

Environment and Governance

This key sheet is part of a series of awareness raising tools developed by Irish Aid to accompany its Environment Policy for Sustainable Development.



1. Introduction

This key sheet is part of a series of awareness raising tools developed by Irish Aid to accompany its Environment Policy for Sustainable Development. Key strategies for implementing the policy are:

- i) mainstreaming, where the environment is recognised as a critical part of sustainable development and is taken into account in all policies, programmes, activities and funding decisions; and
- ii) partnership, where Irish Aid works with national governments, multilateral organisations, international agencies and civil society organisations to contribute to sustainable development.

The first step in environment mainstreaming is to understand how the environment is linked to the development challenge or sector you are responsible for. In this key sheet, we describe how environmental governance is significant for development, and suggest sources of additional information. We will produce more detailed guidelines on mainstreaming environment and development at a later date.

Environmental governance matters to development because:

- > The environment is disproportionately important to poor people
- > The environment presents unique governance dilemmas, such as multiple public and private rights, multiple scales and seasonality
- > Governance failures lie behind many environmental problems
- > Improved governance can lead to better environmental management
- > Environmental management can be an effective entry point for wider governance reform



Field of crops, Tanzania.

2. The environment matters to poor people

A review of 23 Participatory Poverty Assessments in developing countries revealed — in all cases — that poor people consider the environment to be crucial to their well-being (DFID 2001). The poor are disproportionately dependent on environmental goods (e.g. food, fuel, medicines) and services (e.g. climate regulation, nutrient and water cycling, crop pollination) for their livelihoods and incomes (see Key sheet: Biodiversity and poverty reduction). They are also particularly vulnerable to environmental shocks such as pollution, droughts and floods.

Yet poor people often lack access to and control over natural resources, other than those that are degraded. This lack of secure rights, combined with low incomes, discourages the poor from investing in managing their environmental assets well. Improved environmental governance is therefore key to development and poverty reduction.

3. The environment presents unique governance dilemmas

The environment brings benefits over spatial and temporal scales beyond those at which most governments and businesses operate. Carbon storage in plants, for instance, can help to mitigate global climate change over many years rather than having an immediate local or national impact.

Western economic and institutional systems have tended to overlook and undervalue environmental goods and services, leaving them poorly regulated and scrutinised. This lack of effective ownership leaves environmental assets open to unsustainable exploitation, corruption and abuse.

Finally, unpredictable environmental hazards are hard to plan and budget for. For all of these reasons, decision makers tend to ignore the environment's importance for development, or only consider it after problems have arisen.

➤ Box 1 Counting the 'requirements' for good governance and environmental health

According to the 2005 Environmental Sustainability Index, the five most significant variables influencing environmental sustainability all related to governance:

- > civil and political liberties;
- > government effectiveness;
- > quality of political institutions;
- > the environmental governance regime;
- > participation in international environmental agreements

(Source: Yale and Columbia Universities 2005)

Each new edition of the World Development Report stresses ever more 'requirements' for good governance — 45 are listed in 1997, 78 in 1998, 106 in 2000, and 116 in 2002. This poses three dilemmas:

- > 'Good governance' must be rooted in the realities of particular contexts.
- > Governments cannot meet multiple requirements alone. They should pursue these through decentralisation and partnerships.
- > Not all requirements will be necessary or practical in most countries. The priorities, and feasibilities need to be assessed and tested against the problems that affect most people, and particularly the poorest and least powerful groups.

(Source: Bass *et al* 2005)

4. Governance failures lie behind many environmental problems

Governance is the exercise of authority — the decisions, regulations and enforcement that determine how we will act and who will benefit; it encompasses laws, institutions and decision-making processes that embody this authority (WRI 2005). Good governance results in the fair and transparent management of a country's resources and institutions.

Too often in developing countries, poor governance means that a few rich people enjoy environmental benefits while many poor people bear environmental costs. Attention often focuses on poor people's impacts on the environment, but often it is elites — or inequitable regimes — that are behind the poverty-

environment 'downward spiral'. As C. S. Lewis wrote in 1947, "what we call 'Man's power over Nature' turns out to be a power exercised by some men over other men with nature as its instrument."

4.1 Development policy takes little account of the environment

Development planning rarely takes account of environmental goods and services and how their benefits are distributed. It also tends to ignore the risks associated with environmental hazards such as climate change. Thus it is hard to know when development is breaching environmental limits, and who is suffering as a result. Meanwhile, authorities responsible for natural resources and the environment tend to be too weak to keep up with development dynamics, and to identify necessary investments in environmental information and management.

Broad policy support for addressing poverty-environment linkages is rarely reflected in clear national targets and responsibilities. Less than 5% of countries expect to achieve the Millennium Development Goal for environmental sustainability (MDG7) by 2015. Indeed, in 2005, only four countries reported on the complete set of eight MDG7 indicators (Ghanime and Lee 2005).

4.2 Excluding the poor from natural resources promotes environmental damage

Poor people (particularly women) tend to have little political voice and representation, and only weak rights over land and natural resources. This prevents them from accessing credit and investing in land and other environmental assets. It also makes them vulnerable to displacement by more powerful groups – as when loggers displace forest dwellers or property developers displace the urban poor. Indeed, rich groups with the power to convert environmental assets into greater wealth are the root cause of much environmental degradation. Improving poor people's rights to property and resources, and their participation in public decisions, is therefore critical for poverty reduction.

4.3 Poor governance is an obstacle to pro-poor environmental investment

Poverty reduction strategies rarely address environmental budgetary and governance constraints, focusing instead on sector-based technical issues (Waldman 2005). Treasuries and planning authorities rarely allocate development finance for environmental investments, and very few countries have specific medium-term funding plans for environmental management. However, recent research has shown that the returns on environmental investments can be high

(Pearce 2005). In countries such as Tanzania where a public expenditure review has been conducted specifically for the environment, such information may begin to influence treasuries (see Key sheet on rates of return).

4.4 Global governance systems reflect the interests of the richest, most powerful nations

Multilateral environmental agreements (MEAs) are the main instruments of international environmental governance, but they have little power to tackle the inequalities in international trade that often underlie environmental degradation. Trade barriers erected by developed countries can discourage developing countries from investing in sustainable agriculture (e.g. soil, water and biodiversity conservation) and controlling the use of polluting agro-chemicals. This makes it difficult for developing countries to pursue the MEAs' aims. Furthermore, there is generally inadequate funding to support equitable participation by developing countries in the negotiation and review of MEAs (see Box 2).

↘ Box 2 Irish Aid support for international negotiations

Irish Aid provides financial support to the secretariats of the Rio Conventions to facilitate the participation of delegates from developing countries in International negotiations. Countries need to be represented by an adequate number of skilled negotiators in order to ensure that their national priorities are heard in negotiations. Irish Aid also supports UNITAR to provide training in negotiation skills and in understanding the conventions to developing country delegates, so that they can make the most of their participation at international meetings.

5. Governance improvements have led to better environmental management

The 1992 Earth Summit put too much faith in the capabilities of national governments' environment authorities. It is now clear that most real progress since has resulted from improved governance linked to improved interactions between stakeholders, such as:

- > *Multi-stakeholder engagement in standards and certification:* Civil society and private sector participation has been key in the recent proliferation of standards for environmental management and the generation of market-based incentives, such as forest, fisheries and organic food certification and labelling. Such schemes are often governed by multi-stakeholder groups. Because these schemes identify what is good and how can it be measured and rewarded through the market, they have increasingly influenced broader government policy and legislation.
- > *Decentralisation and local decision-making:* Civil society organisations and groups of poor people have negotiated improved rights, responsibilities, returns and relationships – often in partnership with local government or environment authorities to improve service delivery (e.g. community-led sanitation in slums, and community management of wildlife and forests). This has also helped to improve transparency and accountability in the use of environmental assets. Environmental management is now increasingly driven

locally by adaptive systems involving participatory and/or collective learning and action. This much was recognised by the Millennium Ecosystem Assessment, which pointed to a wide range of 'response options' that directly or indirectly entail local-level governance improvements.

6. Environmental management can be an effective entry point for wider governance reform

Environmental management may be a practical and relatively uncontroversial entry point to achieving broader pro-poor governance reform. The provision of environment-related services — such as water supply, sanitation and drainage – can be a concrete way for local government to build partnerships with citizens' groups and to demonstrate improved effectiveness to the public.

Democratising decision-making over the ownership, control and management of natural resources is another avenue for promoting and testing good governance – a strategy seized by people's movements in Uganda in the case of forest resources (see Box 3); in Brazil for decisions over wild rubber resources and in Kerala, India for fisheries (WRI 2005). However, the management of some other resources can be more contentious. The profits from some – such as oil – can lead to corruption, which reduces the state's incentives to shift to greater accountability and more equitable resource management.

▾ Box 3 Improving local environmental governance – forestry in Africa

The International Institute for Environment and Development is the lead organisation in the Forest Governance Learning Group (FGLG), an international network of forestry experts who are working together to identify ways of managing forests in a way that is sustainable and fair.

The FGLG focuses on making forest governance work for the poor and other marginalised groups by bringing together scientists, forestry officials, civil society organisations and other stakeholders. It has country groups in Cameroon, Ghana, India, Indonesia, Malawi, Mozambique, Niger, South Africa, Uganda and Vietnam.

Advocates Coalition for Development and Environment (ACODE) convenes FGLG-Uganda, which brings together members from the National Forestry Authority, Forest Inspection Division, several members of parliament, the NGO Environmental Alert and several others.

The Ugandan group has been working on improving the handling of forestry issues in the courts, integrating forestry with the penal code and developing more accountable forest decision making. It has played a key part in the campaign against degazettment of Mabira Forest Reserve.

The activities of other groups in Africa have included reconciling different approaches in development policies for land and for forests, promoting debate on corruption in the forest sector, and establishing new rules recognising the rights of local communities to control forest resources.

7. Options for integrating environment and governance

General governance principles that can be employed to inform environmental governance work are greater participation, fairness, access to justice, transparency, accountability, efficiency, leadership/direction and timeliness.

Environment-specific governance principles derive from international law that has emerged in response to the unique characters of environmental problems, notably 'polluter pays', precaution, participation in decision-making, and prior informed consent.

Specific activities informed by such principles could include:

7.1 With government:

- > *Create the capacity to support engagement by civil society and multiple local organisations* – and to respond to them. Exercises such as Participatory Poverty Assessments are excellent means for such engagement, enabling real environmental issues to be explored in depth. Given that real progress is often through experiment and local cases, Irish Aid's partner IIED has found that multi-stakeholder environmental governance 'learning groups' can offer an unthreatening – but effective – way forward in identifying 'what works' for better environmental governance.
- > *Build environmental information systems* that track the value and use of key environmental assets in relation to the needs of the poor e.g. environmental wealth accounts (World Bank 2005). A simple national 'state of environment' report can be helpful, especially if it includes poverty-environment indicators and shows who bears the costs, benefits and risks of different uses of the environment. If linked to e.g. a multi-stakeholder forum that is asked to regularly review the state of the environment, this can improve transparency. Irish Aid could support this type of work as part of a wider donor group.
- > *Link information on where poverty is, and where environmental problems are* e.g. environment indicators in poverty monitoring, and poverty-environment mapping (such as the World Resources Institute has been doing in East Africa¹). This can start to show correlations and where poverty/environment solutions most need to be coordinated.
- > *Support environment budget reviews* as part of all sectors' inputs into public expenditure review processes

– what is being spent on what environmental assets and with what results. This can then be linked to improving taxation and licensing systems both to raise revenue from public environmental assets such as forests and wildlife, and to support investment in long-term, pro-poor environmental management (OECD 2005).

- > *Improve the capacity of national environment authorities* to act as rules-based public institutions in tracking, regulating, controlling and administering public environmental assets – especially where they currently have mandates that do not recognise intimate poverty-environment links. This is often most required in forest and wildlife areas where there may be a conflict of objectives between national aims (e.g. for timber revenue or conserving rare species) and local livelihood needs. It may be necessary to recognise informal and secondary rights to land and environmental assets and exercise caution in implementing 'one-size-fits-all' titling systems where elites are better able to make effective claims.

7.2 With civil society:

- > *Support independent environmental watchdogs and social justice groups* that can track both the use of environmental assets and activities to protect against environmental hazards, improving transparency of both government and private sector activity – especially by strengthening civil society's legal and communications skills and by helping to include them in policy processes.
- > *Reinforce communication and alliances between poor people's organisations* such as slum dwellers' and rural producers' groups, to support their advocacy and analysis work around their environmental deprivations and goals.

7.3 With local government and local organisations representing poor groups:

- > *Learn where and how local organisations are effective in linking environmental management and poverty reduction in practice*, and what their 'business models' are, e.g. producer associations, neighbourhood groups and intermediaries such as NGO service delivery groups, as well as exploring multiple local norms regarding how poverty-environment issues are integrated or traded-off.
- > *Support poor communities' own plans to manage the environment for poverty reduction*. Of particular importance are local-level institutions that are accessible to poor people and that have adapted to complex sets of resource rights. For example, supporting poor people's common property management institutions, *such as community forestry groups and pastoralists' associations*.

¹ Irish Aid supports WRI to carry out his work.

7.4 With international governance regimes:

- > *Support stronger Southern delegations and more equitable, cost-effective and accountable negotiation processes* in multilateral environmental agreements (MEAs), as well as agreements (e.g. on trade and finance) that influence the value of environmental assets in developing countries. The most pressing issue is improving agreements on climate change to enable developing countries to both mitigate and adapt to its impacts.
- > *Develop incentives to implement international agreements as well as mechanisms to ensure their compliance and enforcement.* It is critical to reward poor people for their role in providing environmental services, such as biodiversity protection. It is helpful if the reporting and enforcement mechanisms of multiple MEAs can be rationalised and streamlined to help countries with limited capacity, such as small-island developing states.
- > *Support environmental democracy*, through promoting Principle 10 of the Rio Declaration (1992), which seeks to tackle inequalities of access to information, public participation in decision-making and access to justice in environmental matters. Partnership for Principle 10 is an international partnership open to governments, international organisations and civil society groups to enhance and accelerate Principle 10 at the national level.
- > *Support – and encourage national government sign-up to – transparency and anti-corruption schemes* such as the Extractive Industries Transparency Initiative, which examines revenue flows and usage from mining and minerals (www.eitransparency.org); and the Forest Law Enforcement Governance and Trade Initiative, which aims to halt trade in illegally-harvested wood (www.illegal-logging.info).

References and Resources

- Bass S, Reid H, Satterthwaite D, and P. Steele. 2005. *Reducing Poverty and Sustaining the Environment: The Politics of Local Engagement*. Earthscan, London
- DFID. 2001. *Poverty and the Environment: What the Poor Say*. Environment Dept Issues Paper No. 1
- Waldman L. 2005. Environment, politics and poverty: lessons from a review of PRSP stakeholder perspectives. Institute of Development Studies, Brighton
- Ghanime L and Lee L. 2005. *Environmental Sustainability in 100 Millennium Development Goal Country Reports*. UNDP Energy and Environment Group, New York
- Grindle, M. (2002) *Good enough governance: poverty reduction and reform in developing countries*. Report prepared for the Poverty Reduction Group of the World Bank.
- Millennium Ecosystem Assessment. 2005. *Millennium Ecosystem Assessment Synthesis Report* (World Resources Institute, Washington
- OECD Development Assistance Committee. 2005. *Guidance on environmental fiscal reform*. OECD, Paris
- Pearce D.W. 2005. *Investing in Environmental Wealth for Poverty Reduction*. Prepared for the Poverty Environment Partnership. UNDP, New York
- World Bank. 2005. *Where is the Wealth of Nations? Measuring Capital for the 21st Century*. World Bank, Washington DC
- World Resources Institute. 2005. *World Resources 2005: The wealth of the poor*. WRI, Washington DC
- Yale Centre for Environmental Law and Policy and CIESIN, Columbia University. 2005. *Environmental Sustainability Index*. Yale and Columbia Universities.

This key sheet was produced for Irish Aid by the International Institute for Environment and Development (IIED). IIED is an independent, non-profit research institute. Set up in 1971 and based in London, IIED provides expertise and leadership in researching and achieving sustainable development (see: <http://www.iied.org>).

Printed on Era Silk recycled paper, made from 50% genuine recovered paper waste and 50% virgin fibre from well-managed forests. 