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3. Executive Summary

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the UN system but with a global mandate. The UN Environment Programme (UNEP) has the closest mandate to the full spectrum of resource issues, although in its environmental focus is does not cover all.

With regard to governance mechanisms, those considered as “top-down” are led by state actors, often co-ordinated through international institutions. Two distinct categories of top-down mechanisms can be identified. Hard law mechanisms are binding treaties, protocols

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- ¥ Global utility resources - embedded resources that have a greater perceived value at the global level due to an indirect global function, or through extended reach, including the atmosphere, forests and biodiversity.
- ¥ Commons resources –

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A coalition driven world

Here collaboration is occurring but it is in smaller coalitions rather than full multilateral processes. Progress is fragmented but is progress nonetheless, focusing potentially on key issues and maybe key regions. In this future it is important to also consider what Europe's role would be in such a fragmented governance system: is it a strong Europe acting as a driving force for the coalition-based leadership, or is Europe on the side lines with developing and emerging economies taking the lead? The fragmented, coalition based approach is characteristic of today's governance preferences, evident even within multilateral processes.

Unilateral action and bilateral agreements

In this final possible future, cooperation is at a minimum, with countries instead preferring to make unilateral decisions and enter into bilateral trade and resource sharing agreements where necessary. There is a wholesale rejection of the global governance institutions developed since world war two and the concepts of shared responsibilities are side lined.

ASSESSING THE LEGITIMACY OF GLOBAL GOVERNANCE FOR SUSTAINABLE USE OF RESOURCES

The following institutions and mechanisms were assessed as part of the research, on aspects of both input legitimacy and output legitimacy. Whilst this list is not exhaustive, and in many cases groups institutions/mechanisms of similar characteristics together, it can be considered to be broadly representative of the key participants in the debate.

Table 1: Governance institutions and mechanisms analysed within the report

	Institution or Mechanism?
Trade in commodities pathway	
World Trade Organisation (WTO)	Institution

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indicates that the discourse promoted by these institutions/mechanisms is moderate or better,

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- ¥ There are clear opportunities to address some of the issues of resource use sustainability through the international trade on commodities pathway, such as extended Sustainable Commodity Agreements, however such mechanisms are hampered by the need to operate within the WTO's framework.
- ¥ The proposed coalition of the powerful approach, whilst not meeting the a6 (t) 5 (r4 1 Tf 1 ((t) 5 (r4 1 T

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with a remit that stretches this far. Further elaboration of the International Resource Management Agency proposal including evaluating the potential for a mineral based OPEC could therefore be informative.

- ¥ Considerations of conflict, security and climate change have not been fully explored within this work and represent significant areas of risk that warrant more detailed study.
- ¥ Looking in detail at interactions between international governance and national action on resource issues. Issues such as taxation, subsidies, governmental capacity and information gathering are essentially national issues but for which an international framework of support could be developed.
- ¥ In an attempt to cover multiple disciplines and layers of governance in the report, the importance of financial institutions (both multilateral development banks and private sector investment funds) has been neglected. This is something that should be remedied.
- ¥ It has not been the aim of this report to fully explore resource use from an ethical perspective in the context of a carbon constrained world and planetary boundary perspective, however this is clearly an area for consideration at the global level.
- ¥ More radical alterations in governance structure could yield a very different understanding of future governance mechanisms in the timeframe considered. More exploration in this area, and in particular of Europe's role in such a development, could provide an interesting extension to this work.

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feasibility. The subsequent analysis chapters do exactly this (Chapters 7 and 8 for legitimacy and feasibility respectively).

The final section then draws out the key conclusions from the work and core recommendations.

It is important to note that this report is not an abstract discussion on governance methods, rather it discusses the applicability of current and proposed governance methods to resource efficiency and sustainability. It is based on a broad literature review utilising academic and grey literature and encompassing the fields of policy, law, economics, governance, environment and resources. In addition it has been informed by a series of informal interviews with key stakeholders, a stakeholder event and expert reviews. Full details of the consultations undertaken are provided in Appendix A. Such a multidisciplinary approach is not only essential given the breadth of resources considered but also interesting from the point of view of governance styles as distinctions can be seen between dominant approaches in the different discipline areas.

4.2. Key concepts and definitions

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As will be demonstrated in the following chapters, global governance institutions and mechanisms that have some relevance for resources have been evolving since the end of the Second World War. However the academic consideration of “governance” as a concept was first widely explored in the late 1980’s as a means of encompassing a more broad set of factors, representing the political system as a multilevel complex of formal and informal arrangements contrasting with a more traditional state-led view of formal structures ruling

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5. Existing governance architecture for resources

This descriptive chapter describes the current governance architecture that pertains to the resources considered under the POLFREE project and described in the preceding chapter.

5.1. Overview

Governance can be broadly defined as either top-down or bottom-up. Top-down approaches are led by international institutions and national governments and are exemplified by binding multilateral agreements, or conventions, coming into effect when ratified by the majority of countries. Sitting below these conventions is a myriad of soft law and advisory institutions that both feed into the international conventions, and independently provide norms and practices that form part of the top-down governance structure. Initiatives led from the bottom-up are more traditionally thought of as local and regional level activities, however increasingly they are having a global reach. Industry-developed certification schemes and non-governmental

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- ¥ **Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR):** In the context of the Antarctic common resources, the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR) is also an important treaty-based institution. This is the main decision-making body established under the Convention on the Conservation of Marine Living Resources, which established a protection regime based on an ecosystem-based management approach to these resources, inf [(a24 0 0 0.2rd (nf [5 (i) 5 (s) 15 (ec) (hes) 1 (t) 55 (c) 1g]TJ) 5 (er) 45

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informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations. UNEP's Division of Technology, Industry and Economics - based in Paris -

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- ¥ **League of Arab States:** Created in 1945 in Egypt the League of Arab States is comprised of 22 countries with predominantly Arab speaking populations located in North Africa, the Horn of Africa and Southwest Asia⁷. Its focus is primarily on economic development, regional peace and stability and cultural issues.

The different regional groupings have different relationships with each other and externally. This can range from setting regional level legislation that must be enacted at Member State level

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International Importance, which is hosted by the International Union for Conservation of Nature (IUCN).

These MEAs must be implemented into national legal systems in each of the countries that have ratified the treaty. In some cases there are funding mechanisms to assist with implementation. The Global Environment Facility (GEF), an independently operating funding organisation, formed as a pilot project of the World Bank Group in 1991, supports the funding for Economies in Transition of the CBD, UNFCCC, UNCCD, POPs and the Montreal Protocol. In other cases the funding is administered through UNEP.

Box 2: MEAs of most relevance to resources

The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, usually known as the Basel Convention, was designed to reduce the movements of hazardous waste (except radioactive waste) between nations, and specifically to control transfer of hazardous waste from developed to less developed countries.

The Convention on Biological Diversity (CBD) has 3 main objectives: (i) the conservation of biological diversity; (ii) the sustainable use of the components of biological diversity; and (iii) the fair and equitable sharing of the benefits arising out of the utilization of genetic resources.

The Convention on the Protection and Use of Transboundary and International Lakes, also known as the Water Convention, aims to improve national attempts and measures for

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Richards, 2010; Angelsen, 2011; Scanlon *et al.*, 2007). The protection and fulfilment of the some fundamental human rights - listed below- are largely depended upon the accessibility and sustainable utilization of resources. However, these rights can equally be seen as potentially threatened by the unsustainable paths of exploration and exploitation of those same natural resources (e.g. minerals exploration/exploitation, energy production, access to water and land, forestry exploitation).

The human rights that most directly relate to resources are:

Right to Water: the UN Committee

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2009: 277-282). This right has however been recognised in a variety of regional instruments (Sands, 2012).

Trade law

Finally, resources are in most cases location dependent and therefore their supply is not necessarily co-located with demand. As such, many resource pathways include an export/import stage and therefore come under the influence of international trade agreements.

The legal grounds for international trade are established in WTO agreements, which are negotiated and signed by trading nations and ratified through their national legal systems. They guarantee member countries certain trade rights and bind governments to keep their trade policies within agreed limits.

The multilateral trading system was developed through a series of trade negotiations (also referred to as rounds) held under the General Agreement on Tariffs and Trade (GATT) beginning in 1947. The first rounds dealt mainly with tariff reductions but later negotiations included other areas such as anti-dumping and non-tariff measures. There have been nine rounds of negotiations since 1947; the WTO was created as an outcome of the Uruguay Round of negotiations, in 1995.

In addition to the global trade agreements, regional trade agreements (RTAs) have become increasingly prevalent since the 1990s. These are reciprocal trade agreements between two or more partners; preferential trade agreements (PTAs) are unilateral trade preferences –

Box 3: Some recent example disputes in the WTO, related to resources

On 4 November 2013, Denmark, in respect of the Faroe Islands, requested consultations with the European Union with regard to the use of coercive economic measures by the European Union in relation to Atlanto-Scandian herring and Northeast Atlantic mackerel.

On 24 July 2013, Japan requested consultations with the Russian Federation regarding Russia's measures relating to a charge, the so-called "recycling fee", imposed on motor vehicles. According to Japan, the Russian Federation imposes the recycling fee on imported and domestic motor vehicles. Russia, however, exempts from the fee vehicles that are manufactured by companies: (a) that are registered in Russia; (b) that have committed to produce their vehicles in Russia involving certain specific manufacturing operations in the territory of Russia, Belarus or Kazakhstan.

On 15 May 2013, Argentina requested consultations with the European Union and its member States regarding certain measures that allegedly affect the importation and marketing of biodiesel, as well as measures supporting the biodiesel industry. Argentina's request relates to two types of measures adopted by the European Union and certain member States: (a) measures to promote the use of energy from renewable sources and to introduce a mechanism to control and reduce greenhouse emissions; and (b) measures to establish support schemes for the biodiesel sector.

On 5 November 2012, China requested consultations with the European Union, Greece and Italy regarding certain measures, including domestic content restrictions, that affect the renewable energy generation sector relating to the feed-in tariff programs of EU member States, including but not limited to Italy and Greece.

On 13 March 2012, the United States, European Union and Japan requested consultations with China with respect to China's restrictions on the export of various forms of rare earths, tungsten and molybdenum. The request refers to materials falling under but not limited to 212 eight-digit Chinese Customs Commodity Codes and over 30 measures. The request also refers to a number of Chinese published as well as unpublished measures that, operating separately or collectively, allegedly impose and administer export restrictions. These restrictions include export duties, export quotas, minimum export price requirements, export

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Also part of the Dodd Frank Wall Street Reform and Consumer Protection Act (Section 1504), those companies engaged in the commercial development of oil, natural gas or minerals, must disclose to the SEC, payments made to governments at both the country (including sub-national) and the project level. This is analogous to and follows from the Extractive Industries Transparency Initiative (EITI), a bottom up transparency initiative discussed in more detail in Section 5.4.2. The EU is also replicating the requirements of the EITI through amendments to the Accounting Directives (78/660/EEC and 83/349/EEC) and the Transparency Directive (2004/109/EC), requiring for listed and large non-listed extractive and logging companies to report all material payments to governments broken down by country and by project.

In 2008, the US Congress amended the Lacey Act, originally developed to address the spread of non-native species and trade in wildlife, to include for the ban of commerce in illegally sourced timber and timber products. Shortly after, in 2010, the EU Timber Regulations came into force, prohibiting traders bringing timber or timber products resulting from illegal logging onto the European market, and requiring traders of timber products to exercise due diligence in their supply chain. This builds on the EU's voluntary partnership agreements (VPAs) under their Forest Law Enforcement Governance and Trade (FLEGT) programme, in operation since 2008. VPAs are treaties with timber producing countries that export timber and timber products to the EU. A country that has a VPA and an operational licensing system can issue FLEGT licences for legally produced timber and timber products. All timber and timber products with a FLEGT licence automatically comply with the EU Timber Regulation.

Similarly, in order to receive government support or count towards mandatory national renewable energy targets, biofuels used in the EU (whether locally produced or imported) have to comply with sustainability criteria. This requirement is captured in Directive 2009/28/EC. The criteria aim at preventing the conversion of areas of high biodiversity and high carbon stock for the production of raw materials for biofuels. The entire biofuels' production and supply chain has to be sustainable. To this end, the sustainability of biofuels needs to be checked by Member States or through voluntary schemes that have been approved by the European Commission (EC).

In all such schemes, where global trade flows are affected, compatibility with WTO law is essential, ensuring non-discrimination principles and prohibition of quantitative restrictions for imports are adhered to. With the biofuels scheme in particular there has been some debate in

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- ¥ Integrated Approach to the Planning and Management of Land Resources
- ¥ Combating Deforestation
- ¥ Combating Desertification and Drought
- ¥ Sustainable Mountain Development
- ¥ Promoting Sustainable Agriculture and Rural Development
- ¥ Conservation of Biological Diversity
- ¥ Environmentally Sound Management of Biotechnology
- ¥ Protection of the oceans, all kinds of seas, including enclosed and semi-enclosed seas and coastal areas and the protection rational use and development of their living resources
- ¥ Protection of the quality and supply of freshwat

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Scientific Initiatives

International Resource Panel

Established by UNEP in 2007, with the support of a wide range of governments, the European Commission and representatives from civil society, the scientific panel is part of an international partnership on resource management. The panel was officially launched in November 2007 and is expected to provide the scientific impetus for decoupling economic growth and resource use from environmental degradation.

The objectives of the International Resource Panel are to:

- ¥ provide independent, coherent and authoritative scientific assessments of policy relevance on the sustainable use of natural resources and their environmental impacts over the full life cycle;
- ¥ contribute to a better understanding of how to decouple economic growth from environmental degradation.

This work builds on and contributes to other related international initiatives, including the development of the 10-Year Framework of Programmes on Sustainable Consumption and Production (10 YFP Marrakech process), the 3R (reduce, reuse and recycle) initiative, the circular economy approach, Global Environment Outlook and the Millennium Ecosystem Assessment.

The Panel is supported by a Secretariat, hosted by the Sustainable Consumption and Production Branch of UNEP's Division of Technology, Industry and Economics, based in Paris. The scientific discourse on resource efficiency is advanced with the International Resource Panel taking the lead on providing data on specific resource categories.

Intergovernmental Panel on Climate Change (IPCC)

The IPCC is an intergovernmental scientific body under the auspices of the United Nations (UN) with 195 countries as members to date. It reviews and assesses the most recent

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seeks to mainstream the Global Compact's Ten Principles in business strategy and operations around the world and catalyse business action in support of UN goals and issues, with emphasis on collaboration and collective action.

The Ten Principles are:

- ¥ Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- ¥ Principle 2: make sure that they are not complicit in human rights abuses.
- ¥ Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- ¥ Principle 4: the elimination of all forms of forced and compulsory labour;
- ¥ Principle 5: the effective abolition of child labour; and
- ¥ Principle 6: the elimination of discrimination in respect of employment and occupation.
- ¥ Principle 7: Businesses should support a precautionary approach to environmental challenges;
- ¥ Principle 8: undertake initiatives to promote greater environmental responsibility; and
- ¥ Principle 9: encourage the development and diffusion of environmentally friendly technologies.
- ¥ Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

UN Principles for Responsible Investment

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- and providing guidance on policies that can catalyse increased investment in these sectors.
2. Providing advisory services on ways to move towards a green economy in specific countries.
 3. Engaging a wide range of research, non-governmental organizations, business and UN partners in implementing the Green Economy Initiative.

Global Green Growth Initiative (GGGI)

GGGI is an international organization established by several forward-thinking governments to maximize the opportunity for “bottom-up” (i.e., country- and business-

5.4. Bottom-up governance mechanisms relating to resources

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oil. Currently 14% of palm oil globally is certified by RSPO, with companies such as Unilever, Carrefour, Walmart, Nestle, Johnson & Johnson, P&G and Ferrero, as well as the governments of the United Kingdom, Germany, France, Belgium and the Netherlands, making commitments to use 100% certified sustainable palm oil. Other countries – Italy, Switzerland, USA, Australia, China and India - are said to be showing positive momentum towards a sustainable palm oil commitment.

The principle behind the certification schemes has been adopted by the EU in their eco-labelling Directive, which aims to

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Figure 6: Summary of governance interactions

5.6. Summary

This chapter describes a complex and interacting governance architecture that is of relevance to resources. It uses the distinction of top-down and bottom-up governance to assist with the navigation through the subject matter, although recognises the strong interactions between the two.

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These resource groupings are:

- ¥ Internationally traded commodities
- ¥ Embedded resources
- ¥ Global utility resources
- ¥ Commons resources

The pathways identified are:

- ¥ International commodity trade
- ¥ Global supply chains and transnational companies
- ¥ International concern
- ¥ Global commons

It should be noted that these groupings have been generated for the purpose of this report and do not apply across the POLFREE project. They represent an attempt to amalgamate the individual issues associated with different resource types and different global pathways in a way that allows the governance structures to be assessed in a manageable way, despite the enormity of the subject matter. They have been derived on the basis of their pathways and although they reflect resource status in international law to some extent they are not completely analogous. They are also highly interconnected, reflecting the resource nexus – the global interaction between various resources required to produce fuel and energy feed stocks, industrial inputs and food (Bleischwitz, 2013).

These pathways and resource groupings are described in detail below and are summarised in Figure 7.

Figure 7: Global pathways

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remains legally and politically controversial (Birnie, Boyle, Redgwell, 2009). For the purpose of this work however, Antarctica is considered under the category of common resources.

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The presence of global pathways of resource use suggests the need for some form of global governance.

International trade in commodities

One of the most well recognised global pathways is that of international trade in commodities. This pathway describes the global trade system for commodities which have a global price and their trade is overseen by the World Trade Organisation. Resource trade has more than tripled between 2000 and 2010, from less than \$1.5 trillion to nearly \$5 trillion reflecting both an increase in prices and a growth in volume⁹; although dropping in response to the recession in 2009, it had almost recovered in value by 2010 (Lee et al., 2012). A similar pattern can be seen when looking at global resource commodity trade volumes (Lee *et al.*, 2012).

Global supply chains and transnational companies

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of a pathway termed here “international concern”, whereby there is a global interest in safeguarding their sustainability. The evidence for the international concern pathway is the presence of international institution, initiatives and agreements addressing resource issues. This is most evident for the global utility resources, however can also

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The second additional consideration is climate cha

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coordination by, inter alia, enhancing coherence in reporting and reinforcing
efforts under existing inter-agency mechanism and strategies to advance the integration of
the three dimensions of sustainable development within the United Nations system and also
with the international financial institutions and other relevant

Figure 8: Possible governance futures in 2050

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the potential to exacerbate the potential negative aspects of the first three issues above, which can also be heightened through climate change.

The second contextual aspect is the need for resource groupings with common attributes to be defined

7. Governance for sustainable resource use – considering legitimacy

As the first of the two analytical chapters, this chapter assesses how the governance architecture can drive for sustainable resource use, building on its successes and failures to date, and what new proposals may be brought forward in the coming years, using the principles of input and output legitimacy established in the previous chapter.

It is structured around the four pathways established in Section 6.2.3. For each pathway five sub-sections establish:

- ¥ The relevant institutions described in Chapter 5 and new proposals for institutions – first comprising a discussion on legitimacy based on the available literature and the secondly an assessment of legitimacy based on the analytical framework described in Section 6.4.1.
- ¥ As above for existing and new mechanisms.

The institutions and mechanisms analysed have been selected on the basis of Tf (0 Tr 411 Tf (5)Tj ET Q q 0.24

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the rules too burdensome or unfair, or that result from unequal bargaining power (Oberthür & Pozraowska, 2013).

OPEC

The role of OPEC is to support host countries in the negotiation of contracts for extraction of fossil fuels, to counter the asymmetry of information between governments and international oil companies. However its reach is limited to member countries and to fossil fuels – oil producing countries outside of OPEC and mineral producing countries which suffer the same negative impacts from information asymmetry are not able to benefit (Hailu *et al.*, 2011). No

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over time. Widening the range of activities that can be financed from the levy fund also generates an opportunity to address some of the socio-economic impacts of commodity production alongside the environmental ones. Ekins & Vanner (2009) suggest that the existing certification schemes that have been developed from the non-governmental and industry sectors could provide a useful starting point, with compliance for exemption from the import levy analogous to compliance with the certification standards already established.

This process of formalising existing voluntary agreements has been used in other instances and brings with it significant advantage with regard to learning on both the administrative and compliance sides. Other examples include the increasing instances of mandatory requirements for reporting of greenhouse gas emissions, following successful voluntary

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7.2. Legitimacy of governance in the “global supply chains and transnational companies” pathway

This pathway is characterised more by specific initiatives and bottom-up mechanisms rather than dedicated overarching institutions. Where initiatives are top down they are primarily led by the environmental institutions discussed in the preceding section and are not assessed separately here. It goes without saying though that the stronger and more effective the overarching environmental institutions, the more able they will be to support initiatives relevant to this pathway. Other actors are smaller issue-focused NGOs and collaborations that are too numerous to assess here. The analysis for this pathway therefore focuses on the mechanisms.

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This pathway epitomises the recent phenomenon of a move from top-down binding approaches to governance to a more action based, bottom-up led approach, which is complemented by top-down soft law. The analysis focuses on key characteristics of the initiatives that form part of this pathway rather than on individual mechanisms. The reason for this is two-

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overall investment landscape, with KPMG estimating that in Europe in 2010 they accounted

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As noted in Section 5.5, the potential for bottom-up mechanisms to create norms that are then adopted at the top-down level is established. Whilst in some cases this is just principles based, in others there is the potential for the mechanisms to be directly scalable and move from voluntary to mandatory. Potential for direct scalability has been noted for the **Extractive Industries Transparency Initiative** (Bleischwitz *et al.*, 2012).

Corporate reporting on carbon, an amalgamation of the **transparency** and **corporate social responsibility** approaches, has also had success in this regard and some see the potential to branch into all areas of natural capital. The direct transferability of approach however it not necessarily a simple issue. Carbon lends itself to reporting initiatives (which then drive management and reductions) well due to the fact it has a financial value and the impact of the emissions associated with it act at a global level. As such it supports meaningful aggregation to the company level and some (although not without its complexities) ability to compare. Moving into other areas of natural capital such as water, biodiversity etc. require one to consider the local context in which activities are occurring, therefore presenting challenges for aggregation and interpretation and suggesting more of a stewardship approach. Information transparency can certainly be used to drive change but it is important that actors using the information understand how to interpret it

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Both proposals have been assessed as moderate for “discourse”. For the business focused initiatives, they are often strongly led by businesses whose fundamental goals are not necessarily aligned with the wider public interest which can lead to some misalignment. The global extended producer responsibility proposal can also be considered to be fairly niche and therefore unable to address all aspects of the current discourse.

Process-based legitimacy

The grouping of business-focused initiatives are characterised by their strong non-governmental participation, and although they involve governments to some extent, this is not a defining feature compared with other proposals assessed in this report. The global extended producer responsibility proposal reflects a more even partnership between government and non-governmental bodies but this will occur on an individual basis.

One of the key criticisms in the discussion on the business-focused initiatives was their lack

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Table 4: Global supply chains and transnational companies pathway - input legitimacy summary assessment

Governance approach (institutions in normal type; mechanisms in italics)	Source-based legitimacy			Process-based legitimacy			
	Expertise	Tradition	Discourse	Governmental participation	Non-governmental participation	Accountability	Transparency

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7.3. Legitimacy of governance in the “international concern” pathway

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It could be argued that nearly all of the institutions described in Section 5.2.1 are relevant to this pathway. This section however concentrates on those whose role is centred on international concern issues of the global utility resources and embedded resources with international relevance. As such it addresses the UNEP and the various proposals to amend, replace and augment it. The new High Level Forum on Sustainable Development is also of potential relevance to this discussion, however as yet it is not sufficiently defined to allow for assessment.

A group of institutions that could also be considered under this pathway are the Multilateral Development Banks. Due to the differences in operating procedures between the banks and their different geographical foci they have not been included in an attempt to limit complexity. This is however acknowledged as a gap in the resource governance picture and one that deserves attention in future work.

UNEP

Of the international institutions identified at the beginning of this report, the one with the most explicit role for the protection of the environment is the UNEP. UNEP has a clear mandate to perform the anchor role for the global environment, but has done so with only partial success. It has been relatively effective in two key areas – monitoring and assessment and launching policy processes for environmental agreements. It has also often served as the only international partner of frequently marginalized environment ministries in many countries and provided a critical forum where they can meet their counterparts. However, UNEP has largely fallen short in managing policy processes in a coherent and coordinated fashion. It has failed to establish itself as the institutional home for the numerous international environmental conventions. Without a centre of gravity, the system of international environmental governance has grown increasingly complex and fragmented. Currently, environmental issues are governed internationally by various different institutions spread across the UN. There are more than 40 different UN agencies with environmental programmes. During the last five years the 18 major MEAs have produced over 5000 decisions that countries are supposed to act upon through national efforts (UNEP Website).

The system has become increasingly complicated and virtually impossible for developing countries to participate in meaningfully. The only countries that cope with the system are the richest countries of the world while the poor developing nations are becoming disenfranchised (Prof. Abdul Hamid, Prime Minister of Malaysia, on UNEP Website 2012).

UNEP's inability to fulfil its leadership role is compounded by short-sighted budget considerations, attractive offers by countries eager to host new treaty secretariats, and by indifference at the highest political levels to the structure of global environmental governance (Ivanova, 2005).

At the core of this dynamic, however, lies a key set of structural decisions. Contrary to popular belief among environmental professionals, UNEP was not deliberately set up as a weak and ineffective institution, but rather was expected to grow into its mandate as it proved its effectiveness. Four structural choices, while considered right at the time of UNEP's creation, have inhibited UNEP's performance and growth (Ivanova 2005; Calarne, 2008).

First, UNEP's authority has been severely constrained by its status as a Programme rather than Specialized Agency within the UN system. Second, UNEP's governance structure had led to more attention to the needs and demands of member states than to the mission of the organization. Third, UNEP's financing structure has enabled countries to pursue their own interests through UNEP rather than the common good. Fourth, UNEP's physical distance from the centres of political activity has affected its capacity to coordinate numerous environment-related agencies as well as, most importantly, its ability to attract top-tier policy staff (Ivanova, 2005).

Policy Options for a Resource-Efficient Economy

Due to UNEP's status within the UN system as a Programme rather than a Specialized Agency, it lacks universal membership and policy and budgetary autonomy. Thus, decisions