



Overseas Development
Institute

Executive Summary

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Separated at birth, reunited at Rio? A roadmap to bring environment and development back together

Tackling climate change, avoiding environmental degradation, reducing inequality and eliminating poverty are all key issues for international policy in the 21st century. Is it possible to achieve progress on poverty without over consuming resources and creating environmental degradation to an extent that threatens human life? What role can global agreements play in promoting positive action on both environmental and development issues? Fortunately, the timetable offers a unique opportunity to consider these questions:

- Debate has begun on what might follow the Millennium Development Goals (MDGs) when they expire in 2015 and, as a contribution to this debate, a proposal for Sustainable Development Goals (SDGs) has been put forward in the run up to the Rio +20 Conference in June 2012.
- The 'Durban Platform' agreed in December 2011, commits countries to negotiate a new climate change treaty by 2015 – one with 'legal force' – and a new international approach to build resilience to disasters is planned for the same year.

So 2015 is a defining year for international policy on development and the environment. The negotiation of both new goals and a new agreement on climate change offer an opportunity to finally bring together the twin tracks of development and environmental policy, which have remained stubbornly separate since the first Rio conference in 1992. Rio+20 will set the stage for the approach to 2015.

There are, however, some fundamental obstacles to making 'sustainable development' a policy reality at the global level, based on two key problems:

- **Different politics:** Development policy is about accelerating existing trends towards growth and rising levels of human development, both of which are politically popular. By contrast, environmental sustainability is about reversing current trends, and involves less popular political decisions.
- **Different economics:** Orthodox development policy involves drawing people into existing markets without significantly reshaping those markets. The economics of environmental sustainability, however, mean creating new markets and then using economic policy levers to change the incentives faced by the private sector and individuals in fundamental ways. The scale of change, and the likely disruption caused, are very much greater for environmental policy, which again makes the politics more difficult.

How can Rio bring these two different policy worlds together?

In the long term, new global goals are needed that commit countries to both the reduction of poverty and to staying within environmental limits. A new institutional architecture is needed to monitor and enforce countries' policies to achieve those goals, together with new regulatory frameworks to drive private and public sector action. Rio+20 can't deliver all that. But two issues close to the top of the Rio+20 agenda offer some hope for future agreements and action.

- **Green Growth**

Green growth is about reconciling the apparent contradiction of attempting to consume more while using fewer natural resources. It's been much discussed in global policy circles, especially since the Seoul G-20 meeting where it was prominent. However, concrete prescriptions have been thin on the ground, despite some encouraging initiatives at national level.

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One of the reasons for slow progress is lack of information to help politicians navigate trade-offs and synergies between growth and environmental objectives. This makes it even more difficult to overcome the political and economic barriers to sustainable development. **Rio+20 could help to inform and promote national level action on green growth by committing UN member states to establish a common system of national natural capital accounting.** Indicators of economic progress rarely, at the moment, include an assessment of the natural assets of a given country or the extent to which they change over time. This can distort incentives and make trade-offs invisible. For example, the cutting down of forests for timber shows up in national accounts as a gain for GDP, but the loss of the other services forests provide, like carbon sequestration and air filtration, are not counted, making it impossible to properly assess the trade-offs between the two.

To encourage countries to adopt the new standards, **a voluntary peer review mechanism** for natural capital management would enable countries to share best practice. This could also help develop a global consensus on a regulatory framework for sustainable development over the longer term, including a new climate change treaty.

- **Sustainable Development Goals**

The MDGs have demonstrated how global targets, even if not legally binding, can concentrate political attention, cooperation, and resources

on crucial issues, and are an attractive model to replicate for sustainable development. The proposal by the governments of Colombia and Guatemala to agree ‘Sustainable Development Goals’ (SDGs) at Rio+20 has generated much interest as a concrete way to overcome some of the political barriers and bring together the sustainability and development agendas. It’s unlikely that concrete proposals will be agreed at Rio, but instead there will be a commitment to consider SDGs as part of the post-2015 global development framework.

One approach would be to **develop targets for poverty reduction that also incentivise reduced resource use.** The ‘Sustainable Energy for all’ proposal stands as a good example. The single goal on universal and sustainable access is followed by global targets relating directly to both poverty (universal access to modern energy sources) and sustainability (doubling the rate of improvement of energy efficiency and the share of renewable energy in the global energy mix). Other possible areas that might be politically ready for the development of similar goals and targets could be water and sanitation, or food and nutrition. In both cases, a target for universal access could be combined, in 2015 or at a later date, with a target for reducing natural resource use.

Rio+20 is not the end of the journey to sustainable development. But the choices made there can make the ride less bumpy for future policy-makers, and the destination brighter for the planet and its people.

This summary is drawn from the Background Note of the same name written by Claire Melamed, Head of ODI’s Growth, Poverty and Inequality Programme (c.melamed@odi.org.uk), Andrew Scott, ODI Research Fellow, and Tom Mitchell, Head of ODI’s Climate Change Programme. ODI gratefully acknowledges the support of DFID in the production of this research.