



Global Governance for Resource-Efficient Economies

SUMMARY OF KEY POINTS

- A wide variety of actors, including governments, corporations, individuals and non-governmental organisations, influence global governance of resources in diverse ways.
- Decisions made by these actors take place within a complex multilevel governance architecture, featuring mechanisms that are top down (e.g. treaties, initiatives, and non-binding agreements) and bottom-up (e.g. allocation of capital, corporate accountability, corporate social responsibility, transparency, and certification).
- Europe is well placed to influence action addressing gaps in global resource governance, including action to improve resource efficiency and resource use sustainability at an international scale.

The POLFREE (POLICY options For a Resource-Efficient Economy) project explored drivers and barriers for a resource-efficient economy in Europe. The project investigated why resources have been used inefficiently, developed new concepts and paradigms for resources efficiency, and examined through modeling different policy scenarios for resource efficiency. This Policy Brief belongs to a series of five, listed below. These, and all other project outputs, may be found at www.polfree.eu

POLICY BRIEF SERIES

- 1 Understanding the Web of Constraints to Resource Efficiency in Europe – Lessons for Policy
- 2 Constraints to Resource-Efficient Consumer Behaviour
- 3 Constraints to Resource-Efficient Business Models and Practices
- 4 Global Governance for Resource-Efficient Economies
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- 6 Pathways to a Resource-Efficient and Low-Carbon Europe – Lessons from the Modelling



Conclusion 1

Decisions concerning resources take place within a complex multilevel governance architecture

The research reveals a complex and interactive global governance architecture of relevance to resources. To assist with navigation through the subject matter, a distinction can be drawn between top-down and bottom-up governance, as illustrated in Figure 1.

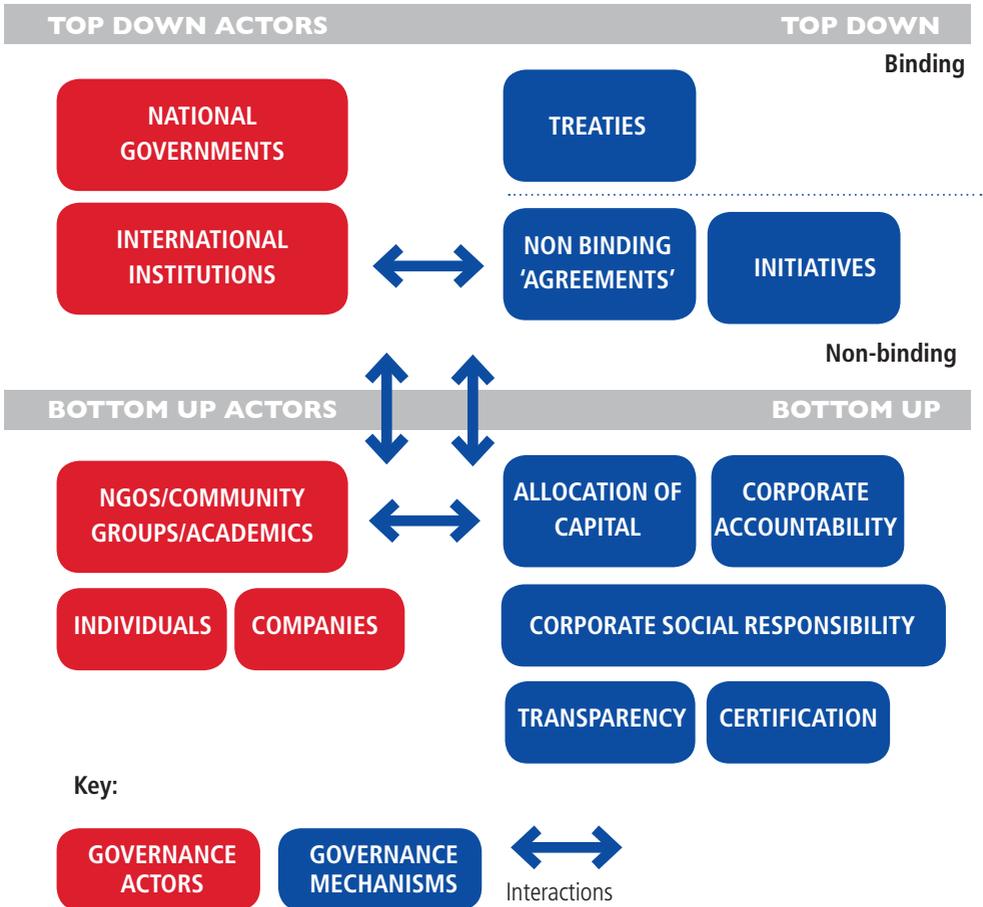


Figure 1: The existing governance architecture for resources

Governance mechanisms considered as 'top-down' are those led by state actors, often coordinated through international institutions. Two distinct categories of top-down mechanisms can be identified. The first are 'hard law' mechanisms such as binding treaties, protocols and agreements, which for resources can be derived from the fields of environmental, trade and human rights, as well as resource-specific

areas of law (e.g. relating to global commons resources and similar). The second are 'soft law' mechanisms, which are much more numerous and varied. There are non-binding, but powerful in the establishment of global norms and procedures. Those described in this work are primarily associated with the UN (directly or indirectly) and are grouped under five categories; scientific initiatives (such as the Intergovernmental Panel on Climate change (IPCC) and the International Resource Panel (IRP)), enabling initiatives (such as the 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns), business-focused initiatives (such as the UN Global Compact), green economy initiatives (such as the UN Green Economy Initiative) and international groupings of sub-national bodies (such as Resource-Efficient Cities).

'Bottom-up' mechanisms originate from a myriad of sources from the not-for-profit, academic, business and community sectors. Non-binding but extremely effective at bringing in new partners to the governance system and in preparing the ground for development of norms and practices, bottom-up mechanisms can operate on their own, or as precursors to more formal and traditional top-down mechanisms. Key mechanisms include those relating to certification, transparency, corporate accountability, corporate social responsibility and allocation of capital.

The resulting picture is one of diversity. Whilst some are concerned about the large degree of fragmentation, others see an active patchwork of initiatives that have the potential to create new norms and practices, testing ideas and approaches that can eventually be adopted at scale. The evidence suggests that this national and international level adoption of bottom-up derived initiatives is already happening.

Conclusion 2

A wide variety of actors influence global governance of resources in diverse ways

The direct and indirect roles of different actors in resource governance formation and implementation are summarised below and illustrated in Figures 2 and 3.

Top-down state actors – International institutions and processes set the framework for governing at a global level. They are primarily concerned with global development, prosperity and peace. These institutions and processes derive from agreements between national governments and their strategies and policies are overseen, or determined, by international civil servants and national government representatives. Sometimes they rely on national governments for implementation. No specific permanent international institutions exist for resources, although their remit may overlap with resource issues and specific initiatives have been established to begin to address this. Regional government groupings (e.g. APEC, the African Union, European Union, Mercosur, etc) are also becoming increasingly prominent in governance. Although not the focus of the research summarised here, they provide an important role in negotiations (often leading on negotiations for the block of member countries) and formation of norms through regional policy development.

Bottom-up non-state actors – Non-state actors comprise a broad range of non-governmental actors including firms, civil society organisations, experts, indigenous people and others that play a crucial role at all stages of international policy making through participating in governmental process or creating their own sets of rules.

Corporations – involved in resource extraction and processing, and influence the way in which resources are used and what reaches the consumer. They work within the legislative framework set by national governments and respond to consumer demands. There can be multiple corporations and stages of

resource processing. Corporations rely on access to resources of sufficient quality and quantity to operate their business. They work with national governments to gain favourable conditions in which to operate and stimulate economic activity. They are also increasingly using their influence to directly lobby governments and other actors involved in top-down governance formation. As a sub-set of corporations, investors as the shareholders of listed corporations have leverage over the activities of the corporations in which they are invested. They can exercise this leverage through shareholder resolutions, voting activities and ultimately divestment. As important parties in economic activity, governments will seek to create conditions which support investor confidence in domestic corporations.

Individuals – interact with the resource pathway in three main ways: (1) as consumers they create demand for the goods produced by corporations and influence the way in which they are disposed of; (2) as communities they share and/or compete for many of the natural resources such as land and water with corporations; and (3) as citizens they may or may not have an influence in the national government. It is worth noting that in many parts of the world, people directly depend on access to vital resources for their livelihoods.

Non-governmental organisations (NGOs) – civil society and academics variously act through direct relationships, information provision, direct and indirect lobbying and public campaigns to influence the behaviour of all other parties in the resource pathway.

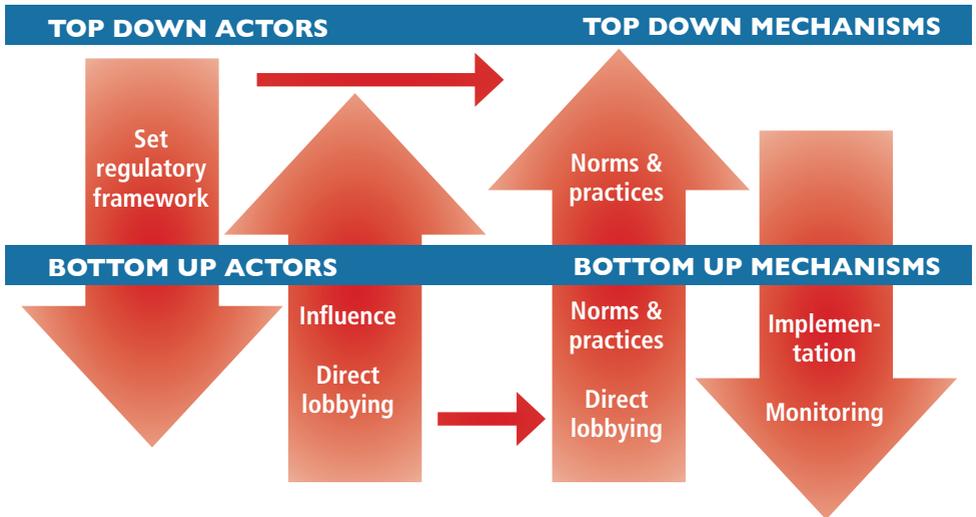
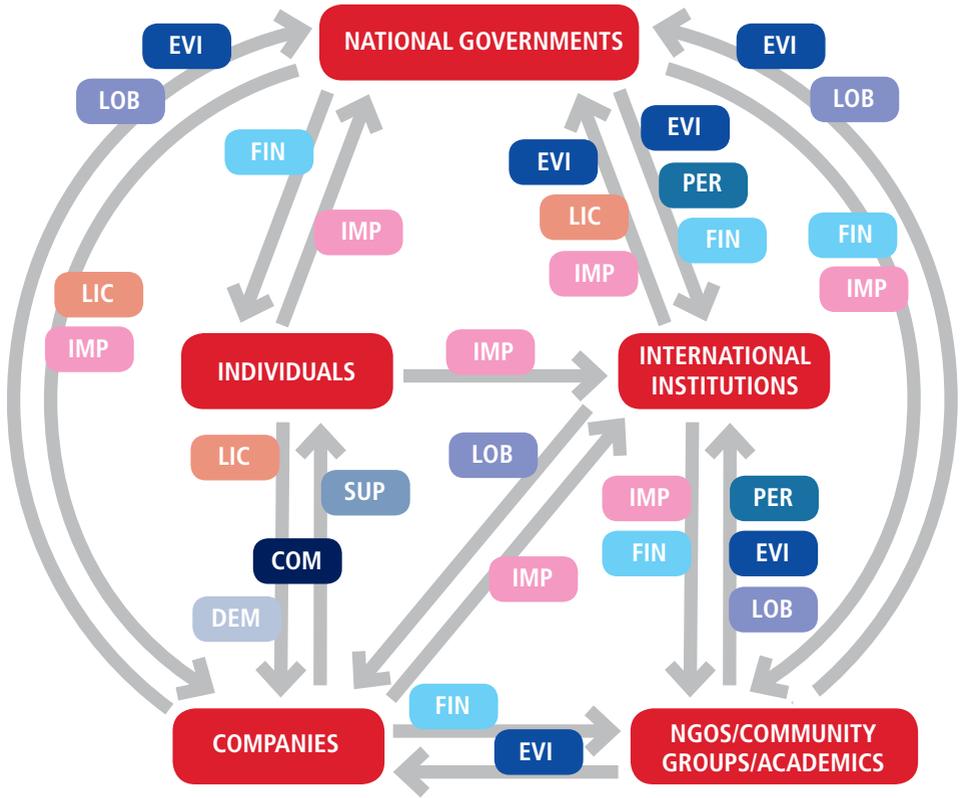


Figure 2: Summary of modes of interaction between actors in resources governance



Key:

- COM** Competition for natural resources
- EVI** Evidence base
- LOB** Lobbying, influencing, encouraging action
- FIN** Financing
- IMP** Implementation
- LIC** License to operate, either through setting regulatory requirements, social license to operate or license to govern
- PER** Personnel
- SUP** Supply of goods and services
- DEM** Demand for goods and services

Figure 3: Actors in resources governance and their inter-relationships

Conclusion 3

Europe is well placed to influence action addressing gaps in global resources governance

Governance gaps – Resource efficiency and resource use sustainability can and should be tackled at the international level. It must be recognised that the current international mood is one of scepticism regarding multilateralism, highlighted by changes faced in achieving a global consensus on climate change. Despite the noted scepticism, there is ample evidence that multilateral processes have stimulated activity in both the formal and the more informal areas of governance to allow progress and create a new pathway for the adoption of norms and practices established at the bottom-up level into more formal areas of governance. Key areas include transparency and accountability. It could also be argued that the strengthening of regional governance in many parts of the world facilitates greater global governance.

In the resource context, no clear and targeted governance structure has emerged yet that covers all the issues associated with sustainable resource use. However, an Integrated Resource Management Agency has the potential to address this gap. Few existing international governance approaches address socio-economic issues associated with resource use and price volatility. Demand reduction has been incorporated into the global environmental agenda to some extent, however it is important to ensure that the global implications of demand reduction at a national or regional level are understood. Given the breadth of issues relevant to resource efficiency, fragmentation is likely to be a key feature in the near future and can in some cases be beneficial. Waiting for a perfect all-encompassing solution is not only overly optimistic but also ill-advised.

Addressing governance gaps – There are clear opportunities to address some of the issues of resource use sustainability through *action concerning international trade in commodities*, such as extended sustainable commodity agreements, however such mechanisms are hampered by the need to operate within the World Trade Organisation's (WTO) framework. *Coalitions of the powerful*, whilst not meeting the academic understanding of good governance, are attracting significant attention and fit with current attitudes to multilateralism. *Voluntary bottom-up measures* have great potential to road test future international arrangements, and also to address issues of demand reduction. A significant breadth of approaches is in place at the moment and the field is extremely dynamic. *Business-focused initiatives* have a lot of potential but need to address criticisms of poor ambition and accountability to be truly transformative. Transparency is also essential to allow for the full range of initiatives to flourish. *Funding* is key to regime success both in generating trust and in supporting capacity building for effective implementation.

Europe's role – Some key actions for Europe to consider are as follows:

Influence – As the world's largest internal market and largest importer, a member of the (formerly) G8 (now G7), home to three of the top ten largest stock exchanges in the world (by market capitalisation) and to four of the 10 largest companies globally (based on the Fortune 500), Europe is a significant player in global governance. Europe can use its influence in setting the agenda at important fora to ensure that resource efficiency and use sustainability remain in focus. Where the appetite for action is not yet strong, transparency initiatives offer an opportunity to build the evidence base.

Support – Europe has demonstrated leadership in its adoption of a series of bottom-up initiatives. These bottom-up mechanisms have shown an ability to build capacity and develop novel approaches that are transferable into national and regional top-down governance. Supporting such initiatives can further capitalise on the potential for new approaches to governance to arise, with the support of a wide number of stakeholders.

Collaborate – It is important to keep multilateral dialogues open, as future governance attitudes may be more conducive to such an approach. Potential solutions to address some of the issues of resource use sustainability are present within the range of initiatives already in operation, including the Natural Resources Charter, certification schemes, voluntary codes of practice and commodity agreements, however many will eventually require a full global commitment to reach their maximum potential. In the meantime it may be collaboration through coalitions that is the most successful, including with other regional governance structures around the world.

Further Reading

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