



Rio to Johannesburg: towards concrete action (synopsis of the proceedings of DSDS 2002)

Delhi Sustainable Development Summit , 8–11 February 2002
Ensuring sustainable livelihoods: challenges for governments,
corporates, and civil society at Rio + 10

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From Rio to Johannesburg: towards concrete action

Preamble

The Delhi Sustainable Development Summit 2002 was organized by TERI motivated by the importance of harnessing the knowledge, perspectives and aspirations of various stakeholders, as the global community prepares for the WSSD (World Summit on Sustainable Development) to be held at Johannesburg during August-September 2002. That the Summit attracted the most distinguished and influential persons working towards the goal of sustainable development across the world bears testimony to the importance of a meeting of this nature and particularly to the relevance of the venue in the capital of the world's largest democracy. This summary attempts to distil the presentations, discussions and dialogue that took place during various sessions of the Summit from 8 to 11 February 2002. It does not represent the agreed expression of approval of any or all the participants. Nor is this a consensus document, because TERI did not attempt to create any agreement on any form of output from the Summit. This is merely a faithful recording of the highlights of the discussions and presentations in the Summit organized in a coherent and consistent manner.

Two important streams of thought or paradigms of sustainable development in general, and sustainable livelihoods in particular, were articulated by TERI staff before the Summit itself, and these need to be re-stated even though were not put forward for approval or comments by participants. These two paradigms can be summed up as follows.

- 1** The global community has cumulatively consumed or damaged a large part of the planet's natural resources, including clean air, clean water, forests, biodiversity, and healthy soil. In addition, economic development and growth has also polluted the environment beyond acceptable limits. There is a clear scientific basis and an economic imperative for major investments in the growth of natural capital. Indeed, the economic returns from accretion to the earth's natural resource base would be much higher than similar financial investments in physical capital, however productive those might be. The WSSD at Johannesburg must emphasize and uphold this reality and formulate its plans and programmes in that direction with a major

commitment for allocation of resources and cooperative action towards this objective.

- 2 The problem of the poor needs to be seen in a totally different light from that generally perceived in the past. Poverty alleviation cannot take place on a sustainable basis if it does not enhance human and organizational capabilities for higher value productive work. The creation of such capability would require a substantial upgrading of skills and increased access to technical know-how even in the most deprived and destitute communities in the world. The attainment of higher technical capabilities, however, would require creation or strengthening of strong institutions, the provision of microfinance, and access to markets and knowledge flows, from which many underprivileged communities are currently distanced in a manner that leaves them permanently deprived. The WSSD must focus on design of programmes of a comprehensive nature that would enhance the capability and technical wherewithal of poor communities throughout the world.

One of the most significant results of the 1992 Earth Summit was a better understanding of the dynamics of sustainable development and of its three pillars, namely (1) economic prosperity, (2) social progress, and (3) ecological balance. Sustainable development is global in character and its widespread ramifications but is driven by local imperatives. Unfortunately, Rio's programmatic centrepiece, Agenda 21, has remained mere rhetoric despite the global consensus on and political commitment at the highest level to socio-economic development achieved at Rio. The success of the Johannesburg Summit will be gauged by whether or not it can evolve a well-defined, action-oriented, and time-bound plan to operationalize sustainable development; its failure will signify not only a missed opportunity but also a lack of concern that poses a real threat to people, the planet, and prosperity.

Sustainable livelihoods: reason for optimism?

A message that has been echoed at every Prepcom [preparatory committee meeting] is that the core developmental issues of eradicating poverty and meeting basic human needs remain the prime challenge in the developing countries and, unless the needs of the weakest are put first, all efforts to preserve the environment or promote sustainable development would prove self-defeating. This understanding lies at the heart of the concept of sustainable livelihoods both as an objective in itself and as an approach towards poverty eradication based on an understanding of the basic needs of the poor; the

institutional, economic, and socio-cultural constraints they face; their interaction with the environment; and indeed the impacts of such seemingly exogenous forces as globalization.

The links between globalization and sustainable livelihoods are complex. For the poor, globalization is both an opportunity and a threat. On the upside, globalization can make economic activities and institutions more efficient, develop human capital, enhance employment opportunities, provide access to cleaner and more efficient technologies, promote environmental awareness, and create market self-regulation of industrial activities through internationally recognized benchmarks, standards, and management systems. On the downside, the exacerbation of inequities in the distribution of benefits amongst the world's population has been an impediment to sustainable livelihoods. Of concern also are patterns that have led to rapid changes in lifestyles and a cultural upheaval in the developing countries. The developed countries have selectively tapped trained human resources from the developing countries, notably in the fields of health, education, and information technology, often resulting in major benefits to the former from exploitation of these assets with no returns to the source countries.

Achieving sustainable livelihoods by effectively managing natural resources, as also providing for basic human needs including food security, would necessitate rethinking of traditional financing and technological prescriptions as much as a renewal of political will—both at the national and international levels. Engaging the stakeholders, be it civil society, business leaders, or NGOs (non-governmental organizations), would be necessary for any technological or financial solution to work towards sustainable development. Agenda 21 had underscored the importance of all these elements; although they have been reiterated at various forums, they are yet to find effective expression either in national strategies for development or in bilateral and multilateral commitments.

The following issues are pertinent in the context of sustainable development in general and sustainable livelihoods in particular and should receive priority at Johannesburg.

Issues in sustainable development

Financing development: focused, transparent, and pro-poor systems

Though the imperatives for mobilizing financial resources have intensified since Rio, the trends since have been disappointing, to say the least. Rio held out the promise of 'new and additional' financial resources for sustainable development.

This stands out in stark contrast to the fact that ODA (official development assistance) flows have declined significantly over the past ten years. Domestic and foreign private capital has proved inadequate and ineffective in engendering sustainable development, particularly in the poorest nations of the world. Domestic action towards correcting market and policy failures and making more efficient use of available resources leaves much to be desired.

Not only does the quantum of financial resources – ODA, FDI (foreign direct investment) or domestic resources – for sustainable development need to be increased but also the available resources need to be used more effectively. This requires, inter alia, that financial services be restructured to better serve the poor. Monetary systems need to design special financial instruments to attract micro-savings of the poor into the corporate sector, particularly where these can be structured to serve the poor. The channelling of the savings of the poor into corporate investments should be matched by the channelling of urban savings to finance the corporate as well as micro-credit needs of the poor. Financial intermediation by banks should be able to channel the savings of the rich to underwrite the investment needs of the poor. There is a need to build institutions for the poor to enable them to rediscover their collective identity through such institutional arrangements as corporations of the poor and community-based organizations of the poor.

The efficacy of financing is also sensitive to the design and scale of projects: a larger number of smaller, locally conceived projects may be more successful than a few large projects in using available resources for ameliorating poverty.

Private resources remain the largest source of financing sustainable development. Private investors have to realize that social responsibilities and their own business interests need not diverge. Instead, focusing on social acceptability and catering to the needs of the poor can enhance business opportunities. The international development community can help accelerate the process of economically empowering the poor through restructuring their aid priorities to move beyond traditional welfare measures towards investing in graduating the resource-poor into the realm of the market economy by building capacity to compete in the market and enhancing the knowledge base of the poor. In this task, aid-financing could be used to leverage commercial bank financing so as to broaden the pool of resources available for enhancing the stake of the resourceless.

The CDM (clean development mechanism) introduced under the Kyoto Protocol also offers opportunities to tap private capital for sustainable development activities. In the short term, the CDM provides an avenue for

providing finance and technology for sustainable development in the developing countries whilst enabling the industrialized countries to meet their commitments to reduce the emissions of GHGs (greenhouse gases) flexibly and cost-effectively. At the same time, it offers a way to encourage the developing countries to participate in global efforts to mitigate the adverse effects of such emissions.

Innovative fund-raising mechanisms out of the public taxation loop — for example, through levy of tiny surcharges on myriad of routine expenditures such as salary, insurance, utility bills, credit card payments, and airline tickets — can also prove effective in mobilizing financial resources.

In addition, correcting policy failures can free up significant resources while at the same time subserving environmental objectives. For example, removal of wasteful subsidies in the developed countries could do much to improve trade opportunities for the developing countries and remove the incentives for environmentally damaging production systems in the countries of the North. Similarly, the developing countries need to internalize environmental costs through the use of economic instruments and reduce environmentally perverse subsidies in the utilization of water, agriculture, energy, road transport, etc.

Governance structures and the processes for sustainable development

Governance, according to the UNDP (United Nations Development Programme), comprises the complex mechanisms, processes, and institutions through which citizens and groups articulate their interests, mediate their differences, and exercise their legal rights and obligations. Since it is governance that will catalyse synergy among stakeholders in the development process, including international environmental institutions, the private and public sectors, and civil society in general — which, more than anything else, would ensure the integration of environmental, economic, and social concerns — it must indeed be accepted that good governance is the fourth pillar of sustainability. Governance issues would need to be addressed at the global level through to the grass-roots level. All governments need to implement the principles of good governance — accountability, stakeholder involvement, and transparency — within their national territories.

At the international level, the question has been mooted of establishing an overarching umbrella organization to coordinate the 400-plus multilateral environmental agreements in force today. However, coordination can also be achieved through direct links between the concerned organizations, including UNEP (United Nations Environment Programme). The crying need at the

present juncture is for major increases in the funding levels for the GEF (Global Environment Facility).

At the national level, there is an urgent need for transparent regulatory measures to correct market failures and ensure social sustainability in a regime of competitive markets. At the local level, stakeholder consultations in decision-making through decentralized transparent and participatory institutions need to be strengthened and local institutions need to be reinforced through dedicated scientific and social support. The creation of a fabric of sustainable micro-enterprises can be a potent mechanism for achieving self-sufficiency at the grass-roots and for contributing to the economic and social development of marginalized communities.

Engaging the stakeholders

To overcome the challenges of poverty, illiteracy, and the adverse impacts of development on the environment is to preempt threat of strife and disruption to the world order. Since everyone is a potential stakeholder, the Johannesburg Summit will need to strengthen the mechanisms for involving all stakeholders, especially the vulnerable groups, in decision-making. This will require strengthening democratic structures at the international as well as domestic levels. Increasingly, public consultation is becoming a powerful tool in ensuring transparency and facilitating multi-stakeholder dialogue. Education and the involvement of NGOs can play a major role in building the capacity of the weaker stakeholders to enable their participation in such dialogue.

The business community should be recognized as an important stakeholder in the pursuit of sustainable development. There is a need to reorient the business mindset away from serving affluent clientele towards the poor and to devise business models that increase the purchasing power of the poor. Businesses not only have an ethical responsibility towards the poor, but can also access the large untapped markets that the poor offer—broader corporate social responsibility thus makes good business sense and contributes to the long-term prosperity of companies. The corporate sector can also help strengthen rural economies by investing in the creation of markets for rural produce. By reducing the gap between the rich and the poor, businesses can thus create new markets for their products and also access new and untapped talent. In order to achieve this goal, however, businesses cannot work in isolation. There is a need for strategic partnerships among NGOs, governments, and the corporate sector for the empowerment of the poor as demonstrated by micro-credit arrangements. It is also critical that future managers and leaders are made sensitive to these

issues and that social responsibility and management for sustainability are integrated into core teaching in business schools.

Managing natural resources for society

Managing the wealth of local and global natural resources is an intrinsic component of sustainable development and indeed of the approach to sustainable livelihoods. It is necessary that the traditional piecemeal approach for managing natural resources is replaced by a holistic 'ecosystem approach' that would explicitly incorporate the complex relationships amongst components of the ecosystem, including human action and response. The preferred ways of managing resources are gender sensitive, recognize cultural diversity in addition to biodiversity, invest a portion of the resource income in community development, and ensure that compensation payments are transparent and adequate.

Involvement of local stakeholders is a prerequisite to effective management of natural resources. This necessitates that the rights and responsibilities of stakeholders form the underlying 'perimeter' of planning with a greater emphasis on the most vulnerable groups of society. Governments need to clearly delineate resource rights, establish rules for rent sharing, enhance transparency and information flow, and adopt a 'user-pays' approach.

In the case of global commons such as biodiversity and the atmosphere, there are few international mechanisms or institutions that capture the global value of local conservation efforts or the cost of adverse activities, resulting in underinvestment in these areas. These issues need to be addressed through appropriate institutional and financial mechanisms at the international level.

In the context of climate change, it is also imperative to integrate climate policy with the larger body of policy and initiate early action in implementing these options through comprehensive international participation and agreement on the final level at which to stabilize the concentrations of GHGs and on medium-term targets for reducing emissions. Carbon trading arrangements based on an equitable per capita allocation also need to be adopted. Larger projects, e.g. rural electrification, which are integral to sustainable development, are sometimes not taken up due to high transaction costs and political risks. These impediments can be overcome through effective public-private partnerships.

Food security and basic human needs

The Green Revolution of the early 1970s contributed significantly to augmenting food production in different parts of the world. However, the benefits of the Green Revolution have now plateaued and it is now important to look for an alternative strategy that focuses on increasing food production, better storage and preservation, and enhanced nutritional quality. Biotechnology can render the much-needed help to the developing countries and resource-poor farmers by providing food and nutritional security, enhancing production efficiency, reducing crop damage and food loss, promoting sustainable agriculture, protecting the environment, and empowering the rural sector through income generation. It is thus necessary to augment significantly investments in R&D in these areas in partnership with small farmers. It must however be remembered that new applications of science and technology are not without serious ethical, environmental, and health risks; therefore, it is critical to initiate international public dialogues on science and technology in agriculture to review options and risks and to ensure a focus on 'productivity with a green face'.

Apart from on-farm investments, such off-farm infrastructure as rural roads and electricity infrastructure also needs attention to minimize the urban bias of development.

Technological leapfrogging: the lure and the limits

Diffusion of new technologies and access to them at affordable costs are the keys to ensuring livelihoods and improving the quality of life. Technologies can be grouped under two broad categories: incremental technologies and radical or revolutionary technologies. Incremental technology reduces cost and improves performance while radical technology can lead to the replacement of the traditional technology with a modern, completely different, technology. Adoption of incremental technologies, for example in the small-scale sector, can help production units meet the present challenges such as efficiency improvement and compliance with environmental regulations. There are other sectors, particularly information technology and biotechnology, where radical technological innovations have played an important part in promoting the welfare of the people. Countries need to develop a balanced strategy aimed at adopting incremental changes in the short term and radical transitions in the long term. Appropriate legislative measures, financial support, and international cooperation are required to sustain the process of technological innovation, to translate the benefits of technological endeavour into improved quality of life for the poor, and to ensure that the developing countries do not follow the

developmental path traced by the industrialized countries. Further, a new paradigm of scientific inquiry that addresses such major environmental issues facing the world as climate change and its effects, natural disasters, scarcity of freshwater, and ozone depletion should be invoked. Science and technology could help us tackle some of these issues through mitigation and adaptation measures, improved monitoring, assessment systems, and communication.

Recommendations

The Delhi Sustainable Development Summit 2002 comprised, in the main, eleven plenary sessions (ten thematic sessions and a valedictory session) that featured more than 70 distinguished speakers from the world over, across five continents, representing a wide range of constituencies. Speakers included heads of governments, captains of business and industry and NGOs, leading researchers, and senior civil servants, and were joined by more than 225 participants, many of whom participated actively in the discussions, which were an important part of the proceedings. If the diversity of speakers and their perspectives and those of the participants are remarkable, even more so are the common concerns, the broad consensus, and shared strategies that emerged.

The following list is a fair representation of issues highlighted at the summit and of the recommendations arising from it. If there is one common thread that runs through the rich fabric of the proceedings, it is the resolve to go beyond deliberations and focus on determined action.

- Recognize the pivotal role of business and industry in achieving sustainable development and accord to it the priority it deserves.
- Foster an enlightened, transparent, and participatory mode of governance.
- Secure definitive commitments towards increased official development assistance.
- Liberalize trade and facilitate movement of labour to achieve true globalization.
- Promote innovation in socially responsible technology and encourage its spread worldwide so that its benefits are reaped by all.
- Ensure universal but appropriate education designed to serve as the true foundation of a sustainable, equitable, and progressive society.
- Guide the overall course of development away from the vision dominated by material prosperity, competition, and short-term concerns to a path that leads to well-being, cooperation, and long-term prosperity for all.
- Support a holistic approach to natural resource management based on an understanding of the dynamic interactions between people – especially the

poor – and the environment and an explicit delineation of rights and responsibilities that encourages the involvement of local communities.