



XV International Colloquium

The Role and Impact of International Institutions on Economic Theory and Policy

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Session 2: *The Role of International Non-governmental Institutions for Sustainability: Selected Cases of Business and Environmental NGOs*

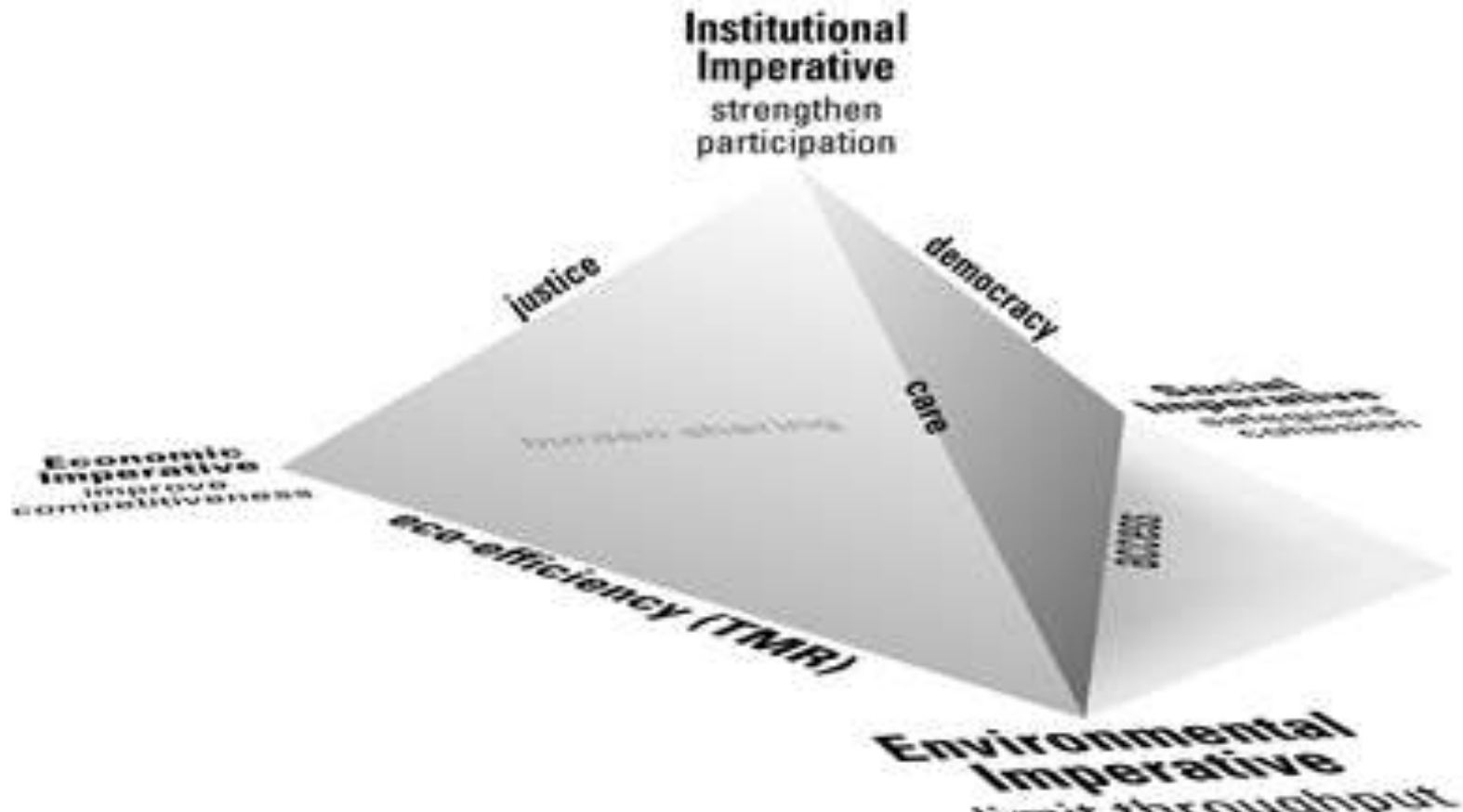
Zbigniew Bochniarz

Kozminski University, Warsaw, PL & University of Washington, Seattle, US
World Academy of Art & Science

What is Sustainability?

- Sustainability => **maintaining a dynamic balance of a system** with its major elements interacting with each others and its relations with the higher system
- For the **global environment** sustainability => the **Earth basic ecosystems are dynamically balanced** and **life on the planet secured**.
- For **human beings**, sustainability => the long-term **maintaining their carrying capacity** securing **non-declining wealth** and **reproduction**:
 - limitation to natural endowments (**natural capital**) making the foundation for carrying capacity (total capital)
 - securing intergenerational equity (Pezzey & Toman 2002).

The Prism of Sustainability: normative



Some Implications of Four Dimensions Sustainability Concept

- Since **the 4th Institutional dimension** was introduced, the old formula of triple-bottom-line (**TBL**) implemented in the 1990s has to be replaced by **quadruple-bottom-line (QBL)** to operationalize and manage the new sustainability concept.
- Effective management of sustainability requires precise identification of the basic **five types of capital: natural, manufactured and financial (material) and human and social (non-material)**
[Sigma Project, UK 2003]

Managing Sustainable Development: Non-declining Total Capital



Figure 1.6.1.1. Guiding principles of sustainability. Source: The Sigma Project (2003)

Further Implications of the Institutional Dimension of Sustainability (1)

- For designing, building & maintaining **institutions** – **Human (HC) & Social Capital (SC)** are the most important
- **SC** is a **special type of capital** resulting from investments in building relations, institutions and networks that produce **collaborative** attitudes, **shared norms & values**, mutual understanding & **trust** – critical factors for **sustainable development**
- **Institutions**, as repetitive social interactions (practices), are products of **SC**, which **value depends on time invested in building relations** (more participation = higher value)

Further Implications of the Institutional Dimension of Sustainability (2)

- **Institutions** represents, first of all **norms, rules & shared values** – both **formal & informal**
- **Institutions** exist as **organizations** (state, firm) or as **system** of rules and norms (**constitution, laws**)
- In order to contribute to sustainability, **Institutions** should meet the **sustainability criteria** for themselves: **incentives, efficiency & subsidiarity** (Hurwicz 2000)
- This presentation focuses on international formal non-governmental organizations influencing global sustainability: **ICLEI—Local Governments for Sustainability & the UN Global Compact.**

The Role of the ICLEI – Local Governments for Sustainability (1)

The movement of the local government leaders concerned with the global environment has a long tradition in North America.

=> A meeting of 35 Canadian and US leaders in Irvin, CA in December 1989 developed the initial concept of the **International Council for Local Environmental Initiatives (ICLEI)**

=> The first World Congress of representatives of 200 LG leaders from 43 nations in September 1990 => Charter and Strategy (**A Non-governmental Institution**).

=> 2003 the International Council became **ICLEI—Local Governments for Sustainability**.

=> 2018 – this is the **global largest organization** of LG & regional governments with over **1500 members from more than 100 countries**.

=> The **largest** – more than half of the all members - and the most dynamic is the **US chapter**.

The Role of the ICLEI – Local Governments for Sustainability (2)

ICLEI USA's first program - the **Cities for Climate Protection™ (CCP)**, the **world's first and largest program** supporting cities in climate action planning using a ***Five Milestone*** process to measurably and systematically reduce greenhouse gas emissions.

By 2018 more than **1,500 US LGs** have utilized this **CCP frameworks** for climate action.

Globally the ICLEI Network helping to become **sustainable, low-carbon, resilient, ecomobile, biodiverse, resource-efficient & productive, healthy & happy**, with a **green economy & smart infrastructure**, impacts **over 25%** of the global urban population.

The Role of the ICLEI – Local Governments for Sustainability (3)

Other global impacts:

- Built a **global sustainability network** of more than **1,500 LGs**
- A **network of 15 offices and global centers** on all continents, with technical expertise and experience.
- Providing **leadership in linking LGs to global policy processes & multilateral environmental agreements.**
- More than **50,000 LG officials** have benefited from more than **1,000 capacity building** events organized by ICLEI
- Efforts of more than **1,000 cities participating in the CCP Campaign** resulted in **annual emissions reductions of more than 60 million tons CO2e.** [<http://www.iclei.org/> & <http://www.icleius.org/>- April 2018]
- Active participation in all **COP** meetings influencing **global CC Policy.**

The Role of the UN Global Compact for Sustainability (1)

Established in 2000 private-public organization based on voluntary commitments of CEOs to meet the following Ten Principles – principles that shape the values – the culture of sustainable corporation:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

The Role of the UN Global Compact for Sustainability (2)

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

[www.unglobalcompact.org. April 2018]

The Role of the UN Global Compact for Sustainability (3)

The Mission: *Mobilize a Global Movement of Sustainable Companies and Stakeholders to create the World We Want.*

Dynamic growth of the Organization:

From **43 business in 2000** to **9,413 in 2017** (4,722 in Europe)

Some other figures:

- **163 countries** with Global Compact companies
- 28% of *Fortune 500*
- Employed 66M people
- **76 Local Networks**
- 7,448 have been **expelled** from the Organization
- 3,056 Non-business participants
- Over **1,900 members** (22%) responded to the 2017 Survey
=> Over 90% reported to have **Ten Principles in place**

The Role of the UN Global Compact for Sustainability (4)

The new Commitment of the Global Compact to the **17 Sustainable Development Goals (SDG)** since 2015

The 2017 Survey results:

- **68% companies** consider adherence to sustainability in their supply chain; **17% companies** requires such commitments from their partners but less than **10% regularly monitor** their partners SD performance
- **75% respondents** reported taking action on SDG:
- **49%** targeted SDGs 8 (jobs) & 3 (health)
- **45%** targeted SDG 5 (gender equality)
- **42%** targeted SDG 4 (quality of education)
- **40%** targeted SDG 12 (responsible consumption)
- **39%** targeted SDG 9 (innovation & infrastructure)
- **37%** targeted SDG 13 (climate action)
- **35%** targeted SDG 7 (clean energy)
- **32%** targeted SDG 10 (reduced inequalities) & 6 (clean water & sanitation)

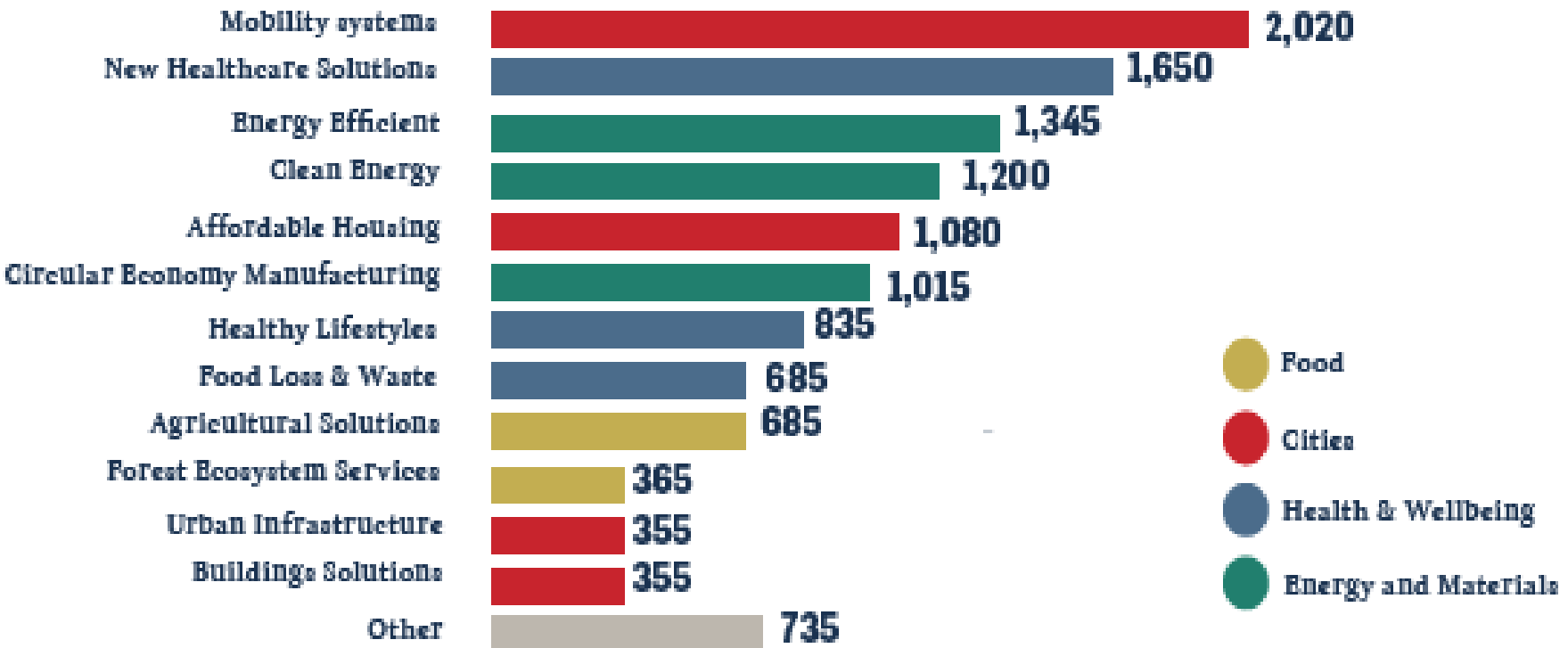
[www.unglobalcompact.org. April 2018]

Is there any Future for the UN Global Compact and other Sustainable Businesses and Cities?

Business opportunity in delivering the SDGs can generate up to \$12 trillion worth of business value

Largest Opportunities

Size of incremental opportunity in 2030 \$ billions



*Business and Sustainable Development Commission 2017

Reflects the value opportunity in new business models and technologies that can shift each sector to deliver the Global Goals

Conclusions on the Role of Non-governmental Institutions for Sustainability

The selected cases of the International Non-governmental Organizations (INGOs) led us to the following conclusions:

1. INGOS could make a **significant impact** on Sustainability – both **locally & globally**.
2. They reached the age (17 & 25 years) that **prove their own sustainability** based on a great variety of incentives, efficiency & subsidiarity (mostly networks, flat structure)
3. They heavily depend on **investments in human (HC) and social capital (SC)**, which produced **collaborative spirit** and **high level of trust** facilitating sharing knowledge & experiences.
4. Involvement of **leaders representing HC** (e.g. disruptive technologies), complemented by **high investment in SC** contributed to **sustainability** of these institutions founded in **emerging sustainability business and municipal culture**.
5. Finally, these INGOs **confirmed validity of the polycentric approach to resolve global (collective) problems** [Ostrom 2009]

Thank You!

Questions please...