



NEW YORK UNIVERSITY

CENTER ON INTERNATIONAL COOPERATION



Making Rio 2012 work

Setting the stage for global economic, social and ecological
renewal

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The world faces old and new security challenges that are more complex than our multilateral and national institutions are currently capable of managing. International cooperation is ever more necessary in meeting these challenges. The NYU Center on International Cooperation (CIC) works to enhance international responses to conflict, insecurity, and scarcity through applied research and direct engagement with multilateral institutions and the wider policy community.

CIC's programs and research activities span the spectrum of conflict insecurity, and scarcity issues. This allows us to see critical inter-connections and highlight the coherence often necessary for effective response. We have a particular concentration on the UN and multilateral responses to conflict.

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Summary and recommendations

The Rio 2012 summit on sustainable development is now one year away. Over two decades since the 1992 'Earth Summit', sustainable development has not materialized: as global GDP has risen, so have greenhouse gas emissions, species loss and environmental degradation.

This failure is due to political reasons. Publics around the world remain focused on material standards of living; leaders are reluctant to expend political capital on long-term, global risk issues; multilateral 'bandwidth' remains low; in many cases it is unclear what solutions would look like.

With these blockages still in place, there is a real risk that Rio 2012 could be a damp squib. To avoid this fate, it needs to place unsustainability squarely at the center of larger debates about globalization and the global economy – in particular by focusing on three key areas:

- **Greening growth**, particularly in the emerging economies – not because they have the greatest responsibility to lead (this lies with developed countries), but because they have the greatest opportunities to be 'laboratories of the future', developing new areas of comparative advantage and diffusing innovations out to the rest of the world.
- **Equity in a world of limits** – tensions are already emerging nationally and internationally over access to energy, land, water and 'carbon space'. In a world of limits, intense questions about 'fair shares' – between and within countries – are unavoidable; a world that attempts to sweep these issues under the carpet is one that is failing to face up to what sustainability will require.
- **Building resilience to shocks and stresses**, from climate impacts to commodity price spikes, both internationally (through improved crisis management, institutional stress testing and an upgraded humanitarian assistance system), and in countries (e.g. through climate adaptation, disaster risk reduction, social protection, decent jobs and legitimate, accountable governance).

Rio 2012 can take these themes forward in three key areas where the multilateral system has a key role on sustainable development:

Sharing ideas. Multilateral cooperation has a key role in diffusing innovations and best practice, catalyzing partnerships, networking actors, and helping to build confidence, trust and shared awareness. This area of work is central to Rio 2012's green economy agenda. But a traditional summit, limited to government participants, will leave too many key players outside the room. Rio 2012 also needs to involve the non-state actors who will make the green economy a reality: companies, institutional investors, NGOs, philanthropic foundations and so on, and to do so in a way that leads to more meaningful cooperation than emerged from the World Summit on Sustainable Development's 'Type 2 Partnerships'. It can do this by:

- Organizing a global crowdsourcing process in the 100 days leading up to the summit, engaging thought leaders and online communities in exploring where the world is trying to get to by 2050, and what outcomes are 'must-haves' over the next decade to get it on course.
- Involving a limited number of leaders from civil society, business, and academia (200, say) as full participants in the summit.
- Eschewing a summit of speeches and grandstanding, instead configuring the conference around task teams on each of the 'must-haves' identified through the crowdsourcing process, to identify the who, what, how, when and how much for each priority, adding up to a clear overall sense of what it will take to deliver each 'must-have'.

Hard bargaining. A key role for the multilateral system is brokering "I will if you will" deals on the toughest issues in sustainable development, especially where financial costs or other forms of burden-sharing are involved. The political space is not currently open for Rio 2012 to yield landmark treaties like those agreed at Rio '92. But progress on many aspects of sustainable development will nonetheless be

impossible without hard bargaining. Rio 2012 may not be where this happens, but it can play a pathfinding role by exploring where such deals are essential, what interests are at stake, and what could change the political calculus surrounding them. It will be able to draw on:

- The Secretary-General's High-level Panel on Global Sustainability, if it proves able to set out an ambitious and visionary agenda for change ahead of the summit.
- The fact that Brazil is hosting the summit, given Brazil's global profile, strong diplomatic capacity and its own experience of areas like reducing inequality, scaling up social protection and driving agricultural renewal and improved food security.
- The potential for Rio 2012 to be built around the emerging powers – who have already established leadership positions on green growth and new development models, and who will be central to summitry over the next year (as well as Brazil hosting Rio, South Africa will host the next climate summit and Mexico will chair the 2012 G20). This gives emerging economies a major opportunity to shape the global agenda on sustainable development.

Implementing change. Multilateral agencies play numerous direct implementation roles, from raising, coordinating and disbursing money, to running development programs, building capacity, and deploying peacekeepers or emergency relief. In all of these areas, there is a clear need for improved system coherence – but Rio 2012's focus on the 'institutional framework for sustainable development' risks heading the wrong way. Rather than rearranging the institutional furniture within the existing environment silo, Rio 2012 needs to break out of it. It can start to do this by:

- Requesting governments not to put environment ministers in charge of delegations, but rather to be represented by heads of governments or finance ministers.
- Focusing institutional reform not within the environment silo, but on places where policy agendas

intersect – like development finance (e.g. joining up aid and climate finance), humanitarian assistance, and renewal of the global development agenda beyond the 2015 Millennium Development Goal deadline.

- Improving system coherence through making existing international organizations work effectively together, rather than creating new ones – especially by building interoperability to make them work across silos, for instance by mandating international organizations to collaborate on producing a World Resources Outlook.

While Rio 2012 will take place during a tough period for multilateralism, it is nonetheless a timely summit. Issues of unsustainability are rising up the global agenda, and could help to catalyze a decisive shift towards more global cooperation. With focus, determination and luck, Rio 2012 can be the pathfinding summit that sets this process in action.

One | From Rio to Rio

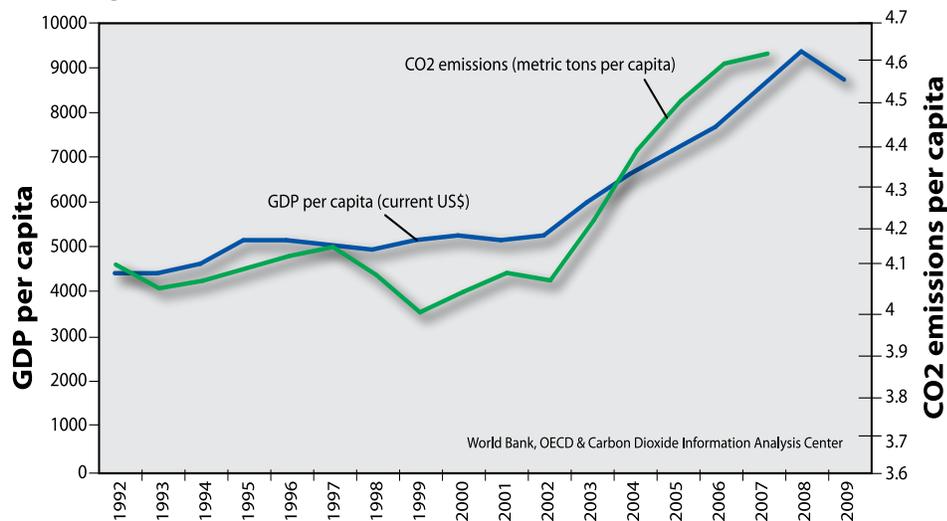
Rio 2012, the 2012 United Nations Conference on Sustainable Development, will be held in one year's time. It will mark two decades since the landmark UN Conference on Environment and Development – popularly known as the Earth Summit – took place in the city.

According to Agenda 21, one of the flagship outcomes of the Earth Summit, the world in 1992 was confronted by “a perpetuation of disparities between and within nations, a worsening of poverty, hunger, ill health and illiteracy, and

But to advocates of environmental protection, the story of the last two decades is a less happy one. The Summit's promise to make “environmental protection...an integral part of the development process” has not been fulfilled, and Agenda 21 itself is largely forgotten.¹

The UN Framework Convention on Climate Change – the most durable achievement of the Earth Summit – has failed to achieve its objective of “stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.”² Emissions grew steadily in the 1990s,

Figure 1: GDP and emissions at the time of Rio 1992 and now³



the continuing deterioration of the ecosystems on which we depend for our well-being.” Agenda 21 described itself as drawing on “a global consensus and political commitment at the highest level on development and environment cooperation.”

To be sure, the two decades since the Earth Summit have seen average living standards improve significantly (see Figure 1), with global per capita GDP doubling in real terms between 1992 and 2008, before falling back somewhat due to the Great Recession. More people have also seen their basic needs met, with the world on track to meet its Millennium Development Goal of halving rates of extreme poverty by 2015.

accelerating dramatically after 2000; only economic slowdown has been able to rein them back. Likewise, the Convention on Biological Diversity, also agreed at Rio '92, has failed to deliver: in 2010, the UN Secretary-General warned that “current trends are bringing us closer to a number of potential tipping points that would catastrophically reduce the capacity of ecosystems to provide...essential services.”⁴

While the Earth Summit claimed that it had reached a ‘global consensus’ and secured ‘political commitment’ behind the synthesis of development and environment, the agreement was only ever paper thin. Western consumers have not moved, *en masse*, to more sustainable lifestyles. Emerging economies have yet to discover a greener

growth trajectory. Low income countries today face more, not less, risk from resource scarcity, environmental degradation and climate change.

As a new Rio Summit approaches, we face the same questions asked of the first one. Does each step forward on development mean a step back on environment? Will environmental limits ultimately threaten global living standards? And is it possible for nations to build international frameworks that deliver both developmental and environmental goals?

Why is development still not sustainable?

Why did the Earth Summit fail to deliver sustainable development? Part of the answer lies in the fact that markets have not been transformed to make sustainable technologies like renewable energy or zero waste product cycles competitive. But in a sense, this just restates the problem. Environmental externalities are not priced by markets; nor are investors receiving sufficiently credible 'signals from the future' to suggest that these technologies will reach decisive tipping points any time soon.

At root, then, the failure since 1992 is political. While the Earth Summit came soon after the collapse of the Soviet Union, which left the United States as the world's sole hyperpower, the US government was a reluctant participant, with George Bush Sr. famously saying that "the American way of life is not negotiable" and that "we cannot shut down the lives of many Americans by going extreme on the environment."⁵

Twenty years on, *everyone* wants the American way of life – and it looks within reach of more people than ever before. Favorable demographic conditions are creating potential for rising prosperity in many developing countries, as large youth bulges enter workforces. In developed countries, consumers are waiting for the economy to 'get back to normal'. Everywhere, citizens judge their policymakers on growth, jobs, and how much *material* well-being they can provide (or at least, this is the assumption that drives politicians of all complexions). So governments have a powerful incentive to 'borrow from the future' through

high levels of public and private debt, and policies that encourage over-exploitation of environmental resources and underinvestment in sustainable technologies. Since 1992, the potential for progress has, if anything, receded:

- **Political space** has shrunk, with many of the principles set out in the Rio Declaration now seeming to come from a more idealistic, less cynical age ("the creativity, ideals and courage of the youth of the world should be mobilized to forge a global partnership in order to achieve sustainable development and ensure a better future for all").
- **Leadership** is increasingly fragmented. US hegemony was brief, and has given way to multipolarity. Old and new powers have little appetite to lead long-term preventive action, leaving us with a 'G-Zero' rather than a G2, G8 or G20 world.⁶
- **Institutional bandwidth** is lacking. Political systems struggle to cope with problems that cut across sectoral and national borders. Organizational silos are endemic. Accountability and follow-up remains low. Decision-making mechanisms that rely on global consensus are vulnerable to getting bogged down, with a range of multilateral agendas – including those launched in 1992 – either dead or staggering on in a 'zombie' state.
- **Ideas are lacking.** Globalization has come with increased economic volatility, but regulators seem unsure how to respond. Despite consensus on climate change, governments appear unable to agree on how to stabilize greenhouse gases. Resource scarcity is increasingly shaping politics within and between countries, but debate has barely begun on how to manage an era of tighter and more volatile energy and food markets. On many (perhaps most) issues, we simply don't know what to do; we seem to have entered an 'age of uncertainty'.

Summit storyline

With these constraints, it is little surprise that, twelve months before the summit, governments face grave challenges in defining what Rio 2012 is for. The contrast

with 1992 is striking. Then, the themes for the summit had been set out five years earlier, in the Brundtland Report – which explored the contrast between the ‘systemic’ threat posed by rapid social, economic, and environmental change, and the fragmented institutions charged with responding to them.

Two decades on, Rio 2012 has much less momentum. The Copenhagen climate summit, two years in the making, failed to achieve a binding agreement – leaving many questioning the value of set-piece summits. The Secretary-General’s High-level Panel on Global Sustainability has been charged with developing “a new blueprint for a sustainable future”, but will not report until late 2011, leaving it just six months to influence Rio 2012’s agenda.⁷ While two themes have been agreed for Rio 2012 – “green economy in the context of sustainable development and poverty eradication” and “the institutional framework for sustainable development”⁸ – neither offers much that is new in either substance or political feasibility to the Brundtland agenda of 25 years ago. As a result, the media – a more pervasive and globalized force than in 1992 – is sharpening its knives.

It is likely to fall back on one of two tried and tested narratives that have been honed over 20 years of international summits and conferences. One is the *Major Row*. In this storyline, the summit leads to acrimony between countries or blocs – usually along a north-south fault line, or more simply as the US versus the Rest. When journalists start to get bored, they will actively encourage a Major Row to give them something to report on – as the Guardian newspaper did at Copenhagen, with its breathless and sensationalized coverage of a leaked negotiating draft. NGOs will merrily pour fuel on the resulting fire. At present, however, prospects for a Major Row at Rio look low: while some developing countries are uneasy about the focus on ‘green economy’ themes, no formal intergovernmental treaty is on the table, limiting prospects of a serious bust-up.

Instead, the soil is fertile for another beloved summit narrative: the *Damp Squib*. In this storyline, campaigners and journalists unite in decrying the gathering as a

talking shop. While this narrative is useful for the media (as well as some NGOs and governments), it comes at a cost. Public support for multilateralism is eroded. ‘Summit fatigue’ grows. The feasibility of future collective action at a global level becomes even harder. Most importantly, the problems posed by unsustainable patterns of development continue to intensify. So how can Rio 2012 avoid being seen as a Damp Squib, and tackle the political conditions that have bedeviled earlier efforts to deliver the international cooperation needed to produce sustainable development?

Two | Sustainable Development in an Age of Uncertainty

If media storylines about summit failure follow well-trodden paths, traditional narratives about what makes a successful summit outcome are equally time-worn. Three stand out:

- **New Organization** – the summit concludes with agreement by governments to reshuffle the global organogram and set up a new international agency.
- **New Treaty** – governments sign a formal international agreement, sometimes with concrete targets and timetables, but usually aspirational in tone.
- **New Financial Commitments** – OECD governments pledge to stump up large sums of money to address whatever issue the summit has discussed.

While these outcomes create the impression that something is being done, they offer little for Rio 2012. New organizations often decrease system coherence, even when they are designed to improve it (e.g. the Commission on Sustainable Development). New treaties tend to lack credible compliance mechanisms, and are plagued by under-delivery (e.g. Kyoto). Financial commitments often turn out not to involve 'new money' (e.g. the L'Aquila G8 food security commitments or 'fast start' climate finance), with governments rarely held to account for what they have pledged.

In Rio, no new treaty is in prospect. Financial commitments will be cosmetic at best, as OECD countries struggle to cope with their deficits. And while it is possible that a new organization will be on the table – perhaps a new World Environment Organization, or an upgraded UNEP – it is unlikely that it will have the mandate, power, or enforcement capability to make a decisive impact.

If Rio 2012 is to be a success, something different will be needed.

Unsustainability and the crisis of globalization

The starting point for Rio 2012 should be to place unsustainability squarely at the center of the larger period of volatility and crisis afflicting globalization and the global economy, making it relevant to events and policy challenges that are of pressing interest to leaders, governments, the media, and the wider public.⁹

It is now increasingly clear that we have entered a turbulent period in the development of a global order. Even as the financial crisis continues in the Eurozone and economic risk remains in unresolved global imbalances, high resource prices are combining with other global drivers of economic, social, and political change to increase volatility. The wave of revolutions in the Middle East – born from the intersection of demographic change, economic stagnation, weak governance, and rising commodity prices, especially for food – provides yet more evidence of how unprepared governments are for an era of repeated shocks and growing underlying stresses.

Over the next decade, the 'long crisis' seems likely to deepen, as an increasingly crowded, diverse, and interconnected world confronts threats it does not fully understand. The tendency for complex social, economic and environmental systems to experience unpredictable shifts, coupled with the potential for deliberate disruption of fragile global systems (by states, terrorists, criminals, protestors, or private companies) both provide fertile ground for instability and volatility to continue.

But it is the issue of *resource scarcity* – limits to the sustainable consumption of highly strategic commodities such as energy, land, water, food, and 'atmospheric space' for emissions – that will play the most important role.

Current growth trajectories are hitting hard limits – limits that may be possible to innovate around, but not without a massive increase in investment, and radical policy change to support it. In national capitals, 'zero sum' and 'positive sum' tribes are battling for control of their countries' foreign policies, with the former seeing competition for resources as the next battleground on which national dominance can

be established, while the latter insist that only cooperative approaches can support a successful transition. Fragile states, whether net importers or net exporters of natural resources, risk being destabilized by high and volatile prices, a trend exacerbated by environmental degradation and disasters. In all countries, the poor, and possibly the middle classes too, face seeing their living standards eroded as inflation is driven by tight commodity markets. It is not just in the Middle East that governments are faced by increasingly restive publics.

In many ways, then, the 'long crisis' is the crisis of unsustainability. But what does this mean for Rio 2012? It remains most likely that the Summit will be a damp squib. But there is a chance that it will defy expectations and become a landmark – if there is immediate and decisive action to push its agenda from the green fringes into the economic and geopolitical mainstream. The global sustainability agenda will continue to wither if it is separated from the rest of international relations and foreign policy. Instead, Rio 2012 must show how unsustainability impacts on all other important economic, social, and security drivers (see Figure 2). Rio 2012's starting point *must* be to speak directly to issues that top the policy and media agenda.

(Figure 2 is displayed in the following page.)

But Rio 2012 also needs to be a different kind of event. Globalization's long crisis confronts policymakers with complex challenges for which there are few ready-made solutions. The summit will fail if it only provides partial answers to the easy questions. Instead, it needs to tackle head-on the biggest questions about the global transition that is needed – providing an opportunity for contentious questions to be aired, for shared awareness to be developed between actors, and for alliances to be built which can work towards the implementation of shared goals after the summit's end.

The Rio 2012 agenda should, we believe, have three planks: greening growth, facing up to the equity issues that arise in a world with limits, and building resilience.

Greening growth

'Green economy' is already one of the two key themes for Rio 2012, and has gained prominence in recent years thanks to South Korea's support for it at its G20 in 2010, as well as its attractiveness to the private sector. But the current green economy agenda lacks much real substance. To give it a harder edge, it should be focused more specifically on the issue of *growth* – above all, the growth path of emerging economies.

It is important to be clear that this is *not* because emerging economies have a duty to lead on environmental issues. On the contrary, it is developed economies that have the greatest responsibility, both historical and current, for unsustainable global consumption patterns; the principle of "common but differentiated responsibilities", discussed in the next section, is as relevant today as it was at Rio '92. Instead, the green growth agenda should center on emerging economies because they are best placed to take advantage of the *opportunities* it offers – for four reasons.

- First, because emerging economies will account for the *majority of additional demand between now and 2030*, as their middle classes expand and get richer. This means that in a world of limits, they will inevitably have to find ways of dealing with resource scarcity – regardless of what other countries do, and whether or not global cooperation frameworks are in place.
- Second, because they are *laboratories of the future*, and potential engines of sustainable markets, as they continue to build their cities, infrastructure, and industrial bases. Whereas OECD countries face massive problems with sunk costs and stranded assets, emerging economies have far more scope for creativity, innovation and developing new areas of comparative advantage.
- Third, because they are the *model that other developing countries want to follow*, making them a hub for disseminating ideas around the world. Low income countries in Africa and elsewhere are increasingly looking to countries like China, South Korea and Brazil for maps of the future, rather than to the US, Europe, or the aid industry's policy prescriptions.

Figure 2: How unsustainability intersects with broader global issues

<p>Global Power Shift</p> <p>Rapid growth in emerging economies sends demand soaring for goods of all kinds.</p> <p>OECD countries struggle to reach consensus on equity and clean development paths.</p> <p>Competition for access to resources defines relations between great powers, encouraging 'zero sum' approaches to global challenges.</p> <p>Fragile states are destabilized by competition for their oil and land, high prices for imported food and energy, and climate change.</p>	<p>Governance Systems</p> <p>Effective governance of resources and ecosystems is essential for sustainable development, at all levels from local to global.</p> <p>Too often, sustainable development is regarded as a stand-alone policy issue, rather than a mainstream challenge.</p> <p>Institutions are not configured to respond to a new generation of sustainability challenges.</p> <p>The political incentives for action are usually poor, while concerns over national sovereignty limit the scope for collective action.</p>
<p>Economic Volatility</p> <p>Inflation rates are rising in many OECD economies as commodity prices rise, threatening a weak economic recovery.</p> <p>They are soaring in emerging and low income economies, where food and energy account for more household spending.</p> <p>Interest rates may rise just as countries face balance of payments problems, extreme fiscal constraints, and high unemployment rates.</p> <p>The world faces a decade of volatility as it confronts the problems of a development model that is pushing up against natural limits.</p>	<p>Finance and Investment</p> <p>Massive investment is needed to scale up global food production, pay for ecosystem services and roll out sustainable technologies.</p> <p>At the same time, a new low carbon economy must be built and funds found to help communities adapt to climate change.</p> <p>Private sector lending is constrained following the financial crisis, while policy frameworks are insufficiently long-term for investors.</p> <p>Domestic public sector investment is also declining, while global aid budgets are facing increased pressure.</p>

- Fourth, because they have the potential to force rich countries to make belated efforts to *upgrade their legacy economies*, as they realize they are being left behind in the growth industries of the future. (Already, the US has taken China to the WTO for support to its renewable energy sector – a clear indication of the acuteness of US competitiveness fears.)

Rio 2012's role in this area is less about hard bargaining than it is about diffusing smart ideas and networking the actors who can make things happen. In particular, the summit should focus on *identifying pivotal technologies and sectors* where a combination of investment, innovation, and sectoral agreements can have disproportionate impact; *the role of the private sector*, particularly what policy frameworks are needed to accelerate and maximize private sector investment and implementation of clean technology; and a framework for shifting the balance of *subsidies and taxation* away from 'goods' like jobs or clean technology and towards 'bads' like fossil fuels.

However, it should also play a role in increasing awareness of the overlapping resource 'crunches' that the world is already facing, and which will intensify given current patterns of unsustainable growth. Better data is needed on the implications of current economic trajectories for renewable and non-renewable resource stocks, and on the likely impacts on countries at different levels of development. The green growth agenda will only gain teeth if it is set within a big picture of what 'non-green growth' will mean to current and future generations.

Equity in a world of limits

A world of limits is a world in which fundamental questions about equity and fairness are unavoidable. Conversely, a world that attempts to duck these issues is one that is failing to face up to what sustainability will require.

While Rio '92 recognized the centrality of these issues in the principle of "common but differentiated responsibilities",

policy-makers have spent the past two decades assiduously avoiding defining what this principle might actually mean in practice. Yet in the background, the growing impacts of climate change and resource scarcity mean that the politics of scarcity are becoming steadily more intense – both within and between countries.

Many countries are already struggling to meet their *basic energy needs*, with widespread energy poverty in rural areas and rationing of energy supplies in crowded cities through load-shedding. In rural areas, competition for access to *land, water, forestry* and other natural assets is growing, in the process acting as a threat multiplier and increasing risks of displacement, state fragility or violent conflict.

Internationally, too, tensions are building between major powers over access to *oil* (in theaters from Africa to the Arabian Gulf and the Caspian to the South China Sea), *land* (with ‘landgrabs’ becoming highly contentious in recent years) and *water* (both through the water rights that come with land rights, and in trans-boundary water systems). Disputes about fairness are also emerging in *food markets*, for example in arguments over export bans (imposed by over 30 countries at the height of the 2008 food spike), biofuels (40% of US corn production now goes to ethanol, with major effects on global food prices) and the impact on food prices and the planet of ‘western diets’.

Finally, *carbon space* is the most politically charged aspect of the global climate agenda, with the issue too controversial even to be discussed in UNFCCC negotiations. By mid-century, space for emissions will be extremely constrained if the world is to have any chance of limiting the rise in global temperatures. More greenhouse gases emitted today mean that fewer can be emitted tomorrow, for any given level of warming. High emission levels from rich countries, and fast-growing ones from emerging economies, limit the potential for poor countries to use carbon-rich energy sources for development in the future. The continued failure even to talk about the issue of carbon space thus has a significant impact not only on international and intergenerational equity, but also on the political feasibility of securing a global deal on climate

change in the future: the political context becomes harder, not easier, the longer the issue is left to one side.

So Rio 2012 needs to explore:

- How to develop an institutional framework that can manage tensions between states over access to scarce resources. How can international cooperation reduce the chances of ugly ‘zero sum’ dynamics emerging as governments, and populations, are confronted by an era of high and volatile commodity prices – with each country bringing its (often unstated) vision of what is fair to the table?
- The institutions that will be needed to mediate *grand bargains between countries* at different levels of development. How can the principle of common but differentiated responsibilities finally be operationalized – rather than, as at the moment, always being the stumbling block at major summits?
- What it means to deliver a *fair share* to the world’s poor, not only in terms of wealth, but also in terms of access to natural resources. What would it mean, for example, to reverse the price differentials that mean energy is most expensive for the poor, and becomes steadily less expensive the more one consumes?

Building resilience to shocks and stresses

Finally, there is a need to invest in resilience – globally, regionally, nationally and on the ground. As globalization’s long crisis continues, shocks and stresses of all kinds are on the increase. The last decade saw 9/11 and the wars that followed; a commodity price shock; and the worst economic meltdown since the 1930s. Since 2010, we have seen another vicious oil and food price spike; chaotic political reform movements across the Middle East; the bailout of three Eurozone countries; and an earthquake, tsunami and nuclear disaster in the world’s third largest economy. But it is resource scarcity, climate change and environmental degradation that will test resilience above all.

Resilience provides Rio 2012 with a direct route to tackling issues that have powerful development, environmental, and political resonance. At international level, a resilience agenda involves *upgrading international crisis management capacity* to respond to food, energy, and environmental shocks, complementing the G20's role as a 'war room' in economic crises; *undertaking institutional stress testing* to look at how international and regional institutions will cope with unfamiliar threats such as changes in precipitation patterns, competition for water, receding coastlines, and so on; and rebuilding the *humanitarian assistance system*, so that the world has sufficient capacity to cope with multiple disasters.

At national levels and in communities, meanwhile, a resilience agenda encompasses the need to *make climate adaptation* strategic, transforming it from a list of projects to an approach that mainstreams adaptation through all government policymaking and delivery; increasing investment in disaster risk reduction, an approach whose value was demonstrated again by Japan's astonishing resilience to an ultra-high magnitude earthquake, despite the tsunami that followed; extending social protection, building on the extraordinary progress that has been made in recent years in countries such as Brazil, China, India and Mexico; focusing on *increasing employment opportunities* and heading off the risk of 'jobless growth'; and *making governance legitimate and accountable*, especially in areas directly relevant to natural resources (e.g. access to land, water, forests and so on), where legitimate political systems can help to prevent violent conflict.

While investing in resilience will be a key area for action in all countries, it will be especially important in low income countries and fragile states, given that they have the greatest vulnerability to climate change and resource scarcity, and given that environmental shocks are such a frequent reason why people become poor or find it hard to escape poverty. So resilience needs to be drawn to the heart of the *post-2015 development agenda*, as the world begins to examine the obstacles to meeting the existing MDGs by 2015 and explore options for renewing development objectives.

Three | How Rio Can Succeed

So how can multilateral cooperation generally, and Rio 2012 in particular, help to bring about the agenda described in the last section?

To answer this question, it is useful to step back and consider three of the basic roles that multilateral cooperation can play on sustainable development.

- First, **sharing ideas**. International cooperation can be used as a way of diffusing innovations, catalyzing partnerships (usually win-win deals that are voluntary and do not rely on binding enforcement), networking actors with one another, and helping to build confidence and trust.

- Second, **bargaining**. Multilateral cooperation has a key role in enabling member states to reach "I will if you will" deals on the toughest and most politicized issues in sustainable development, especially where financial costs or other forms of burden-sharing are involved.

- Third, direct **implementation**. The multilateral system has considerable capacity to do things – from raising, coordinating and disbursing money, to running development programs, building capacity, deploying peacekeepers or emergency relief, and so on.

Each of these roles is discussed in more detail below.

Sharing ideas

The first role that multilateral cooperation can play is sharing ideas, diffusing innovations, catalyzing partnerships, networking actors, and helping build confidence, trust and shared awareness. This kind of work is especially central to the greening growth agenda.

To achieve its full potential here, Rio 2012 needs to reinvent the idea of a summit. Traditionally, a summit is either a small gathering of heads of government, who take two days in a remote location to produce a communiqué, or a rather larger assemblage of government negotiators who

spend two weeks together in a room with no windows to produce a treaty.

When it comes to the task of greening growth, however, such a traditional approach leaves too many of the key players outside the room. Governments cannot build a green economy on their own. On the contrary, they must work with a plethora of non-state actors – particularly those that will actually do the work of building a green economy, from institutional investors, sovereign wealth funds and multinational companies to farmers' organizations, civil society groups and faith communities. These perspectives *must* be at the table if Rio 2012 is to generate concrete plans of action that can have a transformative effect. In practice, the summit could take a two-phase approach.

Ahead of the summit – perhaps over the 100 days at the beginning of 2012, and building on the conclusions of the five Regional Preparatory Meetings planned for Autumn 2011 – the summit organizers should convene a global process to explore where the world is trying to get to by 2050, and then work back to identify the actions that must be taken over the next ten years to stay on course.

This would require fundamental changes to the traditional summit model, with delegates arriving in Rio to explore a 'living' set of conclusions, rather than to pick over a pre-cooked, and lifeless, outcome document. The planned Zero Draft of this document could still be released as hoped at the beginning of 2012, but would instead aim to catalyze the broader process, rather than attempting to prematurely curtail debate (something that is likely to prove counterproductive given the extent of existing disagreements).

The World Business Council on Sustainable Development has already undertaken a major exercise along these lines, identifying 40 'must-haves' by 2020 across nine areas (materials, mobility, buildings, energy and power, forests, agriculture, economy, human development and social values) to stay on track for sustainability in 2050.¹⁰ Rio 2012 could draw and build on this, especially through:

- Engaging thought leaders from across the world, and pulling together their views on priorities for action; and

- Undertaking a structured outreach process to discuss these ideas with much larger online communities of interest, and refine them into a global agenda.

Crowdsourcing technologies already exist that can allow very large numbers of participants to create a synthesis of their priorities for action (see for example the web-based 'Open IDEO' platform); these platforms could dramatically change the terms of civil society engagement for Rio 2012.¹¹

Then, at the summit itself, the findings from this process – especially the 'must-haves' for the next decade – could form the centerpiece of the summit agenda. Specifically:

- A limited number of leaders from civil society, business, and academia – 200, say – should take part in the summit as full participants. Some of these participants could potentially be selected (or even elected) by the same crowdsourcing approach used to work on the summit's substance.

- The summit itself might have no speeches, by heads of government or by any other participants (although they would be welcome to make speeches to the parallel civil society summit if they wish). Instead, summit discussions could be organized into task teams charged with developing action plans identifying the who, what, how, when and how much for each of the key must-haves, so that the summit's outcomes include clear definitions of *what it would take* to get the world on track for sustainability, across a few dozen specific agendas.

Recent years have seen extensive experimentation with more flexible and open formats for deliberative meetings.¹² Rio 2012 organizers need to review and tailor this experience, redesigning the summit from first principles, rather than relying on existing tired models that frustrate policymakers and fail to deliver meaningful results.

Hard bargaining

The second – and hardest – aspect of multilateral cooperation on sustainable development is its role in supporting bargaining on complex deals.

Policy-makers already know that the political space is not currently available for landmark treaty agreements like those signed at Rio '92, and is unlikely to open up before Rio 2012. As discussed earlier, publics around the world remain primarily focused on material standards of living; leaders are reluctant to expend political capital on long term global risk issues like sustainable development; multilateral bandwidth remains low; and in many cases it is not yet clear what solutions would look like even if the first three obstacles ceased to apply.

But the fact remains that making progress on some aspects of sustainable development will be impossible without hard bargaining – especially those aspects centered on the equity and fairness issues discussed in Section Two of the paper.

While Rio 2012 may not be the venue for this bargaining to take place, the summit can nonetheless play a crucial pathfinding role, by exploring where such deals are unavoidably required, what trade-offs and political interests are at stake in each case, and what might change the political calculus surrounding them. In practice, Rio 2012 has three key advantages that could help it to make progress in this area.

- First, the role of the **Secretary-General's High-level Panel on Global Sustainability** in framing the summit agenda. If sufficiently ambitious, the Panel could play a critical role in highlighting areas where inter-state bargaining is essential for sustainable development.

- Second, the fact that **Brazil** is hosting Rio 2012. Brazil is universally recognized as a major global player, has a highly capable foreign ministry, and also has compelling stories to tell on areas like reducing inequality, agriculture and food security, social protection, and so on. It is well placed to pull together a compelling agenda.

- Third, the **potential for the summit to be built around the new powers**. Emerging economies like China, India, Mexico, South Africa, Indonesia and others are already leaders in areas like green growth and new development models. They are also at the forefront of a new wave of multilateralism, seen in forums like the BASIC grouping on climate. With Brazil hosting Rio 2012, South Africa hosting the 2011 UNFCCC climate summit (and President Zuma co-chairing the High-level Panel) and Mexico chairing the 2012 G20, emerging economies have a major opportunity to shape the global agenda on sustainable development.

As policy-makers assess how to take forward the areas where hard bargaining is needed, it is especially important that they create space for the voices of poorer, less influential and more vulnerable actors to be heard. This is not only for ethical reasons (although those certainly apply), but also based on a hard-headed assessment of self-interest. No country has an interest in a 'zero sum' world populated largely by those who have lost out, bear the brunt of global risks, and share a sense of misery, rage, desperation and a desire to pull down the edifice of globalization.

Finally, as policy-makers and others consider what kinds of bargains may be needed, they should not forget the likelihood that shocks – climate impacts, commodity price shocks, political events – will open up political space along the way, even if often suddenly and only briefly. During these windows of opportunity there will be real risks of knee-jerk responses – but also possibilities of farther-reaching action, if policy options and coalitions of states and other kinds of actors are ready to use the moment to full effect.

Implementing change

Finally, there is the most obvious and direct role that multilateral cooperation can play: direct implementation work in countries, usually developing ones.

This is especially relevant to building resilience in low income countries – which involves coordinating and disbursing large financial flows, and running diverse

programs on the ground. In both of these areas and others besides, the biggest challenge is system coherence. It is 25 years since the Brundtland Commission warned that the sheer rate of change was “frustrating the attempts of political and economic institutions, which evolved in a different, more fragmented world, to adapt and cope.”¹³ The problem is as bad now as it was then, if not worse.

Rio 2012 has this issue on its agenda, through its focus on the ‘institutional framework for sustainable development’ (IFSD). A range of concrete proposals is on the table, from upgrading the UN Environment Programme to a specialized agency, to creating a World Environment Organization. But proposals like these suffer from two common problems.

First, they fail to connect the dots. ‘Sustainable development’ was supposed to bring together areas from development to trade, and from biodiversity to macroeconomics. In reality, it has never come close – instead remaining a synonym for ‘environment’. The sustainable development agenda is only really of interest to environment ministries and NGOs, none of whom have political clout, either nationally or internationally. Proposals that do no more than rearranging the organizational furniture within the existing environment / sustainable development silo – or worse, create new silos – will do nothing to solve this.

Second, the Rio 2012 IFSD agenda makes the mistake of assuming that the solution to institutional fragmentation is to ‘redraw the organogram’ in some way. But in reality, creating new agencies, merging existing ones, creating joint units and so on all offer an exceptionally low rate of return on political capital – a point clearly demonstrated ahead of the 2005 UN World Summit, when huge effort was spent trying to win Security Council reform, to no effect.

So what would an alternative approach to improving system coherence look like?

First, **Rio 2012 must recognize that to break out of the sustainable development silo, different policymakers and opinion formers need to be engaged.** That means

that delegations to Rio 2012 should *not* be led by environment ministers, but instead by finance ministers or heads of government. While it is up to member states to decide on their delegations, the Brazilian government has the global clout to be able to send governments a clear signal of its hopes that they will *not* regard Rio 2012 as just an environment summit, and that their Ministries of Finance will be engaged. There also needs to be a systematic attempt to reach out into other related policy communities and international processes, especially – given Brazilian membership – relevant G20 meetings (on agriculture in June, finance and development in September, and the Heads meeting in November which will focus on sustainable and balanced growth).

Similarly, **Rio 2012 should focus its institutional reform efforts not within the environment silo, but on the places where different policy agendas intersect.** Three of the most important are:

- **Finance.** As climate finance scales up, it needs to be integrated effectively with existing Official Development Assistance flows. Rio 2012 can explore how to make this happen – as well as revising cost estimates for achieving the MDGs in order to take account of climate mitigation and adaptation, as well as high food and oil prices, and wider resource scarcity.
- **Humanitarian assistance.** Current architecture for financing and coordinating humanitarian assistance is not fit for purpose – yet it will be a crucial element of any global resilience strategy to cope with climate change and resource scarcity. Rio 2012 can start the process of upgrading the current system to cope with future demand.
- **The post-2015 development agenda.** As the deadline for the Millennium Development Goals approaches, Rio 2012 can start the process of bringing the three planks set out in Section Two of this paper – greening growth, taking equity issues seriously and building resilience – to the heart of the MDGs (from which they were largely absent).

Third, **Rio 2012 should improve system coherence through making current organizations work effectively together, not creating new ones.** However the global organogram is drawn, the problem of fragmentation will remain for as long as agencies lack incentives to work effectively with each other. Creating new silos, as opposed to getting actors to come out of them, cannot solve this.

Interoperability in the international system rests on three foundations. First, organizations need to commit to, and invest in, the development of open and shared data platforms, providing the basis for a common analysis of complex problems, and for a common language around possible solutions. Second, leaders in the multilateral system need to develop cross-cutting, thematic mandates that can be used to incentivize joint working on issues such as food, energy, and climate security. The development of joint international mechanisms for responding to volatility in food markets provide one example of where existing shared analysis could be translated into a multi-agency response.¹⁴ Third, strategic intent needs to be backed up by operational reconfiguration, especially by opening up career paths to ensure that staff work on multiple sustainability issues and across a number of organizations, and by setting up pooled budgets for priority cross-cutting missions.

One immediate priority should be for member states to use Rio 2012 to commission a World Resources Outlook, produced jointly by a range of international organizations. At present, various different agencies produce various Outlook reports on various aspects of sustainable development: the IMF on the global economy, the IPCC on climate, the World Bank and UNDP on development, FAO and WFP on agriculture and food security, IEA on energy, UNEP on environment and so on.* But there is no single report that pulls all these strands together and highlights the links and feedbacks between them.

*Or, to spell them out in full, the International Monetary Fund, Intergovernmental Panel on Climate Change, World Bank, UN Development Programme, UN Food and Agriculture Organization, World Food Programme, International Energy Agency and UN Environment Programme.

If member states commissioned these agencies to work jointly to produce a single World Resources Outlook – as proposed in the 2011 World Development Report – this would provide policymakers with a valuable source of information that they currently lack, and create substantial new interoperability between agencies, by forcing them to talk to each other and work together.¹⁵

Conclusion

Rio 2012 will take place during a tough time for multilateralism. Even as the need for international cooperation grows, political space for it seems to be closing down rather than opening up. This is especially so on issues of sustainable development and managing globalization, where the brief moment of international unity seen at the height of the financial crisis appears to be dissipating rapidly.

Rio 2012 cannot reverse this dynamic. But it is, even so, a timely summit. The issues that it will be examining are rising up the global agenda, as the price of inaction grows and globalization's 'long crisis' deepens. While this era is likely to see intensifying competition for dwindling resources, it could also prove to be a catalyst for a decisive shift towards the cooperation needed to sustain global interdependence.

Rio 2012 can play a pathfinding role, helping nudge international politics towards new types of collaboration. It can be part of rethinking of the nature of multilateralism itself, towards a more collaborative and distributed approach that recognizes the power-shift underway between states, as well as away from states and towards non-state actors.

Realizing this potential will require leadership, and a considerable degree of luck given the headwinds facing the summit. Probably the gloom-mongers will be right, with their predictions that Rio 2012 will be a damp squib. But that outcome is not written in stone. Rio 2012 could still emerge as the turning point the world needs.

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CIC's Climate Change, Resource Scarcity and Multilateralism program aims to identify how multilateral institutions need to innovate and reform – at both international and field level – in order to manage the interlinked issues of resource scarcity and climate change.

With Steering and Advisory Groups drawn from the governments of Denmark, Norway, Brazil, Mexico and the United States, as well as from the UN Secretary-General's office, World Bank, UN Development Programme, World Food Programme, Oxfam and Brookings Institution, the team is currently working on issues including future institutional architecture for sustainable development, exposure to resource scarcity in fragile states, and the international trade dimensions of resource scarcity.

Further reading

- On international institutions and global risks: Alex Evans, Bruce Jones and David Steven, *Confronting the Long Crisis of Globalisation: Risk, Resilience and International Order*, Brookings Institution, January 2010
- On resource scarcity and multilateralism: Alex Evans, *Globalisation and Scarcity: Multilateralism for a World with Limits*, CIC, November 2010
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