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# Reaffirming the Environment-Development Nexus of UNCED 1992

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Third World Network

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## Note

This is part of a series of Third World Network papers written in 1992 that assessed the key outcomes of the United Nations Conference on Environment and Development (UNCED) that was held in Rio de Janeiro, Brazil on 3-14 June 1992. The UN Conference on Sustainable Development that will take place in June 2012, once again in Rio, is faced with even deeper challenges than those of 20 years ago. Crises are prevalent in every dimension of sustainability - economic, environmental and social. The context and the fundamental causes of the development crisis that framed the 1992 UNCED still prevail today. We find our assessments of the major UNCED outcomes equally relevant today and hope that they can contribute to the 2012 Conference objective of securing “renewed political commitment for sustainable development”.



# CHAPTER ONE

## INTRODUCTION

THIS paper presents an overview of the links between environment and development, and between North and South countries, in the context of the United Nations Conference on Environment and Development (UNCED) and its preparatory process.

The environment-development nexus as well as North-South relations became the centre of the Earth Summit and the preparatory meetings leading to it.

The paper firstly gives a view of the feelings of participants from the South (delegations and NGOs) at the conclusion of the Rio Summit in June 1992. The stress here is on the most important of the cross-cutting issues, that of financial resources, and of the broader issue of the link between development problems and the environment that formed the basis of the UNCED North-South bargain or partnership.

It then traces the process by which development and environment issues became integrated in UNCED in the preparatory meetings. Special attention is paid to the “development issues” of finance, debt, trade and TNCs; and the eventual key issues of financial resources and technology transfer; and how these issues came to be resolved.

Finally, a few concluding comments are made on the prospects of continuing the integration of development and environment issues as well as on maintaining or further evolving the North-South partnership in the post-UNCED period.

## CHAPTER TWO

# **THE STATE OF NORTH-SOUTH AND ENVIRONMENT-DEVELOPMENT RELATIONS AT THE END OF THE 1992 EARTH SUMMIT**

WHEN the two-week “Earth Summit” drew to a close on 14 June 1992, most participants had strangely mixed feelings of euphoria, deep disappointment, concern about the future, and stirrings of hope.

The euphoria arose from having participated in a laborious two-year process haggling over such a broad range of environment and development issues, capped with a Summit meeting involving more Heads of Government/State than ever before. As a learning process for government officials and political leaders on the imperative for social change to prevent an ecological catastrophe, UNCED had been beneficial.

At the final session of the Summit, the leaders of the UNCED process waxed lyrical about its achievements. According to the UNCED Secretary-General, Maurice Strong: “This process has been a profoundly human experience from which we cannot emerge unchanged. The world will not be the same, international diplomacy and the United Nations will not be the same and the prospects for the Earth’s future cannot be the same.”

The UN Secretary-General, Boutros Boutros-Ghali, in a closing speech, spoke glowingly of the “spirit of Rio” that emerged during the Summit: “It is no longer enough for man to love his neighbour, he must now also love the world. Beyond man’s covenant with God

and his social contract with his fellow men, we now need an ethical contract with nature and the Earth... The Earth has a soul. To restore it is the essence of Rio."

The euphoria of having participated in what is regarded as a historic conference that would change, if not save, the world, was balanced by a nagging sense that not much in substance and political commitment for action had been achieved.

On the positive side, a Rio Declaration with 27 finely balanced principles on environmental obligations and development rights was approved and was meant to serve as guidelines for relations between States (especially North and South) as well as for national economic and environment policies.

A 40-chapter "Agenda 21" action programme for environment issues (including soil erosion, deforestation, desertification, atmospheric change and toxic waste) and development issues (such as poverty, consumption patterns, habitat and health) was passed.

Within this massive volume are some weaknesses (for instance the chapter on biotechnology exaggerates the potential benefits whilst downplaying the need for safety measures and the chapter on deforestation is strong on planting new trees but says little about conserving forests). But there are also many positive sections, for instance on combating desertification, promoting sustainable agriculture, improving health and habitat conditions.

Many of the proposals had been made before, in previous fora. But it was still useful to collate together such a comprehensive range of environment and development issues, put action programmes to them, and attach cost estimates for their implementation. By signing this document, government leaders morally committed themselves at least to the intention of implementing the measures proposed.

As for actual implementation, the UNCED Secretariat estimated that US\$600 billion was required by the South countries alone, of which the external aid component was US\$125 billion. The South had regained for foreign aid and technology transfer a high-profile place on the international agenda -- at least for the duration of the UNCED process. However, as the Earth Summit ended, there were much more doubts than hopes that there would be actual implementation of the promises. Indeed, suspicions that the North had no intentions of complying, and that the agreements on aid and technology transfer were a hoax, rode high even as the Rio Conference came to an end.

The actual commitments from the North were not forthcoming, and this was the reason for the deep disappointment during and at the end of the Summit meeting. It was realised by everyone that without the commitment of the industrialised countries, which hold all the important levers of world economic and political power, it would be difficult, if not impossible, to tackle the causes of environment or development problems.

Firstly, some Northern countries (the US in particular) were adamant in refusing to commit themselves to change their unsustainable patterns of consumption, production and resource use. The US reluctance to address the link between consumption patterns and environmental stress ("Our lifestyle is not up for negotiation," said President George Bush) and its success in single-handedly deleting targets and timetables for reducing greenhouse gas emissions from the Climate Change Convention exposed the Northern refusal to accept the need for significant changes in its economic policies and lifestyles.

The Southern response in UNCED was that if the rich North was not willing to cut its excess consumption, what right could it have to ask the South to make sacrifices when many of its people are too poor to further tighten the belt?

Secondly, the North as a whole was not prepared to seriously commit itself to helping the South carry out the transition to sustainable development. Southern countries facing an estimated transfer of resources of some US\$200 billion annually to the North argued that they need external aid to offset their terms-of-trade losses and huge debt servicing outflows.

The quantum of new foreign aid became a test of how committed the North would be to helping the South implement its obligations in Agenda 21. The UNCED Secretariat's estimate of US\$125 billion needed annually was seen as unrealistic. Towards the end of the process, Maurice Strong asked for only US\$10 billion as an initial commitment to be pledged at the Summit. In the few days before the high-level Summit segment of the UNCED Conference in Rio, the last stages of negotiations were carried out by the diplomats. During those last days and nights of continuous negotiations (some lasting to four or six in the morning), little in firm figures or in general principle emerged at the end of the Summit.

According to an estimate in the Summit's official newspaper *Earth Summit Times*: "It appears that roughly US\$2 billion of what can be loosely described as new and additional resources has been placed on the table." This amount was embarrassingly minuscule in relation to expectations and to the total requirements.

On the principle of future aid flows, Northern countries could not reach agreement among themselves to be committed on meeting the long-promised target of aid equivalent to 0.7% of their Gross National Product, by the scheduled year 2000. Thus there was only a reaffirmation of the old promise, which few countries have fulfilled, and with little indication that the "reaffirmation" will be honoured either.

There was thus despondency among developing country delegates and political leaders who felt that the North really did not care about the needs of the South (despite the oft-quoted rhetoric about the “new global partnership”) and worse, that in a unipolar new world order, the South is too weak at present to do anything about it.

Southern countries, gathered under the Group of 77 and China, had to suffer the humiliation of long hours of negotiation on getting crumbs in aid since the hopes of even seriously discussing the much-needed reforms in international economic relations and institutions had already faded long ago in UNCED’s preparatory meetings. The main energies of political leaders and officials at the Rio Summit were thus spent skirmishing on the margins since the real economic issues (the South’s need for better terms of trade, higher export prices, debt relief, reforms in global economic and financial institutions) were not on the agenda anymore.

A number of senior officials and experts from the South were also apprehensive that the position of the South would worsen further after the Summit. Dr Gamani Corea, a Sri Lankan who was for many years Secretary-General of UNCTAD (the UN Conference on Trade and Development), said in Rio that the Earth Summit held little or no promise for success. “These days it is a great achievement to agree on what to say, not on what to do,” he wryly commented.

At a public forum in Rio, organised by the NGOs on the night before the Earth Summit’s concluding day, Dr Corea said the current exercise to restructure the UN seemed designed to reduce the role of the UN in global economic issues. That role would be transferred to the World Bank, the International Monetary Fund (IMF) and the General Agreement on Tariffs and Trade (GATT), which are all Northern-controlled.

Malaysia's (then) Ambassador to the UN in New York, Razali Ismail, speaking at the same forum, said that Rio would not mark any watershed. After the Earth Summit, there would be more of the same, with the existing power structures being perpetuated. "It is the Group of 7 countries, the OECD and the rich and not the South or the poor who will inherit the world."

Mr Chakravarthi Raghavan, (then) editor of the *SUNS* bulletin and the Third World Network's Geneva representative, predicted that the Uruguay Round negotiations under GATT would, if agreement were reached, contradict some of the critical elements of UNCED's Agenda 21.<sup>1</sup> For example, the agreement on technology transfer (where the South would enjoy some concessions over transfer terms) could be superseded by the GATT Uruguay Round in which the North is strongly arguing for intellectual property rights regimes to be universally introduced. Developing countries would then have to pay for patents as well as face difficult obstacles to their own technological development.

There was a general feeling among Southern country delegates as well as NGOs (non-governmental organisations) that events outside the UNCED process were threatening to weaken the South further and to endanger whatever positive elements exist in Agenda 21.

Among the negative developments are the structural adjustment programmes operated by the World Bank which impose austerity measures onto indebted developing countries, including cuts in education, health and welfare; the Uruguay Round which if completed was likely to have dramatic consequences for the South (many of them negative); and the UN restructuring exercise which closed or downgraded several economic and social departments.

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<sup>1</sup> Editor's note: The implementation of the Uruguay Round agreements concluded in 1994 and the functioning of the World Trade Organisation since 1995 have affirmed the concerns raised in 1992.

These developments reflected a trend in which the major industrialised countries had decided to reduce the economic role of the UN (whose one-country-one-vote system provides a louder voice for developing countries) whilst vastly expanding the powers of the Bretton Woods institutions (the World Bank and IMF) and GATT, which the rich countries control and use to maintain the international economic status quo. Meanwhile the US and its allies were able to make increasing use of the UN Security Council to “discipline” those Third World countries they consider “errant” (such as Iraq and Libya), a situation made possible by the collapse of the Soviet bloc.

Throughout the UNCED process, developing countries were clearly concerned at the possibility that the environmental principles and policies contained in Agenda 21 and the Rio Declaration could be made use of by the industrial North to impose new forms of control over the economic and social policies and structures of the South. This could be done, for instance, by using the environment as a new form of conditionality attached to grants or loans which the North would in future provide to the South, either through bilateral or multilateral channels.

On the other hand, the new environmental aid arising from UNCED to implement Agenda 21 or the Conventions could be made conditional on a country’s willingness to remould its economic and social policies to fit the World Bank’s prescription. (“We won’t give you green grants unless you open up your markets to the world, privatise and devalue your currency.”)

To protect themselves, the G77 and China were able in the last days of the Summit to include clauses in the finance chapter of Agenda 21 to democratise the structure of the World Bank-controlled Global Environment Facility, and to insist that it disburse funds relating to Agenda 21 without imposing new forms of conditionality.

Many Third World delegates and NGOs felt, however, that the threat remained of industrial countries making use of their levers of world power to impose their version of “sustainable development” on the South whilst at the same time being free to themselves continue their high-consumption lifestyle. In the words of Chakravarthi Raghavan, the South’s right to development could be curtailed to facilitate the North’s continued right to waste world resources.

The kind of gross inequalities in the use of natural resources epitomised by the fact that New Yorkers use more energy commuting in a week than the energy used by all Africans for all uses in a year (one of the many data that emerged during the UNCED process, in this case announced by a UK-based research institute) would then be perpetuated and perhaps accentuated. Closing one eye (or both eyes) to this inequitable pattern of resource use, some Northern countries may for example continue to harp on the South’s population growth as the world’s number one environment problem and use their aid and loan levers to control that growth.

Despite these legitimate fears arising from the lack of Northern commitment at the Earth Summit, most participants could not help also holding glimmers of hope at the end of the Earth Summit. The two-year UNCED process has after all brought both North and South back to the same table, the first time in almost two decades that the North has shown a serious interest in talking about world affairs with the South.

In the process, government officials and political leaders have become more conscious of the environmental crisis, whilst Northern officials and especially Northern NGOs have become much more sensitised to the development needs and perspectives of the South. Many environmental groups which in the past focused only on saving plant and animal life have come to a new understanding that resolving

environmental problems requires tackling North-South and rich-poor inequities at the same time.

This beneficial aspect of the UNCED process was touched on also by Maurice Strong in his Conference closing speech: "Poverty, inequality, the terms of trade, external debt, the flow of resources out from the South – today these issues have become a crucial part of the equation when the environment is talked about. This is a crucial result of UNCED. The environment debate will never be the same again."

The UNCED process was able to generate the perspective that environment and development were inextricably linked, and that a new North-South partnership would also be required if the world is to be saved from ecological disasters.

Many individuals, from governments, NGOs or international agencies, taking part in UNCED could agree intellectually to these propositions. However, transforming the rhetoric into principle, policies and social change is the difficult part, and by the end of the Rio Conference it was evident that political will was still lacking in the North.

Realising this, Strong, at a last press conference after UNCED's closing, called on citizens to press their governments to follow up on their Summit commitments: "Whilst the Conference has been successful as a meeting, not a single thing has changed regarding our civilisational behaviour. We didn't succeed 20 years ago at the Stockholm Conference (the first international environment meeting) and we don't have another 20 years to waste.

"Here we have got agreement without sufficient commitment (from governments)...We can't sustain our current lifestyle. We have got to get through to people the absolute need to change our economic

system...The evidence is very powerful that the present course of economic behaviour will lead to tragedy, the economy will not survive. We have got to get this message through to people and they must hold their governments accountable. Because governments took decisions that add up to a significant change of course at Rio, it's a shift in direction. But we can't be complacent. We leave Rio without satisfying commitment for that concern. We've got the basis for change but we must keep pushing like hell."

The most obvious forum for UNCED's follow-up would be the Commission on Sustainable Development, which was set up in accordance with the Rio agreements by the UN General Assembly in September 1992. The Commission's tasks include monitoring and reviewing the governments' implementation of Agenda 21, including the financial resources required. In the post-UNCED period, the Commission is expected to be the arena for further North-South discussions on both environment and economics, and the integration between the two. Given the tight Northern grip on world power at this moment, the existence of such a forum is already beneficial for the South to air its concerns.

Perhaps the most important long-term result of the UNCED process was the activation of networking and collaboration among members of the NGO community. Thousands of NGO representatives from many parts of the world converged during the UNCED process. At Rio itself there were over 20,000 participants at the NGO Forum. The NGOs' own meetings parallel to the Earth Summit and the preparatory committee meetings before that forged new North-South, South-South and North-North links which paved the way for more effective citizen group actions in future.

Finally, the UNCED experience has also concentrated the minds and energies of governments of developing countries on environmental problems and on the need to modify the current models of

development. Many governments will review their national policies in the light of the principles and action programmes of Agenda 21 which their Prime Ministers and Presidents have endorsed.

Whilst the fundamental issues on environment and development were not yet translated into concrete commitment at Rio, there are some positive results to build upon and follow up on. Thus, despite the deep reservations about the adequacy of the Summit and the concern that things may get much worse, there is some basis for hope and some space for the public in every country to work towards new forms of development that are in harmony with both people and the environment.

## CHAPTER THREE

# INTEGRATION OF DEVELOPMENT CONCERNS IN GLOBAL ENVIRONMENT ISSUES: BACKGROUND

UNCED was originally an initiative of governments and environment NGOs in some Northern countries, which had become increasingly anxious about the deteriorating state of the environment worldwide.

They decided that it would be timely to hold a world conference on the environment to mark the twentieth year after the Stockholm Environment Conference of 1972, which had led to the establishment of the United Nations Environment Programme.

When the idea of an environment conference was introduced in the United Nations, many developing countries were concerned that this initiative could lead to the highlighting of environment issues that would place new obligations and disciplines on their ability to enjoy economic growth and development. Some developing countries feared that the environment could be used as another instrument to keep the South at low levels of development, whilst Northern countries that possessed more environmentally friendly technology could continue to grow and enjoy high consumption levels.

They thus insisted that whilst environment problems could be brought up as an issue of global priority, these should be discussed simultaneously with a range of "development issues", since there was also a crisis of development side by side with the crisis of the environment. Moreover, so the argument went, the developing countries would not be able to adequately tackle environment

problems in their own countries unless they also had the means or opportunity to reduce development problems such as poverty, lack of basic amenities, external debt, lack of financial resources and technology. Some felt that having new global obligations on the environment could actually put additional obstacles to their development. Thus, for a formulation of fair environment policies, there should be an equitable approach in which the North would agree to aid the development of the South, which in turn could then have the resources to commit to reform their development models to become more environmentally sound.

## CHAPTER FOUR

# **THE UN GENERAL ASSEMBLY RESOLUTION CONVENING UNCED**

THE position of the South governments was put forward in the General Assembly during the debates to establish UNCED. Eventually, these concerns were reflected in the UN General Assembly resolution (Resolution 44/228 dated 22 December 1989) that convened the Conference. In its preamble, among other things, the Resolution expressed deep concern for the continuing deterioration of the environment and the serious degradation of the global life-support systems, and recognised the global character of environmental problems. It expressed grave concern “that the major cause of the continuing deterioration of the global environment is the unsustainable pattern of production and consumption particularly in industrialised countries”. It stressed that “poverty and environmental degradation are closely interrelated and that environmental protection in developing countries must in this context be viewed as an integral part of the development process and cannot be considered in isolation from it”. It also recognised that international measures to protect the environment “must take fully into account the current imbalances in the global patterns of production and consumption”. It affirmed that “the responsibility for containing, reducing and eliminating global environmental damage must be borne by the countries causing such damage, in relation to the damage caused and in accordance with their respective capabilities and responsibilities”. It stressed the need for “effective international cooperation in research, development and application” of environmentally sound technologies, and it was also “conscious”

of the crucial role of science and technology in environmental protection and of the need of developing countries concerning “favourable access to environmentally sound technologies, processes, equipment and related research and expertise through international cooperation including use of innovative and effective means”. Finally, it recognised that “new and additional financial resources will have to be channelled to developing countries in order to ensure their full participation in the global efforts for environmental protection”.

In its main part, the resolution affirmed the Conference should elaborate strategies and measures to halt and reverse environmental degradation. It affirmed that economic growth in developing countries is essential to address environmental problems, and also affirmed the importance of a “supportive international economic environment that would result in sustained economic growth and development in all countries” for environmental protection. It reaffirmed that States have the sovereign right to exploit their own resources and also their responsibility to ensure that activities within their jurisdiction do not damage the environment of other States, and the need to play their due role to protect the global environment in accordance with their capacities and specific responsibilities. It noted that the “largest part of the current emission of pollutants into the environment” originates in developed countries, and therefore recognises that “these countries have the main responsibility for combatting such pollution”. It also stressed that large industrial enterprises, including transnational corporations, “are frequently the repositories of scarce technical skills” for preserving and enhancing the environment and conduct activities in sectors that have an impact on the environment and to that extent have specific responsibilities and in that context, efforts need to be encouraged and mobilised to protect and enhance the environment in all countries. It reaffirmed that the serious external debt of developing countries had to be addressed urgently to enable them to contribute fully to global efforts to protect

the environment. It reaffirmed the need to strengthen international cooperation between developed and developing countries in research and development and utilisation of environmentally sound technologies.

In the detailed paragraph 16 on the Conference's objectives, many of the 23 objectives stated dealt with environmental issues, and many others dealt with development issues or with the links between environment and development. The objectives that were related to development included:

- (h) examine the relationship between environmental degradation and the structure of the international economic environment, with a view to ensuring a more integrated approach to environment and development problems in relevant international fora, without introducing new forms of conditionality;
- (i) examine strategies for national and international action to arrive at commitments to promote "a supportive international economic environment that would result in sustained and environmentally sound development in all countries, with a view to combatting poverty and improving the quality of life" and bearing in mind that the incorporation of environmental concerns in development planning and policies "should not be used to introduce new forms of conditionality in aid and/or development financing, and should not constitute a pretext for creating unjustified barriers to trade".
- (j) identify ways and means to provide new and additional financial resources to developing countries for environmentally sound development programmes and projects.
- (k) identify ways and means to provide additional financial resources for measures to solve major environmental problems

of global concern and especially support developing countries to implement such measures.

- (l) consider funding mechanisms and other innovative approaches to ensure transfer of environmentally sound technologies to developing countries, on a favourable basis.
  
- (m) examine effective modalities for favourable access to and transfer of environmentally sound technologies to developing countries including on concessional and preferential terms, and explore the concept of assured access for developing countries to environmentally sound technologies, in its relation to proprietary rights, to respond to the needs of developing countries.

It can be seen from the extracts of the convening resolution of UNCED that developing countries were able to inject many of their development concerns into what had been envisaged to be primarily an environment Conference. Many of the principles or objectives laid out in this resolution opened the way for “development” arguments and demands to be made in the subsequent UNCED process. This included the principle for a “common but differentiated responsibility” that became prominent in the Rio Declaration, the demands for a favourable international economic environment, including debt relief and better terms of trade; the inclusion of poverty and of unsustainable patterns of consumption and production; and most importantly, the demands for additional financial resources and for favourable terms for technology transfer.

## CHAPTER FIVE

# THE EFFORTS TO INCLUDE DEVELOPMENT ISSUES IN AGENDA 21

FOR the third PrepCom meeting in Geneva (12 August-4 September 1991) the UNCED Secretariat prepared background papers on development issues, in line with the General Assembly resolution calling for development issues to be integrated in the Conference discussions. Among these were Poverty and environmental degradation (A/CONF.151/PC/45), The relationship between demographic trends, economic growth, unsustainable consumption patterns and environmental degradation (PC/46), The international economy and environment and development (PC/47), Progress report on financial resources (PC/51), and Report on transfer of technology (PC/53).

The paper on international economy was significant in reviewing recent global trends that had impacted negatively on developing countries. For example, it showed that the drastic deterioration in the terms of trade of developing countries had caused them to lose large amounts of resources. For Sub-Sahara Africa, the terms of trade in 1989 had fallen by 28% compared to 1980, causing the countries in the region to lose US\$16 billion in 1989, or 9.1% of their GDP. Fifteen middle-income developing countries had also suffered significant falls in terms of trade between 1980 and 1989, causing them to lose \$45 billion in 1989, or 5.6% of their GDP value. The report also examined the net financial transfer of resources from developing countries, noting that the high foreign debt and debt servicing of

many developing countries together with the losses from terms-of-trade decline caused a huge flow of resources from developing to developed countries.

The report was also critical of structural adjustment policies that international financial institutions attach as conditions for indebted countries. The report states: "In general, the response to situations of financial stringency is likely to involve predominantly policies aiming at generating cash flow immediately and at meeting pressing current needs even if it compromises the future. Such orientation is clearly incompatible with the concern fundamental to sustainable development of preserving the ability to produce in the future."

It also elaborated that structural adjustment policies affect sustainable development through three processes: pressure to increase export volume and income exploits renewable resources unsustainably; cuts in investments lead to deterioration of productivity and higher natural resource use; and deteriorating employment situation leads to increased poverty which in turn leads to environmental degradation. The paper calls on the PrepCom to "consider how these adverse impacts could be mitigated".

The Third PrepCom meeting (PrepCom 3) was a turning point in integrating development concerns into UNCED. The NGOs from the South played a very significant part in highlighting the importance of development issues (such as debt, low commodity prices, terms of trade, North-South imbalances in international economic relations, and poverty) and their relevance in the fair and equitable resolution of global environmental problems. They raised these issues in open workshops and forums open to both NGOs and diplomats; they conducted spirited debates with environmental NGOs of the North, which through this process became more conscious of the development-environment links; they spoke on these issues at the official open plenaries where all delegations and NGOs could be

present; and they lobbied government delegations of the South and the North to give higher prominence to these development issues.

The most prominent of the NGOs highlighting the North-South and environment-development links was the Third World Network. It organised a well-attended forum on the issues on the eve of the start of PrepCom 3; distributed many briefing papers on both development and environment issues and showed the inter-connections; made several plenary speeches, including on the South-to-North resource outflows, on the negative environmental and developmental role of the World Bank and structural adjustment, and on poverty and environment. At dialogue sessions between NGOs and the leadership of UNCED (including Secretary-General Maurice Strong and Chairman of the preparatory process, Ambassador Tommy Koh of Singapore), TWN and other NGOs argued the case for taking up debt relief, improving commodity prices and other issues. They also called for the revival of the implementation of the New International Economic Order principles for reforms towards a more balanced and equitable international economic, trade and financial system.

In plenary speeches, the TWN made the point that the dominant economic systems and behaviour caused unsustainable patterns of production and consumption. The North, accounting for the bulk of these economic activities, had to change its economic model first, as the South's development model is only a sub-set of this Northern model. The South had also to change its development model. But for this to happen on an equitable and partnership basis, there also had to be changes in North-South economic relations so that resources could flow from North to South (rather than as now, where there is a large South-to-North net flow). If the partnership model was not adopted, there would be a scramble for scarcer natural resources, with the strong overcoming the weak, and the rich countries also forcing the poor not to develop further, so that the former could continue to enjoy their wasteful lifestyles and high consumption

levels. On financial resources, TWN provided data to show that \$280-360 billion of resources were flowing from South to North each year due to terms-of-trade decline, debt servicing, outflow of foreign profits, capital flight and payment for royalties. In contrast, aid was a minuscule drop in the ocean. As such, reforms in world finance, trade and investment capacity were needed, to reverse the flows. Issues of trade, commodity prices, regulation of TNCs and investment, technology transfer and patents, debt and finance, should now move upstage in the UNCED discussions.

In a TWN paper commenting on the key strategic UNCED secretariat document, Structure and Organisation of Agenda 21 (A/CONF.151/PC/42), TWN made the critique that in the matrix of Agenda 21 issues that were listed, only environment issues were in the list, whereas "cross sectoral issues" were not included, with the general comment that they would be included later on. Most subjects included in the matrix were activities and problems located in the South (such as forest destruction) whilst the causes of the problems (including the economic and social) were excluded. Concluded the TWN critique: "The Group of 77 insisted on the importance of turning the Rio Conference into a conference on environment and development. This demand seems not to have been understood by the Secretariat. All the Sectoral documents deal with environment problems, whereas development problems are seen as cross-sectoral issues, and therefore not treated as a central element of the Conference nor of Agenda 21. To simply sprinkle texts about environment with the odd developmental consideration does not seem to agree with the mandate given by the developing countries." TWN's central point was that although some of the Secretariat papers dealt with development issues, and these were also discussed in the PrepCom sessions, these development issues were absent from the matrix plan of Agenda 21 and thus ran the risk of being excluded from Agenda 21. TWN took this analysis to several delegations of developing countries,

including the representatives of the Group of 77. Subsequently, the G77 and some of its member countries took up this point and also formally proposed that Agenda 21 explicitly include several specific development issues as programme areas.

At the official discussions of PrepCom 3, several developing countries criticised what they saw as the “environment bias” and the neglect of development issues in the Secretariat papers and its Agenda 21 plan. In a plenary speech on 26 August, Ambassador Razali Ismail of Malaysia said there appeared to be some bias in the reports and wanted to know which consultants wrote them. Whilst some papers dealt with development issues, unfortunately these were not taken up in the Agenda 21 proposals (*SUNS* 28 Aug. 1991). The ten issues identified in the Agenda 21 matrix in the Secretariat document on Agenda 21 were all environmental in nature and the Secretariat had also prepared addendum papers on these topics, attached to Agenda 21. However, there were no indications of Agenda 21 addendum papers on development issues like poverty, trade and environment, commodities, technology transfer, financial resources and transnational companies and restrictive business practices. He called for “cross-sectoral issues” to be integrated into Agenda 21. He said unless development imperatives were met it was quite impossible for Third World countries to cover environmental protection. He cited low commodity prices forcing Third World countries to export more raw materials thus depleting natural resources, which they would not have to do if terms of trade were better. Also, IMF-World Bank structural adjustment policies forced governments to cut social expenditure, leading to more poverty and health problems. “The root to many environmental and health problems lies in the economic structure, especially the inequitable international economic situation. Acts such as the Action Programme on Environment must be fully integrated with the Action Programme on Economic issues.”

On 27 August, Ghana Ambassador and G77 spokesperson, Edward Kufour, warned that “if we don’t listen to each other, if those in a position to make greater contribution stick callously and selfishly to their privileges, come the next twenty years the representatives of countries with the NGOs and the press anxiously in tow, will gather in another delightful city somewhere and continue the dialogue of the deaf.” (*SUNS*, 2 Sept. 1991). He criticised the Secretariat paper on poverty for almost exclusively focusing on national policies as the cause of poverty in the South, thus giving misleading prescriptions. He cited the importance of external factors, such as low commodity prices and debt servicing, that led developing countries to transfer over \$100 billion a year. “If you add to these other transfers through trade in services, payment for patents, loss of market access, and unfair competition through subsidised agricultural production in developed countries, one gets a fuller picture of the massive transfer of resources from the developing to developed countries. Is it any wonder that poverty is pervasive in developing countries?” He also criticised structural adjustment policies focusing on short-term measures to reduce public expenditure, thus creating economic and social dislocation, affecting basic services, increasing unemployment and poverty and adding pressures on land resources. “All this has serious implications for environmental protection since the sick, the uneducated and the poor are primarily concerned about their survival today and this is the challenge UNCED faces.”

Several other developing countries, including Sri Lanka, Tanzania and India, also complained of the lack of emphasis on development issues in the UNCED documents, especially Agenda 21.

J.G.M. Alders of the Netherlands, speaking for the EC and its member states, said both poverty and affluence led to environmental deterioration. The rich used a disproportionate share of the world’s resources and discharged their wastes into the ecosystem. The poor were forced to overexploit their resource base. The Secretariat

documents on poverty and consumption patterns needed more elaboration as the complex interwovenness of consumption patterns and their consequences were insufficiently elaborated.

The United States delegation, which had ruled out any additional financial resources but instead pushed for market solutions, said it was committed to combating poverty and urged UNCED to focus on programme measures for sustainable livelihoods. It urged delegations to focus on the Secretariat report on the relation of burgeoning population to poverty and environmental degradation.

On 2 and 3 September, the PrepCom 3 plenary debates focused on international economic issues, economic instruments and their links to sustainable development. Ghana Ambassador Edward Kufour, speaking for the G77, said while national policies on development were important, a marked improvement in the international economy was also indispensable. He called for action on improving developing countries' commodity prices and terms of trade, tackling external debt, and removing non-tariff barriers against Third World exports. These views were echoed by Malaysia, Morocco, Argentina, and El Salvador (for Central American countries).

Speaking for the EC states, the Netherland's J. Walter-Hunter said economics and environment were closely interrelated and trade liberalisation could lead to sustainable development. Economic and environmental policies should be integrated at the national level and at the international level economic instruments should be integrated with environment policy. Japan also called for economic instruments and "getting prices right" but also said it was essential to have regulatory policies on pollution control.

A very significant development in the final days of PrepCom 3 was the tabling of a draft decision by the Group of 77 and China on the structure and organisation of Agenda 21. Through this paper, they

proposed that the action programmes of Agenda 21 be broadened to include several development issues that had up till then not been explicitly mentioned in the Secretariat's proposed Agenda 21 programmes. The G77/China draft text was adopted with slight modification on the final day of PrepCom 3, thus marking the developing countries' success in calling for the broadening of Agenda 21 to have separate chapters on development issues.

The decision on Structure and Organisation of Agenda 21 (document A/CONF.151/PC/L.49 dated 4 Sept. 1991) requested the UNCED Secretary-General "to integrate fully development considerations and needs and realities, in particular of the developing countries, in all Agenda 21 programme documents, taking into account the close relationship between development and the environment". It said this should include, where appropriate, at least the following:

- (a) Poverty, economic growth and environment;
- (b) Demographic pressures and unsustainable consumption patterns and environment;
- (c) International trade and environment;
- (d) Structural adjustment and environment;
- (e) Commodities and environment;
- (f) External indebtedness, resource flows and environment;
- (g) Large industrial enterprises, including transnational corporations; business practices and environment.

The decision also stated that Agenda 21 should take into account:

- (a) identification of ways and means to provide new and additional financial resources;
- (b) action-oriented proposals for effective modalities for favourable access to and transfer of environmentally sound technology to developing countries, including on concessional and preferential terms as well as for the development of the endogenous capacities of developing countries;
- (c) differentiation of actions to be taken by developed and developing countries;
- (d) identification of actions by international and regional organisations;
- (e) full recognition of the specificities and realities of developing countries, including their social, economic and developmental needs.

It also stated that each sectoral issue and programme area would have a separate chapter and contain sections on basis for actions, objectives, activities and means of implementation. There would also be separate chapters on each cross-sectoral issue.

Thus PrepCom 3 paved the way for a much fuller inclusion of specific development issues (as listed above) as well as for the general issues of financial resources and technology transfer to be highlighted. The Deputy Secretary-General of UNCED, Nitin Desai, said in an interview, a few months after PrepCom 3, that this decision at PrepCom 3 gave the Secretariat the mandate to prepare new papers or action plans on the listed issues.

When PrepCom 4 met in New York (2 March-3 April 1992), the Secretariat had indeed prepared draft chapters of objectives and action programmes for several of the development issues listed in the PrepCom 3 decision. Under a Section I on “social and economic dimensions”, there were separate chapters for international policies to accelerate sustainable development and related domestic policies; poverty; changing consumption patterns; demographic dynamics; human health; human settlements; integrating environment and development in decision-making. Also, under a Section IV on “Means of Implementation”, there were chapters on financial resources and technology transfer as well as seven other topics.

Thus, the campaigning of the TWN to change the matrix of Agenda 21, the focus put on NGO working groups on issues such as poverty and affluence, the speeches by some developing country delegations and most importantly the Draft Decision on Agenda 21 structure tabled by the G77 and China, succeeded in broadening the development agenda of Agenda 21.

However, if the hopes of developing countries and the NGOs that had campaigned for a revival of attempts to reform international economic relations had been raised at the end of PrepCom 3, these hopes were steadily eroded.

Firstly, the key issues of international economic reform were confined to a single draft Chapter prepared by the Secretariat (Chapter 1 on international policies to accelerate sustainable development and related policies, document reference A/CONF.151/PC/100/Add.3). Moreover, this chapter was not exclusively on international issues but also included national economic policies.

Secondly, the draft Chapter contained only a few selected issues, whilst omitting other key issues. It had sections on (A) promoting

development through trade; (B) clarifying the relation between environment and trade; (C) providing adequate net financial flows to developing countries (which dealt briefly with debt); and (D) encouraging macroeconomic policies conducive to environment and development. The last section dealt mainly with domestic economic policies. There was no mention of problems generated by structural adjustment policies, although this issue had been highlighted at PrepCom 3 both in a Secretariat paper and in many speeches by the G77, developing country delegations and NGOs. Even though it was on the PrepCom 3 Decision list of development issues, the topic of the activities (including business practices) and the environment and development effects of big enterprises, including TNCs, was left out of this section. This omission by the Secretariat implied that these issues did not constitute a problem area requiring an international action programme placing obligations on these companies. Instead, big enterprises and TNCs were covered in an Agenda 21 Section on the role of major groups, implying that these companies should be strengthened and empowered to contribute to sustainable development, rather than that they require disciplining.

Thirdly, in the treatment of the issues that were included in the Chapter, the development and Southern aspects were not given full treatment. Instead, emphasis was placed on a reliance on the market and on trade liberalisation as a means to achieve sustainable development.

During the negotiation at PrepCom 4, the structure of the Secretariat draft was maintained. The various sections, especially Sections A and B, were significantly expanded. However, most of the additional texts were not from new negotiations on the issues, but merely taken from other existing documents, in particular the Cartagena Commitment (arising from the UNCTAD 8th Session in Colombia, and from UN General Assembly resolution 45/199 International Development

Strategy for the Fourth UN Development Decade, adopted 21 Dec. 1990). Thus, PrepCom 4 did not break new ground on international economic relations but mainly only reiterated what had been already been agreed on in earlier fora.

Perhaps the only significant new dimension in this Chapter was Section B on trade and environment. Many NGOs had campaigned for a statement that the existing global trade patterns and the emerging trade rules under the Uruguay Round were important contributory factors in causing the economic patterns that were damaging to the global environment. They wanted language in Agenda 21 that called for a review and reform of these trade patterns and rules, in order to check and reverse the negative effects of trade on the environment and on sustainable development.

However, government delegations of both North and South were not swayed by these arguments. Instead, both sides readily agreed that free trade has and would have a positive impact on the environment. Whilst agreeing that “environment and trade policies should be mutually supportive”, the approved text also reiterates that “an open multilateral trading system makes possible a more efficient allocation and use of resources and thereby contributes to lessening demands on the environment”, and also provides additional resources needed for growth, development and improved environmental protection. Much of the debate and most of the important clauses in this programme area focused on the need to ensure that the environment is not made use of as a new instrument of trade protectionism, for example through unilateral trade actions on environmental grounds, or through the use of standards as a means for unjustifiable discrimination or a disguised restriction on trade.

On the key international economic issues of interest to the South, such as reversing the terms of trade, improving prices and conditions

for commodities, external debt and debt relief, there was nothing new in the eventually agreed text. On the critical issue of policies imposed on developing countries by the World Bank and IMF and the need therefore for reviewing structural adjustment programmes, and reforming the decision-making structure of the Bretton Woods institutions, the Chapter was silent.

It was clear from very early on in PrepCom 4 that the larger issues of North-South economic relations would not be accepted for negotiation by the North, the developing countries gave up on any serious attempt to make use of this Chapter to re-start the dialogue on North-South economic issues. It had not been possible to revive the broad issues of the new international economic order and on the global economic, trade and financial systems in general through the UNCED process.

With the attempts to get North-South economic issues placed at UNCED thwarted, the focus of PrepCom 4 shifted to North-South issues and differences on how to deal with environmental problems.

The centre of the North-South debate and negotiations was conducted in the negotiations on the Earth Charter (later re-named the Rio Declaration on Environment and Development at the insistence of the developing countries), and in the Chapters on financial resources and on technology transfer.

The Earth Charter/Rio Declaration negotiations became the heart of the UNCED debate and later “partnership” on the political principles that would govern international relations in the treatment of global environmental problems. The developing countries insisted that the rich and poor countries should not be viewed on similar terms in relation to the causes and burden of resolving environmental problems, but that the North should bear a larger burden of costs

and responsibilities due to their larger share in causing the problems and their relatively larger capacity to meet the costs. The intense discussions in this negotiating group were the political centre of PrepCom 4. Eventually, much of the South's arguments and perspectives prevailed, as manifested in several of the Rio Declaration principles, especially Principle 3 that "the right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generations", and Principle 7 that "in view of the different contributions to global environmental degradation, States have common but differentiated responsibilities" and that "developed countries acknowledge the responsibility that they bear in the international pursuit of sustainable development in view of the pressures their societies place on the global environment and of the technologies and financial resources they command".

Meanwhile, intense attention was also focused on the negotiating groups on finance and on technology transfer, as these two issues had for the developing countries become the "proxies" or testing grounds to determine the seriousness of the North in extending assistance to or agreeing to partnership with the South.

The central argument of the G77 and China was that developing countries could successfully make the transition to sustainable development only if they could simultaneously take care of their development needs. In line with the principle of differentiated responsibility and partnership, the North had to contribute to "new and additional" financial resources to the South as well as facilitate the effective transfer of technology at concessional terms to the South.

Since the larger issue of redressing the inequitable and unbalanced international economic and trade systems had been side-stepped early in PrepCom 4 (and thus the final UNCED outcome), financial aid and technology transfer had become the specific issues on which North-South “partnership” would be negotiated and tested.<sup>2</sup>

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<sup>2</sup> This has proven to be so in the intense negotiations on finance and technology under the UN Framework Convention on Climate Change that continues today. The Convention is one of three major treaties that were concluded in parallel with the UNCED Agenda 21 and Rio Declaration on Environment and Development. The Conventions (the other two being on biological diversity and combating desertification and land degradation) were opened for signature at UNCED.

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## REAFFIRMING THE ENVIRONMENT-DEVELOPMENT NEXUS OF UNCED 1992

The 1992 United Nations Conference on Environment and Development (UNCED) ended with mixed feelings of euphoria, deep disappointment, concern about the future, and stirrings of hope.

Many of the Agenda 21 actions were not new but it was significant to collate together a comprehensive range of environment and development issues, put action programmes to them, and attach cost estimates for their implementation. Government leaders morally committed themselves to implement the agreed measures. In addition a finely balanced set of environmental obligations and development rights was achieved in the Rio Declaration on Environment and Development.

Implementation was estimated at US\$600 billion for the South alone, of which the external aid component was US\$125 billion. The South regained a high-profile place on the international agenda for development assistance and technology transfer. However, as the Earth Summit ended, there were doubts that the promises would be fulfilled. Today it is undeniable that the North has failed to deliver on the means of implementation: finance and technology.

Nevertheless UNCED saw the first global discourse on the environment-development nexus in the context of North-South relations.

In the current debate on “a green economy in the context of sustainable development and poverty eradication”, one of the two themes of the 2012 UN Conference on Sustainable Development (Rio+20), there are concerns that lack of clarity and common understanding of the term “green economy” risks the substitution of the framework of sustainable development adopted at UNCED and a marginalisation of the social and economic dimensions. This booklet provides an account of the evolution of the UNCED approach to this nexus, and recalls the necessity of the integration of the three dimensions of sustainable development.

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