

MOVING FORWARD BY LOOKING BACK: LEARNING FROM UNEP'S HISTORY

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With a growing recognition that global problems demand global solutions, governments have created an increasingly complex network of international environmental treaties and organizations to deal with environmental challenges.¹ Yet, international environmental problems persist unabated and are even increasing in scale and scope, attesting that our first attempt at global environmental governance has been “an experiment that has largely failed.”² Short-term economic considerations and sovereignty concerns have often overridden the political will to effectively combat environmental problems. The institutions created have been weak and “woefully inadequate to meet global environmental challenges.”³ Some analysts even argue that the system was deliberately designed to be ineffective.⁴

Careful analysis of archival materials, however, shows that the system for global environmental governance and the organization at its core - the United Nations Environment Programme (UNEP) - were not the product of malicious intent. UNEP was not purposefully established as a “weak, underfunded, overloaded, and remote organization.”⁵ Rather, it was created as the “anchor institution” for the global environment⁶ to serve as the world’s ecological conscience, to provide impartial monitoring and assessment, to serve as a global source of information on the environment, to “speed up international action on urgent environmental problems,” and to “stimulate further international agreements of a regulatory character.”⁷ Most importantly, the mission of the new environment Programme was to ensure coherent collective environmental efforts by providing central leadership, assuring a comprehensive and integrated overview of environmental problems and developing stronger linkages among environmental institutions and the constituencies they

serve.⁸ While UNEP's performance has been significantly affected by the early design choices, this has been the result of predictable but unintended consequences. This historical understanding opens a new line of analysis in the context of current UN environmental reform. If the system was not deliberately designed as ineffective, change in course becomes possible and even practical.

The analysis in this chapter shows the origins of the institutional design of the United Nations Environment Programme providing a factual account of key historical decisions that the architects of the global environmental governance system made in 1972 and straightens the record of global environmental governance. The analysis proceeds in two analytical steps. First, the political context within which the Stockholm Conference of 1972 took place is examined. Second, the article explains the decisions on the functions, form, and financing of the new intergovernmental body for the environment. It traces the historical roots and motivations behind these choices and shows the lack of evidence as to purposeful intent on the part of states to create a weak institution within the United Nations.

These historical dynamics carry implications for the contemporary international environmental governance reform process. As today's architects of reform seek to improve the complex system of global environmental governance, they face the task of rethinking how to restructure existing institutions and organizations for global collective action in the environmental field. In the context of current reform efforts, the North and the South are no longer at the two opposite ends of the spectrum. In February 2007, forty-six countries supported the upgrade of the United Nations Environment Programme to a United Nations Environment Organization (UNEO) and a "Friends of the UNEO" group was established comprised of developed and developing countries alike (See Appendix II). Without solid understanding of past and present interests and positions of the actors in global environmental governance, critical choices are likely to be made based on faulty assumptions and might lead to unintended but serious consequences.

The Beginnings of Global Environmental Governance

Environmental concerns were gaining domestic traction in the developed world through social movements in the 1960s. The effects of unbridled industrialization had manifested themselves across the United States and Europe in burning rivers, dying lakes, dead forests, and toxic chemicals that were being ingested by animals and humans. It was the efforts of a

handful of individuals, however, that placed these concerns on the global political agenda.

In 1967, Inga Thorsson, Swedish negotiator and diplomat at the United Nations, set out to derail UN plans to convene the fourth international conference on the peaceful use of atomic energy. An ardent supporter of disarmament, she called for the termination of expensive UN conferences on nuclear energy as these mostly benefited the North's nuclear industry. Under her influence and the leadership of Sverker Åström, then Sweden's Permanent Representative at the United Nations, the Swedish delegation decided, without instructions from Stockholm, to challenge the latest UN atomic energy conference proposal when it was presented at the General Assembly.⁹ As an alternative, Sweden's Deputy Permanent Representative Börje Billner proposed to the General Assembly on 13 December 1967 that a conference be held to "facilitate co-ordination and to focus the interest of Member countries on the extremely complex problems related to the human environment."¹⁰ After multiple consultations with other delegations in the spring of 1968, the Swedish delegation in New York, led by Åström, convinced the Swedish government to launch a formal initiative.

In response, the General Assembly supported the convening of the first United Nations Conference on the Human Environment in 1972 and accepted the proposal of the Swedish government to host the event in its capital city, Stockholm. For the first time, environmental issues commanded attention at such a high level of international governance. The UN Secretariat, however, possessed neither the scientific nor the administrative capacities to deal with what came to be known as "the Swedish matter." Consequently, Philippe de Seynes, Under-Secretary-General for Economic and Social Affairs, frequently solicited expertise and advice from the Swedish delegation. Respect for Sweden as a neutral and progressive country that made substantive contributions to disarmament and development aid, allowed the members of the Swedish delegation to lead the preparatory process, especially in the first two years.¹¹

Much of the success of the Stockholm Conference was to a certain degree a product of its Secretary-General, Maurice Strong. A Canadian industrialist and businessman with an avid interest in international affairs, development, and UN-matters, Maurice Strong was appointed Secretary-General of the Conference in 1970 because of his skills as a coordinator, collaborator, and convener. While not deeply familiar with the scientific aspects of environmental concerns, he understood the political and economic dimensions and had the capacity to convince leaders around the

world that collective action was necessary. His extensive personal contacts and the respect he commanded in business and governmental arenas played a significant role in his ability to push for a progressive environmental agenda and galvanize the support of developed and developing countries alike.¹²

Developing countries' participation was not easily achieved. Having gained political independence only in the 1960s, much of these countries' concerns in the early 1970s focused on developing their economies as a way of ensuring autonomy and political sovereignty. The governments of many developing countries therefore viewed environmental initiatives from the North as preventing them from industrializing.¹³ For them environmental concerns translated into the imposition of stringent standards and the institution of non-tariff barriers jeopardizing their export possibilities. Environmental regulations were expected to negatively influence the patterns of world trade, the international distribution of industry, the comparative costs of production, and thus the competitive position of developing countries. "Environmental concerns," it was argued, "were a neat excuse for the industrialized nations to pull the ladder up behind them."¹⁴

It took great energy and commitment from the Stockholm conference team to convince leaders from developing countries that environmental issues could adversely impact economic development by lowering groundwater levels, causing soil erosion, increasing desertification, and depleting fisheries, and other similar problems. Some of the concerns were mitigated when, in 1971, many of the developing countries became involved in the drafting of "The Founex Report"¹⁵ which clarified the links between environment and development, and discredited the idea that these concepts were diametrically opposed. It helped to convince developing countries that environmental concerns were both more widespread and more relevant to their situation than they had appreciated. Moreover, the report affirmed that the environment should not be viewed as a barrier to development but as part of the process.¹⁶

While the tension between environment and development permeated the preparatory process for the Stockholm Conference, governments from the North were not deliberately attempting to stunt Southern development through environmental measures. Rather, they were responding to an unprecedented public awareness and pressure for environmental action from their domestic constituencies. In the United States, the late 1960s and early 1970s had marked a new era in policymaking. A strong national lobby for the environment emerged and asserted its voice through mass protests and the first Earth Day (held on

April 22, 1970). It was this environmental constituency that propelled action from both President Richard Nixon and the US Congress, culminating in the passage of groundbreaking legislation that lay the foundation of US environmental policy.

In Europe, acid rain had not only brought environmental concerns to the fore of public attention but also demonstrated the need for international collective action. Lakes and forests in northern Europe were dying as a result of fossil fuel burning in the United Kingdom. Sulfur and nitrogen oxides were carried for hundreds of miles by northerly winds before depositing as rain, fog, and snow. Japan, the prodigy of economic growth, provided a stark picture of the costs of mindless industrialization. Japan had experienced first-hand that mercury, cadmium, and PCBs poisonings could cause death, neurological disorders, and fetus deformations. “We who had firmly believed since the war that greater production and higher GNP were the ways to happiness,” Japan’s environment minister told the Stockholm Conference plenary, “have been sorely disillusioned. The despoiling of nature by industry has led to a degradation of the spirit.”¹⁷ It was becoming evident that pollution knows no borders and that only through common efforts could significant solutions be realized.

Eventually, the Stockholm Conference attained an unprecedented level of agreement on the problems at hand and possible paths forward, including important underlying principles and necessary institutional arrangements. The level of cooperation that emerged between developed and developing countries was striking given the initial mistrust and suspicion. As Peter Stone, advisor to Maurice Strong on public information issues in the run-up to the Conference observed in 1972, “Many governments began their participation in Stockholm with considerable reluctance founded on the suspicion that it was all a nine days’ wonder, or a transient concern of the rich. But in the end, even the most reluctant took the Conference seriously.”¹⁸ The most tangible outcome of the Stockholm Conference was the creation of the United Nations Environment Programme, UNEP.

UNEP’s Design: Form, Function, and Financing

While taken for granted today, UNEP’s creation was less than certain in the 1970s. In his proposal to the General Assembly to hold a conference on the human environment, Sweden’s ambassador to the United Nations stated that “no new institutional arrangements would result from the

conference.” But as the preparatory process progressed, it was increasingly clear that some type of institutional arrangement would be necessary to put the agreements into effect and to facilitate international cooperation. Thus governments agreed to create a new intergovernmental body as an “anchor institution” for the global environment. Following the Stockholm Conference, delegates from around the world gathered in New York at the UN General Assembly in the fall of 1972, to discuss, among other things, the institutional and financial framework for the environment. The decisions taken sealed the functions, form, financing, and location of what was to become UNEP were taken in the Second Committee of the General Assembly responsible for economic and financial affairs.

Functions

While no international organization with an explicit and exclusively environmental mandate existed in the 1970s, the institutional landscape was not vacant. Many of the specialized agencies had “constitutional responsibilities in large areas of the human environment”¹⁹ and were already undertaking a wide range of environmental activities. Long-standing international organizations were all charged with some aspect of environmental policy. The World Meteorological Organization (WMO), for example, was concerned with many aspects of air pollution and climatic change and operated a large number of monitoring stations and research programs; the Food and Agriculture Organization (FAO) was involved in a range of environmental concerns relating to land, water, forest resources, and fisheries; the World Health Organization (WHO) was engaged in a major program of combating air pollution of fresh water supplies and had broad responsibilities in the area of environmental impacts on human health; the International Atomic Energy Agency (IAEA) played a central role in the control of radioactive contamination of the environment. As recently as 1968, UNESCO had convened the Man and Biosphere Conference and developed a comprehensive environmental portfolio with a focus on water, land, and scientific research. In addition to the specialized agencies, a number of other bodies within the United Nations were also heavily engaged in environmental work, including the regional economic commissions, the United Nations Development Program (UNDP), the Department for Economic and Social Affairs, the UN Conference on Trade and Environment (UNCTAD), the UN Industrial Development Organization (UNIDO), and the financial agencies within the World Bank group. All of these

organizations were reluctant to cede authority, and potentially financing, to a new agency.

Overlap, duplication, bureaucratic infighting, and jurisdictional turf battles among the agencies were a frequent occurrence but the potential for collaboration, synergy, and comprehensive actions reaching a large constituency was also within reach. If WHO and FAO, for example, both undertook operational programs aimed at water pollution, their activities did not by definition have to be duplicative or conflicting. One agency possesses access to doctors and public health officers, and the other to farmers and agricultural officials. Neither could reach the other's constituency as effectively and a new agency, it was believed, was not likely to "automatically command the loyalty and support of present agency constituencies and avoid the risks of duplication and inefficiency."²⁰ Yet, it was recognized that "even if all organizations in this bewildering array were effective and well managed, they would provide far too fragmented a structure for the conduct of international environmental affairs"²¹ since environmental policy cuts across traditional functional areas as agriculture, health, labor, transport, and industrial development. Moreover, as Maurice Strong noted, environmental concerns were in fact "a cumulative result of a series of unco-ordinated interventions in the environment and cannot be resolved by a series of *ad hoc* unco-ordinated responses."²²

While the institutional architecture for environmental governance in the early 1970s was obviously ill-suited for the scale and scope of the problems, a serious effort to reallocate environmental responsibilities among agencies or broader structural reform was deemed impossible given the legal autonomy of the agencies. "Under the circumstances," the Committee for International Environmental Programs convened by the US National Academy of Sciences wrote in 1971, "we recommend a new approach that goes beyond mere correction or adaptation of existing structures. It involves the creation of new, interrelated institutions designed to assure support from those societal resources – political, scientific, financial – whose cooperation is essential for effective management of global environmental problems."²³

The new institutional arrangements for the global environment were to create a broad and comprehensive framework for environmental assessment, identification of alternatives, and determination of priorities. To this end, the new intergovernmental body that came to be called the United Nations Environment Programme, was to serve as a center of leadership and initiative in international environmental matters and perform three core functions.

1. *Knowledge Acquisition and Assessment* – including monitoring of environmental quality, evaluation of the collected data, and forecasting of trends; scientific research; and information exchange with governments and other international organizations.
2. *Environmental Quality Management* – including setting goals and standards through a consultative, multilateral process; crafting of international agreements; and devising guidelines and policies for their implementation.
3. *International Supporting Actions* – or what we now term capacity building and development – including technical assistance, education and training, and public information.

The new body was envisioned as normative and catalytic. It would thus not have operational functions – i.e. perform any activities on the ground – in order to avoid unnecessary competition with organizations already active in the field. Rather, it would maintain an overview of the activities of national governments, international organizations, and non-governmental bodies identifying needed environmental programs and catalyzing action toward their realization. It would also serve as the center of information on global environmental trends. And, most importantly, it would administer the newly created Environment Fund proposed by the United States (see below) with the purpose to stimulate and support environmental activities within existing intergovernmental bodies and steer them on the path of sustainability.

These functions were officially mandated through General Assembly Resolution 2997 (XXII) of December 1972 establishing UNEP as the new intergovernmental body for the global environment. Its primary goal was to provide a center of gravity for environmental affairs within the UN system and pool, coordinate, and deploy existing expertise to solve pending environmental crises. Flexible and evolutionary, the new organization was anticipated to grow into its mandate as new issues emerged and as it proved it could successfully tackle them.

With a significant body of international environmental law developed since 1972 and environmental ministries established in almost every country, some analysts contend that UNEP needs to move into a more operational, or implementing role.²⁴ Others, however, argue that its comparative advantage lies in the normative field and that operational activities should be performed by the sectorally focused specialized agencies.²⁵ However, despite the international efforts over the last thirty years, horizontal and trans-sectoral linkages among the specialized

agencies are still lacking, environmental activities still amount to little more than rhetoric and competition for additional resources, and we are still “fighting fire with a thermometer.”²⁶ The new patterns of organization that the founders of the system envisioned, “based on a multitude of centers of information and of energy and power, linked together within a system in which they can interact with each other”²⁷ have yet to be created.

Institutional Form

UNEP’s formal status within the UN system was the result of several dynamics and decisions. The most important one was the underlying principle of “form follows function.” The catalytic and coordination functions envisioned for the new intergovernmental body demanded that it be placed in the United Nations so that it could exercise direct influence over the other agencies. A widely circulated article by George Kennan, which appeared in *Foreign Affairs* in April 1970, had argued that environmental concerns needed to be addressed by the countries that had caused them, and a new organization, outside the United Nations, would be most suitable for this purpose. A considerable outcry on the part of developing countries followed since they did not want to be excluded from a new institutional arrangement.²⁸ In the words of Indira Gandhi, India’s Prime Minister at the time, “While each country must deal with that aspect of the problem which is most relevant to it, it is obvious that all countries must unite in an overall endeavour. There is no alternative to a co-operative approach on global scale to the entire spectrum of our problems.”²⁹ At the time, the United States was going through a period of widespread dissatisfaction and erosion of confidence in the United Nations, yet it recognized that there was “in practice no effective alternative, whether governmental or non-governmental to working principally through that body to provide a global context for international cooperation on environmental matters.”³⁰ During the preparatory process for Stockholm, it was therefore agreed that international environmental action and thus the agency responsible for it should be centered in the United Nations. This decision determined the range of institutional status options: 1) an autonomous Specialized Agency, 2) a unit within the UN Secretariat, or 3) a Programme within the Economic and Social Council (ECOSOC).

While an early reaction to the new environmental awareness had been a call for a new UN Specialized Agency modeled after the existing ones, this option was dismissed during the preparatory process as unworkable for a number of reasons explained below. Specialized agencies are

separate, autonomous intergovernmental organizations with governing bodies independent of the UN Secretariat and the General Assembly. They perform normative *and* operational functions in a specific issue area. Their governing bodies offer universal membership, i.e. any country can become an official member if it chooses. In 2006, for example, the World Health Assembly of the World Health Organization comprises 193 states; the membership of the World Meteorological Organization is 188 states, and that of the International Labour Organization 175 states. Specialized Agency budgets consist of assessed, mandatory contributions levied on all members. The Specialized Agency institutional arrangement was considered counter-productive for the new environmental body for the following reasons.

First, as explained above, a large number of existing organizations were already performing environmental activities and creating a new Specialized Agency would only create unproductive competition among them. In this context, the new Specialized Agency “would be one among many.” Moreover, the others would be older, with longer traditions and well-established relations with constituencies within national and international bureaucracies. A new Specialized Agency would therefore not be well-placed to exercise a leadership or coordinating function.

Second, a widespread dissatisfaction with UN agencies had taken hold in the 1970s especially in the United States. They were viewed as unnecessarily hierarchical, bureaucratic, and cumbersome, preventing the initiative, flexibility, and expertise deemed necessary in the emerging environmental field. The unwieldy administrative and governing arrangements could not be deployed quickly enough to emerging issues. In addition, the rigid customary staffing practices were counterproductive for recruitment of a secretariat with the necessary skills and qualifications.

Finally, many saw the environment as an integrative issue, one that could not and should not be relegated to one agency responsible for one sector. In fact, the establishment of a Specialized Agency for the environment was deemed counterproductive because its focus on the environment as another “sector” would marginalize it. As Maurice Strong put it, the core functions could “only be performed at the international level by a body which is not tied to any individual sectoral or operational responsibilities and is able to take an objective overall view of the technical and policy implications arising from a variety of multidisciplinary factors.”³¹

On these grounds, the United States proposed the creation of a smaller unit, a Secretariat within the UN system to build on existing efforts both national and international and infuse the specialized agencies

with an environmental ethic through information, persuasion, and direct funding. In the words of Christian A. Herter Jr, Special Assistant for Environmental Affairs to the US Secretary of State, only a nimble, flexible unit was considered capable of building on existing capabilities and filling in the gaps to make the “global system effective.”³² To this end, the United States argued that “the intergovernmental body should be placed at the highest level in the United Nations [and] its functions should not be scattered through several administrative levels. It should enjoy the prestige and public visibility which its subject deserves.” The United States also proposed that the unit be led by a high-ranking executive (High Commissioner, Under Secretary-General, or Administrator) established at the highest possible level in the United Nations administrative structure to serve as the center of environmental activity. Placement of the office was to be determined in a way that would provide it with maximum prestige, strength, and freedom as well as ability to link and coordinate the environmental activities of United Nations agencies, governments, and non-governmental organizations. The United States recognized that only an “active, resourceful, and creative leader” could ensure that environmental concerns receive the necessary priority. In fact, the US proposal advocated for an intergovernmental body to advise and support the executive rather than to receive his services. As negotiations proceeded throughout the preparatory process, an institutionally larger but somewhat weaker version of the unit the United States proposed began to take shape.

The UN Secretary General’s Report on the new intergovernmental organization suggested two alternatives for its placement: 1) within the United Nations as a subsidiary of the General Assembly pursuant to Article 22 of the Charter of the United Nations or 2) as a subsidiary of the Economic and Social Council (ECOSOC) pursuant to Article 68 of the Charter. The United States warned that “to place this body under ECOSOC would be to place it in serious jeopardy” and suggested that the new organization be a subsidiary of the General Assembly while reporting both to the General Assembly and to ECOSOC. The United Nations Environment Programme was ultimately established as a subsidiary body to both the General Assembly and to ECOSOC reporting to the General Assembly through ECOSOC. This entailed its status as a Programme rather than a Specialized Agency.

In the UN hierarchy, programmes have the least independence and authority since they are subsidiary organs of the General Assembly. Programmes are small and their membership, while geographically representative, is not universal. For example, thirty-six countries are

members of the Executive Board of the UN Development Programme (UNDP), thirty-six countries are members of the Executive Board of the World Food Programme (WFP), and fifty-eight are members of the Governing Council of UNEP. As an integral part of the United Nations, however, they are overseen through the General Assembly and therefore *all* UN members have a say in their governance. Programme budgets rely on voluntary financial contributions. Though the regular UN budget was originally expected to provide for the costs of staff and fundamental operations, these contributions have only been in the order of a few percent of a Programme's budget.

However, even though the budgets of programmes consist of voluntary payments, they are not necessarily smaller than the mandatory budgets of specialized agencies. For example, UNDP's annual voluntary contributions budget of \$3.2 billion is almost three times greater than WHO's annual assessed budget of \$1.1 billion (See Figure 1 on page 42). UNEP's institutional status as a Programme, therefore, cannot be simply assumed as a deliberate choice on the part of governments to incapacitate the new body. A product of a landmark event, the Stockholm Conference, the new organization was affected more by larger political dynamics than by narrowly calculated national self-interest. "Stockholm, like most conferences, showed less interest in an operationally manageable concept of the environment than in one broad enough to include the particular interests of every participant," wrote Gordon Harrison, an officer in charge of the Ford Foundation's program in Resources and Environment who supported the preparatory process for the Stockholm Conference and the maintenance of the Secretariat led by Maurice Strong during the transition process until UNEP's establishment. Harrison noted Strong's significant role in elaborating an organizational vision for an effective new agency: "Maurice Strong, by temperament a man who tends to expansive concepts, had no reason to think small about an agency that was in a real sense his personal creation and would clearly be his to lead."³³

Noting that governments saw environmental problems as global and interrelated at their core and therefore demanded "comprehensive" and "integrated" solutions, Harrison explains the institutional choices about UNEP as follows:

"It was decided therefore to establish UNEP as a special secretariat in United Nations headquarters where, with an overview of all problems and all UN activities, it might make the UN as a whole environmentally responsible and constructive. UNEP's primary mission was to develop a United Nations environmental program that would be carried out by

all relevant agencies. UNEP was not to take any independent environmental initiatives itself. It was not to do things. It was to make a program but let others carry it out. To provide the necessary incentives it was to have small sums of money with which to make grants. But in no case was it to buy an environmental program; it could if necessary buy an environmental component but it would rather use its money to divert operating agencies into environmental ways, to color their programs environmental. In short, UNEP was to be essentially an idea – or perhaps more accurately an aspiration – institutionalized. The founders chose for UNEP the only role that was both practical and potentially effective.” (*underlining as in the original*)

However, while not intended to diminish UNEP’s authority, the decision to constitute it as a Programme rather than as a Specialized Agency has negatively impacted its clout and ability to fulfill its functions over the years. UNEP has not been able to establish the autonomy necessary to become a strong anchor institution for the global environment. While it has performed its catalytic function fairly well, it has failed to coordinate environmental activities throughout the UN system, partly as a result of its institutional status. Many UN bodies have refused to accept UNEP’s mandate in regards to overall coordination of environmental activities as they see themselves as having “institutional seniority.” As one UNEP official exclaimed, UNEP “just does not have a voice in front of the larger UN agencies.” And as new institutions have sprung up across various levels of governance and many existing ones were endowed with substantial environmental mandates, UNEP could claim little authority over them. For example, the creation of the Commission on Sustainable Development and the Global Environment Facility in the early 1990s marginalized UNEP politically and eclipsed it financially. In addition, the increased emphasis on environmental work at the World Bank, while in itself commendable, also led to overlap with UNEP activities. In sum, UNEP has not succeeded in becoming the central forum for debate and deliberation in the environmental field, like the WTO for trade, the ILO for labor, or the WHO for health.

Financing Structure

At its inception in 1972, UNEP was provided with two sources of funding: an allocation from the UN regular budget and the Environment Fund consisting of unrestricted voluntary contributions. The UN Regular Budget was envisioned to cover the costs of “servicing the Governing Council” and a small secretariat required to provide “general policy guidance for the direction and management of environmental

programmes, [and] UNEP’s role as a focal point for environmental action and coordination within the United Nations System.”³⁴ Originally championed by the United States, the Environment Fund was established with \$100 million to be budgeted over five years to “ensure that the Stockholm Conference proposals [would] have the necessary financial footing.”³⁵ The sum of \$100 million was intended only as a starting figure since it was recognized that the US Environmental Protection Agency spent five times this amount annually on administrative costs alone. The Environment Fund was envisioned for projects, studies, and “seeding,” and was anticipated to increase with the growth of the environmental agenda. The United Nations was to report annually on the financial needs for its environmental agenda and the United States, the world’s largest economy and biggest polluter, was prepared to play a leadership role and contribute the resources necessary to “ensure that vital international environmental efforts do not fall by the wayside from fiscal starvation.”³⁶

Both of these financial sources have proved inadequate – an oft cited reason for lack of results in global environmental governance. The financing mechanisms for the environmental institutions, however, were not intentionally designed to be ineffective and inadequate. While meager by today’s standards,³⁷ the voluntary Environment Fund was an innovation rather than an impediment at the time of its creation for three reasons. First, the Environment Fund was not designed as the specific financial mechanism for a new environmental body. Rather, the new intergovernmental body was designed as the institutional mechanism to administer the Environment Fund. The United States had suggested the establishment of the Fund before the form and functions of UNEP were determined. The initial vision in fact was for an Under-Secretary General in New York to operate this Fund and coordinate the environmental activities of the UN system.

Second, the United States was in arrears in its assessed contributions and payments to the UN had just been cut by Congress by over twenty percent. The voluntary fund was to be administered by the President and thus not subject to the same Congressional oversight as assessed contributions. It was expected that such an arrangement would allow for an increase in funding over the years as new environmental needs appeared even if overall mandatory contributions to the United Nations were decreasing.

Third, had UNEP been given a budget dependent on assessed contributions, all Member States, including developing countries, would have been mandated to contribute, an unacceptable proposition in 1972 when environmental problems were mainly considered industrial pollution

problems. Moreover, when a country fails to contribute its assessed contributions, it could be banished from participating in the organization. As the World Health Organization's Constitution mandates, "If a Member fails to meet its financial obligations to the Organization ... the Health Assembly may ... suspend the voting privileges ... to which a Member is entitled." The US proposal recognized that industrialized countries held a responsibility to improve environmental conditions and should provide the bulk of the finances required. In his testimony to the Committee on Foreign Affairs at the US Congress, Christian A. Herter Jr. explained:

"As the world's most industrialized nation, we are the greatest polluter. Thus, we cannot reasonably expect others to bear a disproportionate share of the costs in cleaning up the wastes that we generate. While it is difficult to express our pollution contribution in quantitative terms, nonetheless, with less than 6 percent of the world's population, we account for the use of more than one-third of the world's energy production. Roughly 93 percent of our currently installed electrical capacity is fossil fueled. We have almost half of the automobiles in use in the world, and we consume about one-fourth of the world's phosphate, potash, and nitrogenous fertilizers, almost half of its newsprint and synthetic rubber, and more than a fourth of its steel. The Council of Environmental Quality has estimated that we also dumped 48 million tons of wastes at sea in 1968. These few statistics are indicative of the relative global-pollution burden that we in the United States are creating. In conclusion, Mr. Chairman, I believe it has become manifestly clear that many environmental problems are global in character and only can be effectively dealt with internationally. Very little is known at present about their dimensions."³⁸

Without the leadership of the United States, the Stockholm Conference commitments may indeed have gone unfunded. The Environment Fund proposal hinged in fact on a concept akin to assessed contributions. The largest consumers of energy, and thus the largest polluters, were to contribute on an escalating curve as suggested by the US Secretary of State's Advisory Committee on the Stockholm Conference. "A formula derived from each nation's consumption of energy," the committee contended, "could provide the basis for the suggested participation in the United Nations Voluntary Fund for the Environment. Or, it might provide the basis for a long-range system of funding, which could be a matter of assessment rather than voluntary participation."³⁹ This idea, however, was never implemented partly

because of opposition by developing countries to the very creation of the Environment Fund.

Although developing countries recognized that the funds available to the international community for environmental research and action would be scarce in relation to the needs, they did not openly welcome the establishment of the Environment Fund. Three key concerns contributed to their lack of enthusiasm and outright suspicion about the new Fund. First, developing countries feared the diversion of development aid into environmental activities and created the “principle of additionality” to ensure that any financial resources for environmental activities would be in addition to existing financial flows marked for development purposes. The principle was affirmed in Resolution A/C.2/L.1236 which stated that “resources for environmental programmes, both within and outside the United Nations system, be additional to the present level and projected growth of resources contemplated in the International Development Strategy.” Second, developing countries opposed the proliferation and voluntary nature of financing mechanisms. The existence of numerous and, at times, competing funds impeded understanding of the overall financial situation, distorted priorities, and undermined the elaboration of a coherent development strategy. Third, developing countries also voiced the concern that “in recent years the developed countries had placed increasing emphasis on assistance channeled through voluntary contributions.”⁴⁰ These funds were more readily available for purposes of interest to the donors themselves, such as the United Nations Fund for Population, while the availability and flow of resources for activities of primary interest to developing countries such as the United Nations Capital Development Fund had diminished.

Given the above concerns, it is not surprising that developing countries were suspicious rather than welcoming of the Environment Fund. Developed countries sought to alleviate these fears. Australia, for example, emphasized that it was contributing \$265 million in grants to development assistance while it had pledged \$2.5 million to the Environment Fund over five years. In the same year, Australia's contribution to UNDP had increased by twenty percent. The British net official aid was also increasing and contributions to the Environment Fund were less than 1/500th of the overall aid flow.

For many analysts, UNEP's limited financial resources are key in explaining UNEP's difficulties.⁴¹ UNEP's annual budget of \$215 million (including all contributions—Environment Fund, earmarked contributions, and all trust funds) is indeed miniscule compared to UNDP's \$3.2 billion and the US Environmental Protection Agency's \$7.6 billion. However, it

is larger than the budget of the World Trade Organization. Figure 1 compares the annual budgets of several major international organizations and the U.S. Environmental Protection Agency (EPA).

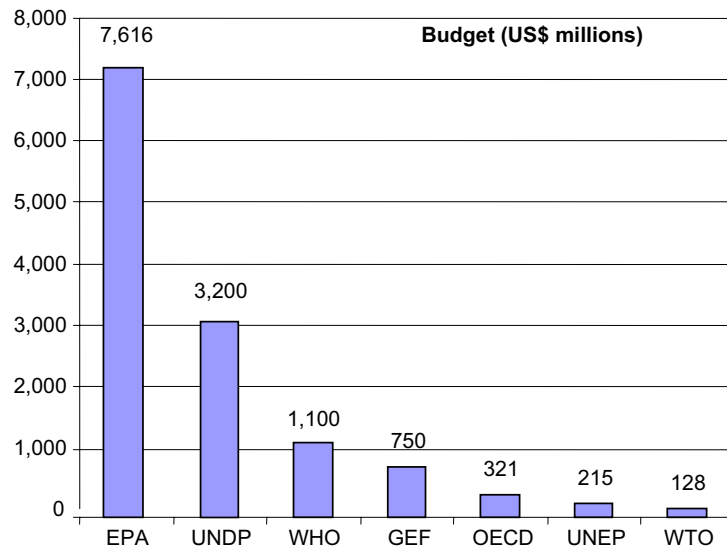


Figure 1: Comparative Organizational Annual Budgets⁴²

While the disparity in resources is striking, the nominal sum of the budget is just a symptom of the problem. The root cause of UNEP's problems is the organization's financial structure. About a dozen countries have regularly made annual contributions to the Environment Fund – the central financial mechanism at the discretion of UNEP's Secretariat – since its inception in 1973. In the past ten years, contributions to the Environment Fund have dropped thirty-six percent and have decreased in real terms since the 1970s and 1980s. Contributions to trust and earmarked funds directing UNEP into specific activities, on the other hand, have increased dramatically. The proportion of restricted financing now comprises more than two-thirds of UNEP's revenue (See Figure 2).

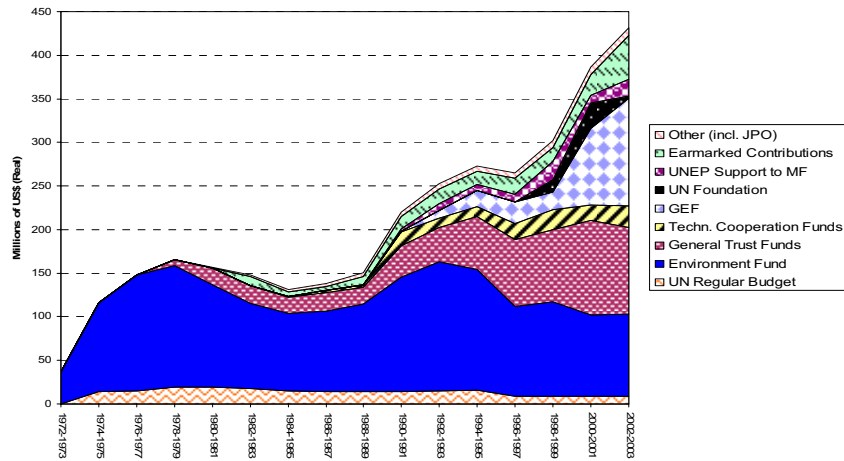


Figure 2: Total UNEP Biennial Income from 1973 to 2003 in Real 2000 US Dollars.⁴³

This unreliable and highly discretionary financial arrangement allows for individual donors to dictate UNEP's priorities, which has resulted in a fragmentation of UNEP's activities and a lack of clear prioritization. Furthermore, UNEP's financial stability, ability to plan beyond the current budget cycle, and autonomy are compromised, thus instilling a risk-averse attitude within the organization's leadership.

Critical Choices and Consequences

In 1972, Peter Stone noted that "international organizations which are inefficient can be actually worse than nothing. Governments can use them to stifle projects. They can function like the 'stack' near airports where incoming planes fly round and round until permission to land is given. If something is 'stacked' in an inefficient organization for long enough it risks running out of fuel and has to fly off somewhere else or fall out of the sky."⁴⁴ Traditional wisdom claims that the system for global environmental governance was deliberately created as ineffective. Through a historically grounded analysis, this chapter has shown that UNEP's potential for effectiveness was determined by political decisions in 1972 which were not purposefully taken to incapacitate the organization. The motives behind the decisions on the form, functions, and financing of the new international environment secretariat do not represent an interest in making the organization dysfunctional, nor a lack of interest in making it functional.

Nevertheless, the critical choices that were made have caused serious architectural flaws and subsequent policy failures in the global environmental governance system. The decisions to create a central organization for the environment, lacking universal membership in its governance, with the status of Programme rather than a Specialized Agency, without universal membership in its governance, and relying almost exclusively on voluntary funding, significantly constrained UNEP's ability to function effectively. While UNEP was explicitly charged with the functions of a normative organization in the environmental field, it was not endowed with the concomitant capacities and structural conditions that were needed. It is important to note, however, that the decisions determining these key structural conditions were not purposefully put in place to incapacitate the organization. Nevertheless, they led to inevitable, yet largely unforeseen effects.

Although UNEP's functions are both relevant and necessary today, the organization does not currently possess the critical capacities needed to perform them properly. As we have seen, UNEP's authority has been severely constrained by its UN Programme status. It never gained the necessary clout possessed by its big sisters – the specialized agencies. Moreover, UNEP's governance structure, with a 58-member Governing Council and an 88-member Committee of Permanent Representatives comprised of the Ambassadors in Nairobi, has attended more to the needs and demands of the Member States than to the mission of the organization. UNEP's financial structure of voluntary and earmarked contributions has enabled Member States to pursue their own agendas through UNEP rather than the common good. Finally, UNEP's physical distance from the UN agencies it was supposed to coordinate and the lack of adequate communications have made its coordination task difficult and even impossible and discouraged long-term commitment of high quality senior policy staff. This in turn has led to a marginalization of the organization in world affairs, inability to fulfill many of its functions, and proliferation of alternative institutional structures in other physical locations. The result has been “a nightmare scenario ... [a] crazy quilt pattern of environmental governance [that] is too complicated, and is getting worse each year.”⁴⁵

Today's reform architects again face the choices about UNEP's form, function, and financing, just like the organization's founding members did in 1972. As analysis of UNEP's performance⁴⁶ starkly illustrates, unless the key structural issues shackling UNEP are addressed, little progress in the UN's environmental domain is likely.

Notes

- ¹ This chapter draws on an article by the author “Designing the United Nations Environment Programme: A Story of Compromise and Confrontation” scheduled for publication in the journal *International Environmental Agreements: Politics, Economics and Law* vol. 7, Issue 3, September 2007.
- ² James G. Speth, *Red Sky at Morning: America and the Crisis of the Global Environment*, (New Haven, CT: Yale University Press, 2004): 2.
- ³ Gary C. Bryner, “Global Interdependence,” in *Environmental Governance Reconsidered: Challenges, Choices, and Opportunities*, ed. R. F. Durant, D. J. Fiorino and R. O’Leary. (Cambridge, MA, London, England: MIT Press, 2004): 69.
- ⁴ Adil Najam, “The Case Against GEO, WEO, or Whatever-else-EO,” in *Global Environmental Institutions: Perspectives on Reform*, ed. D. Brack and J. Hyvarinen. (London: Royal Institute of International Affairs, 2002a): 36.
- ⁵ Peter Haas, “When does power listen to truth? A constructivist approach to the policy process,” in *UNEO- Towards an international environment organization: Approaches to a sustainable reform of global environmental governance*, ed. A. Rechkemmer, (Baden-Baden: Nomos Verlagsgesellschaft, 2005): 287 – 309.
- ⁶ For a more detailed discussion of the “anchor institution” terminology, see Maria Ivanova, *Can the Anchor Hold? Rethinking the United Nations Environment Programme for the 21st Century*, (New Haven, CT, Yale School of Forestry & Environmental Studies, 2005).
- ⁷ U.S. Congress. Committee on Foreign Affairs, Subcommittee on International Organizations and Movements. *Participation by the United States in the United Nations Environment Programme*. 93rd Congress. First Session. (April 5 and 10, 1973): 4.
- ⁸ Environmental Studies Board, “Institutional Arrangements for International Environmental Cooperation: A Report to the Department of State by the Committee for International Environmental Programs,” Washington, DC: National Academy of Sciences, 1972.
- ⁹ Sverker Åström, *Ögonblick: Från Ett Halvsekel I Ud-Tjänst [Moment: From Half a Century of Foreign Affairs Duty]*, (Stockholm: Lind & Co, 2003): 197; and Göran Bäckstrand, Conversation at the State Committee for Science and Technology between the Soviet Union and Sweden, Moscow 1971.
- ¹⁰ Börje Billner, Statement before the General Assembly, on December 13, 1967. On file with the author.
- ¹¹ Åström 2003.
- ¹² Åström 2003: 202.
- ¹³ Lorraine Elliott, *The Global Politics of the Environment*, (New York: New York University Press, 1998); Peter Calvert and Susan Calvert, *The South, the North and the Environment*, (New York: Pinter, 1999).
- ¹⁴ Wade Rowland, *The plot to save the world: the life and times of the Stockholm conference on the human environment*, (Toronto: Clarke, Irwin & Co, 1973): 47.
- ¹⁵ See <http://www.southcentre.org/publications/conundrum/conundrum-04.htm>. The Founex Report was the result of a meeting of a panel of scientists and development experts from developing countries in Founex, Switzerland in June 1971.
- ¹⁶ Martin W. Holdgate, Mohammed Kassas and Gilbert F. White eds., *World Environment 1972-1982: A Report by the United Nations Environment Programme*, (Dublin: Tycooly International, 1982): 579-86.
- ¹⁷ Cited in Rowland 1973: 78.
- ¹⁸ Peter Stone, *Did we Save the Earth at Stockholm?* (London: Earth Island, 1973): 16.

- ¹⁹ U.N. General Assembly, Consolidated Document on the UN System and the Human Environment, edited by A. C. o. Co-ordination, A/CONF.48/12, 1972b.
- ²⁰ Environmental Studies Board 1972: 21.
- ²¹ Environmental Studies Board 1972: 21.
- ²² United Nations Press Release, Statement by the Secretary General of the UNConference of the Human Environment, in *Second Session of the Preparatory Committee for the Conference*. Geneva: February 8, 1971.
- ²³ Environmental Studies Board 1972: 23.
- ²⁴ Adnan Amin, "UNEP - Reform perspectives two years after Johannesburg," in *UNEO - Towards an International Environment Organization*, ed. A. Rechkemmer, (Baden-Baden: Nomos Verlagsgesellschaft, 2005); Klaus Töpfer, "A strengthened International Environmental Institution," in *UNEO - Towards an International Environmental Organization*, ed. (A. Rechkemmer. Baden-Baden: Nomos Verlagsgesellschaft, 2005).
- ²⁵ Mohamed El-Ashry, "Mainstreaming the Environment--Coherence Among International Governance Systems," Paper read at the International Environmental Governance Conference, Institute of Sustainable Development and International Relations, Paris, 2004; James G. Speth, "A Memorandum in Favor of a World Environment Organization," in *UNEO - Towards an International Environment Organization*, ed. A. Rechkemmer, (Baden-Baden: Nomos Verlagsgesellschaft, 2005); and James G. Speth and Peter M. Haas, *Global Environmental Governance*, (Washington, D.C.: Island Press, 2006).
- ²⁶ Rowland 1973: 33.
- ²⁷ Maurice Strong, "One Year After Stockholm: An Ecological Approach to Management." *Foreign Affairs*, 51 (July 1973): 703.
- ²⁸ United States, *Stockholm and Beyond: Report*, ed. Secretary of State's Advisory Committee on the 1972 United Nations Conference on the Human Environment, (1972): Frank Biermann and Steffen Bauer, "Managers of Global Governance. Assessing and Explaining the Influence of Intergovernmental Bureaucracies," *Global Governance Working Paper No 15*. (Amsterdam etc.: The Global Governance Project, 2005).
- ²⁹ Indira Gandhi, "Life is One and the World is One. Prime Minister Indira Gandhi Speaks to the Plenary," Speech at the Stockholm Conference on the Human Environment Reprinted in Environment, (Stockholm: Centre for Economic and Social Information at the United Nations European Headquarters, Geneva, 1972).
- ³⁰ Environmental Studies Board 1972: 17.
- ³¹ United Nations Press Release 1971.
- ³² U. S. Congress, Committee on Foreign Affairs, Subcommittee on International Organizations and Movements, *Participation by the United States in the United Nations Environment Programme*, 93rd Congress First Session, (April 5 and 10, 1973).
- ³³ Gordon Harrison, *Is there a United Nations Environment Programme? Special investigation at the request of the Ford Foundation*, (Unpublished: On file with the author, 1977): 2.
- ³⁴ U.N. General Assembly, Resolution 2997 (XXVII): Institutional and Financial Arrangements for International Environmental Cooperation, 1972c.
- ³⁵ United States 1972: 132.
- ³⁶ United States 1972: 132.
- ³⁷ The Environment Fund was about \$144 million/year in 2004, UNEP (2004) Resource Mobilization, Environment Fund. Periodical Resource Mobilization, Environment Fund from: http://www.unep.org/rmu/en/Financing_environmentfund.htm.
- ³⁸ U.S. Congress 1973: 6.
- ³⁹ United States 1972: 132.

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- ⁴⁰ U.N. General Assembly, 27th Session: Summary Record of the 1466th Meeting, ed. Second Committee: Official Record, (1972a): 228.
- ⁴¹ Konrad von Moltke, "Why UNEP Matters," in *Green Globe Yearbook 1996*, (Oxford: Oxford University Press, 1996a); Adil Najam, "The Case Against a New International Environmental Organization," *Global Governance* 9 (3) (2003): 367-384.
- ⁴² All data are for 2003 except for the OECD and WTO, which are for 2004. The GEF annual budget was estimated from the \$3 billion in replenishment funds in 2003 used for its work programme over a four-year period. Sources: EPA website; UNDP 2004; WHO 2004: 113; OECD 2004: 9; WTO website 2004; Lisa DeBock and James Fergusson, *UNEP's Financial Performance*, (Yale School of Forestry & Environmental Studies, 2004); UNFIP/UNF Project Grants, and UN General Resolutions Adopting Revised Budget Appropriations for the Relevant Biennium Periods.
- ⁴³ Financial analysis performed by DeBock and Fergusson 2004 in Ivanova 2005.
- ⁴⁴ Stone 1973: Epilogue.
- ⁴⁵ Steve Charnovitz, "A World Environment Organization," *Columbia Journal of Environmental Law* vol. 27, No 2 (2002): 323-362.
- ⁴⁶ For a systematic analysis of UNEP's performance, see Ivanova 2005.