

WORLD RESOURCES 2002-2004

UNITED NATIONS DEVELOPMENT PROGRAMME
UNITED NATIONS ENVIRONMENT PROGRAMME
THE WORLD BANK
WORLD RESOURCES INSTITUTE

World Resources 2002–2004: Decisions for the Earth: Balance, Voice, and Power

Paperback edition published by
World Resources Institute
10 G Street, NE
Washington, D.C. 20002
© 2003 World Resources Institute.
Printed on recycled paper.
First printing June 2003

The World Resources Series is a collaborative product of four organizations: the United Nations Development Programme, the United Nations Environment Programme, the World Bank, and the World Resources Institute. The views expressed in this volume are those of staff from each organization and do not necessarily reflect the judgments of the organizations' boards of directors or member governments.

The full report is available online at www.wri.org/wr2002. Materials may be reproduced with the permission of World Resources Institute, 10 G St., NE, Washington, DC 20002.

ISBN: 1-56973-532-8 ISSN: 0887-0403 PHOTO CREDITS: (x-xi) AP/Wide World Photos. Chapter 1: (opposite p. 1) Frans Lanting/ Minden Pictures; (p. 2) AP/Wide World Photos; (p. 6) Franco Mattioli/IFAD; (p. 8) Anwar Hossain/IFAD; (p. 15) Frank Cezus/Getty Images; (p. 16) World Bank Photo Library; (p. 20) Franco Mattioli/IFAD. Chapter 2: (p. 27) UNHCR/A. Hollmann; (p. 35) Franco Mattioli/IFAD. Chapter 3: (p. 48) Giuseppe Bizzarri/IFAD; (p. 49) Robert Grossman/IFAD; (p. 50) Anwar Hossain/IFAD; (p. 55) Anwar Hossain/IFAD; (p. 59) Franco Mattioli/IFAD; (p. 60) Louis Dematteis/IFAD; (p. 64) Franco Mattioli/IFAD. Chapter 4: (p. 66) Franco Mattioli/IFAD; (p. 73) Anwar Hossain/IFAD; (p. 81) Grameen Communications Village Computer and Internet Project; (p. 83) Franco Mattioli/IFAD; (p. 84 both) Franco Mattioli/IFAD; (p. 85 left) Sahar Nimeh/IFAD; (p. 85 right) Radhika Chalasani/IFAD; (p. 86) Katia Dini/IFAD; (p. 88) Anwar Hossain/IFAD. Chapter 5: (p. 105) IFAD. Chapter 6: (p. 133) Marcelo Soubhai. Chapter 8 Case Studies: (pp. 174, 176, 178, 180, 181) Courtesy of Jean Harris; (p. 182) ©2001, Washington Post photo by John Ward Anderson. Reprinted with permission; (pp. 188, 190, 192, 194, 196) Mineral Policy Center; (pp. 198, 200, 204) Greg Mock.

REPRINTED WITH PERMISSION: Chapter 5: (Figure in Box 5.5) from NWP as authored by USAID et al. 2002. Chapter 6: (Figures 6.1 and 6.2) KPMG 2002.



CONTENTS

FOREWORD	vii
CHAPTER 1 ENVIRONMENTAL GOVERNANCE:	
WHOSE VOICE? WHOSE CHOICE?	1
The Scope of Our Decisions	2
Governance Is Crucial	2
Ecosystems: The Governance Frontier	5
What Is Environmental Governance?	5
Unfamiliar but Everyday	6
Does Governance Reach Beyond Governments?	7
What Is At Stake?	8
Better Governance, Better Equity	14
Participation and Accountability	15
Principles of Environmental Governance	19
Reconsidering Environmental Governance	22
CHAPTER 2 ENVIRONMENTAL GOVERNANCE TODAY	23
Governance in a Changing World	24
Grading Environmental Governance	39
Good Governance, Healthy Ecosystems	43
CHAPTER 3 PUBLIC PARTICIPATION AND ACCESS	47
Access Intitiative Findings: The State of Access	51
Access to Information	51
Access to Decision-Makers and Opportunities to Participate	57
Access to Justice and Redress	59
Improving Access: What's Needed?	61
CHAPTER 4 AWAKENING CIVIL SOCIETY	65
Civil Society: Power in Numbers	66
A Multitude of Roles	71
Civil Society Is Not Perfect	75
Empowered or Marginalized?	79
Building the Capacity of Civil Society	81
CHAPTER 5 DECENTRALIZATION: A LOCAL VOICE	89
What is Decentralization?	90
Effective Democratic Decentralization	92
Decentralization Today: Partial Progress	97
Supporting Better Decentralization	101
CHAPTER 6 DRIVING BUSINESS ACCOUNTABILITY	107
Beyond Traditional Regulation	108
Information Disclosure Is the Key	110
Government-Mandated Disclosure	111
Voluntary Corporate Disclosure	116



Regulation by Civil Society	123
Supporting the Transition to Accountability	131
CHAPTER 7 INTERNATIONAL ENVIRONMENTAL GOVERNANCE	137
Setting Environmental Policy: A Symphony of Organizations	139
Environmental Treaties: A Consensus for Stewardship	145
Financing the Global Environment: Paying the Piper Poorly?	152
Strengthening International Governance: Priority Tasks	153
International Trade and Finance: Can Environment Be Integrated?	156
Investing in the Environment?	161
· · · · · · · · · · · · · · · · · · ·	166
New Players, More Inclusive Processes	169
Principles to Guide International Governance Reform	109
CHAPTER 8 A WORLD OF DECISIONS: CASE STUDIES	173
Mind over Mussels: Rethinking Mapelane Reserve (Sokhulu, South Africa)	174
The New Iran: Toward Environmental Democracy (Lazoor, Iran)	182
Ok Tedi Mine: Unearthing Controversy (Papua New Guinea)	188
Women, Water, and Work: The Success of the Self-Employed Women's Association	
(Gujarat, India)	198
Earth Charter: Charting a Course for the Future (Global)	208
CHAPTER 9 TOWARD A BETTER BALANCE	215
Adopt Environmental Management Approaches that Respect Ecosystems	216
Build the Capacity for Public Participation	216
Recognize All Affected Stakeholders in Environmental Decisions	218
Integrate Environmental Sustainability in Economic Decision-Making	218
Strengthen Global Environmental Cooperation	219
Decisions for the Earth	221
Recommendations	221
DATA TABLES	230
Governance and Access to Information	234
Global Governance: Participation in Major Multilateral Agreements	238
Financial Flows, Government Expenditures, and Corporations	242
Economic Indicators	246
Agriculture and Food	250
Biodiversity and Protected Areas	254
Climate and Atmosphere	258
Energy	262
Fisheries and Aquaculture	266
Forests, Grasslands, and Drylands	270
Freshwater Resources	274
Population, Health, and Human Well-Being	278
ACKNOWLEDGMENTS	284
REFERENCES	287
INDEX	307



MAKING WISE DECISIONS F THE EARTH

We recognize endangered species and degraded habitats as signs of environmental failure, but we rarely acknowledge them as the results of governance failures. Corruption and patronage. Backroom deals and land grabs. Development decisions made without local information, consultation, or support. These all-too-common governance failures don't just erode our civil and economic rights, they erode our natural heritage as well.

Degraded forests and dying coral reefs often reflect a flawed environmental decision-making process. Illegal logging thrives where forest managers have little accountability. Mining decisions taken in secret often attach too little value to protecting local water supplies or crucial habitat. Plans to exploit any natural resource prepared without input or review by local inhabitants and other affected groups all too often enrich a few but dispossess the larger community and disrupt the ecosystem. Poor environmental governance—decisions taken without transparency, participation of all stakeholders, and full accountability—is a failure we can no longer live with



in an era when human decisions, not natural processes, dominate the global environment.

The importance of good governance is, of course, not restricted to environmental decisions. It goes to the heart of our social and economic progress. Good governance is now recognized as one of the most important factors in realizing a nation's development potential and reducing poverty-in part because public or private investors want the stability and transparency that good governance brings. That is essentially the conclusion endorsed by ministers when they gathered in Monterrey, Mexico, in March 2002. They concluded that money alone doesn't guarantee sound development with benefits shared by all. Rather, success also depends on sound institutions, prudent policies, transparent processes, open access to information, and equitable participation in decision-making-all salient features of good governance.

In this issue of World Resources, we focus on environmental governance—the processes and institutions we use to make decisions about the environment. Our four organizations endorse the Monterrey Consensus, which contains clear commitments to good governance, and challenge the international community to bring that mandate to bear on the crucial area of managing ecosystems and natural resources, both locally and globally. Our decades of experience dealing with environmental problems in rich and poor countries have shown time and again that good governance is crucial for the sustainable management of ecosystems, which are a key underpinning of sustainable economic growth and human development.

The building blocks of good environmental governance are the *access principles*, first spelled out in 1992 in the Rio Declaration—the official document of the United Nations Conference on Environment and Development. Principle 10 of the Rio Declaration calls for access to information concerning the environment, the opportunity to participate in the decision-making process, and effective access to judicial and administrative proceedings. But these principles are only as strong as our implementation of them.

How well have we done since Rio? Measuring governance performance and trends is difficult, but

essential if we are to make progress toward achieving our environmental and social goals. The Access Initiative, described in this report, represents a first effort to make such an assessment of environmental governance, elaborating and defining just what we mean by access to information, decision-making, and justice. The results reveal in some detail our uneven progress. To accelerate implementation, the Partnership for Principle 10 (PP10) was launched in September 2002 at the World Summit on Sustainable Development in Johannesburg, bringing together a wide range of organizations that have committed to accept accountability for carrying out specific actions and to provide resources to enable improved access.

Our organizations are founding members of the Partnership for Principle 10, and as such we endorse this activity and commend it to others as a salient and practical response to the challenge of environmental governance. We also endorse the concept of independent assessments, such as those supported by the Access Initiative. We believe the Access methodology offers the global community a framework that should be applied widely to the vital work of identifying where our governance mechanisms and institutions are weak, as well as where we have made progress.

Of course, access alone is not enough to ensure good environmental outcomes. Indeed, one of the most apparent failures over the decade since Rio has been the inability to mainstream environmental thinking into economic and development decisions. This lack of integration translates into a failure to balance economic, social, and environmental concerns. More deeply, it reflects a reluctance to appropriately value the contribution of ecosystem goods and services to human welfare. Good environmental governance will succeed in achieving better environmental outcomes only if it is seen as an essential contributor to better and more equitable development.

In this spirit, we as organizations recommit ourselves to a focus on good environmental governance as a wedge to push forward better decisions—decisions for the Earth. In our own organizations, we will work to improve governance of the environment through our programs, policy advice, project work,

and funding practices. Our experience proves that bringing communities and individuals into the decision-making loop, and insisting on accountability of those ultimately responsible for environmental decisions, can lead to fairer and more effective management of natural resources. Now, we must carry this message to our partners around the world.

We recognize the urgency imposed by the Millennium Development Goals adopted at the United Nations Millennium Assembly in September 2000, including eradicating extreme poverty and hunger, and ensuring environmental sustainability. We affirm our conviction that these human and environmental goals must be integrated, just as people and ecosystems are woven together in the web of life. We cannot alleviate poverty over the long term without managing ecosystems sustainably. Nor can we protect ecosystems from abuse without holding

those with wealth and power accountable for their actions, and recognizing the legitimate needs of the poor and dispossessed. This is the balance we must strike in all of our decisions for the Earth.

Mark Malloch Brown Administrator United Nations Development Programme

Klaus Töpfer
Executive Director
United Nations Environment Programme

James D. Wolfensohn President World Bank

Jonathan Lash
President
World Resources Institute



PART

WORLD RESOURCES 2002-2004 I

DECISIONS FOR THE EARTH



Chapter 2
ENVIRONMENTAL GOVERNANCE
TODAY

Chapter 3
PUBLIC PARTICIPATION AND
ACCESS

Chapter 4
AWAKENING CIVIL SOCIETY

Chapter 5
DECENTRALIZATION:
A LOCAL VOICE

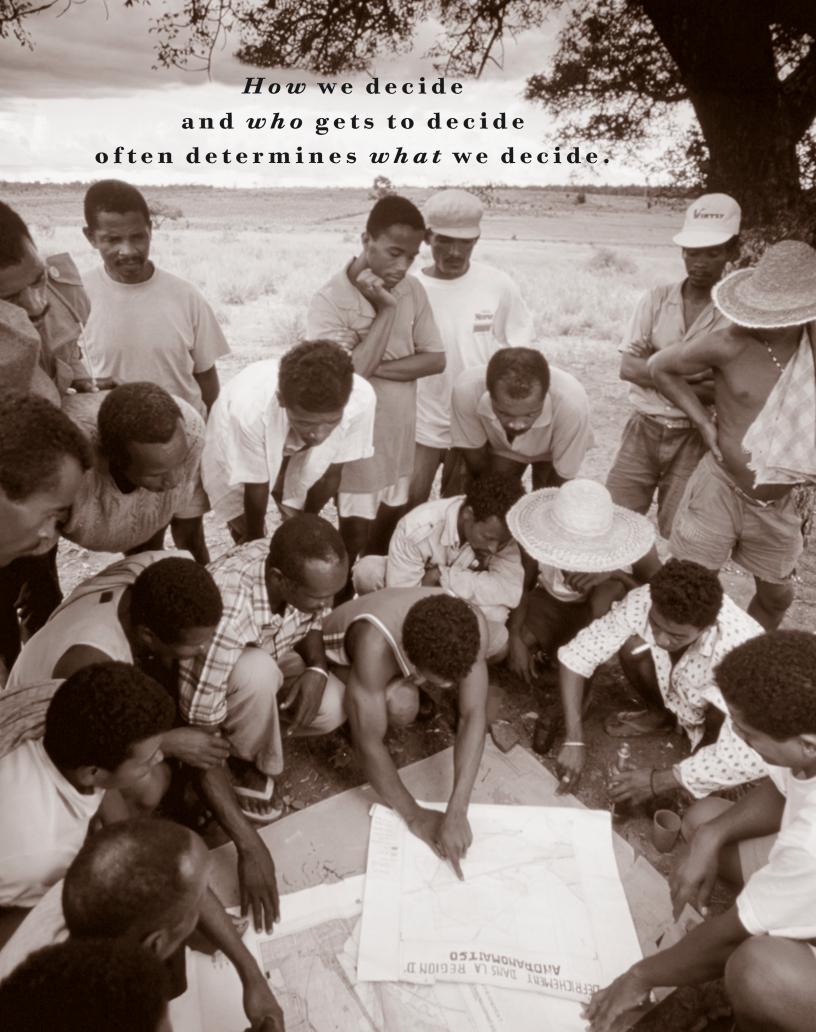
Chapter 6
DRIVING BUSINESS
ACCOUNTABILITY

Chapter 7
INTERNATIONAL ENVIRONMENTAL
GOVERNANCE

Chapter 8
A WORLD OF DECISIONS:
CASE STUDIES

Chapter 9
TOWARD A BETTER BALANCE





CHAPTER 1 STARTS HERE