

World Environment Center Forum on Sustainability

“Framing the Sustainability Debate:
A Review of Stakeholders Perspectives and Activity”

Friday, April 27, 2001

The Regal UN Plaza Hotel
New York City

Talking Points

Thank you.

It is a pleasure for me, on behalf of the United Nations Environment Programme, to join you in examining possible solutions and responses that seem most promising in our search for a development that is environmentally sound – a development that is sustainable.

In this context, I would like to thank particularly the World Environment Center for providing a platform for discussion -- a forum of the highest quality and highest relevance to our challenges.

We, at UNEP, have had a longstanding relationship with the World Environment Center – a relationship based on the recognition that if governments have a crucial role in creating an enabling environment, then the private sector has emerged as a global actor that has significant impact on environmental trends -- through its investment and technology decisions. Their interactions should be enhanced.

Addressing the challenges and the role of the United Nations in the 21 century, the Secretary-General last year identified “Sustaining our future” - environmental sustainability- as one of the main priorities for the Organization. Most of the work of the United Nations will have to focus on the need to meet social demands, address demographic pressures and poverty in developing countries, counterpoised against the excessive and wasteful pattern of consumption in the developed world.

UNEP’s Global Environment Outlook 2000 confirms that the global environmental crisis facing humanity in the new millennium is a world threatened either because people have too much, or too little. The positive aspects of globalisation are numerous but there is growing evidence that the gap between rich and poor is increasing and that the life support systems on which our economies depends are being overloaded.

None of these challenges can be overcome in a global economy if we do not develop a constructive engagement with the private sector. As emphasized by more than 100

ministers of the environment who gathered at UNEP's first Global Ministerial Environment Forum in Malmoe, Sweden, last May: The institutional and regulatory capacities of our governments to interact with the private sector should be enhanced. A greater commitment by the private sector should be pursued to engender a new culture of environmental accountability and that this approach must be linked to the development of cleaner and more resource efficient technologies for a life cycle economy and efforts to facilitate the transfer of environmentally sound technologies.

One issue which encompasses this needed interaction is certainly best reflected within the climate change debate which has dominated headlines recently.

This coming July governments will meet in Bonn to resume discussion on the outstanding issues related to the entry into force and implementation of the Kyoto Protocol of the UN Climate Change Convention. International policy making in this area has been based on the scientific studies of the Intergovernmental Panel on Climate Change (IPCC), administrated both by UNEP and WMO. They reflect the most authoritative and recent scientific consensus on climate change. The Panel's latest report asserts that man-made gases have contributed substantially to the observed warming of the last 50 years. It raises the worst-case estimate for a temperature rise over the next hundred years from 6.3 degrees to 11 degrees Farenheit. While it is impossible to predict the exact physical consequences in a scientifically accurate manner, what we can say is that the global environment is comprised of complex systems and the introduction of imbalance has the potential to have consequences that can be truly devastating.

What is discouraging in relation to the Kyoto Protocol is the inaction or lack of result that has currently characterized government responses around the world. But what is encouraging is the response of the private sector. Ford, Daimler-Chrysler, Dow Chemicals, IBM and others have pledged to make big cuts in the greenhouse gases they produce. BP and Shell have introduced emission-trading schemes within their operations and with others have joined in a voluntary plan to reduce the wasteful use of energy and produce cleaner products. This brings into perspective the new conditions that face the private sector in an era of globalisation that has brought a new vulnerability. Consumer power and shareholder activism at a time of the explosion of information has led to continuous monitoring of global businesses by pressure groups. If they fall short of widely accepted ethical standards, retribution follows swiftly. Overnight, companies share prices can collapse and their markets disappear.

Business has a vital interest in understanding the values and goals of the broader public. Pressure groups articulate and shape the public mind persuasively and effectively. No business can afford to ignore these realities. The only realistic approach to dealing with this new phenomenon is with a collaborative effort that encompasses business, government and citizens groups.

It is in this context that UNEP seeks to foster such broad partnerships. UNEP's uniqueness lies in its advocacy of environmental concerns within the international system. It makes a particular effort to develop partnerships with UN bodies, the scientific

community, NGOs and crucially the private sector. Since its inception, UNEP has worked closely with industry to develop corporate environmental strategies. In 1991, we started working with a small group of commercial banks to foster their environmental awareness. Today, we work closely with over 240 financial institutions, including commercial banks, investment banks, insurance and reinsurance companies, fund managers, multilateral development banks and venture capital funds to develop and promote the linkages in the environmental and financial performance. We believe that the more closely the financial services sector integrates environmental consideration into its business strategy, the closer we will move to realizing the economic imperative underlying sustainable development and our duty of environmental stewardship of natural resources.

Using climate change again for an example, the world witnessed a record number of disasters last year. Munich Re., an active member of our insurance initiative, estimates that 70,000 people were killed in well over 700 disasters last year. A report by insurance company members of our Financial Services Initiative indicates that losses due to more frequent tropical cyclones, loss of land as a result of rising sea level and damage to fishing stocks, agriculture and water supplies could annually cost over \$300 billion a year.

Our latest assessment of the state of the global environment provides additional alarming evidence of global environmental degradation and its implications. One thing is clear we need to do things differently. There are a number of reasons why businesses should pay attention to the environment by practicing sustainable development. The first is that you business people are citizens of the world like everyone else and should care about the kind of world you are going to leave to your children and grandchildren. Second, is that good environmental practices are good for the bottom line. Energy efficiency, recycling and optimizing the use of raw materials can deliver profitable returns. The Dow Jones Sustainable Group Index which includes 2000 of the world's leading corporations recognized for their commitment to sustainable development have outperformed the Dow Jones Global Index.

The partnerships that UNEP has sought to promote have largely been in the area of voluntary initiatives which have proved extremely effective.

Inspired by the success of this approach, and deeply concerned by the promises and challenges of a globalizing world, UN Secretary-General Kofi Annan first proposed the Global Compact to the World Economic Forum in January 1999 during which he categorically stated that globalization, as we knew it, was not sustainable. Indeed he predicted the kind of backlash that hit 10 months later at Seattle and in various venues since.

The Secretary-General, through the Global Compact, committed himself and the United Nations to address the global dissent against globalization and consequently to reverse its adverse attributes and consequences. The Global Compact, like UNEP's various voluntary commitments, is not designed as a regulatory instrument. It is an open-ended

experiment intended to identify, disseminate and promote good practices based on universal principles.

In light of the trends of globalization in the world economy with its attendant environmental risks and opportunities, UNEP sees the Global Compact as a promising approach in engaging major actors involved in globalization in a new way. It is UNEP's commitment to continue to enhance its engagement and collaboration with the private sector and to consider the relation between foreign direct investment and the environment with a view to minimizing negative environmental implications.

We recently had a meeting with representatives of industry, government, labour and environment groups to review lessons learned from such voluntary initiatives. We agreed that they do not undermine the need for an effective regulatory and legislative framework and that key challenges in the future include finding the right policy mix, ensuring workers are involved, and clarifying the role of NGOs and other stakeholders.

We are presently involved with the Coalition for Environmentally Responsible Economies (CERES) in undertaking the Global Reporting Initiative to develop globally applicable guidelines for reporting on the economic, environmental and social performance of industry. The GRI incorporates the active participation of businesses, NGOs, accountancy, human rights and labour organizations and other stakeholders from around the world.

The provision of timely, credible and consistent information is a key element in building sustainable societies. Communities, investors, governments, and businesses need reliable information to effectively address the development challenges of the 21st century.

The CSD has concluded its discussion of energy issues and is now focusing its attention on preparing for the World Summit on Sustainable Development to be held in Johannesburg in September 2002. The Rio Earth Summit, in 1992, was a historic political summit in terms of defining our agenda and plan of actions. Johannesburg, and its success, will be measured by its ability to translate these plans into concrete actions and implementation. Certainly the UN can define, but the actions need to take place within the creativity and sense of innovation of the private sector and civil society at large.

I am eager to listen to your concerns, to your expectations, in sharing this common vision that at the dawn of this new century we have at our disposal the human and material resources to achieve sustainable development, not as an abstract concept but as a concrete reality. I am eager to exchange views on how, from your perspective, we can achieve this noble goal, not only for altruistic reasons but also to preserve our wealth.

Thank you.