



**PANEL ON ENVIRONMENTAL TRENDS AND GOOD GOVERNANCE
PADILHA VIDAL CONFERENCE ROOM
10:00 AM – 01:00 PM
SEPTEMBER 14, 2006**

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EXECUTIVE SUMMARY

Introduction:

Mr. Scott Vaughan, Director of the Department of Sustainable Development, introduced the panel as part of a series of meetings that the OAS has organized in the preparatory process for the First inter-American Meeting of Ministers and High Level Authorities of Sustainable Development that will be held in Santa Cruz de la Sierra, Bolivia, in December 2006. This preparatory process is intended to provide direct input to the OAS Member States. The themes will be analyzed in support of sustainable water resources management, natural disasters risk reduction, sustainable agriculture, sustainable forestry and sustainable tourism. Recommendations from governments, NGOs, indigenous people, the private sector and other stakeholders of civil society will be integrated into the Declaration of Santa Cruz de la Sierra.

Opening Remarks:

The Secretary General of the OAS, Dr. José Miguel Insulza, provided opening remarks. He stated that the Bolivia Ministerial meeting provides the opportunity to take stock of progress made in the past ten years, to review the extent of the unfinished agenda, and to identify new challenges as they arise. He said that the meeting is a chance for the 34 countries of the OAS to define a focused and clear cooperative agenda, rather than produce another general, normative political declaration about environmental priorities. The Secretary General also stated that the objective of the panel was to underscore the absolute urgency of mainstreaming environmental protection, risk reduction in natural disasters, and sustainable development, within the broader political context of an organization such as the OAS.

Environmental Trends and the Millennium Ecosystem Assessment:

Introduction by Dr. Thomas E. Lovejoy, President, H. John Heinz III Center for Science, Economics and the Environment

Dr. Tom Lovejoy explained the need to address the topic of the meeting in the context of environmental infrastructure providing not only biological diversity and resources, but also services ranging from local watersheds and supply of clean and reliable water, all the way to the global scales of the carbon cycle and the need for a better management of environmental resources. He highlighted the importance of scientific based projects such as the Heinz Center's ongoing project on environmental indicators known as the State of the Nation's Ecosystems. It is the United States' most comprehensive report on the condition of lands, waters, and living resources. Its strong scientific basis allows decision-makers to focus on the best course of action—rather than spending time debating the condition of the nation's environment. The strength of



this project derives from its focus on ecosystem indicators. Dr. Lovejoy mentioned the importance of scientific information in understanding ecosystem interactions as in the Amazon basin, where several lessons have been learned, including that in order to maintain the hydrological cycle, issues such as deforestation, the El Niño phenomenon and agricultural practices need to be considered. Dr. Lovejoy said that the answer to the prevention of environmental degradation lies in political will and financial flows from carbon payments. Finally, he remarked that there are very difficult problems regarding the environment but also some very special opportunities as the ones that were to be presented at the panel.

Millennium Ecosystem Assessment: Implications for the Americas. Dr. Cristián Samper, Director, National Museum of Natural History, Smithsonian Institution

Dr. Cristián Samper explained the purpose of the Millennium Ecosystem Assessment (MEA), which was to gather scientifically valid existing information. It does not set policies but rather gives the tools to decision-makers to make them. Dr. Samper also identified that further to the MEA ecosystem services fall into four broad categories: provisioning, regulating, supporting, and cultural. He also explained how they set up a conceptual framework where they recognized the differences between direct drivers and indirect drivers of change, and that all of those changes are affecting both the ecosystems and human well-being. Direct drivers are issues such as habitat transformation, changes in land use, species introduction or removal, technology adaptation and use, external inputs, resource consumption, climate change, natural physical and biological drivers, etc. These direct drivers lead to ecosystem change and extinction. Behind those direct drivers there is a whole set of indirect drivers related to demographics, economics, socio-politics, science and technology, trade and globalization, culture and religion, and all of those elements that are driving issues such as deforestation, invasive species, etc.

The MEA's first finding is that, over the past 50 years, humans have changed ecosystems more rapidly and extensively than in any other comparable period of time in human history. The second most important finding is that the changes that have been made to ecosystems have contributed to substantial net gains in human well-being and economic development, but these gains have been achieved at growing costs. The third major finding is that the degradation of ecosystem services could grow significantly worse during the first half of this century. The fourth finding is that many options exist to conserve or enhance specific ecosystem services in ways that reduce negative trade-offs or that provide positive synergies with other ecosystem services.

One of the innovations of the Millennium Ecosystem Assessment is that, although global assessments were made, many sub-global studies were made and it was found that sub-global analyses help validate the global analysis. First of all, response options vary from one region to another, one country to another or one community to another. Hence, the importance of multiple scales of analysis. Ecosystem services are important for many dimensions of human well-being, some of which are best observed at local scales. Secondly, the scale of analysis may change the conclusions. Thirdly, we know that different drivers operate at a different scale. Whereas issues like global change and climate change will affect every scale, the overexploitation of resources tends to operate at local and regional scales. Understanding the scale of analysis is fundamental. Lastly, using different knowledge systems and involving local communities provides useful insights that might otherwise be missed.

The first response option identified by the MEA is to develop strong institutions that are accountable and transparent. This is fundamental for good ecosystem management. The second type of response has to do with the economic responses. Some of the subsidies in place should be



eliminated. Markets for ecosystem services should be developed. The third type of response option would be to ensure the transfer of technology. The fourth option is to increase education, awareness, and make sure that ecosystems and services become embedded in all of our practices as a society.

Dr. Samper, highlighted that one of the important discoveries of the MEA was that areas that presented significant environmental degradation were those with ongoing political or social conflicts and how in this regards there is a role for an institution such as the OAS in strengthening environmental governance. The OAS could play an important role in this task and use the MEA conceptual framework to analyze tradeoffs for ecosystem services in the Americas, promoting the adoption of some of the response options and improving policy by making it science-based.

The Amazon Region Protected Areas Program – ARPA. Dr. Guillermo Castilleja, Senior Vice President, WWF United States

Dr. Guillermo Castilleja emphasized the alarming issue of deforestation. He mentioned that the Millennium Ecosystem Assessment and the Food and Agriculture Organization have both proven that the world loses its forest cover at a rate of about 13 million hectares per year. Most of this deforestation occurs in the tropics, particularly within the Amazon basin.

Dr. Castilleja said that there's a need to find solutions and provided the example of the Amazon Region Protected Areas Programme (ARPA) and how it focuses on the Brazilian part of the Amazon biome as a positive model in addressing the issue of deforestation, by combining different land uses, including sustainable extractive use by local communities. He mentioned that this programme would not be possible without the political will and strong commitment of the Brazilian government and other partners.

Three key lessons from the AARPA experience should be highlighted, said Dr. Castilleja: 1) it takes more than one single institution. It is all about innovative public-private partnerships, public participation and community engagement 2) efforts have to be science based and 3) protected areas need to respond to the reality of deforestation.

Regarding this last lesson, he mentioned that protected areas serve to contain deforestation because they provide certainty to the land tenure. However, in order for protected areas to serve as tool to prevent deforestation a landscape approach combining land uses in which local communities can benefit from protected areas and participate in the governance structure through participatory processes is necessary. The rights of the local communities must be secured and not be put in jeopardy. How these landscapes are governed is crucial. This is going to be an important issue as the countries of the Americas step up their efforts to develop infrastructure, since deforestation is fuelled by infrastructure development.

Governance, Public Participation and Environmental Management

Governance in the Context of Environmental Control and Management. Ruth Greenspan Bell, Resident Scholar/Director, Resources for the Future

Ms. Greenspan Bell talked about the complexity of effective environmental protection and said that it is not only a task of government. It requires an uneasy partnership between the government, the industry sector and the public. These actors come from very different angles and positions, and are often at odds with each other on these issues. However, these issues can be solved by ensuring access to information. With information, citizens can understand the consequences of pollution for their own lives and for their children's lives and therefore change



their behaviors. Ordinary people can improve government decision-making by providing practical information to government regulators about the impacts of pollution and enforcement targets. Ordinary people can also monitor what their governments are doing and what they are not doing. When environmental organizations sue the government for failing to carry out its legal responsibilities, in the end those law suits help the government to focus its work and remind it who it is working for. Furthermore, these law suits are necessary to keep environment on the radar screen. With information, the public and the regulative community are also more willing to obey these rules because they understand the process by which they are made and have input into the process, that in the end results in a cleaner environment.

Governance in the Water Sector. Karin M. Krchnak, Director of International Water Policy, the Nature Conservancy

Ms. Krchnak started by stating that governance is present at all levels of society and covers the manner in which power is balanced in the administration of a country and embraces traditions and institutions by which authority is exercised. She described water governance as the range of political, social, economic and administrative systems that are in place to develop and manage water resources and the delivery of water services at different levels of society. It is a very complex issue because of the public good nature of water. She mentioned how poor governance can cause a range of health and pollution problems, lack of access to water and sanitation, natural disasters, inefficient water use, poor access to safe water and sanitation, etc. Therefore the importance of access to information in order to make decisions as well as ensuring that Non-Governmental Organizations are able to sit at the negotiating table and work hand in hand with the government in order achieve sustainable solutions. Ms. Krchnak also highlighted gender as an important aspect of participation and governance. Gender mainstreaming is the process of determining the implications for women and men of any planned action, including legislation, policies and programs in all areas and at all levels. Programs that include gender have proven to be the most sustainable.

Ms. Krchnak reminded panel participants of the fact that in the World Summit on Sustainable Development (WSSD) Plan of Implementation every country agreed to have an established Integrated Water Resources Management (IWRM) program before 2005. Only one-third of those who had promised to do so are moving towards a more holistic approach towards water management, and still need to find ways to involve other areas such as agriculture, infrastructure, finance and energy. She stated that ordinances were needed to address long term sustainability as well as to build a sense of water as a shared good. She also thought it necessary to build government networks around ecosystem issues recognizing that they are also economic issues. She argued that the issue of water resources management must be brought from a global to a local level. Ms. Krchnak provided the example of the Cayambe Coca Ecological Reserve in Quito, Ecuador as a model. TNC worked with Quito's city hall to create a water conservation fund including the water and electrical utilities. This system of tariffs functions using the conceptual framework of Payment for Environmental Services (PES) and is directed to those who benefit from the water service. This system allowed them to ensure the maintenance and structure of the service. This is a clear example of how political will and inter-institutional cooperation are key for good governance.

Prior Informed Consent, Good Governance in Water and Democracy Deficit in International Trade. Daniel B. Magraw, President, Center for International Environmental Law



Mr. Magraw began his remarks by stating that the true infrastructure of society is the environment and the challenge we must address is not easy intellectually, and it is how to integrate that into our economic policy, social policy and national security policies. He stated that individuals and communities which are dependent on natural resources for their livelihoods have the procedural right to participate in decisions about those natural resources, as well as substantive rights in them. He believes that there has been a shift in authority and legal rights from state governments to private persons, primarily business interests. Major disputes typically involve very important public policy interests. These are very basic public policy issues that the public should know about and have the ability to be involved in. He thinks that countries can solve this by trying to reform the rules of the arbitral institutions and processes. Countries can also try to ensure that the free trade agreements and the bilateral investment agreements that are being negotiated require transparency, public participation and accountability. They could also make the process more public by publishing briefs. Another option would be to address issues on a case by case basis.

Commentator: Charles Di Leva, Chief Counsel, World Bank

Mr. Di Leva highlighted the necessity to connect the financial side with the environmental side. He thinks that policy makers should dedicate more resources to the environment and highlight the existing link between environmental degradation and governance. Weakened governing institutions lead to further damage to environmental capital. He mentioned how in the forestry sector there is clear data to this effect and in Asian and African countries in the area of socio-political conflicts and environmental degradation. He said the same could also be the case in the Americas. A possible solution, said Di Leva is to have World Bank country assistance strategies introduce environmental issues. The issue is whether it is realistic to push for governance *per se* or should the focus be on the voluntary side that the private sector will be asked to carry out.

Recommendations of participants

- i. To strengthen the links between finance and sustainable development through existing collective actions and processes such as the OECD committee to harmonize policies, the UN Commission on Sustainable Development and the OAS existing platform, among others.
- ii. To incorporate the private sector into the Bolivia Ministerial Preparatory Process and OAS work in the area of sustainable development, given the link between good governance, good investment and sustainable development.
- iii. To use existing mechanisms within the OAS and others such as the World Bank country assistance strategies to strengthen synergies in areas related to cooperation, environmental laws and compliance.



- iv. To strengthen collaboration and participation of indigenous people within the OAS in processes such as the Bolivia Ministerial Meeting to improve governance in the hemisphere.
- v. To emphasize the social aspects of sustainable development in particular in the area of social conflicts, poverty and environmental degradation.
- vi. To have the OAS serve as a forum and a leader to exchange information regarding best practices in sustainable use of natural resources, including from the Brazilian ARPA initiative in protected areas as well as on possibilities to strengthen green markets.