

MDGs and the environment: Are environmental institutions 'fit for purpose'?



Neil Bird

'Programmes that support environmental sustainability need to be recognised as being as much a state responsibility as the provision of health and education'

Millennium Development Goal 7 is, simply put: 'to ensure environmental sustainability'. Local efforts on environmental sustainability are linked intimately to global commitments. Achieving this goal, therefore, depends heavily on action at both the national and international level. There is a growing recognition that institutions – agencies and other bodies working on environment issues – matter in securing the linkages between these levels. The role of the national government administration, in particular, is critical to the delivery of environmental results. It is national government that sets out the necessary policy and regulatory frameworks, and provides the planning and the all-important monitoring of compliance. The question to be asked is whether these government institutions are 'fit for purpose'? The answer in many aid-receiving countries is not positive, for reasons that now warrant concentrated attention if there is to be progress by 2015.

First, although there has been significant institutional development since the Rio Conference in 1992, many environmental agencies lack clarity in their organisational missions and mandates. Conflicting functions within these agencies can weaken their efforts to secure environmental sustainability. Functions that should fall under the mandate of a national civil service need to be separated from activities that are best undertaken by those outside the government administration. For example, while regulation-setting is a clear function for government, environmental management is not. Equally, revenue collection is something best done by other parts of government, such as the Internal Revenue Service.

Even when there is clarity of institutional purpose, environmental sustainability will not be achieved without the assured funding of core national programmes. For many environmental actions, including the monitoring of the activities of extractive industries, such as oil and gas, recurrent expenditure is inadequate to match the task. Programmes that support

environmental sustainability need to be recognised as being as much a state responsibility as the provision of health and education services. Environmental agencies therefore need to make much stronger bids for increases in their recurrent spending through the national budget, yet this does not seem to be happening. If anything, the funding strategy adopted by some environmental agencies has been to go in the opposite direction, with emphasis being placed on the creation of additional sources of revenue. These internally generated funds appear, at first sight, to offer the potential of finance that can be earmarked for specific activities. However, the internal nature of these funds creates a disconnect with national priority-setting, removing several layers of accountability in the process.

One challenge to be faced in improving environmental sustainability is the likelihood that elite groups will lose out as a result of any strengthening of the governance regime and will, therefore, seek to block reforms. This applies particularly in countries that are rich in natural resources, where considerable revenue can be obtained from sectors such as logging and mining. There is increasing understanding of the political economy of natural resource extraction, but this remains a significant hurdle to securing sustainable patterns of resource use. Fundamental concerns, such as the ownership of environmental assets and the equity of benefit-sharing regimes, have long been fudged, being seen as too contentious to resolve. Even where there is little prospect of immediate resolution, reform efforts should address these issues.

The influence of donor activity also needs to be examined critically, as there is evidence that large numbers of development projects have tended to undermine the very institutions in which they have been based. Such projects often operate in parallel to the national budget process and are, therefore, outside any effective national prioritisation and coordination. In Mozambique, for example, in 2007, 71 envi-

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Environmental projects were being implemented by ten government agencies with funding from 19 different aid agencies, resulting in a hugely complex web of activities, relationships and decision-making. The recent move to more programmatic approaches to aid delivery, and the increasing harmonisation of donor actions under the Paris Agenda on Aid Effectiveness offers some hope for improvement. However, in many countries development support for the environment continues to be delivered largely through projects. This needs to change.

There is some evidence that national governments' budgetary positions have improved in recent years as a result of increased domestic revenues, debt restructuring and, in some countries, the introduction of general budget support by development partners. This all leads to higher levels of discretionary public funding becoming available, potentially for environmental spending. The allocation by the Government of Tanzania of US\$8 million to the Urgent Action Programme on Land Degradation and Water Catchments in 2006 is one example of this type of spending, but such instances remain rare.

At the international level, there are also concerns over the institutional arrangements that have been put in place to secure environmental sustainability. This level is characterised by a few, dominant institutions that oversee and support the provision of global environmental public goods. The cross-boundary nature of many environmental issues highlights the fact that global partnerships matter.

The Global Environmental Facility (GEF) was established to act as the financial mechanism of the UN environmental treaties of the 1990s. With its inde-

pendent secretariat, its operating agencies, and the GEF Council, a relatively complex institutional structure developed. One consequence of this complexity is that the project approval process is extremely slow. In addition, the GEF remains, to a large extent, stuck in project-delivery mode, characterised as offering 'too little, too late'. The significance of the World Bank (WB), on the other hand, arises from the fact that it is a bank, capable of disbursing large sums of money quickly to address environmental issues. Yet it is seen to be an institution that is very much controlled by its funders and is, therefore, viewed with suspicion by many external observers. If the Bank is to play a more prominent role in securing global environmental sustainability, it needs to be seen to be reforming its governance structures, becoming more transparent in its decision-making, and altering its internal incentives so that environmentally benign investments have greater prominence in its lending portfolio.

So, much remains to be done at both national and international level if progress is to be made in securing environmental sustainability. Giving greater attention to improving the efficiency and effectiveness of the official institutions that have been established to deliver sustainability needs to be a central part of all future efforts.

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ISSN 1756-7629



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