Contribution to the Zero Draft of the outcome Document for Rio2012

Summary

The future of the world, its 7 billion people and the generations to come will be determined by the way in which we respond to the significant challenges that confront us. Our current practices are threatening our very existence. The same sense of urgency was expressed 20 years ago at the 1992 Rio conference. Unfortunately, **despite the adoption of strong commitments and appropriate plans of action for sustainable development, implementation has been limited**. The political will needed from the international community to respond effectively to the urgent challenges identified in 1992 has not been forthcoming. While there have been some important achievements resulting from previous conferences the overall trends are negative.

Human activity has been the major cause of the environmental, social and economic problems that we face. The present challenges cannot be tackled in isolation and responses must be global.

Rio2012 constitutes the best opportunity to give renewed political impetus to putting in place effective measures for working towards effective sustainable development practices. This will require the adoption of comprehensive and binding internationally agreed time bound commitments and strategies. These must build on the agreements reached in 1992 and 2002.

Countries have common but differentiated responsibility for contributing to current unsustainable practices, and for the consequence unsustainable use of the world's natural resources. This must have implications for responses that are needed. Developed countries must fundamentally change their own development model so as to ensure their economies are sustainable and enable, rather than obstruct, the implementation of sustainable approaches to development of others, not least developing countries. The particular situations of developing countries must be fully recognised and assistance provided in order for them to be able to develop sustainably in full respect of their sovereignty and democratically agreed priorities.

High-income countries must show their willingness and determination to bring about real changes that radically transform the way economic development is envisaged. Emerging countries that are growing quickly and transforming their economies must take on the increased responsibility that this brings for ensuring sustainable practices are at the core of their strategies. **Greening the Economy alone will not bring about sustainable development.**

Increased liberalisation has shown its limits. In too many instances **economic growth has increased inequalities** with poorer sections of societies benefiting least. **Human**

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development and environmental protection must be at the core of analysis and actions for sustainable development to be achieved.

Adherence to human rights, the effective promotion of equitable societies, ensuring better regulation of economic and financial activities to ensure conformity with principles of sustainable development, increasing the coherence between the three pillars of sustainable development, protecting the environment and enhancing democratic participation and accountability are key elements for a sustainable world. They should be reflected in the outcome document of Rio2012. **Ambitious actions and strengthening the institutional framework for ensuring appropriate implementation and compliance with commitments made must be agreed upon at Rio2012.**

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1. Introduction

At the Rio Earth Summit in 1992 the international community adopted a set of principles and obligations in response to the global challenges to pursuing sustainable development. These addressed development and environmental protection, as well as the need for global responses to the supranational problems of poverty, social inequity, desertification, global warming, loss of biodiversity and deforestation. The Rio Summit endorsed the principles of sustainable development including that of common but differentiated responsibilities, with a view towards an equitable use of the world's finite resources for the benefit for all.

As the world prepares for the 2012 United Nations Conference on Sustainable Development (UNCSD) that will mark the 20th anniversary of the Earth Summit the need to tackle global environmental problems and to put in place a just and sustainable management of the world's resources has become more urgent than ever before. **Too many people, particularly people living in poverty and vulnerability do not have access to their basic rights because of the disastrous consequences of unsustainable practices**. While there has been increased consciousness about the challenges facing the global community, and some actions have been taken to promote sustainability, **overall there has been a marked failure to implement the commitments made at the Rio 92 Summit** despite the recognition at that time of the urgent need to adhere to the principles adopted by the international community.

The failure extends to the Johannesburg Plan of Action of 2002 and other UN Summit outcomes related to the social and economic dimensions of sustainable development. This includes the commitments of industrialized countries to provide the means (financial resources and technology transfer) to implement the Earth Summit's agreements that they have failed to honour. Industrialised countries have also failed to provide the leadership needed to change production and consumption patterns, particularly in their own countries, that are crucial for sustainability to be achieved.

Human activity has been the major cause of environmental degradation, climate change and social disparities, which are threatening our very existence. Scientific and technological developments have brought unprecedented benefits to large numbers of people, particularly in so-called 'advanced regions' of the world, but with the consequence of unsustainable ways of living. **The development path pursued by the world's wealthiest nations has drawn disproportionately on the planet's non-renewable natural resources** and continues to do so[1]. This responsibility for creating the current global challenges must be fully understood and recognised and actions to achieve far-reaching transition must be undertaken. **This requires radical and urgent transformation in current approaches to the economy and to patterns of production and consumption that are promoted towards a low carbon economy and sustainable lifestyles**.

Rio2012 constitutes a major opportunity to give new impetus to promoting an approach **that can fulfil the principles of justice, equity and sustainability. These are fundamental for the future. The outcome of Rio2012 must build on the principles and commitments adopted in 1992 and 2002, which constituted major progress in the way in which economic development should be understood**. The summit will take place in a context where successive crises illustrate the increasing vulnerabilities that we collectively face, largely resulting from the accumulating effects of past economic, financial and development strategies and practices. These crises have a devastating impact on increasing numbers of people around the world,

[1] WWF's Living Planet Report shows that we are currently using 50% more natural resources than the earth can sustain. The EU and other high income regions are using five times the amount of natural resources than those of low income countries (WWF's response to the public consultation on the EU position for the 2012 UNCSD)

particularly in poorer countries and communities. Their negative impact on strategies to promote sustainable, just and equitable development will grow, and be exacerbated by the interconnections between the different crises. **Our collective ability to respond to these challenges requires drastic changes to policy approaches in line with the principles adopted in 1992**.

The stated commitment and willingness of some countries to make Rio2012 a success is to be welcomed. However, **acknowledging the need for radical changes in approaches to the economy are fundamental** to a successful outcome. **Our collective ability to move towards a sustainable planet will only be achieved when we address the inequalities** that are the source of injustice experienced by people and communities in different parts of the world.

We believe that the **concept of Green Economy, for which there is no common understanding and conceptualization at the global level, gives too much emphasis to environmental aspects of sustainability**, but may fail to address the equally critical questions of social equity, economic justice and political inclusion. It relies too much on changes in practice that are more ecologically sustainable than in the past, and the use of new technologies that contribute to this objective, but do not address fundamental changes that will impact on all aspects of our lives. **Changes based only on modifications to existing approaches will neither tackle the root causes of poverty nor imbalances within the current macroeconomic system that are central to past unsustainable practice**.

2. Recognizing the principle of Common but differentiated responsibilities and its implications as a prerequisite for sustainable development

As nations that enjoy relative wealth, and which have consumed a disproportionate share of the world's natural resources to achieve their position, **high income countries need to demonstrate their commitment to make the far reaching changes needed to achieve global sustainability**. They need to act both towards their own economic, social and ecological framework, as well as in their interactions with the rest of the world.

Acknowledging in international agreements and practices the special situation and needs of developing countries must also be systematic in compliance with Principle 11 of the 1992 Rio Declaration. Sustainable development standards, objectives and priorities should fully take into account "the environmental and development context to which they apply".

Since the actions of industrialised nations have contributed most to creating the global environmental problems we collectively face, they **should actively assist developing countries in mitigating and adapting to the adverse effects they now face, not least to climate change that is one of the results**. The provision of adequate financial resources and facilitating technology transfer (providing that the precautionary principle is fully recognized and applied) are urgent obligations to be taken, but by no means the only actions needed.

Because of the disproportionate influence that high income countries have on international relations, as is increasingly the case for emerging economies too, and because of the impact of their policies on other countries' development, **Policy Coherence for Sustainable Development must be recognized as a guiding principle at Rio2012 and appropriate mechanisms must be put in place to control compliance with this principle.**

Putting in place the actions needed to address the threats to sustainability requires an analysis, understanding and acknowledgement of challenges. In preparation for Rio+20 every country**, region and the global community as a whole must update past analysis and clearly define the problems we face today.**

Taking the actions necessary to change approaches to the economy, and to put in place effective mechanisms for the sustainable management of natural capital and resources will inevitably impact on economic actors. The Green Economy will create new "green jobs" but will also destroy "brown jobs". Thus, during the transformation process towards the Green Economy some individuals, groups, communities and countries will lose[2] whereas others will win. This has to be addressed by **identifying those affected, quantifying their losses and benefits against a business as usual scenario and creating compensation mechanisms.**

3. The limits of the Green Economy

Tackling inequities is central to Sustainable Development

International definitions of sustainable development, to which the international community subscribes[3], are rooted in the Brundtland Commissions original definition of sustainable development namely "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". In this perspective, sustainable development is about improving the well being of both present and future generations, which in turn is concerned with social, economic and inter-generational justice.

Eradicating poverty, diminishing inequalities, striving for more inclusive and just society, an adherence and respect for the environment and ensuring accountability should be core pillars and goals of any sustainable development strategy[4]. This requires the effective representation of developing countries in international fora. It also requires increased participation by citizens, civil society organisations and other stakeholders at all stages of public policy formulation and implementation – be it local, national regional or international. A transformation is needed in the way we design and implement policies as well as in the way we do business**;** systematic evaluation of long term versus short costs and gains, based on sustainable development principles and objectives, should be undertaken and transparency ensured by making the results available to stakeholders and concerned citizens.

Transforming economies so that they draw less on finite natural resources and utilize increased proportions of renewable resources is an important aspect of any strategy for achieving sustainable development. A "Green" economy less dependant on natural resources will continue to promote inequity unless other fundamental changes are also made. Delinking can even exacerbate inequalities if ownership and control of new technologies remain in the hands of existing dominant economic actors. **Broader approaches are needed that ensure sustainability, and in which social dimensions of the economy, and the right to development are explicitly recognized[5] and addressed**. This will promote a balance between human

[2] e.g. in order to transform the fishing industry into a sustainable industry many fishers will have to loose their jobs

[3] These include the Brundtland Commission definition, Rio 1992 Definition, SDS 2006, SDS 2009, COM (2005),

[4] Development strategy understood here as the strategy followed by the EU for its own development, but also the one it promotes through its development policies in developing countries as well as the development model put forward by the EU in international fora.

[5] As stated in principle 5 of the 1992 Rio Declaration on Environment and Development poverty eradication is a requirement and a goal in itself of sustainable development. Policies that foster poverty eradication based on the principle of equity and following a human rights based

development and environmental responsibility as equal and interdependent pillars of sustainable development. Furthermore, it necessitates acknowledging that actions taken within national boundaries can cause environmental, social and economic impacts beyond national jurisdictions, requiring cooperation in the development of international law that allows for independent judicial arbitration in such cases[6].

Strategies to achieve Sustainable development must go beyond resource efficiency and technological innovations

By analysing the example of the EU's position towards Rio+20 the general limits and concerns over the concept of Green Economy can be highlighted.

The idea of rethinking the conventional model of economic progress is envisaged by the EU[7]. This rethinking is primarily based on the notion of a transformation to a Green Economy which is closely linked to the concept of efficiency, as developed in the Europe 2020 strategy[8]. The EU's flagship initiative "A resource efficient Europe" is emphasised by the Commission and the Council as being particularly relevant for the EU's position towards Rio+20. While the overall objective of this initiative of "ensuring a more sustainable use of natural resources" is an important factor, and valuable proposals for policies and strategies such as decoupling natural resources use from economic growth and phasing out environmentally harmful subsidies are put forward, much emphasis is placed on technological innovations. **An approach that relies too much on technological innovations, but remains fundamentally unchanged will invariably fail**[9]. The impact of technological innovation can be positive for sustainable development but we must acknowledge the limitations as well as there remains the potential for detrimental unintended side.

Relying too heavily on the magic bullet of technological innovation to mitigate the consequences of current unsustainable practices allows governments, the private sector and citizens to believe that fundamental change is not necessary, and to consequently avoid taking responsibility for their unsustainable practices. It also carries risks from unintended side effects that trigger new challenges to the sustainability of the ecosystem. These risks could be magnified without adequate and rigorous verification of the potential impact of these new technologies, particularly where their promoters seek early deployment ahead of any competitors, so as to maximise benefits to themselves. **Fully respecting the precautionary principle should be the absolute priority.** New innovations (i.e geo-engineering techniques, nano-technology or synthetic

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approach should be implemented in a green economy approach to development but also independently of it so as to ensure the integration of all in society

6 Principles for the Green Economy, A collection of principles for the green economy in the context of sustainable development and poverty eradication; Stakeholder Forum, Bioregional, and Earth Charter Initiative 2011. See also Principle 2 of the Rio declaration on Environment and Development: "States have, in accordance with the Charter of the United Nations and the principles of international law, the sovereign right to exploit their own resources pursuant to their own environmental and developmental policies, and the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction.

7 "There are compelling reasons to fundamentally rethink the conventional model of economic progress: simply working at the margins of an economic system that promotes inefficient use of natural resources, will not be sufficient in bringing about change" (EC Communication: Rio + 20: towards the green economy and better governance", p.5)

8 The EC Communication uses the framework of the 2020 strategy to formulate its position towards sustainable development and therefore towards Rio + 20. The communication does not bring anything new or original to the table in terms of sustainable development. The EU 2020 strategy cannot be considered a sustainable development strategy – revisiting or revitalising the 2006 Sustainable Development Strategy would have been more appropriate.

9 As set out in the Commission's communication "A resource-efficient Europe – Flagship initiative under the Europe 2020 Strategy"

biology) have the potential to contribute to sustainability, but must be subject to **rigorous systematic impact assessments**[10] **that are subject to independent external evaluation**, where there is scientific uncertainty and the possibility of irreversible damage (Principle 15 of the 1992 Rio declaration).,

Furthermore, **sustainable development is a concept that goes beyond resource efficiency**. While recognising that the question of efficiency needs to be addressed in any economic model, **radical reforms are needed to the current model if the multi dimensional aspects of sustainability are to be properly addressed**. Reforms that deal **with production and consumption patterns, social and political rights as well as economic practices towards more regulation and equitable redistribution of resources are needed**.

Natural capital must be protected and managed under different economic mechanisms

The current definition for the Green Economy[11] adopted by the EC and the Council of the EU focuses on growth and job creation. Such an approach does not in itself tackle inequity, essential to achieve sustainable development, or necessarily result in the eradication of poverty. In addition, the ambition to eradicate poverty by investing in natural capital is unlikely to be realized in an economic system that prioritizes monetary value. Although it is argued that this provides the best mechanism for ensuring an efficient use of the resources, in reality the emphasis on generating monetary returns tends to promote short-term gain rather than longer term objectives including inter-generational justice. Speculative tendencies are inherent within current predominant economic approaches which can be detrimental to sustainability, particularly as the “natural capital” on which the world’s sustainability depends is seen as an opportunity to generate financial gain through speculation. Current economic approaches encourage the acquisition of such assets by private interests whose primary interest will be in generating profit, and not as an asset for long term preservation, or sustainability. Their true value will be grossly misrepresented.

Natural capital is essentially the stock of natural ecosystems that yields the flow of valuable ecosystem goods or services into the future. With this in mind, **natural capital must be maintained and managed under fundamentally different economic mechanisms than those we currently have in place**. The promotion of recycling and reuse of natural resources as a more sustainable approach for the use of those resources requires regulatory intervention. In an economy that is driven by growth and depends on increases in production, the demand for material input grows.

Policy promoting the notion of natural capital must serve to change fundamental behaviours that lead to the exploitation and degradation of natural capital. A sustainable management of natural capital, and the kind of investment required for natural capital to be utilised as a sustainable asset requires a regulated, redistributive and resilient economy that serves to eradicate poverty by placing the principle of equity at its core.

There is an urgent need to revert to sustainable production and consumption patterns, and the limitations of the earth’s resources must be acknowledged. **The value of natural capital must be integrated into the economy, but not as a disposable commodity**. This value, and the quantifiable costs associated with its

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[10] The ETC group has produced very interesting reports on this issue: http://www.etcgroup.org/

[11] EC definition of a green economy is “an economy that generates growth, creates jobs and eradicates poverty by investing in and preserving the natural capital offers upon which the long-term survival of our\planet depends”(EC Communication: Rio + 20: towards the green economy and better governance”, p3)

use should be fully reflected in costs of production. This will impact on patterns of production and consumption, and would contribute to more sustainable practices.

The Convention on biodiversity signed at the Earth Summit must be adhered to and strengthened so as to protect and restore the genetic resources of our planet and natural habitats which are crucial to human wellbeing. A system of governance is needed to prevent any further irreversible damage.[12]

Natural capital is an asset that belongs to everyone, over which a system of democratically accountable stewardship is entrusted to ensure they serve the interests of all, in the present and in the future. If the concept of the Green Economy is to be meaningful it must derive from an approach that is people centred, sustains and protects the ecological basis of our planet of which we are a part, and on which we depend. The current definition must be broadened to one that places the characteristics of a social economy[13] and ecological protection at its core.

Trade should serve poverty eradication and sustainable development

Trade needs to be fair and pursued through sustainable practices. The global trading system is dominated by prominent and powerful trading interests, who have disproportionate leverage in the setting of trade rules. In this context the adoption of new restrictions promoted by major trading nations in the name of sustainability raise concerns over their potential use as additional conditionality towards countries with less leverage in the trading system. It is already difficult for many producers in developing countries to access global markets, the promotion of sustainable development should not be used to increase this trend and constrain the development of already poor countries. Much of the scepticism from developing countries regarding the Green Economy is based on concerns that new restrictions will be inappropriately used by more powerful trading nations for trade protectionist purposes. In particular, rich countries may use this to justify unilateral trade measures against the products of developing countries, or to impose product and technological standards that impact on producers in developing countries. **Trade should be a supportive tool to processes of sustainable development, while avoiding green protectionism between countries** (as stated in Principle 12 of the 1992 Rio Declaration). For those purposes, **trade agreements that organize global trade flows should be revised and reshaped for the benefit of developing countries,** including allowing developing countries more flexibility to support agro-ecological agriculture in order to reflect the principle of special and differential treatment and ensure the right of countries to regulate for the benefit of sustainable development objectives.

4. Equity, Empowerment, Human rights and Democratic Participation as central to sustainable development

The first Principle of the Rio Declaration on Environment and Development stated that "human beings are at the centre of concerns for sustainable development". **In this perspective promoting social, gender, economic and environmental equity, the reduction of inequality and the observance of human rights should be the basis of any development strategy**. This requires the acknowledgement of (disproportionate) responsibility for the consequences of past and current actions and practices, and a commitment to make the changes necessary to ensure sustainability.

[12] Principles for the Green Economy, A collection of principles for the green economy in the context of sustainble development and poverty eradication; Stakeholder Forum, Bioregional, and Earth Charter Initiative 2011.
[13] These characteristics may include combining private enterprise with government regulation to establish fair competition, low inflation, low levels of unemployment, good working conditions, social welfare, and public services,

This can only be achieved **by engaging citizens** in such processes of change (Principle 10 of the 1992 Rio Declaration), pursued with **full transparency and accountability**. Ensuring access to information, raising awareness on sustainable development issues and improving participation of citizens and stakeholders in decision making processes are key elements for sustainable development; a development based on democratic ownership and accountability.

The present major challenges will only be overcome by **bringing coherence and harmony between global sets of goals, actions and regulations with bottom-up approaches retaining the focus at the local level**. As these global challenges are interrelated, enhancing coherence between policies must be the overall priority at the global, regional and local level. **A human rights based approach to development priority should be taken to addressing poverty in financing and development strategies with a particular focus on women**.

Food security

A challenge facing the world is to feed 9 billion people by 2050. The majority of people living in absolute poverty live on small farms. Yet small holder farmers are responsible for growing much of the world's food. **Agro-ecological[14] approaches to agriculture have proven effective in increasing yields while at the same time acting to protect the environment**. Efforts to ensure sustainable development need **to include these small farmers. Recognition must be given to the role of women who produce 60-80 percent of food in most developing countries**. They are responsible for preparing food, and are the primary caregivers.

A woman's nutritional status is critical not only to her own health but also to her ability to maintain a secure livelihood and ensure that her children are properly nourished and healthy. Women therefore play a critical role in tackling food and nutrition security, and ensuring sustainability. Food production however, is not necessarily synonymous with production of nutritious foods. As such they have a perspective and understanding that is crucially important for defining effective approaches that help ensure sustainable development.

Meeting increased demand for food must primarily be about producing the right type of food, foods that contribute to dietary requirements.

Energy

Access to energy is fundamental to achieving poverty eradication and is a prerequisite for social and economic development. The huge potential in developing countries to develop and rely on renewable energy is acknowledged by many. However, the choice of strategy towards harnessing this potential will be critical for determining whose interests that are really being served.

Globally 1.5 billion people are currently without access to electricity, the majority of them living in rural areas. Achieving increased equity in access to reliable and affordable sources of sustainable energy is central to reducing inequalities and enabling people to fulfil their potential. There is a predominant use of traditional biomass fuels for cooking which impacts on health and contributes to environmental damage. According to forecasts the need for energy is going to exponentially increase in the coming decades. For poverty to be addressed and sustainable development ensured, **prioritization needs to be given to providing access to renewable energy through small scale decentralized energy projects**. There is a

[14] in contrast to agro-business

particular need for this in many least developed countries. Giving undue prominence to large scale energy programmes for which the primary objective is not the provision of access to the majority must treated with caution. In addition, **the sustainability of controversial energy generating schemes such as biofuel, nuclear energy or hydroelectric must be assessed not only on their projected carbon emissions, but also on their social, economic and ecological impacts in both the short and long term**.

Furthermore, to ensure that energy access will benefit people living in poverty the particular social, economic and environmental **situations in those countries should be assessed and taken into account in establishing strategies and targets**. **The rights of communities must also be fully respected**.

Improving energy efficiency in industrialised countries and helping developing countries to achieve efficient use of natural resources is also crucial to ensure sustainable development. Diversifying energy sources is important for energy security; over relying on one source of energy for power generation such as hydropower or imported fossil fuel cannot ensure sustainable access to energy. **There is an urgent need to scale up investments in small scale decentralised energy projects, renewable energy and energy efficiency practices.**

Policy coherence for sustainable development is also an important concept to take into account and comply with in this context; countries' energy needs and their strategy for ensuring sustainable energy supplies must not be pursued in conflict with the needs of people in developing countries[15].

Social protection and justice

Social protection is recognised as an aspect of the right to livelihood and social security. In a number of developing countries social assurance schemes are being put in place, mostly for formal sector employees. In most countries the majority of people remain outside the system, including those living in poverty, with the least security and most vulnerable. The promotion of decent work is an important part of the social protection agenda and encompasses a broad set of issues, but for most developing countries additional provisions will need to be put in place for all parts of society to be covered.

In the context of the preparations for Rio+20 social protection and equity can be seen as being critical for developing a Green Economy. **A sustainable Economy cannot be achieved without involving all parts of a society**, without empowering people, without educating people, without social justice and people subject to living in poverty. **Social protection needs to be extended to all as a right, and not just to those in formal employment.** The provision of universal social protection is a role in which the international community as a whole must take responsibility.

5. Going beyond GDP is imperative to correctly measure sustainable development

The domination of GDP per capita as a principal indicator of a country's development is inadequate for assessing the well being of its population. New indicators that go beyond GDP need to be used in order to

[15] For example, efforts made by the EU to follow a more sustainable path via climate change mitigation strategy and encouraging the use of renewable energies are to be commended, but the EU's strategy for achieving renewable energy targets by using first generation biofuels raises serious concerns. It has resulted in land grabbing in many developing countries by private sector firms – many of which are European. The result has been the violation of the rights of communities who have been displaced from the land on which they have been settled, and subsequently lose their livelihood.

enable an effective approach to sustainable development to be pursued. These indicators should **fully take account of and integrate the three dimension of sustainable development**. **Well being should be redefined and human and environmental health in addition to the quality of life and social equity should be measured**. Further, while it is important to widen the concept of well-being beyond income, the sustainability component needs to be measured as depletion (or renewable use) of "assets". While this is not an easy task, science is well advanced in the case of the atmospheric "space" and its depletion by gas emissions and in the case of fisheries. Unsustainable production and consumption patterns can be identified and changes in them can be measured.

These should also build on already existing initiatives such as the Human Development Index, the Better life Index, the Basic Capabilities Index, the Stiglitz commission's proposals or the International System for integrated Environmental and Economic Accounting (SEEA), amongst others.

6. Financing for sustainable development

Despite the world's current financial challenges significant levels of financing will be required from advanced countries for the implementation of strategies to achieve effective approaches to sustainability. The private sector has an important role to play in this respect, within the context of a regulated framework, but this cannot be a substitute for public financing.
Commitment to achieve the development aid target of 0.7% of GDP by 2015 must be renewed; such promises need to be kept for developed countries to retain their credibility. **The commitment for new and additional finance towards tackling climate change also needs to be recognised within this context.**

New forms of innovative financing that have been under discussion for more than a decade can also be an important contribution towards the implementation of sustainable development strategies. **The proposal for a financial transaction tax (FTT) should be taken forward, not only as a mechanism to generate financial resources but also as one means to reduce instabilities from speculation.**

Ultimately the ability to effectively utilize much of these financial resources will rely on mechanisms that enable collective action to be pursued by the international community as a whole. These mechanisms need to operate with integrity and in accordance with principles underlying the concept of sustainable development. [16]

Taxation systems need to be revised so that they promote sustainability. Taxation has an important redistributive role, and this needs to be encouraged in the outcome of the Rio 2012 conference. It can also encourage sustainability by penalising unsustainable practices and encouraging goods ones. These systems must **be based on the principle that polluter pays**, **and all subsidies that undermine sustainable development must be eliminated**. **Sustainable practices must also be encouraged while more equitable distribution of the fruits of economic growth must be ensured**. In developing countries, assistance should be provided to enable efficient tax systems to be put in place. In our current economic system too often taxation schemes favour unsustainable practices and contribute to increasing inequalities, this must change.

[16] In particular World Bank climate funds have come under fire recently (Bretton woods project articles) etc. CAN Europe criticisms.

7. The Role of the Private Sector in a Changing Economic Paradigm

Private sector actors are central to economic activity – as producers, service providers, and innovators. They serve society, promote development and are crucially important for enabling a sustainable economy to be realised. Their ability to perform these roles depends on their viability, and on their ability to generate financial returns on their activities. Through their activities they contribute to the welfare of society, and respond to consumer demand. However, their need to remain viable and to generate financial returns does not automatically lead them to pursue sustainable practices. Recognition of the need for a regulatory framework is well established. The role of the private sector in promoting sustainable economies requires appropriate regulatory frameworks

Distinctions also need to be made between different actors within the private sector and the roles that they play. The role that small local enterprises play within their local community is very different from that of a transnational corporation with their leverage over markets, products, consumption patterns, trade rules, and indeed decisions taken by governments. Between these two extremes lie many variations.

Too often regulatory regimes in many countries are inadequate – in terms of environmental, social and financial policies. In addition tax systems are often not in place, ineffective, and/or distorted This enables private sector interests to be pursued, which are intrinsically driven by profit making, and which are not necessary compatible with sustainable approaches, or with promoting social justice. Some donor policies and current economic approaches tend to re-enforce this situation, in part to encourage foreign investment.

For the contribution of the private sector towards sustainable development to be maximised there is a need for adequate regulatory mechanisms to be in place. A regulatory framework must ensure that private interests respect environmental sustainability. Modifying regulations so as to provide incentives that merely "encourage private green investments" without attaching obligations to private sector's activities (European Commission's communication) will not be enough. **A proper assessment of human rights and environmental implications of present and future activities should be systematically undertaken, with appropriate actions being available to counter adverse results.** In addition, solutions such as cap-and-trade regulations across all developed countries have yet to prove their validity and the first steps in that direction have been met with financial speculation and abuse of the system leading to windfall profits for private agents.

Applying the UN principles of Corporate Social Responsibility, establishing independent control mechanisms and ensuring democratic accountability as well as implementing the UN "Protect, Respect and Remedy" Framework for business and human rights should be made mandatory at Rio2012. There is also a need to establish **binding country by country financial reporting as an international standard applying to all multinational companies, to adopt automatic, multilateral information exchanges which take account of the needs of developing countries, and sanctions should be imposed on countries that practise banking secrecy and make transactions to such jurisdictions.**

Sustainability will only be possible through promoting social and economic justice for all, and **where public rights are given preference over corporate privileges**. **The rights of indigenous peoples require special attention**, and the importance of their participation in debates and actions for sustainable development should be fully recognized and promoted, as stated in Principle 22 of the Rio92 Declaration on Environment and Development.

8. The institutional Framework for Sustainable Development

The international community must identity goals, targets and indicators for sustainable development that are based on and incorporate the three dimensions of sustainability. It must also recognise the importance of achieving the Millennium Development Goals (MDGs) as an important essential step towards achieving sustainable development. **The conference must recall the commitment to the achievement of the MDGs by 2015. New sets of commitments and goals for sustainable development should not be used as a substitute for the MDGs but build on them and re-enforce the potential for their achievement.**

Reforms must be adopted that strengthen the international institutional framework so as to ensure the implementation of commitments by the international community. The global mechanism overseeing the implementation of sustainable development objectives should be strengthened by increasing the scope of its mandate and enhancing its capacity to ensure compliance with international commitments made on sustainable development. Such **mechanisms must be transparent, accountable and adhere to democratic principles. They must encompass in a coherent manner the three dimensions of sustainable development and not favour one at the detriment of the two others.**

This could include establishing an **ombudsperson or commissioner to safeguard environmental and social conditions for present and future generations both at UN level and replicated nationally**. At national level, ensuring **better coherence and consistency between different policy portfolios** such as trade, environment, economy, finance, development or social cohesion is a priority. The same applies at international level**, linkages between institutions or organisations working on trade, development, finance or environment must be enhanced and an integrated, consultative and participatory approach to sustainable development must be adhered to**. **The participation of all stakeholders should be encouraged and ensured in all relevant fora and at every level.**

9. Conclusions

The recent crises have shown the limits of our economic model, one that has been promoted for decades by the world's most powerful nations. Despite increased trade and economic growth, inequalities between and within nations have not diminished but on the contrary have increased[17].

Increased liberalisation will not deliver development, understood as a multidimensional concept encompassing economic, environmental and social progress, and even less sustainable development, a development where the notion of intergenerational equity determines the way policies are shaped and implemented.

On the contrary this model has led to increased instability, the emergence of multiple crises in part resulting from an inadequate global regulatory framework, an over emphasis on personal accumulation of wealth and inequitable global mechanisms, environmental degradation and increasing social inequalities. Our development model can only be sustainable by undertaking profound radical changes in the way we

[17]The Social Watch Basic Capabilities Index shows that "world exports multiplied almost five times between 1990 and 2010 and income more than doubled" but "progress against poverty slowed down" http://www.socialwatch.org/node/13775

envisage economic development. The concept of the Green Economy is interesting through an environmental and economic point of view but it is too restrictive; it does not encompass the level of change needed for sustainable development nor does it sufficiently integrate the social dimension of sustainable development.

The structural imbalances in the global economic system that perpetuate inequalities and trap millions in cycles of poverty must be addressed. Redistributing power and putting in place democratically managed control and regulatory mechanisms that seek to enhance and protect public rights as opposed to corporate privileges are of crucial importance.

The purpose of policy should be to put people at the centre of any strategy and to ensure social, economic and environmental security. Sustainable development needs a proper balance between the three pillars of sustainable development and promoting equity. This will not only address poverty and contribute to economic development but has the potential to reduce conflict and foster increased tolerance. Sustainable development in all its manifestation must be central. A nation’s policies should promote sustainable development without undermining that of other nations.

Rio2012 is an important opportunity to build on past commitments and secure their implementation. Governments need to recognise the urgent need to effectively address the challenges of past and present unsustainable practices and to commit to the far reaching changes that are necessary to place human development and environmental protection at the core of international relations and of the development model.

Contributions from stakeholders should be taken fully into consideration to ensure a good outcome at Rio2012. Unsustainable practices affect all of us and enhancing citizens’ and stakeholders’ participation is a key principle of sustainable development (principle 10).

Adopting binding internationally agreed time bound commitments and strategies for their achievement must be the ultimate objective of the Rio2012 conference. To achieve this requires the involvement of government leaders at the highest level. Countries must be represented at the level of Head of State and/or Governments in order to give the conference the importance it deserves.

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