverbial condition of 'crisis and opportunity' for civil society and NGOs in particular.

We look to civil society and organizational mechanisms such as NGOs to usher in major shifts in world-views, consumption, population growth and management of waste. In the final analysis sustainable development will depend on the personal decisions of people about what they consume and waste, and lifestyles they lead. It is perhaps the first time in our history that we are conscious of the fact that our personal acts impact on public interest so that what is personal is overtly political.

Such a situation brings with it the opportunity to authentically empower people. It mandates the reaffirmation of our exiled selves. One that has long been disenfranchised by the ideologies of the State, that has separated the personal from the domain of political and economic society to the private domain of the family. It is an opportunity to open to a whole inner ecology of values that come from our great spiritual and cultural traditions: the nature traditions of our indigenous people, the discipline of the mind from our Buddhist tradition, our knowledge of psychic states from Hindu practices and our knowledge about covenants of sacred communities from our Judeo-Christian and Islamic traditions.

As we link our inner and outer ecologies we start to define a coherent constellation of values that focus on integrating public and personhood interest and the means for social transformation. And our whole evolutionary process becomes a meaning-making enterprise.

Crisis and Opportunity for IUCN

Like all organizations, the internal political issues at IUCN is a micro look at macros issues in the larger system it operates within. If IUCN is to seize the

opportunities offered by its resources, size and multi-sectoral membership, it needs to define a larger multi-dimensional identity beyond nature conservation, to sustainable development addressing poverty. It needs to define the proper relationship between nature and society in the interest of social and ecological justice; the relationship between economics and ecology in the interest of sustainable use and enhancement of natural resources; and how plurality of interests will be integrated with positions at higher and more complex levels of wholeness and union.

If IUCN were to see its scope and task as one of union, the wholing of all life on the planet, then it must be reminded that great unions are based on expanded awareness of our relationship to each other, an awareness that come from aesthetic, metaphysical and spiritual communication. Such unions needs to translate compassion into carrying capacity for each other and future generations. To build communities that are grounded on the lessons of ecology and the teachings of all great spiritual traditions, that all of life is interconnected and is sacred. Such a view precludes a narrow view of the environment as the conservation of wildlife alone or what we may call environmental fundamentalism.

IUCN can provide scientific values and informed inputs into policy dialogues, at both local and global levels. It can help bring across the evaluation of authority from the ideological positions to ecological truths. It can help democratize power by affirming the multi-dimension experience of our science, our cultural evolution, our spiritual journey and our human story.

It can help the task of managing these new realities by helping develop new systemic units of management that look at ecosystems, culture and community. And finally it can demonstrate how the post-Cold War, post-modern, post-deconstruction, revolutionary praxis, is nothing less than sustainable living and development.

Whatever decision IUCN members make, these realities will be there and they can be a source of difficulty or enlightenment to the members. The choice is yours to make.

Where Are We on the Road from Rio?

W. H. Lindner, Executive Director, The Centre For Our Common Future

First of all, I want to thank IUCN for having invited me to take part in Workshop 10 and giving me the opportunity to share with you my views on Rio. After all of the speakers that have gone before me, I am not sure that I can add any new cutting edge insights into the challenges that lie before us on the now famous 'road from Rio'; but I will try, nevertheless, to add an additional perspective.

As many of you may know, I was very actively involved on the road to Rio, having been the Secretary of the Brundtland Commission, then Executive Director of the Centre for Our Common Future and International Coordinator of the 1992 Global Forum. I am, therefore, not a stranger to the process, although I have to say in all honesty that I do not understand it in its entirety or complexity.

What I can say, however, is that I am committed to one of the fundamental principles upon which the concept of sustainable development is based: broad public participation. It was because of that commitment that I agreed to organize the 1992 Global Forum in Rio. That event must be seen as an attempt, imperfect as it may have been, to design more effective systems of public participation in decision-making processes, particularly on the multi-lateral level.

Democracy, I believe, is at a turning point. Unless we are prepared to consider fundamentally new forms and modalities of governance, new mechanisms for involving those affected by decisions in the process of decision-making, new systems of accountability, the world we face in the 21st century will be fraught with disorder, disenchantment and disenfranchisement.

But I was not asked here this evening to talk about democracy, but rather the now famous road from Rio.

In giving thought to what I should say here and what could add a stimulant to your thinking about the concept of sustainable development—which pre-occupied everyone in Rio, I decided to concentrate on some of the stark realities facing all of us as we

embark down that road from Rio. I made that decision because I know that it was these realities that preoccupied most of the participants in Rio, not only those at the official meeting, but those at the 1992 Global Forum as well. It is also these realities that I sincerely believe should preoccupy each of you in your analysis of the concept of sustainable development. Because it is these current realities that each of us must understand, accept and integrate into the forefront of our thinking if we are going to move the world on to a course of sustainability. I would therefore begin by asking a few basic questions.

- In light of Rio—indeed; in light of everything that has taken place over the last 22 years, beginning with the Stockholm Conference in 1972, and including the work of the Brundtland Commission, whose report was, as you know, the genesis of the Earth Summit;
- In light of the enormous efforts over the last 22 years that have gone into analyzing the relationship between environment and development, into defining and attempting to operationalize the concept of sustainable development, into negotiating and agreeing on agendas for action, and international conventions and protocols on critical environmental issues like climate change, ozone depletion, biodiversity and hazardous wastes;
- In light of the enormous awareness and visibility that now exists throughout the world in respect of 'the environment';
where are we, really, in terms of achieving sustainable development?

And my answer, surprisingly perhaps, because I was so involved in the work of the Brundtland Commission and the Rio Conference, would be that we have not come very far at all. In fact, I would argue that, notwithstanding the tremendous amount of human, intellectual and financial resources that have been invested in the problem, we are still only at square one—tinkering around the edges, talking too much and doing far too little.

I say this not to belittle the efforts of the Stockholm Conference, the Brundtland Commission, the Earth Summit or the 1992 Global Forum. Each of these was a Herculean effort aimed at convincing the global community that it was necessary to effect fundamental change and to make binding commitments to action. And each in its own way has moved the political and public debate on environment and development issues to new heights of relevance.

But comprehensive analysis of the problems, non-binding agreements, blueprints for action and unenforceable declarations of principles are simply not enough to deal with the world as it is, nor is political, public and institutional awareness of the need for change enough. And because of the accelerating pace of change and the shortness of time available to us to adjust to those changes, we must not delude ourselves into thinking that tinkering around the edges of the root problems, dealing only with their environmental effects—rather than with their political, economic and social sources—and agreeing on limited action only in respect of those environmental effects will ever alter our course of progress, or secure our future.

To move off square one we need real change. And change, real change, emanates as much from political leadership as from individual and societal commitment to change. Our problem is that we clearly lack global and national political leadership in respect of most of the issues addressed in Rio and this applies both in the North and in the South.

What I think is even more worrisome, however, is that we also lack the individual and societal commitment to change, the commitment to address and fundamentally change the dynamics that are fuelling the problems that face us as a global community and that are keeping us at square one.

But Where is 'Square One'?

The world we find at Square One, the world 22 years after the Stockholm Conference, seven years after the issuance of the Brundtland Report and almost two years after the Rio Conference is a champagne glass! A champagne glass that I'm sure you all recognize. As our champagne glass demonstrates, Square One is a world in which the 1 billion people fortunate enough to live in the industrialized countries (since they represent the champagne in the glass, let's call them the champagne people) receive 83% of all global income, while the remaining 4.5 billion, those shoved into the stem, are left

with just 17% and the poorest 1 billion people, those crunched at the very bottom of the stem, a mere 1.4% of global income. Those same 1 billion champagne people control 81% of all domestic savings and domestic investment. The stem people have been left with the rest.

It is a world in which the champagne people earn 30-40 times what the remaining 4.5 billion stem people in the developing countries earn (60 times that earned by the poorest 1 billion) and use more than 75% of the earth's natural resources in the process.

Square One is a world where the effective per capital annual income of the 42 poorest countries in the stem is about \$200, lower in many cases than it was at the start of the 1980s, and in some, lower even than in the 1960s.

Square One is a world where more people are now living in absolute poverty than at any time in history, 1.2 billion—two thirds of them under the age of 15.

It is a world where more than 1 billion people in the stem, nearly 20% of the earth's population are diseased, in poor health, or malnourished, and this at a time when Americans alone (only 20% of the 1 billion champagne people) spend US\$5 billion a year on lowering their calorie consumption.

It is a world where more than 20 million stem people, over 10 million of them children, die annually of illnesses that could easily and inexpensively be prevented—that's nearly 55,000 people a day dying needlessly.

It is a world where in the next 12 months alone another 100 million people will be added to the 5.5 billion already trying to cope with this daunting picture and where, within 45 years—before my youngest son reaches 60—the population could double to at least 11 billion, with 90% of that increase in the stem, and 90% of that in urban areas. Unless current income distribution patterns change drastically, by that point in time, i.e., in just 45 years from now, the bowl of our champagne glass will represent no more than 14% of the world, or 1.5 billion people, and the stem will represent at least 86%, 9.5 billion people.

One only has to ask the simple question: how far can you stretch a rubber band before it breaks?

Some of the other characteristics of our world at Square One, our world two years after Rio?

A world where the developed industrialized countries (the champagne people), either out of ignorance or neglect, have, through the use of inappropriate production processes and on-going pol-

terns of over-consumption, pushed the earth's natural support systems to the edge of their adaptive and absorptive capacity, thereby limiting the development potential of the rest of the world.

And yet, in spite of the clear and demonstrable linkage between the effects of their past and present activities and the present state of global environmental degradation and lack of development in most countries in the world, the champagne people refuse to accept responsibility for their actions, much less the obligation to compensate the rest of the world for the damage they have done or to provide the necessary financial assistance to countries in the stem to permit them to avoid the mistakes of the past and to implement more sustainable patterns of development.

It is a world still burdened by debt crisis, where the developing countries' outstanding debt is now more than 40% of their collective Gross National Product and where resolution of that crisis has faded into the shadows behind the hard reality of national recession in the champagne countries—a clear example of national self-interest taking precedence over basic justice.

And it is a world where new and additional financial resources and the transfer of technologies necessary to permit alternative development models to be put into place in the developing countries were issues too difficult to resolve in Rio.

You know, we can and should be optimistic that politics are changing, but we still have to recognize, understand and accept, that Square One, the world we have created over the last 100 years, or perhaps putting it in a kinder light, have allowed to evolve over that period, is a world without global equity, it is a world that is unjust, and it is a world without global management. And I don't believe that any of us can ignore that basic truth—all one need do is look at the champagne glass!

Indeed, our world of today is a world without a global ethic at a moment in history when a global perspective is essential to our continued development. This is at a time in history when our inability to embrace a global ethic poses the greatest threat to our well-being and continued progress.

Now everything I have said may sound like a litany of doom or depression. And perhaps it is. But it is also a litany of stark and present reality. Because in reality, it is the underlying economic inequities and injustices of our world that are driving global insecurity. In reality, as I am sure you know and understand, these are the root causes of many of our global environmental problems, like

forest depletion, land degradation, water scarcity, and atmospheric pollution. Unless these root causes are tackled, with real and effective action that addresses social, economic and environmental issues, not just unenforceable environmental principles and non-binding environmental declarations, neither global environmental degradation nor underdevelopment will ever be reversed nor will any form of global equity or security ever be achieved.

Clearly the scale of the present realities, where we have for all practical purposes marginalized more than 80% of the world's population and globalized misery, compels us to recognize that drastic changes in the economic, consumption and social patterns and relationships we have created are still essential and lacking.

I think it is very disturbing to note that this champagne glass is not a recent phenomena, but rather has existed—with the bowl growing ever larger and the stem growing every thinner throughout the last 20 years, the years which included Stockholm, Brundtland and Rio.

One would, or maybe could, have hoped, however, that by now basic human concern, solidarity or compassion would have motivated us in the industrialized world, the champagne people, to commit ourselves and our governments to reversing and rectifying the situation. But if appeals to altruism, ethics, compassion or human decency haven't yet motivated us to reach out—and I know that for many in our societies that is the case and that those appeals never will provide the motivation—then perhaps simple self-interest will now provide it. Because, the plain fact is—and you do not need to be a brilliant scientist to figure it out—that the earth simply cannot sustain billions of additional people living environmentally destructive lives, whether they are champagne people striving to preserve their privileged life styles, or whether they live in the stem, not because they wish to, but because forces outside their control give them no alternative but to do so.

I, therefore, do not believe that it is either fanciful, altruistic, or naive to suggest that the most important and immediate goal we have on the road from Rio is to re-order the present international economic set-up in a way that more equitably balances the benefits and opportunities of economic activity and development. We must exchange this champagne glass for a beer mug!

Doing so will not only be fair, which I believe is justification alone, but it will be in everyone's own

economic and personal self-interest, as nothing will have a more positive effect in helping us to achieve sustainable development, nothing will better preserve or expand our options for the future, and nothing will better provide the potential for full and meaningful employment.

Only if we change this champagne glass to a beer mug can we be assured that we will enter the 21st century and march through it without serious and constant risk, not of a North-South, but of a rich-poor conflict.

Unquestionably, the longer that stem becomes, the more people we squeeze into it, the more champagne we pour into its bowl, the more insecure and dangerous our future becomes.

I don't want to conclude without returning for a moment to Square One again and the world without global management.

Many people today are convinced (and I must say I share their conviction) that the situation we find ourselves in today is the result of the global management approach we use (or as many would argue, the global management system that we have as yet to develop and put into place). We continue to run the world of today like we run universities—in separate departments, when it is now more clear than ever before that the interlinkages and positive and negative feedback mechanisms of the decisions and activities of individual nation states have become greater and greater—so great in fact that their aggregate impact is throwing up real and serious threats to global security and requiring us to face issue that we have never before as a global community had to face.

Indeed, one of the new realities of our march towards the 21st century is the fact that today no nation, no matter how poor or how rich, no matter how powerful or weak, no matter how big or small, no matter how developed or underdeveloped, has the unfettered freedom to operate its own economy, to maintain and ensure its own security or even to decide its own destiny. And this constraint on our freedom of individual choice as nation states will most certainly increase, not decrease, as we move into the next century.

And yet, even in the face of these new realities, we continue to define global management as the aggregate effects of 187 separate self-interested decision-making processes, naively hoping or believing, I suppose, that, notwithstanding the fact that every country or nation is first looking out for its own self-interest, some form of benign fate will intervene and result in a net global benefit.

We are where we are today, because we have failed to recognize the inherent deficiencies of such a management process. To continue with the same system isn't appropriate in the politically, economically and environmentally interrelated world of today and it certainly won't be in the even more interrelated world our children will have to manage tomorrow, where the combined effects of even more people and even greater human and economic activities is going to narrow our perceived national self-interests.

Indeed, one of the other important characteristics of our transition to the next century, in my view, is going to be the ever-increasing importance and operativeness of global decision-making processes, such as UNCED, and the ever decreasing relevance of sovereignty as the basic underpinning of national self-interest—and I say this notwithstanding the current situation in Eastern Europe and the former Soviet Union, nor for that matter, the current preoccupation of the industrialized countries with their own domestic economic problems and difficulties.

Clearly, moving to global governance will require a new concept of sovereignty. It will also require a more democratic UN and limitations on the right of self-determination for nation states.

Such a transition, from a bilateral to a multilateral world, will undoubtedly have significant ramifications, not only for governments, political systems and for international institutions, but for people as well. Each of us as players in the present, and stewards of the future, would be remiss and irresponsible if we do not now begin to understand and accept this transition and to prepare our children and youth to lead it.

As Sonny Ramphal, co-Chair of the new independent Commission on Global Governance, stated in Rio:

"Each of us—every man, woman and child, rich and poor, of whatever faith, whatever race, whatever religion—must begin to take up our mutual dual citizenship. We must all of us belong, and have a sense of belonging to two countries—our own and the planet."

Finally, I would argue that if we are to pursue our destiny and move from the concept of one earth to one world, then an essential first step must be for each of us to embrace a global ethic, to understand and accept the basic principle that to ensure our own future and the future of our children will require our embracing the concept of global responsibility.

Let me conclude by referencing an interview that Time magazine did a few years ago with former

Czech President Havel during the US election campaign where he touched upon this concept. He was asked:

"Mr. President, you use a vocabulary that is not heard very often in American politics. You talk of decency, good taste and intelligence."

"When I became President," he answered, "I tried to bring a more personal dimension back to politics because this world is endangered...We are becoming integral parts of mega-machineries, which move with their own uncontrollable inertia. I tried to accentuate the spiritual and ethical dimensions of political".

"In this I even foresee a way of saving the world from all global threats to humankind. I do not think that there are any more technical tricks or systemic measures that can be created which are capable of preventing these threats. Certain changes of the human mentality are necessary in order to deepen the feeling of global responsibility. But the renewal of global responsibility is not thinkable without a certain respect for a higher principle above my own personal existence."

I personally and strongly believe that it is this willingness and drive:

- To reach above our own personal existence;
- To recognize that our own backyard is no longer the community or country in which we live or the workplace in which we function, but the world as a whole;
- To accept and understand the effects of our individual and collective decisions on others and theirs on us; and
- To understand and accept the sacrifices that will have to be made by each of us for the benefit of all of us;

that must provide the philosophical and ethical foundation for our common future.

Indeed, it is that ethic that, if embraced by people in all countries and societies, would instil in us the fortitude and courage to make the challenging transition to the 21st century and to a world which is more just, more secure and more equitable for us all.

So, while we are only at Square One in our efforts to achieve that world, thanks to the efforts of individuals like yourselves and the tens of thousands of others around the world who are committed to change, we now know and understand, better than ever, what must be done. The challenge now is to stop talking about it and to get on with doing it.

NGOs, Governments and All That

Ian Smillie, Consultant

This paper addresses the fast-changing and often uneasy relationship between governments and that vast army of very diverse groups collectively lumped under the not-very-informative heading, 'non-governmental organization'.

The paper draws on almost 30 years of personal experience working with and studying NGOs in North America, Europe, Asia and Africa. It also draws heavily on an ambitious study which I helped to conduct last year on behalf of the OECD. That study examined the quality and evolution of the relationship between Northern governments and Northern development NGOs.

What that study and others have demonstrated is that the NGO world is changing with unparalleled speed, in both the North and the South. Many of the things we knew about NGOs, and many of the things NGOs took for granted only five years ago, can no longer be relied upon as guides for the future. Roles, resources, relationships, demands, opportunities, responsibilities—all are changing at a very rapid pace.

At a time when greater NGO capacity—analytical capacity, innovative capacity, political capacity and delivery capacity—is badly needed, however, there are signs that it may be, instead, faltering. Many of the most serious challenges facing NGOs revolve around their relationships with governments. This paper probes some of the more prominent challenges facing Northern and Southern NGOs, and will offer some suggestions as to how these can be overcome in the years ahead.

The NGO Challenge

The Northern NGO community is faced with a number of serious problems. The first is its rate of expansion. The number of development NGOs in OECD countries—over 3,000 in all—is becoming

dysfunctional. In order to justify itself to its donors, its membership and itself, each NGO has to carve out a special niche. Each markets itself as different, cost-effective and special. Differences are highlighted, rather than down-played, with the result that competition for dollars is exacerbated by an inability to work closely together in any serious way. In every walk of life—labour, churches, political parties, business—new organizations develop, but there are also mergers and combinations when the challenge, the opportunity or the changing resource base require it. With the exception of short-term alliances and some coalitions, however, this does not occur among NGOs. Throughout the OECD there have been only three or four NGO mergers in the past five years, most of little real significance.¹

Even if funding was not an issue, a second recent phenomenon would have put this increasingly confused situation into question. That is the rapid growth of NGOs in the South. NGOs in Asia and Latin America, and increasingly so in Africa, have grown very rapidly in number, size, sophistication and effectiveness. This has changed the role that Northern NGOs once played so confidently—devising and running their own projects in the South. In fact it has challenged the whole concept of the Northern NGO. From ancient times through to today, NGOs have been formed by people to solve problems in their own communities. As they become more sophisticated, or as problems are recognized as originating beyond the community, they have grown in size and scope, becoming regional or national, focusing on advocacy, policy development and public awareness as well as 'doing good'. To put it simply, however, most NGOs work at home.

International NGOs—both the environmental and the development variety—are by and large quite different. They do not have any historical par-

1. Ian Smillie, "Changing Partners: Northern NGOs, Northern Governments", OECD Development Centre, mimeo, 1993. (Also in *NGOs and Governments: Stakeholders for Development*, OECD, Paris, 1993).

allel except the missionary movements from which many have emerged. They were formed by people in one country to deal with problems in another country. It was perceived that people in these 'other countries' did not have the money, the skills, the organization, or the will to do it themselves. This outdated notion has changed dramatically in the past 15 years, and it will continue to change. People in the South do have the skills, the organization and the will. They may lack capacity. But the most clearly articulated need is for money.

But northern NGOs cannot be sustained simply as cheque-writing operations. Money, yes, but not money alone. Working out an accommodation between the need in the South, and what Northern NGOs offer, or would like to offer, therefore, is one of the biggest NGO challenges of the 1990s. The range of contacts and interchange is called 'partnership', but too often it boils down to a collection of well-intentioned but oppressive demands from Northern NGOs for proposals, evaluations, reports, and time for visitors from the Canadian partner, then the Australian partner, the British partner, the American partner, and so on.

A third problem area is the changing nature of Northern government support. The trend away from responsive, matching grant programmes is common throughout the OECD. Everywhere governments are creating special funds for women, the environment, democracy, Mozambique, Angola, Cambodia. On the surface, there is nothing particularly wrong with this. Many of the funds and the criteria for them were established at the urging of, or with the collaboration of NGOs. But something rather insidious is happening. Earmarked funds are growing much more quickly than responsive programmes. Most of these new funds have restricted life expectancies and can be cancelled as easily as they were created. Virtually all USAID support to American PVOs is handled in this way. As much as one-third of CIDA funding is of this sort now, and in Australia, five dollars of every six going to development NGOs is derived from 'special' funds.

Many Northern NGOs down-play this problem. But if we view NGOs as important, alternative and independent actors on the development scene, as a key part of civil society, then the principle of government responsiveness is critical. This principle is under subtle but heavy attack, because many government agencies, or managers within government agencies, see NGOs not as independent players, but as adjuncts to official development assistance, as convenient delivery mechanisms for reaching

particular countries, or target groups that they cannot reach themselves.

NGOs and Governments

Voluntary Organisations in Society

Most discussions of Northern NGOs assume that they all spring from the same ground. This is far from true. Although somewhat different, international environmental and development NGOs have grown out of the same backgrounds as their domestic counterparts. The wellspring of the American NGO community, therefore, is very different from that of Scandinavia. In Japan, many struggling NGOs, especially in the environmental movement, emerge from a tradition of anti-government activity, while in Catholic countries such as Italy, voluntary activity has grown almost entirely out of the church, and from an alternative, anti-statist mentality, to which leftist anti-government views were later added.

Recognition of the variation in the Northern NGO heritage is important to an understanding of Southern NGOs. Even though some have been established with the help of Northern NGOs, these Southern organisations emerge from different traditions entirely—cultural, religious, ethnic; pro-government, anti-government, anti-statist, political, apolitical. Some are even government-organized. To view a Southern NGO community through a Northern lens, therefore—to assume, for example, that Argentinian NGOs can or will behave like Swedish NGOs in relation to government—could be an error with costly consequences for both the NGO and its supporters.

The purposes of interaction between NGOs and the government are, therefore, as varied as the governments, the NGOs and the societies they serve. The purposes are changing, however, with a worldwide reappraisal of the role of government in society.

Variations in the NGO tradition are a reminder that international NGOs, working with a complex mosaic of Southern partners, may not behave—and may never be able to behave—in quite the way governments hope or expect they will.

Why Collaborate?

Why should NGOs and governments collaborate? The answer will be found to a certain extent in an understanding of how and why NGOs evolved in the first place—as supplements, complements, alternatives, critics and watchdogs to government. And

it will be found in a discussion of the issues that arise as a result of collaboration. Just as NGOs view their relationship with government in a certain way, so do governments have different views on the relationship. Some see NGOs as little more than inexpensive delivery mechanisms. Others see them as a distinct phenomenon, worthy of support because their citizens have given them money over and above their tax dollar. But there are other reasons to support NGOs, having to do with innovation, learning and knowledge, and the development of alternatives to standard government approaches. They have to do with the evolution, through policy dialogue and development education, of an independent voice—or many voices—which can add to the vibrancy of the development debate in the South as well as the North.

The issues and problems which characterize relationships between governments and NGOs are manifold; however for the purposes of this paper, they have been lumped into five broad categories.

Issue 1: Knowledge

The Failure to Learn from Failure

Development—whether social, economic, environmental or political—is, or should be, a knowledge-based endeavour. The importance of learning what works, and why, is essential to success. Knowing what does not work is almost more important. The inability to learn and remember is an acknowledged and widespread failing of the development community as a whole. For NGOs it represents a particular dilemma, because there are few reasons (and no money) to disseminate the positive lessons of development, and many more powerful reasons to conceal the negative lessons than to institutionalize, remember and disseminate them.

Part of the solution to this problem has to do with public perceptions. Much has to do with the development of transparency, accountability and ultimately, greater credibility—through appropriate types of evaluation, research, and the dissemination of findings.

Although the evaluation of NGOs is rising rapidly on the agendas of many Northern governments, it is still very much in the elementary stage in most countries. In those where it has advanced to a relative degree of sophistication (e.g. the Netherlands, the US and Canada), it is used more as a control and justification mechanism by the donor agency than as a tool for learning or for disseminating findings.

Duplication Rather than Replication

NGOs repeat the same types of projects time after time. There is little effective coordination at home and less internationally. NGOs pride themselves on, and are rewarded by donors for, 'innovation', but often innovation is simply a reinvention of old wheels. 'Pilot' projects and demonstrations demonstrate only that the NGO can do it. Uptake by others is limited. Little government support is available for scaling-up or for the widespread replication of successful programmes. This is in part because many NGOs are not interested in, or capable of scaling-up. But the way in which NGOs are funded by governments is also a factor. NGO-related budgets in most government agencies have little flexibility, are often based on history rather than performance, and have no capacity to help move real success stories to full-scale application.

Research and Dissemination

Evaluation is only part of the learning process. NGOs also have an important research function which is barely acknowledged and poorly supported. For 30 years, NGOs have been valuable laboratories for public health, credit for the poor, the involvement of women in development, environmental issues, and a wide range of other initiatives which have gradually been taken up by governments and donor agencies. Much of this has happened, however, by osmosis and by accident, and with much needless trial and error. Research and dissemination could and should be a much greater part of the NGO agenda.

Issue 2: Identity and Professionalism

The dictionary defines a professional as one who is extremely competent in a job. The voluntary sector has a number of inherent weaknesses that work against professionalism: a dependence upon what one writer has called 'the particularism and favouritism of the rich', an inability to generate adequate or secure resources, a proclivity towards self-defeating paternalism. Too often, however, governments tend to see professionalism in terms of their own standards and procedures. The more an NGO acts like government, the more 'professional' it is. Some NGOs have conformed, becoming as bureaucratic with their Southern partners as they are forced to be with their funders. Others, reacting against this trend, throw the baby out with the bathwater and refuse to take the professionalism issue seriously.

Identity versus Ego

The proliferation of environmental and development NGOs has few parallels in other walks of life. Without demeaning the impetus to help, it seems that almost anyone with a 'mission' can create an NGO, even if their initiative is only marginally different from half a dozen others. Dependency ratios increase, governments continually (and more frequently) are forced to bail out the bankrupt and semi-bankrupt. But the number of mergers in a field of thousands of players can easily be counted on the fingers of one hand.

The usual reason given for this phenomenon is the need for and dominance of 'organisational identity' and a dependence upon membership and 'constituency'. Is this the only reason? Is the question of 'splendid isolation' seriously aired by the senior management of the average NGO? Is the problem perhaps one of management ego, and of confusion over who really owns and runs an NGO? Whatever the answer, one prominent result is the oft-cited inadequacy of NGO management practices: charismatic but sometimes autocratic leadership, committed but untrained staff, weak monitoring, inadequate reporting, little accountability, limited transparency, and above all, financial confusion.

Competition

As the number of NGOs increases, competition for scarce resources also increases. In the development field, where private donor support in some countries has peaked, NGOs are finding growth potential in relief and emergency appeals. NGOs with weak fund raising bases are attracted in growing numbers to the new funding 'windows' offered by governments without a matching requirement. Elsewhere, NGOs have been attracted by the potential for government contracts, while others have established commercial subsidiaries.

The effect of competition in some countries is an increasingly expensive and dysfunctional scramble by each NGO to maintain its 'market share', and growing confusion among the public—faced with a constant barrage of competing fund-raising appeals—about how to determine what makes good development assistance.

Coordination

One of the most serious barriers to expanding the development role of NGOs is the difficulty they have in working seriously with one another. Jealousies are often intense, and efforts at collaboration often break down into rivalries which paral-

yse efforts to work together towards common goals. At times it seems easier for NGOs to work with governments than with other NGOs. The International NGO Forum (INGOF) which has emerged since UNCED may be something different. Although still in its infancy, it transcends many of the old and old-fashioned NGO talk-shops, and could become the first instance of a serious and long-term NGO effort to collaborate across sectors, and across the old North-South and East-West divides on credible and coherent alternatives for the future—alternatives that integrate economic, social and environmental concerns, alternatives that work towards consensus-building for genuine global change.

Issue 3: Funding

The Overhead Problem

Most NGOs maintain that their overheads are lower than they really are. Governments compound the fiction by insisting on artificially low universal overhead rates on the support they provide, in both matching or 'responsive' programmes as well as in more directive funding and in contracting. This results in highly innovative NGO accounting practices and a public perception that overheads can and should be low. There is also a widespread public belief that there is a great deal of fudging, and even of unethical behaviour. This is, among other things, a ready-made issue for any passing investigative journalist.

Where overheads are kept low, there is an obvious tradeoff in professionalism. Governments contribute to the schizophrenia, insisting on low overheads, yet at the same time demanding greater professionalism. The low-overhead syndrome, long a problem for Northern NGOs, is now being pushed onto Southern NGOs—by Northern NGOs, governments and multilaterals alike.

The End of Responsiveness

Virtually every government agency supporting NGOs has in recent years increased the number of special funding 'windows' for NGOs—for AIDS, the environment, women in development, democracy, emergencies, and special country initiatives—Southern Africa, the Philippines, Cambodia. In some cases, the funds have been created as a direct response to NGO pressure. Usually they offer highly concessional terms, often a 100% funding basis. This has understandably attracted NGOs, but often at the expense of their own initiatives, in countries of their own choosing. Even the most respon-

sive donor programmes can pull NGOs in the general direction of governmental priorities; the more recent phenomena clearly serve to reduce initiative and to make NGOs more compliant with and less independent of their governments.

The Project Mentality

The diversity of government practice on development NGO funding is enormous. Some countries, such as Japan, Italy and Spain, provide support only on a project-by-project basis, and often only for a year at a time. Some, such as Sweden, the Netherlands and Norway have moved heavily into multi-year programme funding. Others, such as Britain, the US and Australia have a mixed approach, supporting larger, more mature organisations through programme agreements, and smaller organisations on a more limited project basis.

It can be argued, however, that as long as governments stay predominantly with the project approach, they do a disservice to the NGO, to the potential beneficiaries, and to their own capacity to learn from what is being funded. Project funding is slow, inefficient, and bears little relationship to the reality of the lives of the rural people with whom most NGOs work. Life does not work on a project cycle; farmers need seeds and inputs on time; clinics cannot be closed; teachers cannot be laid off while a project proposal is awaiting approval or a second phase. Or, rather, seeds can arrive late and clinics can close, but the cost is high. It might be said that development delayed is development denied.

The problems created by project funding are bad enough when the Northern NGO in question is operational. Where it works on institutional development with Southern NGOs, it is worse. A USAID study astutely comments that "the long-term nature of institutional development and the importance of consistent support to this process needs to be underlined. The period of 'amortization' is often over 10 years. Simply stated, PVO [i.e. NGO] institutional ventures are not 'cheap' investments when all inputs are properly accounted for, but if they engender even partially successful local institutions, they are cost-effective in the long run, given continued flow of benefits as costs gradually decrease."²

Issue 4: Dependence

A strong concern expressed by Northern NGOs and governments in many countries has to do with

the growing level of financial dependence that many have on government. Governments are torn: they are eager for NGOs to do more, but want them to raise more from a public that may be unable or unwilling to contribute further. Governments want ready and compliant NGOs that can go where governments cannot, but they dislike the grasping, commercial mentality that seems to have infected many. Most governments claim to value NGO independence, but insist that NGOs conform to government norms and priorities, and are resentful of NGO criticism.

One reason for creeping dependency ratios in recent years has been the willingness of governments to make more money available to NGOs. Ratios for development NGOs that began as a fifty-fifty match have increased in virtually every OECD country, as government support outpaced the ability of NGOs to raise money from the general public.

Where the pool of available private donor money is finite, competition grows. More and more NGOs are dividing a pie that, with a few exceptions, is not expanding as fast as their appetites. The result is more dramatic fund raising campaigns using emotive and negative images, more sophisticated media and direct mail techniques, and a growing confusion in the public mind about who and what actually makes sense. Not surprisingly in such situations, the cost per dollar raised also increases. For example, World Vision Australia's 1992 overheads—heavily devoted to fund raising—were 31%. Foster Parents' impressive growth in Dutch fund raising was accompanied by overheads of 37%.

The increasing use of special funds, and the engagement of NGOs as executing agencies for bilateral projects and priorities (especially in the US, Canada and Switzerland), heightens the debate about dependence. At its most basic, contracting draws NGOs into the role of government client, and away from full independence.

Dependencies, however, are not always one-way. Governments have, in fact, become increasingly dependent upon NGOs for much of their poverty programming, and in many countries for more than half of their support to refugees, food aid and emergency programming. This dependency is under-reported in aid statistics, but it is unlikely to diminish, given the general retreat by government aid agencies from a hands-on role. This will offer

2. Ian Smillie, *Accelerating Institutional Development*, Office of Private and Voluntary Cooperation, USAID, 1989.

new challenges and opportunities for NGOs, and will no doubt add to pressures to conform with government priorities.

Independence

For NGOs, independence is an issue of abiding importance. It should also be an issue of importance for governments. Part of the difficulty is that most government agencies that deal with NGOs are not charged with nurturing the independence of their clients. If anything, they are charged with ensuring that they conform to government rules and regulations, and that conflicts are minimized.

The issue is perhaps not so much whether the dependency ratio is 10% or 50% or 80%. This is as much an indication of financial vulnerability as anything else. The real issue is whether governments respect and value the independence of the voluntary society, or are NGOs simply inexpensive executing agencies, working in places they themselves cannot reach.

Issue 5: Roles and Relationships

The biggest problems Northern societies have in adjusting to new global realities and to the needs of the South lie in public understanding and public acceptance of change. As the public moves, so will politicians and governments.

If the environmental movement has taught anything about public education, it is that the public acts when it feels threatened. Perhaps the time has come to add something to the feel-good stories and the disasters that are too often the NGO stock-in-trade: a clear message about what will happen in the North when the ozone layer disappears because of poverty-led urban growth and rainforest destruction in the South. About what will happen to Northern budgets and Northern deficits if industrialized countries have to send more and more peacekeeping, peacemaking and simply fighting troops to places like Somalia, Cambodia and Haiti. About how Northern governments have helped create these disasters by allowing or even fostering arms sales in the South, by ignoring poverty, by indulging in the most cynical types of tied aid, and by refusing categorically to deal with urgently needed reforms to the world trading system.

It is, of course, easy to exhort NGOs to 'do more' to educate the public, but this is a huge task. And support for 'education', not to mention for con-

troversy and advocacy, is virtually non-existent. Governments are miserly and the public is far more concerned about starving children. The problem becomes a vicious circle. Circles within the circle include unrealistically low NGO overheads and growing competition, which in turn compromise professionalism and drive NGOs towards easy money—for refugees and emergencies.

Meanwhile, in the South, there are major changes taking place. Poverty is rising in both relative and absolute terms. Even in those countries which display encouraging economic statistics, the bottom 40% of the population and those living in remote areas or on barren lands continue to live on the edge of desperation. Environmental destruction, crushing debt burdens, worsening terms of trade, governmental collapse, war-refugees and aid stagnation are the reality for literally hundreds of million people.

NGOs, particularly some Southern NGOs, are becoming increasingly aware of the need to tackle these problems at different levels—on the farm and in the village, at the national level where policies are made, and internationally, where the 'globalisation' of policy dialogue is becoming increasingly important to the lives of people everywhere. Northern NGOs, which sought to tackle poverty in a direct, operational way in the 1960s, now work increasingly with and through the fast-growing Southern NGO community, stepping back from operationality themselves. This change has brought increasing recognition to the fact that Northern NGOs are not 'development agencies' in the same way as their Southern counterparts are. They are brokers, a hybrid between one country's concern and the problems of people in another.

Adaptation to a non-operational support role, however, is both difficult and stressful. Some Northern NGOs have found it impossible. Others have done it badly. They have become for Southern NGOs what governments too often are for them: a bureaucratic, project-oriented, paternalistic source of money—a necessary evil rather than a partner. The greater the dependence of a Northern NGO on its government, and the greater that government's 'project' orientation, the more likely this is to be the case.

Some Ideas

It is not impossible to develop some basic principles that might guide governments, NGOs and their intergovernmental interlocutors in resolving some of

the issues that prevent optimum levels of collaboration. Some of the principles would include the placement of higher values on pluralism; on the need for honesty and transparency; on the need to find common ground where it exists, and to recognise where it does not.

In some cases, the active agent for change will be government or intergovernmental institutions; in others it will be NGOs. Many responsibilities are shared. Action on the part of government, however, could act as a stimulus for the necessary NGO change, and could help to build the climate of trust that will ultimately be the key to better collaboration.

From a government perspective, changes would include:

- The establishment of mechanisms that support NGOs appropriately, and as institutions, because they do good work and because they are expressions of public concern, not because they raise money through emotive and increasingly sophisticated marketing techniques.
- A responsiveness that recognizes the need for programme support and for efficient procedures which do not unduly delay.
- Government institutions that do not fear policy input and criticism from non-governmental professionals, that are responsive to concerns of their citizenry about the ultimate purpose of supporting sustainable development.
- Governments that see NGOs as valued development agencies in their own right, not simply as delivery mechanisms, executing agencies and adjuncts to the work of official agencies.

On the NGO side, changes would include:

- For Northern NGOs, an end to amnesia; remembering, sharing, knowledge-based organisations that build on what they know, and have something to offer their Southern counterparts besides money and project forms.
- For Southern NGOs, acceptance of major new challenges. In some countries, governments no longer see NGOs as usurpers, challenging government legitimacy. Instead, they see them as allies and even as delivery mechanisms. In the future, it will be incumbent upon some NGOs in some countries to take on a much more operational role in areas traditionally viewed as solely governmental. This will mean compromises on independence and it may require tradeoffs between welfare, service provision and development. And it will mean the frustrations that come automatically with greater governmental involvement. But it could also mean, for some Southern

NGOs, the building of institutions that can reach hundreds of thousands, rather than just hundreds of needy people, and institutions which can have a major impact on national policy.

- A division of labour among a country's NGO community, in which like-minded and same-sector NGOs join forces, and where others specialize—on the environment, in health or micro-enterprise development, or in the management of larger government funds for Southern NGOs.
- Greater international coordination, of the type envisaged by the post-UNCED International NGO Forum, which calls on NGOs to move from their traditional role as critics, to that of co-creators of a more equitable, just and sustainable world.

Shared responsibilities include:

- In the North, an end to cut-throat competition in fund raising; a 'united way' approach which aims, *inter alia*, to educate the public rather than simply beg from it. Governments can contribute by giving appropriate signals in the way they match private funds, and in the tax breaks they provide for NGOs.
- NGOs that do not fear evaluation and constructive criticism; governments that can tolerate failure and approaches to development that differ from their own.
- A recognition by NGOs and governments, in funding and in action, of the indivisible linkages between environmental and economic development, and of the important continuum between relief and development. A commitment not to shift scarce resources from development to the alleviation of symptoms; rather a coordinated and enhanced approach which fosters reconstruction and development once an emergency has passed.

Too often, intergovernmental institutions have treated NGOs in much the same way as governments, as convenient delivery mechanisms, as allies when there is a common cause, and as a nuisance when there is none. Organizations like IUCN can and should take a broader view of what NGOs are and can be. Among the tasks for the future are:

- A strengthening the institutional base for sustainable development through a strengthening of the NGO community. The institutional base for sustainable development in much of the South is weak and insecure. Long-term development depends on a strengthening of the institutions of civil society that can bring experience and

- knowledge to bear on key developmental issues.
- Strengthening the capacity of NGOs to deliver sustainable development through community participation. This requires support organizations that can transfer technical skills to NGOs, and NGOs that can transfer these skills to communities.
- Enhancement of and support for NGOs as effective advocates of sustainable development: the development of good NGO communications skills, and open channels between NGOs and government agencies. It requires trusted intermediaries to interpret the positions of one side to the other in cases of ambiguity and conflict.
- Encouragement of dialogue between NGOs and governments on issues relating to sustainable development. This requires mechanisms for regular consultation as well as open channels between governments and NGOs. It requires good networking between organizations that are similar in nature, and between organizations that are different in nature.
- An ability to learn from the experience of NGOs and to apply the relevant lessons to the work of government and other intergovernmental agen-

cies; an ability to understand, to evaluate, to document and to disseminate the lessons learned from success and failure. It also requires a willingness on the part of the 'learner' to listen and to learn.

Ultimately, governments cannot 'do' development; their role is to create a conducive social, economic and political environment in which development can take place through a mix of private and public initiatives. The state may provide the superstructure for development, but it is 'civil society' in its broadest manifestation that creates the values and the impetus which give development both legitimacy and meaning. The new emphasis on civil society as a cornerstone of development is a restatement of old truisms which much of the development community forgot during the first 'development decades'.

Building this 'civil society', fostering strategic alliances between and among counterpart institutions in the South and the North, encouraging genuine collaboration between governments and non-governmental organisations of all stripes and persuasions, will undoubtedly be the most fundamental challenge of the coming years and decades.

Workshop Report

Hugh Synge, Chief Rapporteur, 19th Session of the General Assembly

The objective of the workshop was to identify a clear strategic direction for IUCN in the future. The critical issues were:

- Assessing the new agenda for change;
- Deciding how IUCN should define and relate to multilateral institutions, governments and NGOs, including its own constituency;
- Identifying the areas in which IUCN should be involved for greatest effect; and
- Deciding how the Union and its Secretariat should adapt itself to a new changing world situation.

The workshop was divided into four sessions as reported on below. Over 100 people attended from a wide range of NGO and government organizations, with 40–50 attending each session.

A Rapidly Changing World

The world is changing more rapidly than ever before. The world's population is increasing at an unprecedented speed, particularly in low-income countries. At the same time the relationships between population, consumption patterns and lifestyles are now seen more clearly, and inequality gaps between countries and within countries continue to widen.

The UN system cannot cope with the new realities. The power of nation-states is lessening, but national governments still establish much of the environment and development framework for local communities and NGOs.

In contrast, the relative impact of the private sector, including multilateral industry, is much greater than before. The economic centre of gravity is shifting from North to South. NGOs are also becoming more important and influential, as the means to build dialogue with official authorities and catalyze the involvement of civil society in sustainable development. NGOs are also increasingly serving as implementors.

The complexity of the relationship between envi-

ronment and development is better understood than before. UNCED and Agenda 21 have finally established the linkage between environment and development, and provide opportunities for pursuing environmental interests more vigorously, in a broader context, and on the basis of more thorough analysis. *Caring for the Earth* has put out a detailed strategy on how this could be done. Governments have adhered to important principles, e.g. public participation, empowerment of local communities, access to information, and the need for international monitoring of and reporting on the state of the environment.

Also, the number of actors in the environment and development field is growing rapidly, both in terms of new specialized institutions and new networks. It seems to be growing almost indefinitely, as the environment enters everybody's agenda.

The workshop concluded that:

- IUCN must appreciate the new global reality and the speed with which changes are happening.
- IUCN must adapt its role, work programme and resource allocations accordingly.

The Role of IUCN

The world and IUCN are at a turning point. The world has finally accepted the messages of *The World Conservation Strategy* and *Caring for the Earth*. The forces for integrating environment and development issues have become strong and will make it impossible for IUCN to retract and focus solely on nature conservation issues in a narrow sense. However, one of IUCN's unique contributions can be to demonstrate the necessity of conservation in the development agenda.

When the broader agenda is appreciated it becomes clear that problems and solutions differ greatly around the world. Sustainable development is not a value-free concept and is interpreted differently depending on the individual perspective and local situation. Nevertheless there are common fac-

tors and, with increasing environment awareness and increasing interdependence and interaction, there is a desired need for international leadership in the difficult realm of environment and development. IUCN can build bridges between North and South, East and West, governments and NGOs, and provide leadership based on science.

Many IUCN members pursue Agenda 21 issues, but do so primarily outside the Union. IUCN members need support for their activities, in particular for their own institutional development. Empowering mechanisms need to be explored and constraints in donor programmes understood.

The conclusions for IUCN are as follows:

- IUCN should capitalize on the *World Conservation Strategy* and *Caring for the Earth*.
- IUCN should explicitly promote Agenda 21, develop its Programme in relation to *Caring for the Earth* and Agenda 21, and pay more attention to the broader issues articulated there.
- IUCN should emphasize its nature as a Union, develop its role as a forum for members for collective action and provide access for its NGO members to government by utilizing its dual membership and building bridges. It is uniquely constituted to play a leveraging role and to forge new partnerships. The alliance foundations of IUCN are particularly relevant to creating an informed NGO constituency.
- IUCN must become more directly useful to a wider range of its members. In light of the emerging discussion on lifestyles and responsibilities for global problems, it needs to pay more attention to action in the north. South-South exchange and South self-reliance also need to be promoted.

Issues and Approaches

Only examples of issues and approaches can be highlighted. Environmental economics is a tool for analysing the environmental effects of various proposals for development and a powerful tool for arguing IUCN's case. Trade is a prime example of an activity with profound environmental consequences, potentially both positive and negative. Its environmental effects need to be understood by the IUCN membership and the environmental side argued in both national and international contexts.

The UN has set up the Commission on Sustainable Development to oversee the follow-up of Agenda 21, again with both national and international implications. Due to the increasing number of actors there is a greater need for advocacy and this line of action is now more likely to have a stronger impact than before. Conflicts over resource use will become more frequent and this implies the need for mediators. The private sector plays an increasingly important role in environmental issues and the need for a dialogue is imperative. The need for an NCS-like approach at the national level has become more appreciated after UNCED.

The conclusions for IUCN are as follows:

- Environmental economics should be introduced as an integral part of the work of the Union.
- IUCN with its members should monitor the implementation of Agenda 21.
- Aspects of trade and environment should be included in the work programme.
- IUCN should emphasize advocacy to promote the changes needed to achieve sustainable development.
- IUCN could provide a forum for conflict resolution.
- IUCN should pursue a partnership programme with the private sector.
- IUCN should concentrate on institutional development through active involvement and working relationships with members.
- IUCN should make full use of its NCS experience.

Organizational Implications

The conclusions were that:

- IUCN must equip itself to deal with the broader agenda.
- Ways and means for internal education should be explored.
- The policy component of the Programme and the unit for interaction with IUCN members are vital.
- IUCN must retain its character as a technically competent institution and, while broadening its expertise, must not lose its expertise on natural resource issues.
- IUCN must establish North-South balance in its Secretariat and advisory bodies.
- A mechanism for evaluation of IUCN's performance is needed to provide increased flexibility to refocus whenever necessary.

Agenda

Workshop 10: The New International Scene and IUCN's Place Within it

20 JANUARY, THURSDAY

0930	Welcome	Sir Shridath Ramphal
0940	Keynote address: The World After Rio: What is the Real Commitment to Sustainable Development?	Sir Shridath Ramphal
Intergovernmental Machinery		
1030	The United Nations System After Rio	Martin W. Holdgate (UK)
1100	The World Bank After 50 Years: No More Money Without Total Institutional Reform	Bruce Rich (USA)
1130	Discussion: How should IUCN relate to the major intergovernmental institutions in sustainable development?	Discussant: Marc Dourojeanni
Mechanisms		
1400	The Global Environmental Facility: Should it be the Central Pole for Financing Environmental Action in the Developing Countries	Ashok Khosla (India)
1500	Trade and the Environment: Prospects for a GATT Green Round	Ambassador Akao (Japan)
1530	The Role of Business: Does it have a Place in Sustainable Development?	Yasuo Goto (Japan)
1545	Agenda 21: To What Extent Should IUCN Define its Role and Activities in the Light of Agenda 21?	Richard Sandbrook (UK)
1615	Discussion: How should IUCN adapt its strategy and programmes in light of these mechanisms for international sustainable development action?	

21 JANUARY, FRIDAY

0930	Keynote address: Crisis and Opportunity: In the Wave of NGO Action	Maximo Kalaw (Philippines)
The Role of NGOs		
1030	Where Are We on the Road from Rio?	Warren H. Lindner (USA)
1100	NGOs, Governments and All That	Ian Smillie (Canada)
1130	What is the Role of Organisations which, like IUCN, Group a Significant Sector of the Environment and Development Constituency?	David Runnalls (Canada)
1200	Discussion: How should IUCN fulfill its role in respect of the NGO community? Can it play a more active role on behalf of its NGO members?	Discussant: Barbara Bramble (USA) Tariq Banuri (Pakistan) and Mats Segnestam (Sweden)
1400	Panel or group discussion: In which areas of sustainable development policy should IUCN aim to be a major player?	

IUCN – The World Conservation Union

Founded in 1948, The World Conservation Union brings together States, government agencies and a diverse range of non-governmental organizations in a unique world partnership: over 850 members in all, spread across more than 130 countries.

As a union, IUCN seeks to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable. A central secretariat coordinates the IUCN Programme and serves the Union membership, representing their views on the world stage and providing them with the strategies, services, scientific knowledge and technical support they need to achieve their goals. Through its six Commissions, IUCN draws together over 6000 expert volunteers in project teams and action groups, focusing in particular on species and biodiversity conservation and the management of habitats and natural resources. The Union has helped many countries to prepare National Conservation Strategies, and demonstrates the application of its knowledge through the field projects it supervises. Operations are increasingly decentralized and are carried forward by an expanding network of regional and country offices, located principally in developing countries.

The World Conservation Union builds on the strengths of its members, networks and partners to enhance their capacity and to support global alliances to safeguard natural resources at local, regional and global levels.

In Pakistan, the Union seeks to fulfill this mission by empowering communities to participate in the implementation of the National Conservation Strategy.

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