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Needed Now: A World Environment and Development Organization

by

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A Report to the Development and Peace Foundation (SEF), Bonn

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CONTENTS

Summary

Global environmental policy certainly could gain strength if the management of the United Nations Environment Programme (UNEP) or of the UN Commission on Sustainable Development (CSD) were made more efficient. However, such a minimalist strategy of efficiency improvement is no panacea: it can only be an element, not the core of a new global environmental policy.

Therefore, instead of merely calling for improved efficiency and coordination, in this paper a proposal is made to establish a World Environment and Development Organization (WEDO) as a new specialized agency of the United Nations. At the very least, such an Organization should integrate UNEP, the CSD and the relevant Convention Secretariats (climate, biodiversity, desertification conventions); close cooperation with the Bretton Woods institutions - the World Bank, the International Monetary Fund (IMF), the World Trade Organization (WTO) - and the existing UN specialized agencies would need to be ensured.

Also, ideas are being presented on the decision-making procedures, the participation of Non-Governmental Organizations (NGOs), and on the financing of such a World Environment and Development Organization.

I. SETTING THE SCENE

A comprehensive and systematic global environmental policy does not yet exist. Nonetheless, first outlines are becoming visible of a new policy arena which, while still fragmented, is essentially global in scope. Scenarios depicting possible futures have illustrated how urgent it is to act and have demonstrated the dangers of inaction or procrastination. If the economies of the industrialized countries are not ecologically restructured and if the catch-up development process of the countries in transition and the developing countries is not made resource and energy efficient, an ecological impasse for the world as a whole would seem inescapable. Local and national initiatives can mitigate such a global problematique, but only global policy approaches can really solve it. To protect the global environment may thus well become the chief challenge to face in the coming era of intensifying economic globalism.

To date, politicians have reacted by attempting to improve coordination and cooperation among states: A veritable "explosion of international environmental law" (Richard E. Benedick) has taken place. The volume of environmental agreements is indeed impressive (cf. *Box 1).* But have these agreements ever been implemented? Has the "explosion" of legal instruments really benefited the environment? Are governments complying with what they resolved at the major international environmental conferences, notably Stockholm in 1972, Rio de Janeiro in 1992 and New York in 1997?

Successes have indisputably been achieved. In Europe, for instance, sulphur emissions have been curbed. The 1987 Montreal Protocol on Substances that Deplete the Ozone Layer has ensured that the production and consumption of chlorofluorocarbons (CFCs) in industrialized countries has practically ceased. The 1992 UN Framework Convention on Climate Change, by contrast, has not yet had the same success. Whether the 1992 Convention on Biological Diversity has been able to halt species decline is also in doubt.

Box 1: Selected International Environmental Agreements
(with the year of adoption and of entry into force)

- Convention on the International Regulation of Whaling (1946, in force 1948)
- International Convention for the Prevention of Pollution of the Sea by Oil (OILPOL, 1954, in force 1958)
- Convention on Fishing and the Conservation of Living Resources of the High Seas (1958, in force 1966)
- Treaty Banning Nuclear Weapon Tests in the Atmosphere, in Outer Space and Under Water (Partial Test Ban Treaty, 1963, in force 1963)
- Convention on Wetlands of International Importance, Especially as Waterfowl Habitat (Ramsar Convention, 1971, in force 1975)
- Convention concerning the Protection of the World Cultural and Natural Heritage (1972, in force 1975)
- Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (1972, in force 1975)
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES, 1973, in force 1975)
- International Convention for the Prevention of Pollution from Ships (MARPOL, 1973, in force 1983)
- Convention on the Prohibition of Military or Any Other Hostile Use of Environmental Modification Techniques (1977, in force 1978)
- Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention, 1979, in force 1983)
- Convention on the Protection of the Ozone Layer (1985, in force 1988)
- Protocol (to the 1985 Vienna Convention) on Substances That Deplete the Ozone Layer (Montreal Protocol, 1987, in force 1989)
- Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (Basel Convention, 1989, in force 1992)
- United Nations Convention on Biological Diversity (1992, in force 1993)
- United Nations Framework Convention on Climate Change (1992, in force 1994)
- United Nations Convention to Combat Desertification in Countries Experiencing Serious Drought and/or Desertification, particularly in Africa (1994, in force 1996)
- Kyoto Protocol to the United Nations Framework Convention on Climate Change (1997, not yet in force)

In the following, we shall put forward viable proposals for improving the implementation of treaties and agreements. We concentrate on the system of institutions operating in the arena of global environmental and development policies, and give a general outline of how these could be reformed.

II. MORE EFFICIENCY AND COORDINATION WILL NOT SUFFICE

The view is commonly voiced that the existing international organizations are too cumbersome, that they need to become leaner and to have more efficient procedures. According to this point of view, more effectiveness in global environmental policy does not need new and more powerful organizations, but first of all an "efficiency revolution" within the United Nations system. We shall not discuss this view in detail here. However, if we compare, for instance, the budget of the UN Secretariat in New York with the (larger) budget of the New York fire brigade, then we find that the UN is not the money-devouring hydra that the published opinion so frequently sees in it. Nor can the workings of a multilateral organization that employs staff from 180 countries according to a sophisticated quota system be compared to an industrial company or a state agency.

This is not to say that global environmental policy could not gain strength if the management of the United Nations Environment Programme (UNEP, *cf. Box* 2) or of the UN Commission on Sustainable Development (CSD, *cf. Box 3)* were made more efficient. What must be kept in mind, though, is that a *minimalist* strategy of efficiency improvement is no panacea; this can only be an element, but not the core of a new global environmental policy.

Improved coordination of international environment policy is another frequently voiced demand. The principal players have in the past included UNEP (with offices in Nairobi and Geneva), the CSD in New York and the Global Environment Facility (GEF, managed by the World Bank, UNEP and the United Nations Development Programme, the GEF's "implementing agencies"). Then there are the conferences of the parties to the Climate Convention, the Biodiversity Convention, the Desertification Convention, the Montreal Protocol,

Box 2: **The United Nations Environment Programme (UNEP)**

In the course of the 1972 Stockholm "Conference on the Human Environment", the UN General Assembly decided to establish an independent United Nations Environment Programme (UNEP). UNEP is not a specialized agency with its own membership and legal personality, but merely a subsidiary body of the UN General Assembly. The main function intended for UNEP within the overall UN system was that of an "environmental conscience", a "policy catalyst" with modest funds, triggering environmental protection projects of other bodies and specialized agencies and coordinating UN environmental policy. While the administrative costs of the UNEP Secretariat and its Governing Council are covered by the general UN budget, an additional Environment Fund supported by voluntary government contributions serves to finance specific projects. This programme budget amounted to just under 100 million US dollars in 1996/1997.

The guiding political body of UNEP is its Governing Council, in which the developing countries have a majority of votes. The UNEP Secretariat carries out the decisions of the Governing Council and is the permanent administrative body of UNEP. Since early 1998, its Executive Director is the former German environment minister and former chairman of the CSD, Klaus Töpfer. Nairobi was chosen as seat of the UNEP Secretariat, thus locating a UN body in a developing country for the first time.

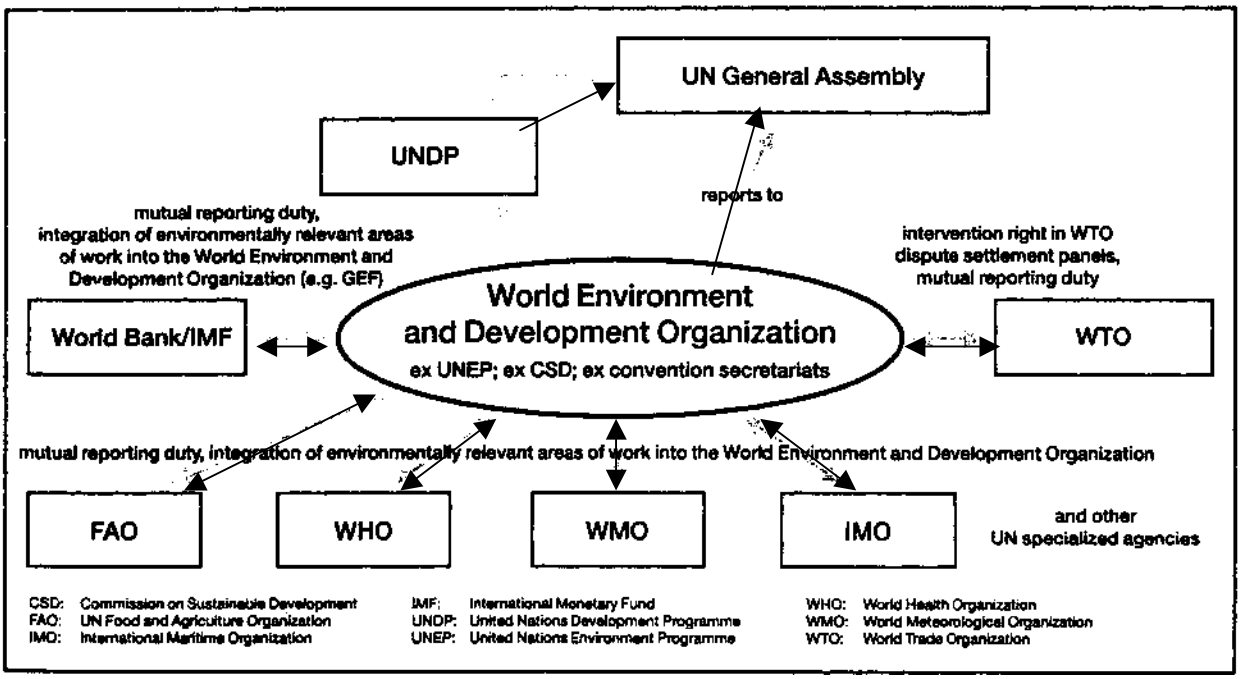
Box 3: **The UN Commission on Sustainable Development (CSD)**

In the course of the 1992 "Earth Summit" in Rio de Janeiro, a new body was created within the United Nations: the Commission on Sustainable Development (CSD). This new commission is attached to the Economic and Social Council of the United Nations (ECOSOC), one of its principal organs; its 53 members are elected on a regional basis and should preferably represent the ministerial level. The work of the CSD proceeds on the basis of *Agenda 21*, the legally non-binding *"Programme of Action for Sustainable Development"* adopted in 1992 in Rio de Janeiro. Apart from administrative costs, the CSD has no funds of its own.

The CSD fails to do justice to the cross-cutting function that many had ascribed to it. Only environment and development ministers are represented, but not the ministers for finance, economic or foreign affairs. The most important decisions continue to be taken within the sectoral regimes, such as at the conferences of parties to the Climate Convention and to the Biodiversity Convention. However, the CSD has indeed been able to play a pioneering role in the field of forest conservation.

to the conventions on wetlands, the protection of world cultural and natural heritage and the conservation of migratory wild animals and to further treaties, all with their own secretariats and bureaus. However, almost all of these institutions overlap to some degree with each other in their areas of competence. Where concentration takes place at all, this is on an ad-hoc basis, individual conferences of the parties entering into agreements concerning coordination and cooperation among each other or with UN agencies. An improved networking among the decentral conferences of the parties, convention secretariats and UN agencies and departments and among the World Bank, OECD and World Trade Organization (WTO) would certainly be an important step towards optimizing global environmental and development policies. However, without the corresponding institutional and financial strengthening, such improved networking will not bring about adequate progress on its own. As far back as the 1970s, a coordination committee for UN environmental policy was set up without solving the problem.

Figure 1: **A World Environment and Development Organization**



Instead of merely calling for improved efficiency and coordination, we therefore propose the establishment of a World Environment and Development Organization as a new specialized agency of the United Nations. At the very least, the World Environment and Development Organization should integrate UNEP, the CSD and the relevant convention secretariats. In addition, it would need to be examined to what extent the United Nations Development Programme (UNDP), with its project budget of about one billion US dollars, could be integrated into the new World Environment and Development Organization. A further important point is that close cooperation with the Bretton Woods institutions - the World Bank, the International Monetary Fund (IMF), and the WTO - and the existing UN specialized agencies would need to be ensured.

III. WHY WE NEED A WORLD ENVIRONMENT AND DEVELOPMENT ORGANIZATION

In times of severe budget constraints, whoever recommends the establishment of a new organization is quickly stamped an idealistic reformer. Nonetheless, we not only consider such an organization to be realistic, but, moreover, view this as an opportune time to advance such a proposal. If all the synergisms offered by integrating existing programmes are considered, the costs of such a new organization would not be excessive. The integration of separate programmes and convention secretariats into one organization leads to substantial savings in terms of administrative costs - above all by grouping UNEP, the CSD and the convention secretariats in Montreal, Bonn, Nairobi and Geneva.

As with all international organizations, the establishment of a World Environment and Development Organization would need to be adopted at a diplomatic conference, which would determine the Organization's mandate, budget, financing key and other procedural issues. The founding treaty would then need to be ratified. Not all states would have to join in, and in contrast to an amendment to the UN Charter the permanent members of the UN Security Council would not have a veto power. States with a sceptical stance to the UN

need not join from the outset, although their membership would certainly be desirable. They could participate in individual projects and could later join the Organization at any time.

Which functions should such a new world organization perform within the system of international institutions? We essentially see three core purposes:

- a higher *status* for the tasks of global environmental and development policy among national governments, international organizations and non-stats actors;
- an improved *implementation* of the existing instruments of global environmental and development policy and improved *institutional arrangements* at the international level, in order to place the new problems on the agenda and to negotiate detailed objectives and measures such as new conventions and protocols; and
- a strengthened *capacity for action* on the part of states, particularly the poorer developing countries, through improved international cooperation and support.

1. Raising Awareness of Problems and Generating Information

The World Environment and Development Organization should, as is the remit of most of the UN specialized agencies, raise awareness of problems and enhance worldwide information as a decision-making basis. This embraces both information on the "Earth system" and the present environmental and development problems, and information on the state of implementation of international and national policies for steering global change. Of course, the wheel need not be reinvented: All global environmental agreements already commit their parties to regularly report on their policies; specialized agencies such as the World Meteorological Organization (WMO), the International Maritime Organization (IMO) or the World Health Organization (WHO) collect and disseminate valuable knowledge and promote further research; the CSD makes important contributions towards developing indicators for sustainable development; and UNEP, not least, is active in all of these fields.

However, a need remains to comprehensively coordinate and bundle this knowledge and to process and channel it in a decision-oriented manner. The many contributions currently made by the various international actors are in need of a central anchoring point within the system of international institutions. UNEP could form this anchoring point, but its resources and present competences are inadequate as a purely ecologically defined programme subsidiary to the UN General Assembly. This task would much better be performed by a treaty-based World Environment and Development Organization that is institutionally independent and has an adequate financial basis through additional funding.

2. *Improving the Institutional Set-up for Implementing Sustainable Development*

Global environmental and development policies are implemented through international regimes under which the states agree to adopt common measures and programmes. The "world legislature" is located in the diplomatic conferences and the various assemblies and committees of the United Nations, its specialized agencies and the Bretton Woods institutions. However, there is a lack of linkage. For instance, there is a lack of effective coordination between climate and biodiversity policies. It is thus probable that the crediting of greenhouse gas sinks under the Kyoto Protocol to the Climate Convention will create incentives in forest policy that run counter to the objectives of biodiversity policy, because the Protocol rewards as a climate policy measure the logging of (species-rich) primary forests and the subsequent reafforestation with (species-poor, but rapidly growing) plantations.

A further central issue is that the global environmental crisis is essentially not a technical problem that might be solved by sectoral policies alone: What is required in addition is a worldwide political strategy that promotes the guiding principle of sustainable development in international trade policy, in development cooperation and in international industrial and financial policies. UNEP is not in a position to pursue this, and the CSD has not had much success here, either. This is why the establishment of a strong World Environment and Development Organization could provide a new forum for negotiating and implementing a global strategy of sustainable development.

3. *Guaranteeing Support for Developing Countries*

The 1992 "Earth Summit" in Rio explicitly recognized the principle of "common but differentiated responsibilities and corresponding abilities" of states in global environmental policy. The weak cannot carry the same load as the strong. This initially resulted in several of the subsequent international agreements making a differentiation of commitments; developing countries must do less for the global environment than industrialized countries. This then further leads to the commitment of the industrialized countries to finance the additional costs incurred by developing countries in protecting global environmental goods. Insofar as the global environment is concerned, the North has declared itself willing to financially and technologically support the efforts of the South. However, here, too, the system of international institutions has displayed an ad-hoc approach that has at best partially satisfied the requirements of transparency, effectiveness and participation of affected parties.

Box 4: **The Global Environment Facility (GEF)**

In order to counter the demand of the developing countries for an independent climate fund or world environment fund, the establishment of a Global Environment Facility (GEF) within the World Bank was decided upon in 1990, proceeding from a German-French initiative. The funds of the GEF are dedicated to protecting global environmental goods: protecting the climate, the ozone layer, international waters and biodiversity. Soil protection is also included insofar as there is a link to the first four focal areas. This means that projects which only have a local importance for developing countries are not promoted, such as hazardous waste disposal, drinking water safety or handling hazardous chemicals. The financial endowment of the GEF has amounted to some 760 million US dollars per year recently. The new facility is administered by the World Bank together with UNDP and UNEP.

Originally, the final decision as to the assignment of funds rested with the World Bank, meaning that the industrialized countries determined the policy of the GEF. This is why the developing countries demanded a reform of the facility, which took place in 1994. The "GEF II" is now an independent body with its own Assembly, Council and Secretariat. Of the 32 seats in the Council, sixteen are occupied by developing countries, two by former state-trading countries and fourteen by OECD countries. If consensus cannot be found, decisions are taken by qualified majority, which must include both 60% of the total number of GEF participants and 60% of the total contributions. The developing countries are therefore in a position to block GEF decisions, but not to enforce them on their own, as they can, for instance, in the UN General Assembly.

Many developing countries continue to reject the Global Environment Facility (GEF) as a central financial mechanism. One reason for this is that the GEF's award criteria, for instance the limitation to "global" environmental problems, still correspond too little to the interests of the developing countries *(cf. Box 4).* A mosaic of separate funds continue to operate beside the GEF: the Multilateral Ozone Fund, the funds under the conventions on the protection of wetlands, the protection of world heritage, the protection of the Mediterranean, the new "Clean Development Mechanism" of climate policy and so forth.

The establishment of a World Environment and Development Organization could provide a new approach by which to coordinate the various financial mechanisms in order to maximize synergistic effects, and to administer in trust the finances of the various sectoral funds. This could integrate the functions of the GEF (and thus dissolve it). Such a proposal could be made acceptable to the industrialized countries by giving the World Environment and Development Organization a decision-making procedure factually corresponding to that of the GEF (in more detail below).

IV. Do WE NEED MORE FAR-REACHING APPROACHES?

The World Environment and Development Organization proposed here should remain basically restricted to the three functions set out above. By contrast, a number of *maximalist* proposals have been put forward elsewhere that go much further and aim at fundamental changes to the system of international institutions.

1. Supranational Environmental Agencies

Some proposals speak of the necessity of a greater relinquishment of national sovereignty, for instance through a "world environment council" or an "environmental security council", such a council being equipped with coercive powers to enforce majority decisions in global environmental policy. Given the current state of international relations, such proposals appear rather

unrealistic, for one thing because they would require an amendment to the UN Charter - and this can only take place with the agreement of two thirds of all states, including the votes of all of the permanent members of the UN Security Council (China, France, Russia, the United Kingdom and the USA). Currently, the developing countries (above all China) fiercely resist any suggestion in international documents of a restriction to their sovereignty, nor are the industrialized countries (above all the USA) willing to go very far in this respect.

The same problem attaches to the proposal to convert the existing UN Trusteeship Council, which has become obsolete after the independence of the UN trust territories, into a "global environmental trusteeship council". This idea has been put forward by, among others, UN Secretary-General Kofi Annan in 1997 in his programme for reform entitled *Renewing the United Nations,* which suggested converting the UN Trusteeship Council into a council for the global commons. However, the Secretary-General remained rather vague regarding the functions of such a trusteeship council, which would at all events require an amendment to the UN Charter. An administration in trust by the United Nations only appears practicable for areas not subject to national sovereignty. However, stronger UN control of the Antarctica is presently scarcely enforceable against the resistance of the parties to the Antarctic Treaty. A stronger trust function of the United Nations is indeed worth considering for the oceans, above all beyond the 200-mile zone, and also for outer space.

2. International Environmental Court

An "international environmental court" is also being debated, above all among academic lawyers. However, the concept of adjudication by supreme courts cannot readily be transferred to global environmental policy. The International Court of Justice (ICJ) in The Hague can albeit rule on all issues of international law, and thus also on the interpretation and implementation of international environmental agreements. The catch to this is that the court can only rule if both parties, the plaintiff and the defendant, agree to put the case before the court. This is extremely rarely the case. The ICJ has never yet been called upon to interpret environmental agreements and this remains unlikely for the future, too, in view of the trend towards non-confrontational approaches to

resolving cases of non-compliance with individual agreements. The introduction of binding adjudication for the ICJ or the establishment of an international environmental court with binding adjudication currently appears similarly improbable. It would seem that no state is yet willing to leave the global regulation of greenhouse gas emissions to an independent body of experts in international law.

3. *Trade-Restricting Measures*

In principle, environmental policies could be enforced by interventions in international trade. The Montreal Protocol provides for restrictions in trade with CFCs and with CFC-containing products vis-a-vis non-parties, even with products that were only manufactured using CFCs and no longer contain these. As the Montreal Protocol was initially almost exclusively negotiated by industrialized countries, many developing countries viewed these trade restrictions as "eco-colonialism", arguing that the expensive environmental standards of the North were being imposed upon the South via the latter's integration in international trade.

A different kind of utilizing the economic North-South gradient for promoting environmental policy in developing countries can be found in the campaigns mounted by environmental associations in industrialized countries to make export financing conditional upon certain environmental standards. In Germany, such a campaign has focussed on the government-backed Hermes export credit guaranty programme. The aim of the campaign is to prevent industrial enterprises of the North that wish to receive an export guaranty from applying substantially different standards in developing countries than in industrialized countries. However, this may also lead to developing countries having to bow to external economic pressure and, at least partly, adapt to the environmental policy objectives of the industrialized countries.

We thus consider this to be a double-edged development. On the one hand a "race to the bottom" in environmental standards must be prevented, i.e. competition between North and South must not lead to environmental concerns falling by the wayside. On the other hand, where environmental issues only have a local or regional significance there is no cause for intervening in the

free decision of developing countries on the environmental and development policies that they consider to be best for them. As concerns global environmental problems, it is precisely the conventions negotiated internationally by mutual agreement - and the World Environment and Development Organization proposed here - that should contribute to economically efficient, socially acceptable and ecologically effective solutions. The agreements on climate, biodiversity and ozone offer a compromise by assuring developing countries that when they join they will have a right to lower standards and to reimbursement of the incremental costs incurred by their accession.

V. PROSPECTIVE OUTLINE OF A WORLD ENVIRONMENT AND DEVELOPMENT ORGANIZATION

1 *Decision-Making Procedures*

The modes by which strategies are adopted and conflicts are resolved are fundamental to every political institution. While consensus procedures are gaining ground in the day-to-day workings of the UN system, it would be a mistake to belittle the relevance of the structure of voting rights in its bodies. In several international organizations, special tasks and problems have led to the establishment of very specific decision-making procedures. Selected elements of these various decision-making procedures could be combined in the World Environment and Development Organization is order to ensure its effectiveness and universal acceptance.

In particular, care needs to be taken that decision-making gives *equal standing to the North and the South.* This way it is assured that the decisions taken by the new World Organization on strategies and programmes are neither in conflict with the interests of the developing countries nor with those of the industrialized countries. Without consent by the majority of the governments of the South, globally effective environmental and development policies are inconceivable. Nor can such policies succeed without agreement by the majority of the industrialized countries. Decision-making procedures on a basis

of North-South parity are thus in essence a "third path" between the South-biased procedure of the UN General Assembly (one *country, one vote)* and the North-biased procedure of the Bretton Woods institutions (one *dollar, one vote).*

Under the ozone regime (and for the Multilateral Ozone Fund) it was already decided in 1990 that every decision requires the approval of two thirds of all parties, whereby these two thirds must include a simple majority of the developing countries and a simple majority of the industrialized countries. Since 1994, the decisions of the GEF's Council also require a two-thirds majority, which must represent sixty percent of the states participating in the GEF and sixty percent of the financial contributions to the Facility. This, too, is essentially a procedure on a basis of North-South parity that gives both the developing countries and the industrialized countries an effective veto power.

Both forms of parity procedures could be adopted for the World Environment and Development Organization. However, as we will plead below for an independent financing of this Organization, a weighting of votes according to contributions would scarcely be viable - the ozone regime would then remain as a "model" for the Organization.

One problematic aspect of strict parity procedures is how to agree on which countries belong in which group. Singapore, for instance, has a higher per-capita income than many industrialized countries, but - as a member of the "Group of 77" - continues to be classified as a developing country. Under the ozone regime, grouping is issue-based: If a developing country consumes more than 300 grams of CFCs per capita and year, it is automatically rated as an industrialized country, meaning that it must meet the (stricter) reduction commitments of the industrialized countries and is assigned to that group for the purposes of the parity voting procedure.

For a World Environment and Development Organization, such an issue-based grouping is out of the question. The remaining second best option is the self-definition of states as applied in UNCTAD and in the UN General Assembly. One should at least be able to expect that developing countries which join the OECD automatically meet the environmental policy commitments of the industrialized countries.

An additional option is to break down the North-South parity procedure into a multiple-parity procedure. For instance, four groups could be formed: "Western industrialized countries" (with an interim special group of "countries in transition to market economies"), "newly industrializing countries", "developing countries" and "least developed countries". With four groups, it would remain practicable to require the approval of a majority of the members of each of these groups for every decision of the World Environment and Development Organization. However, a further break-down into groups endowed with veto power would diminish the effectiveness of the decision-making process.

We would like to end with a recommendation: Within a World Environment and Development Organization, decision-making procedures on a basis of North-South parity, such as are already practiced under the ozone regime and in the Global Environment Facility, are politically realistic, socially just and ecologically sensible.

The decisions of the bodies of the Organization should therefore require the approval of two thirds of all contracting parties, these two thirds including a simple majority of the developing countries and a simple majority of the industrialized countries.

2. *Participation of Non-Governmental Organizations (NGOs)*

In the international negotiations on environmental and development policies, the importance of non-state environment and development organizations whose work transcends national boundaries has grown substantially. Such transnational associations deliver a diverse array of services to the system of international institutions:

- They perform research and policy advice by qualified staff.
- They monitor the mutual commitments of states in a manner impossible to government agencies, who are barred from such intervention.
- They inform governments and the public about both the actions of countries' own diplomats and those of the other negotiation partners.
- At diplomatic conferences, they give government representatives a direct feedback to the domestic situation.

Against this background, more and more voices are calling for giving environment and development NGOs an international legal status. An important precedent is provided by the *decision-making procedure of the International Labour Organisation* (ILO), under which each member state is represented with four votes, of which *two* are assigned to government and *one each* to management and labour

At present, a number of problems attach to the transferral of such a procedure to global environmental policy. There are as yet hardly any federations of environment and development organizations that convincingly represent their entire national clientele. Nonetheless, such coalitions could well emerge in the near future. Indeed, this process could be accelerated by enshrining the representation of (voting) NGOs from both camps - environment and development associations, on the one hand, and industry associations, on the other - in the statutes of a World Environment and Development Organization.

The ILO procedure, we think, would be superior to other proposed concepts - such as a "world parliament of civil society" parallel to the UN General Assembly - because a direct international representation of non-state actors could not solve the basic problems of NGOs:

- The individual non-state organizations are not comprehensively legitimated and may have only a small membership;
- environment and development NGOs are not in a position to compete adequately with the strong financial clout of business NGOs;
- NGOs of low-income developing countries can not compete adequately with the financially well-endowed NGOs of industrialized countries.

Conclusion: The interests of NGOs should be represented in the World Environment and Development Organization in a manner modelled on the procedure applied in the ILO. In this way, each state could have four votes at conferences, two being assigned to government and one each to the national representations of environment/development organizations and industry associations.

3. *Financing a World Environment and Development Organization*

Various options are available to finance the work of a World Environment and Development Organization. Firstly, the industrialized countries have recognized since the 1960s the political target of channelling 0.7 percent of their gross national product (GNP) to development assistance. Until now, only the Scandinavian states and the Netherlands have met the 0.7-percent target, some of them even exceeding the 1-percent mark at times. The example of the Netherlands shows that industrialized countries can indeed reach that target if supported by a corresponding consensus in society. Raising the payments of the industrialized countries to this level would therefore be one way to finance the work of a World Environment and Development Organization.

The debt crisis of the developing countries since 1982 has led to various proposals aimed at linking the solution to this crisis with the solution of environmental and development policy problems. In the middle of the 1980s, US-based environmental associations began to buy up debt of developing countries on the world market and to "swap" it with the governments concerned in exchange for certain environmental policy programmes *(debt-for-nature* swaps), this generally involving the designation of rainforest tracts as protected areas. After this first phase, several Northern governments followed suit in the late 1980s with similar programmes.

Where they were carried out by NGOs, debt-for-nature swaps only had marginal relevance due to the small volume of capital resources mobilized. However, this instrument has not yet been fully utilized by the governments of the industrialized countries. A remission of debt linked with environmental objectives thus indeed holds considerable promise for the future. In particular, industrialized countries could transfer public debt of developing countries to the World Environment and Development Organization, or could provide the interest from these loans as "knock-on financing" for the Organization.

It remains a basic problem of all multilateral financial mechanisms that they involve no binding, enforceable commitments. Even where there are fixed membership contributions - such as to the budget of the United Nations - over and again such payments have been politically instrumentalized or have been made dependent upon the business cycle. As the theory of collective goods

shows, the financing of common tasks can thus be systematically undermined by freeriders.

Today, states will scarcely subject themselves to direct taxation. It would seem more realistic to introduce for the financing of global common tasks *automatic funding mechanisms* in the form of indirect levies that are independent of the day-to-day politics of national finance ministers. This recommendation was also made in 1995 by the "Independent Working Group on the Future of the United Nations", headed by the former Prime Minister of Pakistan, Moeen Qureshi, and the former President of Germany, Richard von Weizsäcker. In the CSD debates, attention has focused on two types of such automatic funding mechanisms, both associated with international transactions: a *levy on international air travel,* and a *levy on foreign-exchange transactions.*

In the *Agenda for Peace,* former UN Secretary-General Boutros Boutros-Ghali proposed a levy on international air travel, mainly to finance peace-keeping efforts. A levy of five US dollars on each flown "passenger sector" would deliver annual global revenues amounting to about 1.5 billion US dollars. As a levy on air travel could easily be raised through airports with low verification costs (for instance together with airport charges), its practicability is very high.

A second promising avenue for financing the World Environment and Development Organization is to introduce a levy on international foreign-exchange transactions. In order to dampen speculative oscillations on the burgeoning financial markets and to improve the functioning of the market, the later Nobel-laureate James Tobin in the 1970s already proposed placing a 1-percent tax on currency transactions (this came to be known as the *Tobin tax).* This proposal is currently gaining weight - not only because of the "attenuation" of international financial transactions that it offers, but also because of the possibility of using revenues for environmental and development tasks. Thus, for instance, the late French President Francois Mitterrand voiced his support for the Tobin tax at the World Social Summit in Copenhagen. It has been estimated that a 0.5-percent tax on worldwide financial transactions could raise more than 200 billion US dollars annually. These funds could be assigned to the United Nations, its specialized agencies and not least to the World Environment and Development Organization under discussion here. Although it is conceivable that financial transactions would

shift to states that do not levy the tax, if proper arrangements are made this would be associated with costs that could exceed those of the tax.

We would like to end with the recommendation that financing the work of the World Environment and Development Organization should be organized

- by raising the public North-South transfer to at least 0.7 percent of GNP;
- by assigning the debt instruments of the developing countries or the returns from such loans as knock-on financing for the Organization; and
- by supporting automatic international funding mechanisms, particularly levies on international air travel or on financial transactions.

V. CONCLUSIONS

While improved efficiency and more coordination are desirable, they will not suffice on their own to upgrade the efficacy of the existing system of international institutions in global environmental and development policy. This system therefore needs to be complemented by a further specialized agency of the United Nations: a World Environment and Development Organization that integrates existing programmes and institutions. This could, firstly, serve to give an enhanced status to the urgent tasks of global environmental and development policy among national governments, international organizations, NGOs and civil society at large. Secondly, it could help to improve the institutional setting for the negotiation of new conventions and programmes of action and for the implementation and coordination of existing ones. Thirdly, this would be a way to strengthen the capacity for action of states, particularly in Africa, Asia and Latin America, through improved international cooperation and support.

As regards decision-making procedures within the new Organization, the greatest possible acceptance for the Organization could be achieved through procedures on a basis of North-South parity modelled on the ozone regime. Here both the majority of the developing countries and the majority of the industrialized countries could each have a group veto power over the decisions. In addition, representatives of environment and development

associations on the one side and industry associations on the other should have voting rights according to the tripartite system of the ILO, i.e. each country could have four votes: two for government and one each for the group of environment/development associations and the group of industry associations.

Financing, too, appears practicable. For one thing, considerable costs would be saved by integrating the existing programmes and convention secretariats. In addition, funding can be provided by meeting the 0.7-percent GNP target of the industrialized countries, by assigning debt instruments of the developing countries to the purposes of the World Environment and Development Organization, and by introducing automatic funding mechanisms, notably a levy on international air travel or on international financial transactions.

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