

## BACKGROUND NOTE

### ECOSOC Annual Ministerial Substantive Review (AMR) 2008 e-Discussion on Achieving Sustainable Development

#### I. THE 2008 ANNUAL MINISTERIAL REVIEW

The Annual Ministerial Review (AMR) is a new function of the Economic and Social Council (ECOSOC) mandated at the 2005 World Summit<sup>1</sup>. Its purpose is to assess the progress made towards the MDGs and the implementation of the other goals and targets agreed at the major UN conferences and summits over the past 15 years, which constitute the United Nations Development Agenda (UNDA). See Annex I for further details.

The Council has decided that the theme for the 2008 Annual Ministerial Review will be *“Implementing the internationally agreed goals and commitments in regard to sustainable development”*.

The 2008 report of the Secretary-General on the Annual Ministerial Review has five objectives: (1) to explore the key challenges countries face in ensuring that the global consensus on sustainable development is embraced at the national level; (2) to provide an assessment of the state of implementation; (3) to contribute to the efforts to integrate the implementation of MDG 7 with other MDGs; (4) to ensure that ECOSOC adds value by providing a strategic approach to the implementation of Agenda 21 and the Johannesburg Programme of Implementation (JPOI), which goes beyond sector specific deliberations that is the remit of CSD; and (5) to present recommendations and proposals for action, including new initiatives. See Annex II for an outline of the report.

#### II. OBJECTIVE AND STRUCTURE OF THE E-DISCUSSION

The AMR e-discussion is a mechanism to engage experts, practitioners and policy-makers from various regions and stakeholder groups in a global dialogue on specific aspects of the 2008 AMR theme. Contributions made by e-discussion participants may be channeled into various parts of the AMR process as appropriate, including the report of the Secretary-General, the regional and national review processes, and the global review at the ECOSOC Substantive Session. The 2008 AMR process is anticipated to lead to a Ministerial Declaration and one or more concrete initiatives launched by the Council which will advance and build upon the JPOI.

Facilitated by the UNDG MDGNet<sup>2</sup> discussion group, the online forum will be organized in two parts around the themes: (I) Challenges countries face in integrating the goals of economic growth, social development and environmental protection (4 - 22 February); and (II) Concrete policy initiatives that can help States to achieve sustainable development (25 February - 14 March). Expert guest moderators will guide and enrich the discussion.

As the 2008 AMR theme is broad, a series of focused questions have been formulated to form the basis of the e-discussion. The subsequent sections provide some background context and highlight areas for discussion.

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<sup>1</sup> A/RES/60/1, para. 155

<sup>2</sup> see <http://www.undg.org/index.cfm?P=99> for information on MDGNet

### **III. PART ONE: Challenges countries face in integrating the goals of economic growth, social development and environmental protection (4 - 22 February)**

#### *Questions*

- 1. What are the main barriers for countries in integrating the objectives of sustainable development, i.e., economic growth, social development and environmental protection, in their development strategies and in the planning and implementation processes of these strategies?**
- 2. How can various instruments for development planning and assistance frameworks such as National Sustainable Development Strategies (NSDS), Poverty Reduction Strategy Papers (PRSP) and United Nations Development Assistance Framework (UNDAF) more effectively serve the integration of the three pillars of sustainable development at the national level?**
- 3. How can our organizations and each of us most effectively support countries in learning from the practices of those countries that have made significant progress in pursuing the goal of sustainable development?**

#### *The international consensus on sustainable development*

The United Nations Conference on Environment and Development (UNCED), held in Rio de Janeiro in 1992, was a first major step towards a global consensus on sustainable development. The Earth Summit, as it is commonly known, agreed that the protection of the environment and social and economic development are fundamental to sustainable development. More than 100 heads of State signed the Convention on Climate Change and the Convention on Biological Diversity, endorsed the Rio Declaration and the Forest Principles, and adopted Agenda 21, a 300 page plan for achieving sustainable development in the 21st century. The Summit also initiated a path that would lead to the adoption of the Convention to Combat Desertification, particularly in Africa. The Commission on Sustainable Development (CSD) was subsequently established by the General Assembly to monitor and report on implementation of the Earth Summit agreements.

Within the framework, special issues on Small Island Developing States (SIDS) have been addressed through several conferences such as the Global Conference for the Sustainable Development of Small Island Developing States (1994, Barbados), the Special Session of the General Assembly on Small Island Developing States (1999, New York) and the International Meeting for the Ten-Year Review of the Barbados Programme of Action on Small Island Developing States (2005, Mauritius).

This consensus was reaffirmed and further developed at the World Summit on Sustainable Development (WSSD), held in Johannesburg in 2002. There, delegates made significant commitments to improve the lives of people living in poverty and to reverse the continuing degradation of the global environment. The WSSD confirmed that considerable progress has been made towards achieving a global consensus and partnership among all the people of our planet. However, implementation of the consensus has been uneven.

Between Rio and Johannesburg, several other significant UN conferences and other global meetings, including the Millennium Summit (2000, New York), the Fourth WTO Ministerial Conference (2001, Doha) and the International Conference on Financing for Development (2002, Monterrey), helped define a comprehensive vision for the future of humanity based on development that is sustainable.

### ***Overview of status of implementation***

The achievement of sustainable development objectives requires strong political will, a long time horizon, sound policies, institutions and governance, and effective international cooperation. There is growing recognition that progress towards the implementation of Agenda 21 and the JPOI is mixed. Unsustainable patterns of consumption and production pursued in developed countries pose a serious threat. These lifestyles have negatively impacted the efforts to mainstream the principle of sustainability. At the same time, persistent poverty, particularly in sub-Saharan Africa, remains a challenge to sustainable development, as the burden prevents the developing world from making investments in the future.

Positive developments have been slowly unfolding. Many countries have been able to embrace the global consensus in their policy framework, but the implementation has been slow. At the global level, a major step was taken when the United Nations Climate Change Conference in Bali last December succeeded in setting a “breakthrough” roadmap which charts the course for a new negotiating process to be concluded by 2009 that will ultimately lead to a post-2012 international agreement on climate change.

### ***Challenges to implementation***

Given the fact that the need for sustainable development was identified decades ago, many factors appear to have hampered States’ abilities to implement the agreed action plans. The Earth Summit itself foresaw some of the challenges. For instance, Agenda 21 highlighted that systems for decision-making in many countries tend to separate economic, social and environmental factors at the policy, planning and management levels. In response, it called for an adjustment or a restructuring of decision-making to put environment and development at the center of economic and political decision-making. This national-level problem is perpetuated at the global level as international policy does not yet consistently integrate the three pillars of sustainable development, at least outside the Commission on Sustainable Development.

For example, the Millennium Ecosystem Assessment (MA)<sup>3</sup> emphasizes that in most countries, different ministries manage different aspects of ecosystems (e.g., environment, agriculture, water, and forests) and different drivers of change (e.g., energy, transportation, development, and trade). A lack of political will to develop integrated national ecosystem management strategies prevents a coordinated, coherent strategy. Even when the three dimensions of sustainable development are well-integrated in the national development strategy, they may not include national ecosystem management strategies. Even worse, competition among ministries can result in policy choices that are detrimental to ecosystems.

Agenda 21 also underscored that environmental law and regulation cannot alone address the problems of environment and development. It envisioned prices, markets and governmental fiscal and economic policies playing a complementary role in shaping attitudes and behavior towards the environment. National and international responses still lag behind.

Many sustainable development issues involve inter-generational equity considerations. Whereas NSDS typically allows for bringing attention to the fact that current decisions should reflect interests of future generations, solving potential trade-offs between generations remains an inherent challenge for development processes, given the fact that future generations cannot participate in current decisions. With regard to intra-generational equity, participatory planning processes help to bring the interests of all relevant groups into the decision-making process. At

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<sup>3</sup> Millennium Ecosystem Assessment, 2005. *Ecosystems and Human Well-being: Synthesis*. Island Press, Washington, DC, p. 94. (see <http://www.millenniumassessment.org/en/index.aspx>)

the same time, ensuring fair representation of interests of all groups, especially the poor and marginalized, in final decisions remains a challenge.

Even when governments have the best of intentions, one of the most significant factors that has hampered implementation of the environmental consensus has quite simply been inadequate technical capacity to do so. Agenda 21 and the JPOI both recognized the need to strengthen human, institutional and infrastructure capacity-building initiatives. Throughout the many years of follow up to the Earth Summit, there have been extensive, though fragmented, efforts to address the capacity-building need. Yet despite ongoing efforts, there are shortfalls – in terms of knowledge, skills, and reaching the right targets in sufficient number – which prevent those institutions and individuals responsible for planning and implementation and their partners at local, sub-national, national, regional and even global levels from taking the most effective steps. The IPCC underscores that the challenges of capacity-building for sustainable development is not confined to the less-industrialized countries, but that industrialized countries, for instance, also fall short of the capacity to respond to climate mitigation challenges in a sustainable fashion.

At the global level, in the several decades of work on sustainable development, the proliferation of conferences, bilateral and multilateral agreements and mechanisms to follow up on the sustainable development agenda has created some challenges. For example, the global environmental situation and level of awareness of environmental problems has changed dramatically since Agenda 21 was adopted in 1992. Some inconsistencies have arisen among the sets of goals. Many of the treaties are focused and do not address sustainable development broadly. Increased coordination among the treaties and with activities and decisions of other intergovernmental bodies (such as the World Bank, IMF and WTO) could improve the coherence and consistency of global efforts to achieve sustainable development.

### *National success stories*

Despite these and other challenges, many countries have managed to make progress in the implementation of the consensus on the principles of sustainable development. The JPOI called upon countries to “take immediate steps to make progress in the formulation and elaboration of national strategies for sustainable development”<sup>4</sup>. Sustainable development strategies, “where applicable, could be formulated as poverty reduction strategies that integrate economic, social and environmental aspects of sustainable development”<sup>5</sup>.

South Africa, host of the 2002 World Summit on Sustainable Development, provides a compelling example of a government moving in the right direction<sup>6</sup>. It has rooted sustainable development in the Bill of Rights of its 1996 constitution<sup>7</sup>. Presently, the government is in the process of conceptualizing the final stages of its National Strategy for Sustainable Development (NSSD)<sup>8</sup>, coordinated by the Department of Environmental Affairs, through the Directorate for International Sustainable Development Cooperation. The NSSD identifies a number of priority areas for strategic intervention, sets out a framework for implementation, and proposes a collaborative effort to elaborate a detailed Action Plan.

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<sup>4</sup> Para. 162 (b)

<sup>5</sup> Para. 162 (b)

<sup>6</sup> For more information on all aspects of South Africa’s environmental management efforts, see <http://www.info.gov.za/aboutsa/environment.htm>

<sup>7</sup> Section 24(b)

<sup>8</sup> See [http://www.deat.gov.za/nssd\\_2005/draft\\_intergrated\\_strat/NSSD\\_Draft\\_for\\_Review\\_21Apr06.pdf](http://www.deat.gov.za/nssd_2005/draft_intergrated_strat/NSSD_Draft_for_Review_21Apr06.pdf)

Another notable example, the Government of the Republic of Korea is in the process of implementing its National Sustainable Development Strategy<sup>9</sup>, coordinated by the Presidential Commission on Sustainable Development. The country's legal basis for sustainable development is the "Framework Act on Sustainable Development" passed by the National Assembly on 3 July 2007, moving forward President Rho's 2005 declaration of the "National Vision for Sustainable Development"<sup>10</sup> in which he declared the need "to continue Korea's growth into an advanced country while maintaining balance between the economy, society and the environment." Among other things, the Act requires the Government to formulate and implement a framework strategy for sustainable development for 20 years and an action plan every five years, while it also commits local governments to develop their own strategy and action plan.

### *Engaging Other Stakeholders*

As illustrated, there remains much work to be done to achieve truly sustainable development. The Fourth Assessment Report of the IPCC emphasized that decision-making about sustainable development is no longer the sole purview of governments, but rather has shifted to become more inclusive of various levels of government, private sector, non-governmental actors and civil society<sup>11</sup>. Indeed, Chapter 23 of Agenda 21 had underscored that one of the fundamental prerequisites for the achievement of sustainable development was broad public participation in decision-making, and the JPOI confirmed the need for partnerships between governmental and non-governmental actors on programmes and activities for the achievement of sustainable development at all levels. Indeed, since the JPOI 334 partnerships have been registered to and participate in the CSD. Partnerships, when used effectively, have potential to be a powerful tool in increasing the effectiveness of development cooperation frameworks and enhancing national sustainable development strategies for developing countries.

### *Points for discussion*

Despite a widely held consensus dating back decades, many countries have not been able to fully integrate the objectives of sustainable development in their development strategies and policies. E-discussion participants are invited to provide illustrations of specific **impediments and challenges** governments face in this regard. Conversely, examples in which **instruments** such as NSDS, PRSPs, UNDAFs and others have succeeded in promoting the integration of the three pillars of sustainable development at the national level are sought. Indeed, some countries are relatively advanced in integrating sustainability in development policies. A discussion about if and how these **successes** can be effectively utilized by other countries would be an important contribution to this analysis.

## **IV. PART TWO: Concrete policy initiatives that can help States to achieve sustainable development (25 February - 14 March)**

### *Questions*

- 1. How can the international community ensure that more funding for advancing sustainable development is made available on a predictable basis? What steps by which actors can be taken to facilitate, on a concessional and preferential basis, the transfer of environmentally sound technologies, especially to developing countries?**

<sup>9</sup> See [http://pcsd.go.kr/board\\_eng/read.php?db=eng82&uid=11&page=1&keyfield=&key=&skin=](http://pcsd.go.kr/board_eng/read.php?db=eng82&uid=11&page=1&keyfield=&key=&skin=)

<sup>10</sup> Remarks by President Roh Moo-hyun, "Declaring a National Vision for Sustainable Development on the 10th Environment Day", 4 June 2005. ([http://pcsd.go.kr/eng/eng\\_vision.html](http://pcsd.go.kr/eng/eng_vision.html))

<sup>11</sup> Chapter 12: "Sustainable Development and Mitigation"

2. **What specific initiatives can ECOSOC promote to be launched to facilitate realization of the goal of sustainable development? How can we foster human and institutional competencies to execute supportive policies?**
3. **How can we promote equity in the distribution of benefits from environmental resources? Is it advisable to promote payment for environmental services? If so, what is/are the most effective way(s) to do so?**

*(Possible role(s) for ECOSOC in the areas above can also be identified.)*

### ***The Global Partnership for Development***

Embracing the global partnership for development (MDG 8), is extremely important to the fulfillment of sustainable development objectives. Two dimensions of this partnership should receive focus on this e-discussion: funding for sustainable development and technology transfer.

#### *Funding for sustainable development*

Funding has long been seen as central to achieving sustainability. In order to more equitably share the expense of ensuring sustainable development, an international financing architecture has been evolving to achieve the joint objectives of eradicating poverty and protecting the environment. A number of financing mechanisms such as the Global Environment Facility (GEF) and the Kyoto Protocol's Clean Development Mechanism (CDM) complement (to different extents and with varied impact on achieving sustainable development goals) bi-lateral and multi-lateral flows to finance adaptation and mitigation.

However, there has arisen concern among developing countries that the surge of flows directed towards adaptation and mitigation come at the expense of development assistance, detracting from the global partnership that was formed at the Millennium Summit. The 2007/2008 Human Development Report on Climate Change estimates that \$86 billion per year in new and additional financing to developing countries for adaptation up to 2015 will protect progress towards the MDGs and protect human development<sup>12</sup>. What actions can ECOSOC take to help ensure those new and additional funds become available to developing countries?

#### *Technology Transfer*

Technology transfer is also essential for sustainable development, for example in the areas of climate change adaptation and mitigation. Technology transfer can include "hard" forms of technology, such as more energy efficient machinery and factories, new irrigation systems or drought-resistant seeds, or "soft" technologies, such as insurance schemes or crop rotation patterns; or they can involve a combination of hard and soft, as with early warning systems that combine hard measuring devices with soft knowledge and skills that can raise awareness and stimulate appropriate action<sup>13</sup>.

Despite recognition of the need for technology transfer at the various UN conferences and summits on sustainable development, other venues, such as the World Trade Organization's trade-related aspects of intellectual property rights (TRIPS) agreement, impede the sharing of technologies. Patents for many environmentally sound technologies are held by trans-national corporations headquartered in the developed world. Their patents frustrate attempts by others to develop similar technologies independently. If developing countries cannot afford the

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<sup>12</sup> UNDP. *Human Development Report 2007/2008. Fighting climate change: human solidarity in a divided world*. 2007. p. 194. ([http://hdr.undp.org/en/media/hdr\\_20072008\\_summary\\_english.pdf](http://hdr.undp.org/en/media/hdr_20072008_summary_english.pdf))

<sup>13</sup> *Climate Change: Impacts, Vulnerabilities and Adaptation in Developing Countries*. UNFCCC. 2007.

technologies, they may find it difficult to meet their commitments under multilateral environmental agreements. Developing countries have urged that IPRs should be relaxed in the case of environmentally sound technologies.

Agenda 21 states that "Governments and international organisations should promote the formulation of policies and programmes for the effective transfer of environmentally sound technologies that are publicly owned or in the public domain"<sup>14</sup>. As the main driver of public research and development programmes and a contributor to private sector R&D for environmentally sound technologies, developed-country governments can play a critical role in the transfer and dissemination of technology. However, a number of constraints may hinder developing countries' gaining access to publicly available technologies, such as the absence of professionals in the country able to negotiate a suitable transfer agreement; inadequate technical expertise and know-how to utilize the technologies in the country; and/or prohibitive cost to transfer the technology.

In order to live up to commitments to ensure technology transfer to developing countries, development partners need to step up in providing preferential and concessional terms of technology transfer. The GEF, for instance, provides financing for projects in renewable energies, energy efficiency, sustainable transportation and new low-greenhouse gas energy technologies. The International Fund for Agriculture and Development (IFAD) provides financial resources on concessional terms for agricultural development in developing Member States, such as projects and programmes specifically designed to introduce, expand, or improve food production systems.

As owners of IPRs, the private sector is an important vehicle for transfer of proprietary technology and should be tapped in combination with local innovation. Increased incentives are also needed to promote research and development of new environmentally sound technologies. The "Stern Review: The Economics of Climate Change"<sup>15</sup> recommends technology cooperation through informal co-ordination as well as formal agreement to boost the effectiveness of investments in innovation around the world. It estimated that, globally, support for energy research and development should at least double, and that support for the deployment of new low-carbon technologies should increase up to five-fold. The report also recommended international cooperation on product standards to boost energy efficiency.

What can ECOSOC do to help facilitate concessional and preferential transfer of environmentally sound technology, especially by engaging governments, the UN system and corporations?

#### ***New initiatives facilitating sustainable development***

The Economic and Social Council has a successful track record at launching initiatives that contribute to improved economic and social development. For instance, the United Nations Public Private Alliance for Rural Development (UNPPA) grew out of the 2003 ECOSOC Ministerial Declaration, and identifies, highlights and promotes replication of successful business policies and practices that are profitable and that promote social and economic advancement of people in rural areas. In 2004, the initiative Turning Assets into Usable Capital in Least Developed Countries (LDCs) was developed by the International Land Coalition, with Benin as its pilot country, emerging from a ministerial-level roundtable held during the ECOSOC High-level segment. Following the 2006 Ministerial Declaration, the ILO launched an effort to develop time-bound action plans to 2015 to achieve full and productive employment and decent work for all.

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<sup>14</sup> Chapter 34 para.34.18(a)

<sup>15</sup> Stern, Nicholas. *The Economics of Climate Change: The Stern Review*. Cambridge University Press. 2007.

Building on these past accomplishments, in 2008, ECOSOC could choose to pursue one or more initiatives to advance and build upon the Johannesburg Programme of Implementation and contribute to the achievement of sustainable development. This e-discussion will stimulate thinking and provide input to help the Council decide upon recommendations for action.

In addition to new initiatives that might emanate from the Ministerial Declaration of ECOSOC, the 2008 AMR has the potential to catalyze initiatives launched by groups of governments, the UN system or multi-stakeholder partnerships. Examples abound from which to draw inspiration and learn.

First, for example, the Association of Southeast Asian Nations (ASEAN) Vientiane Action Programme 2004-2010, has elaborated 12 strategies and 55 programme areas and measures to achieve the twin objective of promoting environmental sustainability and sustainable natural resource management<sup>16</sup>. Second, in the areas of carbon sequestration and land use, land use change and forestry, the United Nations Environment Programme, in partnership with the UN Food and Agriculture Organization (FAO) and the World Conservation Union (IUCN), is assisting countries in Africa, Latin America and Asia on technical and legal matters related to the modalities for afforestation and reforestation CDM projects, supporting the development and implementation of environmentally sound and socially equitable carbon sequestration projects.<sup>17</sup> Third, the Renewable Energy and Energy Efficiency Partnership (REEEP)<sup>18</sup> is an active, global partnership, conceived at the World Summit on Sustainable Development in August 2002, backed by national governments, businesses, development banks and NGOs, that works to reduce the barriers within policy, regulatory and financial structures that bar and limit the uptake of renewable energy and energy efficiency technologies and projects.

While initiatives can be designed for any area, it is advisable to ensure that these initiatives promote capacity-building especially in pursuing an integrated approach to biodiversity, climate change and desertification, as well as with economic and social issues. What specific initiatives can contribute to the capacity development in the area of sustainable development?

### ***Equitable distribution of benefits from environmental services***

#### *Environmental services*

Today the world's ecosystems are under great pressure to meet humanity's growing demands from consumption and to absorb our waste. "Ecosystem services" or "environmental services" are the benefits people obtain from ecosystems. These include *provisioning services* such as food, water, timber, and fiber; *regulating services* that affect climate, floods, disease, wastes, and water quality; *cultural services* that provide recreational, aesthetic, and spiritual benefits; and *supporting services* such as soil formation, photosynthesis, and nutrient cycling.<sup>19</sup>

These non-marketed environmental services are critical to productive and life-sustaining processes, yet environmental goods and services are largely perceived to be free of charge. Indeed, human well-being is fundamentally dependent on the flow of environmental services. However, a large proportion of the services that ecosystems provide generally benefit people other than those who directly manage them. Thus, the failure of landowners to capture financial

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<sup>16</sup> See <http://www.aseansec.org/8914.htm>

<sup>17</sup> See [http://www.unep.org/themes/climatechange/Focus\\_area/index.asp](http://www.unep.org/themes/climatechange/Focus_area/index.asp)

<sup>18</sup> See <http://www.reeep.org/index.php?id=1>

<sup>19</sup> Millennium Ecosystem Assessment, 2005. *Ecosystems and Human Well-being: Synthesis*. Island Press, Washington, DC, p. v.

(<http://www.millenniumassessment.org/documents/document.356.aspx.pdf>)

gain from conserving ecosystem benefits can lead to overexploitation of natural resources and undersupply of ecosystem services. Consequently, non-marketed benefits are frequently lost or degraded when, in fact, they are often high and sometimes more valuable than the marketed ones.

Not all benefit equally from these vital services nor rewarded adequately for preserving these services. Furthermore, it is widely agreed that the degradation of environmental services hampers the achievement of the MDG targets, and in some cases is reversing development that has been achieved. Unless curtailed, current rates of degradation will substantially diminish the benefits that future generations could obtain from ecosystems.

#### *Valuing environmental services*

Regulatory and protected area approaches alone have not managed to ensure the conservation of natural resources, and society has traditionally failed to compensate land managers for doing so. Now, new economic and financial interventions are being developed to provide instruments to influence the use of ecosystem goods and services. Yet, according to a paper prepared by the World Bank in partnership with The Nature Conservancy and the IUCN entitled *How Much is an Ecosystem Worth?*<sup>20</sup>, efforts are hampered by an incomplete understanding of the economic benefits of conserving ecosystems, or the costs of biodiversity loss.

Economic valuation responds to that need. It is a tool to compare the diverse benefits and costs associated with ecosystems by attempting to measure them and expressing them in a common denominator (typically a monetary unit). The authors emphasize that distributional analysis is also important to ensure that interventions do not harm vulnerable people, and to design interventions that help reduce poverty and social exclusion. How can ECOSOC contribute to promoting this concept of valuing environmental services?

#### *Market-based mechanisms*

One market-based approach to protecting environmental services is Payment for Environmental Services (PES). UNDP describes PES as “a mechanism for rewarding ecosystem users for adopting sustainable ecosystem management practices that improve ecosystem services and goods.”<sup>21</sup> This relies on accurate valuation of the environmental services in question and of the potential loss of biodiversity. Different objectives can drive PES initiatives, including conservation, social, market, or governmental goals. Valuation can help identify the main beneficiaries of conservation and the magnitude of the benefits they receive, and thus help design mechanisms to capture some of these benefits and contribute to financing of conservation. To be effective, the “reward” to the land manager must result in the net benefits that accrue from maintaining environmental services being greater than those derived from alternative land uses. At the same time, the amount must be less than or equal to the value to beneficiary populations, who would otherwise not be willing to pay.

The major markets for ecosystem services are watershed services, biodiversity conservation, carbon sequestration and landscape beauty. The payment can take different forms, including cash incentives, fees from downstream resource users, visitors’ fees (e.g. for national parks), and differentiated tax depending on the environmental impact of a given activity. Other types of incentives are being experimented with, including modifying land tenure to improve property rights, providing access to appropriate technology, and improving access to markets. Schemes

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<sup>20</sup> How Much is an Ecosystem Worth? Assessing the Economic Value of Conservation. 2004. The World Bank. Washington, DC.

<sup>21</sup> UNDP. Drylands Development Centre: Payment for Environmental Services. (<http://www.energyandenvironment.undp.org/undp/indexAction.cfm?module=Library&action=GetFile&DocumentAttachmentID=2331>)

can be classified as public, private (self-organized) or trading. Most PES schemes are being undertaken at the local level and are modest in scale. Large PES schemes tend to be led by governments, and can be created by regulation, such as the carbon sequestration markets created by the Kyoto Protocol and smaller carbon markets that were established by the European Union and other groups of countries before the Protocol entered into force. Can ECOSOC launch the idea of a PES scheme in a particular field?

*Points for discussion*

The second part of the e-discussion aims to propose **concrete initiatives** – by ECOSOC, by governments, by the UN system, and by multi-stakeholder partnerships – that can facilitate realization of the goal of sustainable development. In order to fill the competency gaps which exist, human and institutional **capacity-building** is an area which should be given particular consideration when developing pilot proposals or recommending existing programmes for replication or scale-up. When considering how to promote **equity in the distribution of benefits from environmental resources**, one response is to promote payment for environmental services. Participants are invited to share their views on the most effective ways to do so. Ultimately, developing countries do not have the resources needed to achieve sustainable development on their own. They need the international community to ensure that more **funding for advancing sustainable development** is made available on a predictable basis, and participants are invited to discuss how this might be realized. Recommendations on what steps can be taken by which actors to facilitate, on a preferential basis, the **transfer of environmentally sound technologies** are also sought.

## ANNEX I

### The ECOSOC Annual Ministerial Review

At the 2005 World Summit, leaders mandated<sup>22</sup> the Economic and Social Council (ECOSOC) to hold an annual ministerial substantive review (AMR) to assess the progress made towards the MDGs and the implementation of the other goals and targets agreed at the major UN conferences and summits over the past 15 years, which constitute the United Nations Development Agenda (UNDA). The first AMR was held in Geneva on 3-4 July 2007<sup>23</sup>.

**Format.** The AMR takes the form of a two-day ministerial-level meeting during the ECOSOC high-level segment in July. It consists of:

- a *global review* of the United Nations development agenda for systematic review and monitoring of progress made in the implementation of the UNDA,
- a *thematic review* related to a subset of the UNDA that is agreed upon by the Council in the multi-year programme of work for the AMR, and
- *national voluntary reviews* where countries present the progress they have made in implementing their national development strategy.

**Not an event, but a process.** The AMR is not limited to the two-day event but is, rather, a process including the preparation spanning many months before the session and the follow-up afterwards. In 2008, the following activities are being organized to lead up to the review:

- A global AMR *preparatory event* is planned to take place in New York in March.
- An *e-discussion* hosted on UNDP's mdg-net will capture important feedback and insights from the country level in February and March.
- The eight countries volunteering to make national presentations at the 2008 ECOSOC substantive session in July are envisaged to hold *national consultative meetings* with key stakeholders, including from civil society and the private sector, on the implementation of their national development strategies between March and May.
- In preparation for the AMR thematic debate, three *regional consultations* are planned to be held between February and April.
- An *Innovation Fair* showcasing innovative programmes and projects that is held alongside the AMR in July will promote an exchange of practical examples of what has worked to help identify policies that merit scaling-up.

**Strengthening the AMR in 2008.** Preparations for the 2008 Annual Ministerial Review aim at two major overriding objectives: (i) to strengthen the AMR as the major mechanism for monitoring and evaluating the implementation of commitments contained in the UN Development Agenda; and (ii) to mobilize support for the realization of the agenda, including through the global partnership for development.

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<sup>22</sup> A/RES/60/1, para. 155

<sup>23</sup> For more information, please see <http://www.un.org/ecosoc/newfunct/amrsession.shtml>.

**ANNEX II**  
**Draft Outline of the Report of the Secretary-General for the 2008 AMR:**

**“Implementing the internationally agreed goals and commitments in regard to sustainable development”**

**Purpose**

The report of the Secretary-General to the 2008 ECOSOC AMR has to address the issue of sustainable development in the larger context of the UN development agenda, which is built around the MDGs. This report aims at five primary objectives. Firstly, explore the key challenges countries face in ensuring that the global consensus on “sustainable development” is embraced at the national level. This consensus is about the development of societies and should be applied to all countries. Secondly, provide an assessment of the state of implementation which will be included in the SG’s overview report of CSD-16. Thirdly, contribute to the efforts to integrate the implementation of MDG-7 with other MDGs. Fourthly, ensure that ECOSOC adds value by providing a strategic approach to the implementation of Agenda 21 and the JPOI, which goes beyond sector specific deliberations in the CSD. Finally, present recommendations and proposals for action, including new initiatives.

The legislative basis for the report is contained in the World Summit Outcome (WSO) and resolution A/61/16 which requested the Secretary-General to submit a report for the high-level segment of ECOSOC, which will include a concise, analytical section providing an assessment of progress, identifying gaps and obstacles in implementing the UNDA and making recommendations to overcome those gaps.

**PROPOSED OUTLINE:**

**I. Introduction**

- The objective of the report is to address the key challenges Governments in all countries – both developed and developing – are facing in achieving sustainable development<sup>24</sup>, and particularly in integrating sustainable development principles in policy-making. This calls for a better balancing of the economic, social and environmental pillars in critical areas of policy making and in resource allocation.

**II. Policy Integration towards Sustainable Development in National Decision Making**

**The constraints**

- Finance and Planning ministries make the major decisions regarding resource mobilization (taxation) and allocation (expenditures, transfers). In making these decisions, the ability to break away from historical patterns into new policy integrating structures is limited by weak capacities on environmental issues and the lower influence, in the bureaucratic/political power structure, of social and environmental ministries and concerns. Moreover, low priority that is attached to issues of sustainability.
- As a consequence, sustainability issues are usually treated by Environment Ministers in relative isolation from mainstream macroeconomic strategies and development plans. National Sustainable Development Strategies are one planning tool which have been

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<sup>24</sup> Defined by the Brundtland Commission as “development that meets the needs of the present without compromising the ability of the future generations to meet their own needs”.

adopted by numerous countries in response to intergovernmental decisions, but seem so far of limited effectiveness in meaningful policy integration.

### **The need for change**

- As a result of econological shocks, it is probable that in an increasing number of countries, environmental issues, in particular caused by climate change and related natural disasters, will force governments to integrate the environmental pillar more fully into macro-economic planning and budget processes. There might be important gains in taking a more pro-active approach to policy integration across the three pillars, rather than waiting till it is forced on governments by environmental shocks. Among the main issues that are currently not well integrated are:
  - Industrial development and environmental sustainability: pollution management; energy use; corporate social and environmental responsibility
  - Consumption and production patterns/life styles, especially in relation to climate change
  - Inequality and poverty and environment: linkages with desertification/human settlements/slums; integrated community-based development, including access to safe drinking water, sanitation and health services
  - Sustainable agricultural development, water/natural resource management, soil and land degradation; relation with desertification, biodiversity and climate change, as well as with the social development agenda
  - Biodiversity: Forest and ecosystem protection; conservation; sustainable use of biological resources; valuation of environmental services
  - Protection of atmosphere and the fight against climate change: adaptation and mitigation; natural disaster management
- Neither sustainable management of natural resources nor social issues be treated as “add-on”. These should be part and parcel of national development strategies as well as global development cooperation.

### **How to do it ?**

- What are the important points of intersection between economic decision making and environmental and social policy which deserve particular attention?
  - Planning horizons and discount rates
  - Linkage of environmental policies with macroeconomic policies, including environmental budgeting
  - Investment plans and programmes: How to shift to a low-carbon and climate neutral path?
  - How will governments raise the revenues needed to invest? Eco-tax reform possibilities, including social equity issues; new sources of finance
  - Fiscal policies for sustainable natural resource management and sectoral development: forestry, agricultural and fisheries; non-renewable resource/revenue management

## **III. Global Partnership for Development**

### **Integration in the context of development cooperation strategy and programming**

- Relations between development partners:
  - How to ensure that various instruments like PRSPs, UNDAF etc. promote integration of the three pillars of sustainable development?

- Countries need to promote such integration through their development cooperation policies.
- Social and environmental policy integration:
  - Closer linkage between MDG7 and the other MDGs
  - UN's country-level work on poverty and the environment: what have we learned thus far?

#### **Integration in the context of international development financing**

- There is a clear need for donors to raise their funding for sustainable development. How to ensure that such funding is made available on a predictable basis?
- Additional sums estimated to be needed to assist developing countries to tackle mitigation and adaptation are at least on a par with current ODA flows.
- What reforms, strengthening may be needed in international financing architecture for sustainable development? (GEF, CDM, etc.)

#### **Integration and interlinkage among multilateral environmental agreements**

- Linking the 3 Rio Conventions: each with own reporting requirements and strategy/policy formulation process
  - What are the synergies to be achieved by coordination of strategy formulation across conventions?
  - What about financing mechanisms? What scope for linking financing across conventions and their goals (e.g., between climate change and biodiversity, climate change and desertification)?

The absence of an integrating framework at the national level is mirrored in the way the economic, social and environmental pillars are considered at the global level. The Ministers/Ministries of Foreign Affairs, Environment, Finance, Development Cooperation and Trade are engaged in different UN fora such as the CSD, the follow-up to the Monterrey Consensus, UNEP's Governing Council, the WTO related processes, UNCTAD and the Bank/Fund meetings. The ECOSOC has the potential to provide the integration and the energy of its functional commissions but the process of strengthening of the Council's role has been slow and its transformation as the relevant fora for integrating the three pillars of sustainable development yet to be fully realized. In light of this, the report will address the issue of inter-governmental decision making.

#### **Integration in the context of the intergovernmental process**

- How much weight do decisions of the ECOSOC system including the CSD carry when they go back to capitals, where hard decisions need to be made about resource allocation?
- How can the different Ministers interact more fruitfully and understand better each others' priorities and perspectives?

### **IV. Conclusions and recommendations**

This section will aim to provide (a) policy recommendations; (b) proposals for actions/initiatives and (c) suggestions for promoting multi-stakeholder partnerships on promoting this broad practical framework for strengthening policy integration at national and international levels towards sustainable development. These will become the main elements of the Ministerial Declaration to be adopted by the Council.