

VOLUNTARY INITIATIVES:

CURRENT STATUS, LESSONS LEARNT AND NEXT STEPS

UNEP DISCUSSION PAPER

Based on the
UNEP Multi-Stakeholder Workshop on Voluntary Initiatives
20 September 2000, Paris

For ongoing dialogue with partners and stakeholders
and for background information

TABLE OF CONTENTS

1. Introduction.....	3
1.1 Background.....	3
1.2 General overview of voluntary initiatives	4
1.3 National and international actors	6
1.4 UNEP work on voluntary initiatives	7
1.5 Global multi-stakeholder dialogue.....	7
2. Current Status and Lessons Learnt	8
2.1 Industry Initiatives: Responsible Care	8
2.2 Government Initiatives: US EPA Partners for the Environment	9
2.3 Joint Government / Industry Initiatives:.....	9
a) National: The Netherlands.....	9
b) International: European Automobile Manufacturers Industry Agreement (ACEA)	10
2.4 Third Party Initiatives:.....	11
a) Sustainable Fisheries Initiative	11
b) Trade Union Involvement and Initiatives.....	11
2.5 UN Initiatives: UNEP Financial Institutions Initiative.....	12
3. Key Messages.....	13
3.1 Voluntary initiatives must be seen as part of an integrated policy and regulatory framework.....	13
3.2 Workers must be involved.....	13
3.3 The role of non-governmental organisations and other stakeholders needs to be clarified.....	13
3.4 Need to determine prerequisites for success.....	14
3.5 UN has an important role to play	14
4. Next Steps	14
4.1 Determine common elements / key criteria for success	14
4.2 Review progress / benchmark best practice.....	15
4.3 Co-ordinate / strengthen international drivers of voluntary action	15
4.4 Continue global dialogue.....	15
5. Conclusions.....	16
List of Workshop Papers and Presentations.....	17
Appendix 1: International Sources of Information on Voluntary Initiatives	18
United Nations.....	18
Other intergovernmental organisations.....	18
Non-governmental organisations.....	19

1. Introduction

1.1 Background

Voluntary initiatives are maturing to the point of growing expectations. Before Agenda 21 officially encouraged their use in 1992, only a handful of voluntary initiatives existed (e.g. Responsible Care, the ICC Business Charter for Sustainable Development). Today, voluntary initiatives number in the thousands: over 300 negotiated government-industry agreements have been surveyed in the 15 European Union countries alone. As voluntary initiatives multiply in use and diversity, it is only natural that they be met with expectations of performance, and closer scrutiny when there is doubt that they will deliver.

At the conceptual level, there is general consensus that sustainable development can not be achieved through a regulatory approach alone. Voluntary initiatives and other tools (e.g. economic incentives, information campaigns, etc) are needed to help meet the complex and urgent challenges of sustainable development, each having its own benefits and limits (see table 1). But when it comes to applying voluntary initiatives in practice, diverging points of view soon become apparent, raising good questions concerning:

- the actual environmental effectiveness of voluntary initiatives;
- their legitimacy and place in the environmental policy mix;
- the role of various stakeholders (and their ability to maintain their independence when entering into partnerships with industry);
- their relevance in today's context of trans-boundary modes of production and consumption (globalisation).

Table 1: Benefits and Limits of Voluntary Initiatives	
<i>Benefits</i>	<i>Limits</i>
<p>Key advantages of successful voluntary initiatives are:</p> <p>Long-term cultural changes in business management. Shift from reactionary, end-of-pipe, and financial-cost attitudes to proactive, cleaner production, economic-savings behaviour.</p> <p>Improved dialogue and trust between industry and government, and industry and the public, leading to more co-operative relationships and greater regulatory certainty.</p> <p>Greater flexibility than regulations, particularly in complex or rapidly changing contexts, offering more ambitious goals, lowering administrative and enforcement costs, and faster implementation than legislation.</p>	<p>Voluntary initiatives can not, on their own:</p> <p>Be applied in areas where there is no business self-interest. The voluntary approach is limited to areas where there is a business interest (e.g. cost-effectiveness, public recognition, avoidance of future regulations, etc) in voluntarily changing behaviour</p> <p>Deal with free riders. Voluntary measures are unable to incite all companies to invest in environmental protection and can not, on their own, deal with negligent or consistently poor performers.</p> <p>Set or enforce emission limits or discharge requirements for individual facilities.</p> <p>Ensure global application. Voluntary measures will need to be developed and applied differently in different cultural and socio-economic contexts. This makes it difficult to ensure that voluntary environmental commitments are equally met globally.</p>
<p>Source: UNEP Industry and Environment review, " Voluntary Initiatives", January 1998.</p>	

1.2 General overview of voluntary initiatives

UNEP categorises voluntary initiatives into five main categories

1. **Industry initiatives**, such as the ICC Business Charter for Sustainable Development, the chemical industry's Responsible Care. They may be company- or industry-specific, or cross-sectoral. But in each case, it is the industry or company which unilaterally decides (although others may be consulted) what goals to meet, how to meet them, and whether or how to monitor and report progress publicly.
2. **Government initiatives** are initiatives in which governments set the goals to be met (usually with consultation with industry and other stakeholders) and monitor the performance of the companies that volunteer to take part. Such voluntary initiatives range from toxic reduction challenges to eco-labelling of products or environmental management systems, from regulatory relief conditions to technological upgrades and innovations.
3. **Joint government / industry (and tripartite) initiatives**, such as negotiated agreements or covenants, are initiatives in which government and industry negotiate the goals to be met, how progress is to be monitored and reported. They may be company or industry sector specific, or cover cross-sector issues (e.g. packaging, energy efficiency). Other stakeholders usually have only a consultative role, except in the case of **'tripartite'** agreements in which labour has equal footing with employers and government (e.g. Brazilian Tripartite Agreement on Benzene).
4. **Third-party initiatives**, such as ISO 14000 and responsible investment standards, can be just as or more influential than industry and/or government voluntary initiatives in bringing about change in business practices. Third parties (non-government, non-business) develop and run the initiative although companies or industry associations are usually involved in an advisory capacity or as members of the organisation.
5. **UN and other international voluntary initiatives**, such as the Global Compact, UNEP Financial Institutions Initiative, and the Global Reporting Initiative, are distinct from other voluntary initiatives as they directly represent the moral authority of international commitments and globally accepted values. They also represent a new way of working for intergovernmental organisations, complementing formal intergovernmental decision-making and commitments with more flexible involvement of a broader range of stakeholders.

Voluntary initiatives vary in form, substance and ultimately, in their effectiveness. The rich diversity of voluntary initiatives is essential to meet the different needs of an industry or country, which may vary according to their socio-economic context and stage of responsible entrepreneurship. But it also makes a tidy classification of voluntary initiatives difficult. Table 2 summarises the different types of initiatives and provides some examples.

Table 2: The Five Categories of Voluntary Initiatives

Category	Management responsibility	Types	Examples
1. Industry initiatives	Industry has exclusive management responsibilities including defining the goals to be reached. Government has no formal role. Third parties may have advisory roles.	Individual company	Numerous corporate examples (e.g. waste reduction / pollution prevention pays programs). Case studies of member companies are provided by, among others, WBCSD and ICC, on their websites or in publications.
		Select companies	World Business Council on Sustainable Development (WBCSD), Global Environmental Management Initiative (GEMI)
		Industry-wide : • Cross-sector	ICC Business Charter for Sustainable Development ('90), Keidanren and Voluntary Environmental Action Plans ('91), Developing Environmental Leadership Towards Action Programme in Maghreb developing countries (Swiss Sustainable Business Associates '96)
		• Industry-specific	Responsible Care (Canada '85, 44 other countries since), American petroleum STEP ('90), Int'l Hotels Environment Initiative ('93)
2 Government initiatives	Government has ultimate management responsibility, from setting goals to monitoring results. Industry and third parties are likely to be consulted in the design of the program.	Regulatory relief	USA Project XL ('95), National Environmental Performance Track (2000)
		Challenge programmes	USA 33/50 (1991), Climate Wise ('94), Persistent, and Bioaccumulative and Toxic Pollutants Initiative ('99), EU EMAS ('97) French Glass Packaging Agreement, Australia Greenhouse Challenge
		Eco-Labeling	European environment product labelling programme, Energy Star Office Equipment (USA, Japan, Thailand, Australia)
		R&D / innovation	USA Partnership for a New Generation of Vehicles
		Technology upgrade	USA Energy Star ('90) and Small Business Partnerships ('96), China Green Lights
3. Joint government / industry initiatives	Government and industry negotiate goals and “co-manage” the initiative, sharing responsibilities for implementation and monitoring. Third parties may have limited advisory role.	Covenants / negotiated agreements	Netherlands Long Term Agreements ('95)
		Tripartite agreements (govt, industry, trade union)	Brazilian Tripartite Agreement on Benzene ('95)
		Official government endorsement	The European Cement Association - Voluntary Initiative to Reduce CO2 Emissions (Netherlands '92; Germany '95, France '96).
4. Third party or multi-stakeholder initiatives	Third party parties (non-government, non-business) develop and run the initiative. Individual companies and industry associations may be members of the organisation, or involved in other ways. Government likely to be limited to indirect or informal roles.	Independent standard organisations	ISO 14000 ('96), Forest Stewardship Council ('93), Marine Stewardship Council ('96), Sustainable Fisheries Initiative ('99)
		Responsible investment	CERES Principles ('89)
		Trade union initiatives	Swedish Confederation of Professional Employees TCO 6E ('95)
		Environmental NGO	WWF Code of Conduct for Arctic Tourism ('95), WRI Climate Change Initiative
5. UN and other international initiatives	UN or other intergovernmental organisations act as international catalysts, working with business, governments and other society groups in design, implementation and monitoring.		Global Compact for the New Century ('99) UNEP Financial Initiative ('92), UNEP Insurance Initiative ('95), UNEP Tour Operators Initiative ('99), Global Reporting Initiative ('98) FAO Code of Conduct for Responsible Fisheries ('95), FAO International Code of Conduct on the Distribution and Use of Pesticides ('86) OECD Guidelines for multinational enterprises (revised 2000)

Source: updated from UNEP Industry and Environment review, “ Voluntary Initiatives”, January 1998.

1.3 National and international actors

At the national level, a wide range of actors have become involved in the development, implementation and monitoring of voluntary initiatives, including, for example:

- National, regional and local governments
- Industry associations and companies
- Environmental, consumer and other civic society groups
- Research organisations and academic institutions
- Trade unions
- Professional associations
- Independent standard organisations
- Other (e.g. national cleaner production centres)

At the international level, a number of intergovernmental organisations are also now working on voluntary initiatives. These include:

- UN Secretary General's Global Compact for the New Century (of which UNEP is the primary environmental partner), launched in 1999.
- UN Commission on Sustainable Development which held a special session on "Business & Industry" at its sixth annual meeting in 1988, and subsequently a multi-stakeholder dialogue on voluntary initiatives Toronto in March 1999. The CSD has requested UNEP to carry forward this dialogue.
- OECD's 1999 guidelines on voluntary approaches that can be used as government policy instruments (e.g. government programs, negotiated agreements)
- European Commission's work on negotiated agreements at the European Union level.
- ILO's work on private initiatives and labour standards

Non-governmental actors who have become active in voluntary initiatives at the international level include:

- Labour: International Confederation of Trade Unions (ICFTU) and the Trade Union Advisory Committee (TUAC) to the OECD work on voluntary sustainable workplace initiatives;
- Industry: International Chamber of Commerce, World Business Council on Sustainable Development, International Council of Chemical Associations, and other international industry trade associations
- Non-governmental organisations: NGO Taskforce on Business and Industry (ToBI), Transnational Resource and Action Center (TRAC), World Wide Fund for Nature (WWF)
- Professional associations: Concerted Action on Voluntary Approaches (CAVA) / Environmental Law Network International (ELI) work on the integration of voluntary approaches into legal systems.

For more information, see appendix two on international sources of information.

1.4 UNEP work on voluntary initiatives

Part of UNEP's work has always focussed on encouraging industry to improve their environmental performance to not just meet, but to go beyond regulations, particularly in countries where the legislative and regulatory frameworks are still weak.¹

To implement Agenda 21, UNEP has become increasingly involved in making voluntary initiatives more effective and relevant in today's global context through a number of ways, such as:

- developing guidelines for voluntary industry initiatives in general² and, more specifically, for the tourism industry³ and for reducing greenhouse gases⁴. UNEP has also published an Industry and Environment review of voluntary initiatives⁵;
- working with a global network of stakeholders to develop the basic concepts and indicators upon which successful voluntary initiatives must be based (e.g. corporate reporting⁶, environmental management systems⁷);
- developing global voluntary initiatives by industry sector starting with the finance and insurance sectors (1992 and 1995 respectively), tourism in 1999 and more recently, gold mining, telecommunications, automotive and advertising industries. Cross-sector voluntary initiatives have also been developed by UNEP to promote cleaner production and ozone protection;
- identifying best practices and developing supportive managerial/technical information and activities⁸ to improve environmental performance in priority industry sectors, particularly in developing countries and central and eastern European countries.

1.5 Global multi-stakeholder dialogue

As one of UNEP's roles is to provide a global platform for dialogue on issues of global environmental concern, UNEP felt it was timely to bring together the different partners and stakeholders to:

- carry forward the multi-stakeholder dialogue initiated by the CSD in March 1999
- contribute to the preparations and debate of Rio +10
- contribute to UNEP's own work on voluntary initiatives
- contribute to the discussions at UNEP's next Governing Council in February 2001

UNEP thus hosted a workshop on voluntary initiatives in Paris on 20 September 2000, bringing together thirty-five representatives of industry, governments, labour, environmental groups and academic institutions to:

- review the lessons learnt from current voluntary initiatives
- review stakeholders' views and roles

¹ Going beyond regulations' is the common characteristic of all voluntary initiatives, and is defined by the OECD as "schemes whereby firms commit to improve environmental performance beyond legal requirements" - OECD, "Voluntary Approaches for Environmental Policy", 1999.

² UNEP, "Voluntary Industry Codes of Conduct for the Environment", 1998.

³ UNEP, "Environmental Codes of Conduct for Tourism", 1994.

⁴ UNEP / US EPA, "Reducing Greenhouse Gas Emissions: The Role of Voluntary Programmes", 1997.

⁵ UNEP, "Voluntary Initiatives," Industry and Environment, January 1998.

⁶ UNEP has produced several reports surveying and benchmarking corporate reporting practices and is a steering member of the Global Reporting Initiative that provides internationally accepted principles and practices on corporate environmental and sustainable development reporting

⁷ UNEP has published, in co-operation with the International Chamber of Commerce and the International Federation of Consulting Engineers (FIDIC) a training manual on environmental management systems

⁸ Through, for example, UNEP's Industry Environmental Management, Cleaner Production and Ozone Protection programmes.

- determine the next steps needed to make voluntary initiatives more effective for sustainable development.

This discussion paper is based on the findings and outcomes of this workshop. This paper is also meant to provide a common starting point and terminology for discussions, and enough background for newcomers to enable them to participate in future discussions.

2. Current Status and Lessons Learnt

During the UNEP workshop, voluntary initiatives from each of the 5 categories (outlined in section 1.2) were presented. The lessons learnt were shared and discussed from different stakeholders' perspectives, providing a good snapshot of the current status and future challenges of voluntary initiatives in general. The following provides a brief summary of each.

2.1 Industry Initiatives: Responsible Care

Perspective of: Birgit Engelhardt, Permanent Representative to the United Nations, International Council of Chemical Associations

Brief Description: “Responsible Care is the commitment by chemical companies to demonstrate continuous improvement of their Health, Safety and Environment performance in a manner which is responsive to the concerns of the public”.

*“We feel Responsible Care is a complementary tool to legislation – it can even be quicker than legislation”
Birgit Engelhard, ICCA*

Current Status: Started in Canada in 1985, Responsible Care has now been adopted in 45 countries. One of the first and probably the best known voluntary industry initiative, Responsible Care has 15 years of experience and lessons to share.

Lessons Learnt:

- Although Responsible Care is a global initiative it must be flexible enough to take into account the culture, experiences, legal context of different countries but at the same time promote basic environmental, health and safety improvements. It is sometimes tricky to get the right balance. For example, how does an entire industry go from ethics to action? The Responsible Care approach to this question is to make it mandatory for any industry association wanting Responsible Care status to adhere to eight fundamental features: public input, commitment to guiding principles, codes of best practice, mutual encouragement, mutual assistance, performance reporting, logo protection, and verification.
- The Bhopal accident was a major driver behind the establishment of Responsible Care. It provided a lot of lessons, not only that the chemical industry had to improve its performance but there are factors outside of industry that also have to change. This is why industry needs to be open to dialogue with different people. It is also why governments, even though they do not have a direct role in Responsible Care, are important players in its implementation.

Future Challenges:

- spreading Responsible Care to every company especially small and medium sized companies;
- getting all employees involved;
- extending Responsible Care to remaining countries (some of which do not have the prerequisite industry association upon which Responsible Care is based);
- extending Responsible Care to related industries;
- measuring global performance;
- encouraging peer and public review of national associations.

2.2 Government Initiatives: US EPA Partners for the Environment

Perspective of: Dan Fiorino, Director, Emerging Strategies Division, U.S. Environmental Protection Agency

Brief Description: Partners for the Environment is a collection of EPA programs that help businesses and communities prevent pollution and save money and resources. Partner companies voluntarily set goals to reduce pollution and the EPA provides technical assistance and recognition to help partners meet those goals. Examples of "Partnership Programs" are:

- Design for the Environment (DfE): helps businesses incorporate environmental considerations into the design of products, processes and management systems
- WasteWise: encourages partners to reduce municipal solid waste through waste prevention, recycling, and buying/manufacturing products with recycled content
- Performance Track: provides recognition and administrative flexibility to companies that have a record of compliance, adopt an environmental management system, commit to improved performance, and reach out to communities.

Current Status: In 1998, over 7,000 partners participated and together saved over \$3.3 billion dollars, eliminated 7.8 million tons of solid waste, prevented 80 million metric tons of carbon dioxide (equivalent to taking 17 million cars off the road), and saved nearly 1.8 billion gallons of clean water (enough to fill 50,000 swimming pools).

Lessons Learnt:

- Good reporting on performance is difficult due to limited time and resources of partners, confidential/sensitive business information, differing reporting cycles, finance community unaware of benefits.
- Lack of relevant and applicable data makes measurement difficult. Lack of good models for predicting outcomes, difficulties in benchmarking, aggregating facility-specific data, and quality checks of numbers compound the problem. Unfortunately there is no "one size fits all" methodology for performance measurement.

Future Challenges:

- looking toward an integrated approach to measurement;
- drafting a set of guiding principles to guide measurement and reporting;
- maximising overlap between companies' internal and external information needs;
- packaging the partnership programs for small business needs.

2.3 Joint Government / Industry Initiatives:

a) National: The Netherlands

Perspective of: Cees Moons, Project Manager, National Environmental Policy Plan 4, Ministry for the environment, The Netherlands

Brief Description: Covenants are negotiated agreements between government and industry. They are not 'voluntary' – they are legally binding. But they are seen as an alternative to traditional command and control approaches in that they reflect a broader sharing of responsibilities for environmental problems. Government defines the targets and objectives. Negotiations allow industry to influence the targets and objectives and to set a suitable time-frame.

“Why did the Netherlands government decide to embark on this path of voluntary initiatives instead of regulations? Because we believed that if we really want to make change, achieve the reductions that we need, we had to appeal to business sense of responsibility.” Cees Moons, Ministry for the Environment, The Netherlands

Industry is left free to determine the means for achieving objectives and targets for meeting them. Implementation is based on four inter-related activities: a sufficient environmental management system, company environmental plan, outline license and modified enforcement, and yearly site report about environmental performance. ISO 14001 and EMAS planning cycles are integrated into NEPP company environment plan and yearly report. The outcome of this whole process is the company license. If the company does not participate or deliver real improvements, the license can be used by the government as a command and control measure.

Current Status: Ten covenants with industrial sectors were developed between 1992 and 1996. A covenant benchmarking energy-efficiency established in 1999 aims at achieving Best-Practice targets between 2000 and 2010. An additional covenant on NOx Cost Sharing System is still under negotiation. There is a movement from sector to individual companies' commitments, and from effort-oriented to result-oriented commitments.

Lessons Learnt: A well-designed covenant is a precondition for achieving results. Key elements include:

- During the design stage clear responsibilities of involved parties need to be established. It must be a transparent process with independent monitoring results (self-assessment does not appear to be credible in the future).
- In the negotiation process it is important to build confidence between involved parties, seek agreement on the basic elements, involve major players, create small negotiation group with extensive feedback towards involved people, establish commitment and confidence between major players before the process finishes.
- Government authorities should: focus on the objectives to be achieved rather than instruments, e.g. Best Available Technology, create space for pro-active companies to take responsibility and give them flexibility, confront free riders with high quality process regarding licensing and enforcement.

Future Challenges:

- Overcoming the barriers for strategic business response: corporate structures and management systems are lagging behind (still dealing with yesterday), short time horizon, overestimation of efforts to be dealt with, and insufficient understanding of the motives of third parties.

b) International: European Commission and the European Automobile Manufacturers Industry Agreement (ACEA)

Perspective of: Giulio Volpi, Climate and Energy Policy Unit, World Wide Fund for Nature (WWF)

Brief Description: This is a voluntary agreement between the European Commission and the European Car Manufacture Association (ACEA), which aims at reducing CO2 emissions from passenger cars. It represents the first European Community-level agreement aimed at climate change protection.

"Our experience is that voluntary initiatives do not go beyond business as usual if they do not involve societal actors other than industry in setting the targets that we need to achieve" Giulio Volpi, WWF

Current Status: The voluntary agreement was reached between the European Commission and ACEA in 1998, after three years of preparation. Industry is committed to reduce average CO2 emission figures from all new cars to 140 g/km by 2008 (e.g. cars that would drive 100 km on 5 litres of petrol). The agreement is criticised by WWF for, among others, its targets that fall short of the emission reductions necessary in the transport sector, and are not sufficiently ambitious to support the technological shift needed to move from the combustion engine to new technologies such as methanol or hydrogen-based fuel cells.

Lessons Learnt:

- There is a need for highly credible threat. Negotiations based on weak threats for alternative fiscal or regulatory measures undermine the opportunity to produce ambitious agreements.
- Technical and administrative capacity is necessary to monitor and make sure that industry meets the target. Independent information about the sector, together with technical capacity, plays a crucial role in

the negotiation of voluntary approaches. (As the Commission could not check ACEA's findings, its bargaining power was weakened considerably.)

- The need for a clear time-frame. In this case the negotiation went on until the Commission collapsed and wanted an agreement to bring to the Council.

2.4 Third Party Initiatives:

a) Sustainable Fisheries Initiative

Perspective of: Dierk Peters, International Marketing Manager, Sustainability Projects, Unilever

Brief Description: This is a voluntary initiative jointly established by Unilever and World Wide Fund for Nature (WWF) to meet their common interests of ensuring long-term health of the marine ecosystem and maintenance of long-term, global fish stocks. They established the Marine Stewardship Council (MSC) to certify fisheries that follow principles and criteria based on the FAO code of conduct. Certification standards are set with multi-stakeholder participation and peer review.

Current Status: The MSC is now a non-profit, multi-stakeholder platform, independent from its original founders. The first three fisheries have received certification. Priority business groups and countries have been established and further fish species are being studied. The funding base is being improved and communication campaigns are being started.

Lessons Learnt:

- Consumer education has to come after the supply base has been assured. A key challenge was in convincing fisheries that certification is the right approach to ensure viability of the fish business in the long run.
- Government institutions play a key role in providing scientific data to make assessments and setting quotas.

Future Challenges:

- continuing to convince supply base that this is the right way to go;
- gaining further acceptance (transparency, accountability, representation);
- demonstrating practicability of certification scheme;
- going for 'big' fish species: impact on markets.

b) Trade Union Involvement and Initiatives

Perspective of: Lucien Royer, Co-ordinator of Health, Safety and Environment of the International Confederation of Free Trade Unions (ICFTU)

Brief Description: Environmental concerns are a natural extension of occupational health and safety issues (e.g. reducing workplace exposure to toxic chemicals). Trade unions have a long history of entering into collective or negotiated agreements with employers that deal with, among other things, health and safety issues, which may also include environmental parameters. More recently, trade unions have begun taking a more active role in voluntary initiatives that go beyond collective agreements to address sustainable development challenges within their sphere of influence.

*“Workers are both producers and consumers and voluntary initiatives will not contribute to sustainable development if workers are not involved in their design, implementation and monitoring”
emphasised Lucien Royer, ICFTU*

Current Status: Trade unions are more active in sustainable development discussions in various international fora (e.g. CSD, OECD, and UNEP). They are now established partners in the Global Compact and the Global Reporting Initiative, as well as a number of voluntary initiatives in the food, chemical and other sectors, as well as other voluntary initiatives related to the international labour context. In Brazil, trade unions have become an equal partner in a national ‘tripartite’ agreement on benzene, which unlike joint government and industry agreements involve trade unions as full-pledged signatories.

Trade unions are also establishing their own voluntary initiatives to influence better environmental, health and safety practices in and outside the workplace. For example, the Swedish Confederation of Professional Employees (TCO), together with the Swedish Society for Nature Conservation, has established a sustainable workplace labelling scheme for computer equipment.

Lessons Learnt:

- Establishment of TCO demonstrated that workers could be engaged not only in changing production patterns but also in making sustainable consumption choices.

Future Challenges:

- actively engaging workers in changing the work place;
- harnessing voluntary initiatives to help achieve the quantum leaps in lifestyle changes that are needed for sustainable development. Such quantum leaps will require new social measures such as ‘employment transition programmes’ to obtain positive involvement of workers in areas where change impacts upon jobs;
- stressing that voluntary initiatives must involve workers in the design, implementation and reporting for ICFTU to support it.

2.5 UN Initiatives: UNEP Financial Institutions Initiative

Perspective of: Richard Cooper, Head of Group Environmental Risk, Lloyds TSB Group plc.

Brief Description: The Financial Institutions and Insurance Industry Initiatives (collectively known as the Financial Services Initiative - FSI) emerged from the UNEP Statement by Financial Institutions on the Environment & Sustainable Development, signed by several banks in 1992, and followed by a similar statement from insurance companies in 1995. After five years of working with UNEP, the participating banks decided that they now have the drive to take forward the initiative themselves. They have made the statement fuller, and developed a steering committee with UNEP. The objectives of the initiatives are to disseminate best practice in the finance and insurance industries and to foster environmentally sound private sector investment.

*“UNEP has given the Financial Institutions Initiative what it needs to convince other banks and investment agencies that environmental principles make good business sense”,
Richard Cooper, Lloyds TSB Group plc.*

Current Status: The Financial Institutions Initiative now has 172 signatories in 45 countries in Europe, North and South America, Africa, Asia, and Australia. The Insurance Industry Initiative has signatories of 90 companies from 27 countries. The two initiatives are run by the sectors themselves, but do work closely together. UNEP’s role has been catalytic, providing the secretariat and representation on the steering committee. Although part of the voluntary commitment is to report publicly, the UNEP survey of what the banks are doing to implement the FSI indicates that not all signatories are doing this yet.

Lessons Learnt: The catalytic role and involvement of UNEP has been essential in giving the initiative the credibility and objectivity it needs to convince other banks and insurance companies (e.g. competitors) that environmental principles make sense.

Future Challenges:

- stimulating members to report on the implementation of the FSI;

- making the reported information publicly available (e.g. via Internet);
- exploring different reporting criteria, particularly the Global Reporting Initiative and guidelines specific to the finance sector.

3. Key Messages

Despite the wide range of voluntary initiatives presented, the UNEP meeting revealed significant consensus concerning the key messages that can be drawn from the experiences and lessons learnt. These are:

3.1 Voluntary initiatives must be seen as part of an integrated policy and regulatory framework.

“Typically, the successes and failures of an initiative result not so much from its own design as from the strengths and weaknesses of outside pressures (e.g. fear of regulatory action or liability claims, anticipation of new tax burdens or new market opportunities). Voluntary initiatives should not be proposed and adopted as substitutes for regulation or used as justification for dismantling regulatory capacity” Robert Gibson, University of Waterloo, Canada.

“Voluntary initiatives must supplement or strengthen government-based regulations and standards, or a lack of them, and clearly show how they serve this purpose.” Lucien Royer, ICFTU.

“Voluntary initiatives have to be backed up by sanctions for companies that do not participate. This is why the company licence to operate is integrated into the covenant process. If the company does not participate or deliver on its voluntary commitments, we can use the license in a command and control way. This way, we can resolve the free rider problem.” Cees Moons, Ministry for the Environment, The Netherlands

“WWF is in favour of voluntary agreements but they have to be framed in a policy mix which has to include other measures such as regulations, taxes and technological development programmes, and be backed by sanctions for companies that do not participate.” Giulio Volpi, WWF

“Governments play an important role in the voluntary initiative by setting (fishing) quotas and providing the scientific data upon which it is based.” Dierk Peters, Unilever

3.2 Workers must be involved

“Greater involvement of employees is one of Responsible Care’s key future challenges”. Birgit Engelhardt, International Council of Chemical Associations

“Almost all voluntary approaches seek to change workplace performance in some way. Workers and employers should be called upon to develop joint monitoring and reporting of their progress and effectiveness. This should become a basis for capacity building, including in the developing countries”. Lucien Royer, International Confederation of Free Trade Unions

3.3 The role of non-governmental organisations and other stakeholders needs to be clarified.

“If we exclude NGO and public involvement from the target setting process we will get voluntary initiatives that don’t go beyond business as usual. If we are serious about sustainable development, we have to be serious about the policy tools. Multi-stakeholder dialogue is essential.” Giulio Volpi, WWF.

“We need to be clear on what is meant by multi-stakeholder involvement. It can be interpreted to mean anything from a lunch with a small group of company-selected stakeholders to real active engagement over a period of time.” Robert Massie, Global Reporting Initiative.

3.4 Need to determine prerequisites for success

“Framework agreements are one of the fascinating elements emerging from the experience with voluntary initiatives. We need to determine, from the lessons learnt and their implications, what should go in them.” Michael Urminsky, Voluntary Private Initiatives Programme, International Labour Organisation.

“The initial reaction of NGOs is that voluntary initiatives need to be approached with caution because all are different. It would be useful to come up with a framework (especially of drivers) that draws out distinctive characteristics of effective voluntary initiatives, the pieces that have to be in place to gain support, best practice element that needs to be assured.” Robert Massie, Global Reporting Initiative.

“There are two levels of determining success criteria. At the individual initiative level, much work has already been done on the criteria that needs to be applied in determining a good voluntary initiative from a bad one. We are not far from having a generic level of criteria – the basics are there. But we have not moved to the second level, the level of system integration: how can we design these initiatives to integrate together? The interrelationships of the drivers, tools and players involved in voluntary initiatives are largely accidental and not always positive. A policy framework for voluntary initiatives at any level, from local to global would be useful to foster better co-ordination of initiatives to drive voluntary action (e.g. in the negotiation of trade agreements, in setting international standards on environmental quality, environment reporting, etc).” Robert Gibson, University of Waterloo, Canada.

3.5 UN has an important role to play

“UNEP has given the Financial Institutions Initiative the credibility it needs to convince other banks and investment agencies that environmental principles make good business sense.” Richard Cooper, Lloyds TSB Group plc.

“TCO is a child of Rio 92 – it demonstrates the importance of the UN role in bringing together to the table the various stakeholders and looking at the workplace issues in the context of voluntary initiatives.” Lucien Royer, ICFTU.

4. Next Steps

Participants suggested several next steps were needed to make voluntary initiatives more effective, credible and relevant in today’s context of globalisation. The intention was to determine common, global needs that can be met at an individual national level, rather than to develop a work programme specifically for UNEP.

4.1 Determine common elements / key criteria for success

To spread best practices globally, there is a need to determine and broadly disseminate common criteria or key elements of successful voluntary initiatives. Various groups have already done work in this area. For example:

- Intergovernmental organisations (e.g. UNEP Guidelines for industry initiatives; OECD and the European Commission recommendations for joint government/industry negotiated agreements)
- Nongovernmental organisations (e.g. WWF criteria in assessing effectiveness of voluntary agreements; New Directions Group criteria and principles for voluntary and non-regulatory initiatives to achieve environmental policy objectives)
- Trade Unions (ICFTU principles for voluntary initiatives and agreements)
- National policy research institutions (e.g. The Conference Board of Canada success factors of voluntary initiatives)

It may be useful to bring these initiatives together to define and disseminate globally shared principles and criteria, and to identify different stakeholder perspectives.

The Global Reporting Initiative was given as an example of one type of supportive global framework for voluntary initiatives.

4.2 Review progress / benchmark best practice

Participants also felt there was a need to globally review the progress of voluntary initiatives, and to benchmark best practices. A registry of voluntary initiatives would be useful providing that it:

- reports the lessons learnt (positive and negative)
- provides greater understanding of the motivations of all the stakeholders/ partners concerned
- makes clear the inter-linkages with regulatory and non-regulatory tools

This also reinforces the need for continued research (national and international) into voluntary initiatives, and for international networks (e.g. Internet websites) to share understanding.

Some participants expressed the need for an international organisation that also monitors voluntary initiatives, publicly naming those that don't demonstrate or report progress ('greenwashing'). Other participants felt that the role for the UN is to bring people together for constructive engagement, not confrontation. UNEP agreed that there was a need to update its published list of companies that do not report on their environmental performance⁹. In this way, UNEP is not being confrontational, but is 'just providing facts'. UNEP also felt that engagement with company representatives helps them to press for change within their own companies.

4.3 Co-ordinate / strengthen international drivers of voluntary action

International trends and developments influence many of the basic motivations of voluntary initiatives. This includes not only multilateral environmental agreements but also trade negotiations, international law deliberations (e.g. corporate liability and insurance), international standards, etc. In an ideal world, these would all form pieces of an integrated system to achieve globally sustainable development. At the very least, measures need to be taken to better understand how international level initiatives strengthen or weaken the motivations or 'drivers' for voluntary action (see Table 3), and to foster better co-ordination among them.

Table 3: The Main Drivers of Voluntary Corporate Initiatives for Environmental Improvement

- | |
|---|
| <ul style="list-style-type: none"> • Incentives to reduce costs, especially by cutting resource use and waste generation • Desires to avoid or at least delay additional regulatory action that would impose undesirable administrative and compliance costs • Fear of damage to public image and associated customer and investor confidence, or desire to enhance public reputation and associated customer and investor confidence • Desire to minimise risk of costly surprises • Expectation of competitive advantage through exclusion of new competitors and access to new markets • Requirements imposed by banks and/or insurers that do not wish to inherit environmental liabilities • Demands of suppliers and customers who wish to avoid environmental costs and liabilities • Pressure from staff or fellow industry members • Personal commitment of corporate leaders |
|---|

Source: Robert Gibson, UNEP Workshop Paper, 20 September 2000

4.4 Continue global dialogue

Participants strongly expressed the need for an on-going global dialogue and platform to bring together people with different perspectives and opinions to:

- discuss and strengthen inter-linkages of regulatory and non-regulatory drivers of environmental improvement;
- enable developing countries to learn what has and hasn't worked concerning voluntary initiatives in developed countries;
- clarify roles of stakeholders; and

⁹ UNEP / SustainAbility, "The Non-Reporting Report", 1988

- develop useful global approaches to voluntary initiatives.

Several participants suggested that this workshop demonstrated that UNEP has the necessary experience, independence, credibility and ability to link with other international organisations needed to carry forward this global dialogue.

5. Conclusions

Working in close co-operation with the Commission on Sustainable Development and other partners, UNEP will carry forward the global dialogue on voluntary initiatives. A first priority is seen to be involving broader participation of developing countries. Consequently, UNEP will host a second workshop on voluntary initiatives on the occasion of the next UNEP Governing Council in February 2000, using this paper as background information.

List of Workshop Papers and Presentations (documents available electronically)

Papers / Presentations Prepared for UNEP Voluntary Initiatives Workshop (in order of presentation)

“Overview of Voluntary Initiatives and UNEP's Role to Date”

Jacqueline Aloisi de Lardere, Director UNEP- Division of Technology, Industry and Economics

“Responsible Care: A Global Chemical Industry Voluntary Initiative”

Birgit Engelhardt, Permanent Representative to the United Nations, International Council of Chemical Associations

“U.S. EPA's Voluntary Initiatives: Partnership Programs Partners for the Environment”

Dan Fiorino, Director, Emerging Strategies Division, U.S. Environmental Protection Agency

“Covenants as a Management Tool ”

Cees Moons, Project Manager, NEPP4, Ministry for the Environment, The Netherlands

“UNEP Financial Services Initiatives”

Richard Cooper, Head of Group Environmental Risk, Lloyds TSB Group

“Sustainable Fisheries Initiative”

Dierk Peters, International Marketing Manager, Sustainability Projects, Unilever

“The Optimal Policy Mix”

Ron Yachnin, Senior Research Associate, Corporate Social Responsibility, The Conference Board of Canada

“Trade Unions and Voluntary Approaches”

Lucien Royer, Co-ordinator of Health, Safety and Environment of the International Confederation of Free Trade Unions (ICFTU)

“Encouraging Voluntary Initiatives for Corporate Greening: Some Considerations for more Systematic Design of Supporting Frameworks at the National and Global Levels”

Robert B. Gibson, Environment and Resource Studies, University of Waterloo, Canada.

“Lessons from the European Union Agreement with the Automotive Industry”

Giulio Volpi, Climate and Energy Policy Unit, World Wide Fund for Nature (WWF)

Other Workshop Documents

“Voluntary Initiatives and the New Politics of Corporate Greening”

Robert B. Gibson, ed., Peterborough: Broadview Press, 1999

“Voluntary Initiatives: Policy Framework and Roles”

Conference Proceedings, 14-15 June 1999, Ottawa, Canada.

Pollution Probe and the Conference Board of Canada

“Workroom versus Boardroom Approaches to Sustainable Development”

Winston Gereluk and Lucien Royer, in “Earth Summit 2002: A New Deal”, UNED Forum

“A National Tripartite Agreement on Benzene”

Nilton Freitas and Winston Gereluk, Forthcoming in “Environmental Agreements – Process, Practice & Future Use”, Greenleaf Publications

“The TCO 6^E model, an Example of Voluntary Initiatives / Agreements – a project for the CSD Multi-stakeholder Dialogue, 10-12 March 1999

Appendix 1: International Sources of Information on Voluntary Initiatives

United Nations

Commission on Sustainable Development (CSD) (<http://www.un.org/esa/sustdev>)

Profiles of Voluntary Initiatives and Agreements (VIA) 1999. (<http://www.un.org/esa/sustdev/via.htm>)

Follow-up work on voluntary initiatives and agreements, Report of the Secretary-General, CSD8, April 2000. (<http://www.un.org/documents/ecosoc/cn17/2000/ecn172000-17.htm>)

Voluntary Initiatives and Agreements. Report of the Secretary-General. CSD 7, April 1999.

Multi-stakeholder Consultations to Identify the Key Elements of a Review of Voluntary Initiatives and Agreements, 10-12 March 1999. (<http://www.un.org/esa/sustdev/particip-list.htm>)

Global Programme of Action for the Protection of the Marine Environment from Land-based Activities (GPA) (<http://www.gpa.unep.org>)

Joint research project on identifying the possible roles of voluntary initiatives in the planning and programming for the protection of fresh water bodies and the marine environment.

International Labour Organisation (ILO) (<http://www.ilo.org>)

Tripartite Technical Meeting on Voluntary Initiatives Affecting Training and Education on Safety, Health and Environment in the Chemical Industries. Note on the proceedings, 22-26 February 1999, Geneva. (<http://www.public/english/dialogue/sector/techmeet/tmci99/tmcin.htm>)

From Principles to Practice: Private Initiatives and Labour Standards: A Global Look. (<http://www.unglobalcompact.org/gc/UNWeb.nsf/content/ilostudy.htm#intro>)

Secretary-General of the United Nations - Global Compact for a New Century (<http://www.unglobalcompact.org>)

Co-operation between the United Nations and the Business Community Guidelines, 17 July 2000.

United Nations Environment Programme (UNEP) (<http://www.unep.org>)

Voluntary Initiatives, UNEP Industry and Environment review, January 1998.

Guidelines on Voluntary Industry Codes of Conduct for the Environment, Technical Report N°40, UNEP, 1998.

Reducing Greenhouse Gas Emissions: The Role of Voluntary Programmes, UNEP / US EPA, 1997.

Environmental Codes of Conduct for Tourism, Technical Report N°29, UNEP, 1994.

Engaging Stakeholders publications, UNEP and Sustainability: The Benchmark Survey, 1997; The CEO Agenda, 1998; the Non-Reporting Report, 1998; The Social Reporting Report, 1998; The Internet Reporting Report, 1999; The Oil Sector Report: A Review of Environmental Disclosure in the Oil Industry, 1999

United Nations Research Institute for Social Development (UNRISD) (<http://www.unrisd.org>)

Business Responsibility for Sustainable Development, Occasional Paper 2, January 2000.

Other intergovernmental organisations

European Commission (EC) (http://europa.eu.int/comm/index_en.htm)

Study on Voluntary Agreements concluded between Industry and Public Authorities in the Field of the Environment, DG III.01, January 1997.

Communication from the Commission to the Council and the European Parliament on environmental agreements, November 27, 1996.

Inventory of Voluntary Agreements, EC DG III, 1996.

Proposal for a Council Regulation (EC) allowing voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), Official Journal of the European Communities, 22 December 1998.

European Environment Agency (EEA) (<http://www.eea.eu.int>)

Environmental agreements: Environmental effectiveness, Environmental issues series No. 3 - 2 Vol., 1997.

International Energy Agency (IEA) (<http://www.iea.org>)

Voluntary Actions for Energy-related CO₂ abatement. Energy and Environment, 1997.

Voluntary Agreements with Industry, Policies and Measures for Common Action, Working paper 8, prepared for Annex 1 Expert Group on the UNFCCC, 1996. (<http://www.oecd.org/env/docs/cc/gd9775.pdf>)

Organisation for Economic Co-operation and Development (OECD) (<http://www.oecd.org>)

Voluntary Approaches for Environmental Policy: An Assessment, OECD 1999.

OECD Guidelines on Multinational Enterprises, June 2000. (<http://www.oecd.org/daf/investment/guidelines/>)

OECD Guidelines on Corporate Governance, May 1999. (<http://www.oecd.org/daf/corporate-affairs/governance/>)

Non-governmental organisations

Concerted Action on Voluntary Approaches (CAVA) / Environmental Law Network International (ELI)

Integration of Voluntary Approaches into Existing Legal Systems. Proceedings of the CAVA Workshop, 24-25 February 2000, Brussels, ELNI Newsletter, N°1 2000.
(<http://www.ensmp.fr/Fr/CERNA/CERNA/Progeuropeens/CAVA/index.html>)

Greenpeace International (<http://www.greenpeace.org>)

Voluntary Agreements, Communication prepared for the Second Ad Hoc Meeting on Negotiated Agreements and EC Environmental Policy, Brussels, 24 May 1996.

International Confederation of Trade Unions (ICFTU) / Trade Union Advisory Committee (TUAC) to the OECD (<http://www.icftu.org> ; <http://www.tuac.org>)

NGO Taskforce on Business and Industry (ToBI) (<http://www.coopamerica.org/isf/tobi>)

1997 Statement on Corporate Accountability - presented to the UN General Assembly Special Session.

Transnational Resource and Action Center (TRAC) (<http://www.igc.org/trac>)

A Perilous Partnership: The United Nations Development Programme's Flirtation with Corporate Collaboration, TRAC, 1999.

World Wide Fund for Nature (WWF) (<http://www.wwf.org>)

Will voluntary agreements at EU level deliver on environmental objectives? Lessons from the agreement with the automotive industry. WWF Discussion Paper, Climate and Energy Policy Unit, WWF European Policy Office.