

# World in Transition



German Advisory Council  
on Global Change (WBGU)

## New Structures for Global Environment Policy

Summary for  
Policymakers



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**German Advisory Council on Global Change**

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**World in Transition:**

**New Structures**

**for Global Environment Policy**

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## Summary for Policymakers

Technical progress in the 20th century has revolutionised the transport of people, goods and information. Greater and greater speed and distances are being achieved at ever-lower cost per unit moved. Along with the transmission of energy and transportation of materials, the world's information highways are gaining in significance. The direct beneficiaries of these forms of transport – both real and virtual – are business and industry, which organise production, trade and investment today on a global scale. An indirect result of global transport, global business and global information is that the “Western” life-style is leaping borders rapidly. Many traditional cultures are either being suppressed or are disappearing altogether. Religions, art, handicrafts and languages are particularly affected, but ultimately every variety of social norm and value is influenced.

The process of “globalisation” gives rise to undeniable economic and social opportunities; but it also puts three-fold pressure on the planet's environment: First, growth in production, services and consumption will imply a steady depletion of natural resources and sinks unless some “green technological revolution” progresses to the point of making resource use and waste disposal considerably more efficient on a global scale than they now are. Second, environmentally polluting patterns of production and consumption are spreading across the planet, while sustainable patterns and practices are not. This divergence is leading in particular to site-inappropriate management of soils and fresh water resources. Third, the multiplicity of national legislative barriers and loopholes often present an opportunity for evasion of ecological standards – for example, for emissions and ambient pollution.

Can the institutions in place today within the United Nations system (Fig. 1a) cope with this great challenge? Their reputation is currently at an all-time low. Instead of strengthening them, there is talk of streamlining them, limiting their focus to core tasks or even disbanding them altogether. The incidents on the periphery of the ministerial conference of the World Trade Organization in 1999 in Seattle are the

writing on the wall. This is a drastic state of affairs, indeed, because the condition of the Earth System calls for speedy, internationally concerted redress.

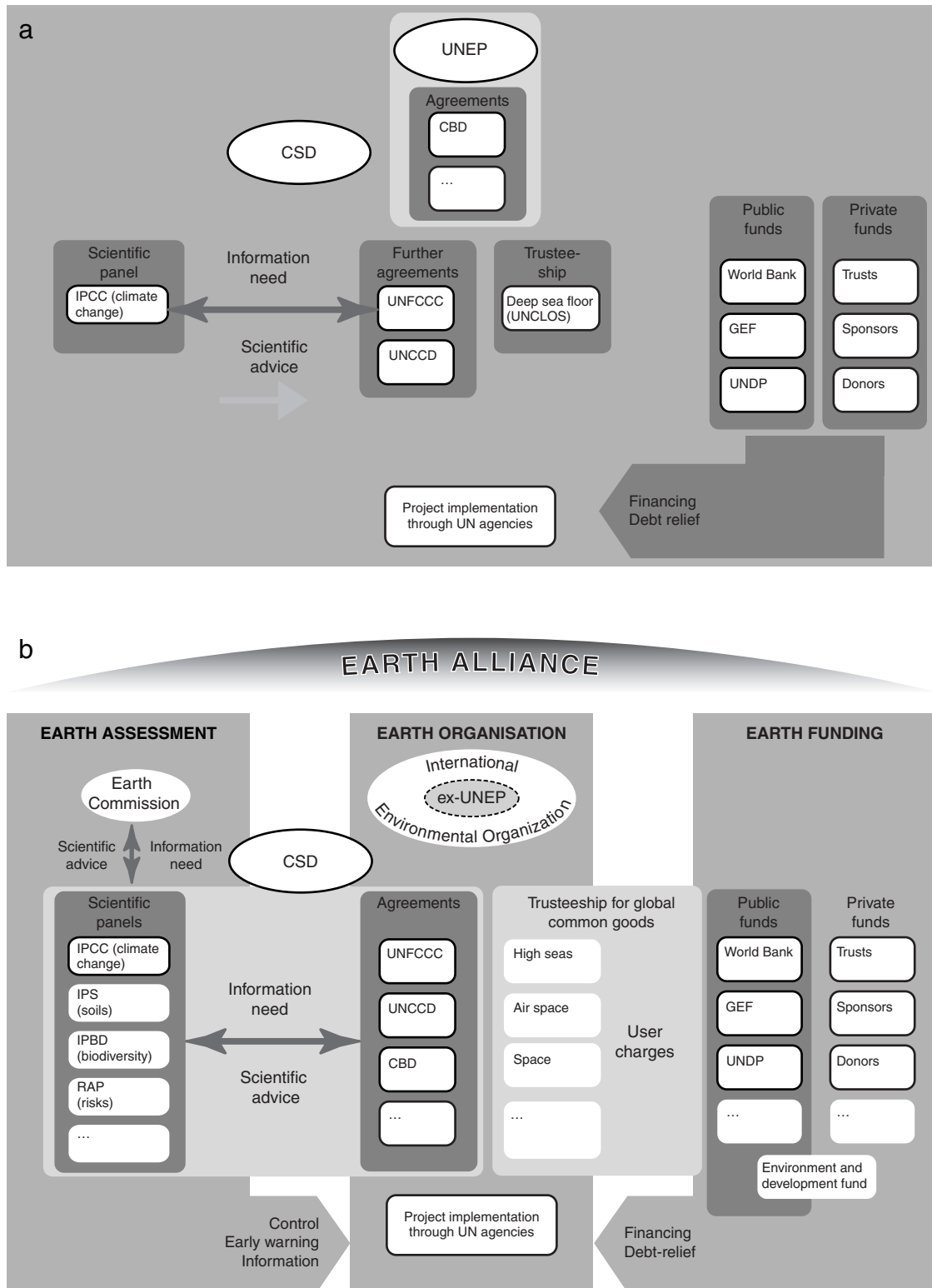
True, eight years after the Rio Summit, more than 900 bi- or multilateral environmental agreements are in force, but the most urgent environmental problems remain unsolved. The pressure of global environmental problems has even grown: greenhouse gases are being emitted with increasing rates; the thinning of the ozone layer above Arctic and Antarctic is spreading over ever-larger areas; more and more soil is being irreversibly degraded; 1.2 billion people have no certain access to clean drinking water; primary forests are being chopped down; and biological diversity faces irreversible losses.

The lack of coordination and collaboration among individual activities to preserve the natural basis for human life is painfully obvious. In an era of globalisation – meaning also global accountability for the environment of the planet as a whole – humanity must unite in a common effort for the sustainable co-evolution of nature and human society. Yet global environment policy does not today enjoy a priority commensurate with the magnitude of the problems it addresses. This is why now, two years before the Rio+10 Conference, the German Advisory Council on Global Change (WBGU) proposes a new *Earth Alliance* as a vision for the restructuring of international environmental institutions and organisations.

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### Restructuring the United Nations in the environmental sphere: creating an Earth Alliance

The Council's vision of an *Earth Alliance* to reform the framework of international environmental institutions and organisations builds on existing structures and develops them further as needed. The *Earth Alliance* (Fig. 1b) breaks down into three cross-cutting areas – *Earth Assessment*, *Earth Organisation* and *Earth Funding* – to be linked to one another through mutual commitments for information and



**Figure 1**  
 Reform of the United Nations in the field of environment: (a) today's status and (b) vision of a reform.  
 Source: WBGU

communication exchange, joint activities and common financing models.

The Advisory Council proposes the establishment of an independent entity to serve as a special authority for the evaluation of environmental problems. The duty of this authority would be to issue timely warnings of environmental risks. This authority, of deliberately limited size, would have certain rights of proposal vis-à-vis scientific panels – some of which are yet to be established – and would be entitled to address the public as needed (*Earth Assessment*).

Further, the Advisory Council recommends changes in the organisational hub of international environment policy (*Earth Organisation*). At the centre are institutional and organisational reforms in international environment policy: these are already being discussed with an eye to the Rio+10 Conference. Firstly, the Advisory Council urges improved cooperation among the various organisations and programmes: that is, closer linkage among the secretariats of the international environmental conventions and their scientific panels, which for the most part do not yet even exist. A second step would be to set up a coordinating umbrella organisation with its own panels. The uniting of international environment policy within a single, central organisation should be considered only if the desired improvements fail to come about.

In addition to legal certainty and good governance, sufficient financial resources are necessary to counter growing global challenges successfully. However, the reluctance of the industrialised countries to provide adequate funding – which has become increasingly entrenched over the years – poses an obstacle to the raising of sufficient funds to protect global environmental resources. In view of this fact, a final section includes recommendations for financing global environment policy (*Earth Funding*).

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### The three pillars of the Earth Alliance

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#### Earth assessment: setting up scientific panels and the Earth Commission

Knowledge and knowledge assessment are the keys to risk management. Following the example of the Intergovernmental Panel on Climate Change (IPCC), the Advisory Council recommends the establishment of comparable scientific bodies to advise and support, for example, international soil and biodiversity policy. Recognised scientists could meet together as an Intergovernmental Panel on Biological Diversity (IPBD) or an Intergovernmental Panel on Soils (IPS) and – working on an independent, on-go-

ing basis – could offer advice on scientific policy. In this system, the peer-review process of the IPCC should serve as a model, but not its relatively cumbersome structure. In addition to these sectoral advisory bodies, a Risk Assessment Panel (RAP) might then serve as a network cluster point where the various national surveys and reports on environmental threats can be systematically collected, and global risks identified.

As part of its vision for structural reconfiguration of global environment and development policy, the Advisory Council sees the need for an independent entity with the ethical and intellectual authority to identify and evaluate the problems of global change. The Advisory Council recommends that the Federal Government of Germany reviews the idea of founding an Earth Commission and present corresponding proposals to the United Nations. The Earth Commission should provide the long-term thinking needed to protect the environment and the rights and interests of future generations and also give impulses for research and political action. The Earth Commission – appointed by the UN General Assembly and consisting of 10 to 15 members – should be composed of leading figures who can command the attention of a global audience, roughly as the Brandt or Brundtland Commissions have. The Earth Commission, with its scientific panels, should achieve four accomplishments in particular:

- *An overall perspective*: by employing existing monitoring systems optimally for an accurate appraisal of the state of the Earth System.
- *Early warning*: based on current systems and further scientific data and findings, with timely notice to the world's people and particularly the United Nations of impending and potentially irreversible environmental damage.
- *Guard-rails*: guiding international environment policy towards the prevention of irreparable environmental damage by delineating both transition areas falling within admissible parameters and circumstances that are inadmissible.
- *Reporting*: through an annual report to the General Secretary of the United Nations in which the most important environmental problems and developments are assessed according to the latest scientific information and standards.

In the Council's recommended structure for Earth Assessment, the Commission for Sustainable Development (CSD) would assume an important role in fostering linkage and dialogue among the various countries involved, the UN organisations, the Earth Commission, the scientific community and non-governmental organisations. The Earth Commission could also be accorded a right of proposal for debate within the CSD of topics that, from a scientific point

of view, are particularly critical but which have not yet attracted the political attention they merit. The CSD, to whom the major NGOs can present their concerns and proposals for solutions, could also become the forum for discussion of Earth Commission reports, being, as it is in any case, the central forum for environment *and* development issues. This structure would to some degree amount to an international version of the German Council for Sustainable Development.

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### Earth Organisation: upgrading UNEP

As a result of the frequently perceived lack of coordination and effectiveness of global environment policy, the call for a comprehensive reconfiguration of international institutional and organisational structure has in recent years become audible. The UN Environment Programme (UNEP) has only 530 employees to carry out its global mandate, whereas the German Federal Environmental Agency (UBA), for example, has about 1,050 and the American Environmental Protection Agency (EPA) 18,000. This is why the Advisory Council has supported the founding of an international environmental organisation in earlier reports. Prominent European politicians have long lent their support to this idea as well. In view of the wide divergence among the various proposals, however, certain essentials for any restructuring of global environmental institutions must be defined first:

- All initiatives must be multilateral and launched jointly by industrialised and developing countries. The Advisory Council therefore expressly recommends forming coalitions with key developing countries in order to ensure acceptance of a political initiative right from the start.
- North and South should have equal rights in decision-making – the North-South decision-making parity of the Montreal Protocol, the Ozone Fund or the Global Environment Facility (GEF) could serve as a model.
- The reform should not lead to the establishment of an authority with a mandate to implement projects on its own. On-site projects should continue to be carried out by the UNDP, the World Bank, the FAO, UNIDO and similar players.
- The restructuring should not involve the creation of a financing organisation in addition to the UNDP, the World Bank or the GEF.

The Advisory Council proposes the restructuring of the existing system in a series of steps. In the process, it is not to be assumed *a priori* that all of the steps be completed, so that in the end the third level is necessarily reached. Instead, in the beginning, only the first

level is to be realised and its effectiveness tested: the next step is then to be weighed only if the previous one has not brought about the desired results.

### Step 1: Improving cooperation

The first step involves improved cooperation among the various organisations and programmes: partners continue to work together on an equal basis. During this process, the several functions now exercised by the CSD, GEF, the various conferences of parties, the convention secretariats, and the environmental divisions and programmes of the respective specialised agencies are not to be altered. Possibly UNEP could, even at this point, be assigned a different institutional structure within the UN system. This strengthening of UNEP could be modelled on the World Health Organization – that is, on a UN specialised agency with its own budget and membership – or on the UN Conference on Trade and Development (UNCTAD), as an internal UN entity.

### Step 2: Setting up a coordinating umbrella organisation with its own, independent panels

If improved cooperation among international organisations and programmes does not eliminate shortcomings within the system, coordination among the players involved should be improved in an effort to strengthen environmental protection. This would necessitate a certain amount of hierarchy within the organisational structure, for which the World Trade Organization (WTO) might serve as a model. Along similar lines, it might be advisable to integrate the various conferences of the parties to international environmental agreements within a framework agreement establishing an international environmental organisation. They could then continue to exist as separate and largely independent committees to the ministers' conference, as in the case of the WTO. In all probability, however, the founding of such an umbrella organisation will not be accepted by either developing or industrialised countries unless both sides are ensured a clear voice in that organisation's further development. Appropriate here would be the application of decision-making procedures based on North-South parity analogous to those of the Montreal Protocol.



### Step 3: Centralising and uniting within in a single organisation?

The common goal of current proposals for a third step is to centralise and establish a hierarchical order for international environmental policy-making. Decision-making processes should be speeded up by moving beyond the consensus principle and/or by introducing smaller decision-making bodies – an “environmental security council” for example. Minorities should lose their veto power. Such form of hierarchy, which strongly delimits sovereignty, will certainly encounter considerable resistance in both North and South.

#### Proposals for good regime design

But in addition to a cross-cutting reform of UN environmental bodies, the numerous sectoral regimes that already exist (e.g., on climate, biological diversity or combatting desertification) can also be optimised. The Advisory Council has evaluated experience from negotiating processes to this end, and has compiled proposals for good regime design.

#### USING PROTOCOLS TO ADVANCE THE PURPOSES OF FRAMEWORK AGREEMENTS

Today, the strategy that for the most part prevails is to draw up framework agreements only on broad goals and possible instruments and to leave the concrete terms to further rounds of negotiations, whose results then take the form of protocols that supplement the convention and make it more precise and more strict. The Advisory Council rates this approach as positive, because in this way it is possible to draw into the negotiation process even countries that tend to hold back. In view of the steady intensification of global environmental problems, however, it must be urgently pointed out that the period of time between entering into a convention and actually overcoming the problem on the local level is for the most part too long; this is why protocol negotiation, ratification and implementation must proceed with greater dispatch.

#### MAKING VOTING PROCEDURES MORE FLEXIBLE

Voting procedures are a decisive factor in flexible regime evolution. The Advisory Council urges that an effort be made in the direction of softening the consensus principle in international negotiations, especially when an irreparable loss of environmental assets may otherwise result. The principle of “tacit acceptance”, especially, should be used more frequently. In modifying protocols or annexes, North-South parity decisions based on qualified majority votes should be promoted, since they are the most likely to

gain consensus. Furthermore, in decisions that impact the human heritage as a whole, a modification of the formal principles “one state, one vote” or in agreements about financial contributions the common practice of “one dollar, one vote” should be reconsidered in favour of a “one person, one vote” distribution.

#### STRENGTHENING THE RIGHT OF ACCESS TO ENVIRONMENTAL INFORMATION AND LINKING IT TO REPORTING PROCEDURES

In addition to the introduction of more flexible procedures, the way of international compliance control functions is a major criterion for a regime’s success. Experience shows that the obligation of member states to report on the fulfilment of their commitments is an indispensable tool for monitoring international compliance. The Advisory Council recommends, however, that these reports be scientifically appraised to maximise their usefulness at the conferences of the parties. The recourse to internationally agreed indicators plays a vital role by increasing comparability and practical use of the reports. Farther ranging rights to access information should also be introduced as needed.

#### POSSIBILITIES OF FLEXIBLE REACTION TO COMPLICATIONS ENCOUNTERED DURING IMPLEMENTATION

Cooperative solutions are an increasingly common reaction to complications arising during implementation, since such solutions – achieved in a spirit of partnership – strengthen both international relationships and transparency for all. Guaranteed instruments to assist compliance that are not attached to any kind of conditions can, however, blunt the motivation to meet one’s obligations on one’s own hook. And in some instances strict sanctions have helped to eliminate implementation shortcomings. In view of this variance, the Advisory Council rejects any dogged adherence to either confrontational or non-confrontational policies. When complications arise during implementation, the Advisory Council recommends, instead, a flexible approach that is adapted to each individual instance. Existing regional/continental institutions (such as those of ASEAN or the EU) could also play a more active and extensive role in controlling and monitoring compliance with internationally agreed standards.

#### INTEGRATING NON-GOVERNMENTAL ORGANISATIONS AS PARTNERS IN ENVIRONMENTAL PROTECTION

Non-governmental organisations (NGOs) provide valuable links on all levels – from local to international – and ensure that social factors are taken into

consideration. The participation of environmental associations has proved particularly effective for gathering and distributing information on site and for local implementation of agreements. The Advisory Council therefore supports approaches that integrate NGOs into the implementation process on the basis of their consultative and participatory rights. Voting rights and autonomous decision-making power for NGOs are problematical, however, because of the difficulty of establishing standards for legitimacy in regard to them.

#### ENSURING THAT ENVIRONMENTAL CERTIFICATION SYSTEMS ARE FAIR

World-wide product certification is another activity that is well suited to international non-governmental cooperation for environmental protection. Whether or not international cooperation among enterprises or certification initiatives can make a contribution to the long-term, sustainable use of global resources cannot be determined at present. However, the Advisory Council decidedly perceives in such certification an incentive system that – in addition to international governmental cooperation – must not be neglected. One possibility for managing environmental certification or labelling would be accreditation by the Earth Commission, which could perhaps supply appropriate criteria.

#### Earth Funding: increasing efficiency and finding new methods

The Advisory Council recommends three measures for financing global environment policy which – in addition to a desirable increase in available funds – would lead above all to a more efficient use of these funds: reorganising of both internal and external controlling structures in multilateral institutions, levying utilisation fees for resources belonging to the global community, and stepping up integration of both private and public financing mechanisms.

#### MAKING MULTILATERAL ORGANISATIONS MORE EFFICIENT

The Advisory Council assumes that in future, the primary instrument for global environment and development policy will continue to be financing of global tasks through appropriations from national budgets. This system offers, significantly, the advantages of direct and regular control by national democratic institutions and constant pressure on money-distributing bodies to demonstrate accountability vis-à-vis such institutions. Numerous international organisations have come under the scrutiny of the national parliaments of OECD countries for non-transparent or

less than efficient handling of funds; willingness to provide financial support for UN organisations is waning. On the other hand, the UN organisations point to high acceptance in most developing countries as a result of positive experiences with UN capacity-building performance, in that projects are based on participatory procedures in which each country, whatever its economic strength, has a voice. Within existing multilateral organisations, it should be constantly reviewed to what extent:

- the use of funds can be concentrated on a single, narrowly defined environmental problem or whether interplay with other environmental problems must be taken into account as well,
- auditing procedures within the organisation are producing incentives for increased efficiency.
- external control might be improved by additional controlling bodies and different consultation procedures,
- lack of efficiency in recipient countries can be overcome by capacity-building measures that integrate local initiatives,
- the time, structural and spatial aspects of the process of adjustment needed to cope with global environmental problems are being taken into account,
- the organisation of funds utilisation is geared to the type of environmental protection measures needed (from individual projects on up to comprehensive economic structural reforms).

#### LEVYING USER CHARGES FOR GLOBAL COMMONS

The linking of private market price mechanisms to the use of natural resources is in many instances the decisive factor in conscientious resource management. These mechanisms have their limits, however, due to the non-existence of property rights. Numerous natural assets – such as international air space, the high seas, or space – are “open-access” resources and as such constitute resources belonging to the global community as a whole. Since it is impossible to put a price on such resources, only placing them within a common global trusteeship can prevent their overexploitation for exclusive use. In the *Earth Funding* system, the levying of user charges for the tapping of such global community resources provides an important alternative to appropriations from government budgets for financing global environment and development policy. The Advisory Council wishes to draw attention in this context to three aspects that are indispensable for the understanding of and terms governing such payments:

- The charges must serve a clear purpose which is directly linked to access to the global commons. A general environmental tax of some kind is not under discussion.

- The decision as to the type, amount and uses of utilisation fees is to be geared to the unique nature of each individual global community resource. In many cases, there can be recourse to existing multilateral or private organisations. It may prove impossible to derive additional revenue from some global resources; however, even in these cases incentives for greater efficiency can be produced through the granting of and trade in individual use rights or emission rights.
- The trusteeship is to be subjected to constant monitoring and approval by individual governments or their designated regulatory bodies.

#### STRENGTHENING PRIVATE FINANCING INSTRUMENTS

The Advisory Council has already pointed out a number of times in previous reports the growing significance of the private sector and innovative financing instruments on local and national levels. This element is an important factor for:

- taking advantage in individual cases of the familiarity of players with on-site conditions and the corresponding parameters for action,
- using a decentralised and intelligible structure for greater efficiency, which exerts greater competitive pressure in the private sector and among different localities, to the good of global environment and development policy,
- increasing basic motivation by means of more direct access to global environment and development projects.

“Global players” assume a growing role in the use of global resources and sinks. Multinational corporations frequently plan their activities in accord with their own environmental standards; many people in industrialised countries are active in environmental organisations and patronage; and many national and global NGOs are in a position to influence the behaviour of individuals, groups and organisations. It is at precisely the point where government standards do not apply effectively that private initiatives can take over. The Advisory Council recommends support for this process of private acceptance of responsibility – for example, through prizes and awards, centralised purchasing, and targeted awareness-raising.

The Advisory Council rearticulates its call for the creation of institutional framework conditions that can galvanise the private sector and strengthen national, non-commercial funds – e.g., in combination with a world-wide debt-relief initiative. The *Earth Funding* needs competition among a variety of individual, innovative financing schemes, whose respective efficiency will determine how widely they are taken up in other countries, sectors or problem areas. In the combination of the various financing instruments lies a distinct opportunity: the first successful

steps toward reform could inspire an openness to financial agreements on specific global community resources – agreements that appear almost utopian today. At the same time, a firm focus must be steadfastly maintained not only on gaining revenue but on the efficient deployment of available financial resources.

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#### Making the most of the Rio+10 Conference

The vision of an *Earth Alliance* presented by the Advisory Council cannot be realised in the short run but should serve as a model for a long-term but imperative reform of global environment policy. In particular, the follow-up conference to the 1992 Rio UN Conference on Environment and Development to take place in 2002 (Rio+10 Conference) should serve as an opportunity to get some elements of this structural reform underway. As early as 1997, the Federal Republic of Germany spoke out for setting up an international environmental organisation. In June 2000, French Prime Minister Lionel Jospin announced the intention to revive debate on an international environmental organisation during France’s presidency of the EU. The first international Environmental Ministers’ Conference in Malmö also highlighted the need for organisational reform of global environment policy. This auspicious political moment should, in the view of the Advisory Council, be seized, and an initiative launched – possibly by the EU – with Germany and France as forerunners.