

# **AN INTERNATIONAL ENVIRONMENT FUND (IEF) FOR SUSTAINABLE ENERGY AND SOCIAL PROGRESS FOR ALL**

Francesco Adamo<sup>1</sup>

## **1. “Sustainable energy for all”- a must which needs the recognition of the fundamental human right on our common environment.**

Atmospheric pollution is certainly the cause of the degradation of the planet natural environment, in particular of its health condition that is indispensable to the existence of human life. It is so linked to the modes of production and energy consumption that makes the environmental issue one with energy, although it is also caused by processes of pollution of waters not connected to energy, waste and destruction of fundamental resources such as soils, and although the same conditions of the atmosphere may be deteriorated or improved by deforestation or reforestation and more generally by changes in ecosystems.

As the Earth, beyond its regional differences, is one, unitary, ecosystem - as natural geographers have highlighted since the western classic antiquity - local effects of environmental degradation, and particularly of air and water pollution, become regional and world-wide. Ecologically damaging actions of a given community, such as energy consumption from fossil fuels, can produce, and in fact have long been producing, adverse effects on nearby communities and changing the composition of the atmosphere on all communities in the world, from those of the most technologically developed cities (many of which cannot be breathed) to those of the African savannah villages or the archipelagos of the Pacific. From this simple observation of the terrestrial unity and ecological interdependence of the territories occupied by the various human communities, and in particular by the nations in which the Earth has been divided by human occupation, derives the following.

1) National sovereignty is necessarily limited: every nation (like every community) can do in its own territory what it wants, unless its action does not undermine the interests of others (specifically in the use of the common earthly atmosphere, as well as in keeping their own waters sound and fishy). So the use of the planet's environment must be well-regulated internationally.

2) Supposing, moreover, that each human being, and every child who is born, wherever he is on the map of the world, must have - as is morally and politically sacrosanct - the same fundamental human rights, and also the right to Enjoy the same share of the planetary environment.

The individual dimension of the atmosphere and the natural environment on the whole used by the inhabitants of the various nations is highly unequal: it is the result of a long historical process and a rebalancing is certainly not easy, and perhaps not even an

---

<sup>1</sup> Emeritus Professor of Economic and Political Geography at Università del Piemonte Orientale – DISEI, Novara; President of Geoprogress ONLUS.

achievable goal, nor is it fundamental. However, compensations are possible and necessary: between those who take too much advantage of the common good, the planetary environment, and those who enjoy too little. The aim is not only to reduce these disparities, as is clearly evident from energy consumption or carbon dioxide emissions data, but mainly to provide sustainable energy for everyone - as enough energy, as well as a healthy natural environment, is a basic need for all humans - and gradually to contribute to a sustainable development of the planet.

Despite the recent United States position on the Paris (2016) commitments to reduce greenhouse gas emissions, a position that other states will have to refuse while increasing their commitments, I repeat here - and I hope the European Parliament will accept the proposal and support it internationally - the establishment of an *International Environmental Fund (IEF)*, intended as compensation fund between debtors and creditors environmentally speaking: between countries with an average per capita consumption per inhabitant below the world average (or, better, at the desired target level) and countries with consumption above this level. It is a regulator of the environmental balance between nations based upon a criteria of equity and international justice. This is the key difference from the current international funding mechanisms for environmental protection and development cooperation projects, at present mainly focused on "climate finance"<sup>2</sup>. In fact, "in accordance with the principle of 'common but differentiated responsibility and respective capabilities' set out in the UNFCCC (United Nations Framework Convention on Climate Change), developed country Parties are supposed to provide financial resources to assist developing country Parties in implementing the objectives of the UNFCCC. Even if there are these general obligations of developed countries, reaffirmed in the Paris Agreement, also the mechanisms of climate finance largely rely on gifts, on voluntary contributions and the contributions from public sources are mainly related to the 'capability' of the country that is its production.

The proposal of IEF is based mainly on principles of social justice and respect of human rights, which should also be the foundations of international law and particularly of international environmental law. Nevertheless, it does not disregard the role of charity, not only because this is an important financial source among the inputs of the proposed Fund, but also because the values of charity and more generally of human solidarity are the premise of the justice principles adopted. In the absence of these human values, it would be very difficult or impossible to agree on the parameters proposed and on the criteria of identification and share of the environmental costs and benefits among all the members of the *International Environment Systems*.

The implementation of this proposal, which is certainly to be upgraded but which I consider to be important for achieving the objective of sustainable energy for all, particularly in poor countries, firstly requires the removal of obstacles preventing the assertion of these rights. These obstacles are above all cultural, moral and political, although they are in large part a cause and consequence of economic obstacles.

It's been years since "Earth Justice is involved in an effort to persuade the United Nations that the right to a safe, healthy, and healthful environment is a basic human right and, as such, is protected by various existing human rights agreements and conventions. Considerable progress has been made" (Rebecca Bratspies, 2015), but the human right to

---

<sup>2</sup> They are mainly focused on problems of the climate change and are included in "climate finance", which "refers to local, national or transnational financing - drawn from public, private and alternative sources of financing - that seeks to support mitigation and adaptation actions that will address climate change

a healthy environment has not been yet recognized. At international level, the recognition of this fundamental right, implying the recognition that all human beings, wherever they live, are entitled to equal shares of the atmosphere and the natural environment of the planet, finds an enormous obstacle in the great international economic disparities, in egoisms, not only individual but also national, which mainly in periods of generalized economic difficulties intensify.

Attempts to remedy, with nationalist closures, the recession that has hit the wealthiest countries over the last ten years, so long as to be a true depression, have already been clearly as illusory as unrealistic. The globalized economy is no longer the dream of some economists or the expression of the strategy of large multinational corporations and the will of some powerful nations to support them. It is a reality that individual nations and individual businesses and individuals have to deal with, and it demands to be governed by multilateral bodies, a world sovereignty defined by international conventions such that they can limit the sovereignty of individual nations: they must therefore be equipped with a political power such to enforce rules even to the most powerful nations, mainly isolating them. There is no point in discussing what might be a possible organization of the world's government in its multiple aspects, although such discussion is urgent and fundamental, given that the current organization has not worked for a long time either on the political-military level or on the economic one. Suffice is to recall here that the Atlantic Alliance, with no sense during the fall of the Berlin Wall, induced US allies to assume the friendships and the enmities of the rotating President of that great country. This, while wanting to be grateful to those who have pacified Europe for two times, is no longer acceptable.

In addition, it is equally indispensable to "democratize" the governing bodies of the economic and financial system in order to provide them with autonomous decision-making capacity in order to stabilize the economic system and to be safe from speculation and monopoly control.

These changes are essential to ensure energy security, which requires not least the stability of the market, that is to say, its regulation and control of its main protagonists. Economic stability is an essential condition for ensuring sustainable development, peace and well-being for all, together with meeting the needs of energy needs.

## **2. The International Environment Fund, as originally proposed<sup>3</sup>.**

This proposal set as its aim the satisfaction of two fundamental requirements:

- to regulate the international environmental system;
- to fund the protection of the natural environment, the sustainable development and particularly the creation and diffusion of environmentally sound technologies; especially in developing countries, where the development of sustainable technologies is difficult or impossible, mainly because of the lack of the necessary finance

---

<sup>3</sup> It was first presented and discussed at the "U.N. Workshop on Creative Financing for Environmentally Sound Technologies" held in Belém (Brazil) in December 1990. See: Adamo, 1990; UNCSTD, 1990.

"The proposed I.E.F. would be a global fund dedicated to our common heritage as originally conceived by the Commission on Environment and Development under Norwegian Prime Minister Margaret Gro Harlem Brundtland. The Fund should be administered by an authority delegated by the World Bank who in turn should be asked to convene a conference of the various funding sources such as the IMF, the regional development banks, the central banks of industrialised countries, the development assistance agencies of industrialised countries, including those which devote funds to international non-governmental organisations." (UNCSTD, 1990)

It would act as a compensation fund and regulator of environmental balance between nations, based upon a criterion of equity and international justice. This would be supplied by countries that are, environmentally speaking, debtors (essentially the industrialised nations) in proportion to their environmental deficit and per-capita income, and should finance the relevant projects and environmental policies of countries that are environmental creditors, in relation to their environmental surplus, to their per-capita income, and to their efforts in favour of protecting the environment for all humanity.

**For the immediate constitution** of the I.E.F., it is proposed to use:

1. the funds pledged to the "Global Environmental Facility" (GEF) and the two funds managed by the same GEF

2. the sources arising from the mechanisms of debt conversion: firstly, of the debt conversion into a multilateral institution, but also the bilateral public loans. The management of these funds should be entrusted immediately to the I.E.F.

3. part of public aid or, better still, the equivalent of its possible increase. The part we propose to use immediately for the I.E.F. could be equal to 0.25% of the Gross National Product (G.N.P.) of the developed countries; if these countries finally decide to keep their promises, and to rapidly bring their aid up to a minimum of 0.70% of the G.N.P., as required by the same Development Aid Committee of the O.E.C.D.

4. private donations which could be stimulated by international investment in eco-bonds, launched by the United Nations with the collaboration of Non-Government Organisations (NGOs)

**Revenues** should then be represented under the following headings:

A) voluntary private contributions, such as direct donations and the possibility in rich countries of deducting a small tax-free amount from profits and personal income;

B) rent and royalties, paid by rich states and private companies (such as biochemical and pharmaceutical industries): respectively for the concessions of use of vast regions of tropical rain forests - to be conceived as biological (and climatic) "mines" and water supplies, and to be cared for as scientific parks - for research purposes, for the gathering of natural substances and the economic exploitation of research results.

C) part of the revenue from individual states, generated by the eco-tax, an indirect tax which is gradually making headway in industrialised countries (at least in some of them) and which is under discussion in the European Parliament. The eco-taxes should concern the consumption of the following categories of goods:

C.1) noxious products (eliminable and non-eliminable), taxation to be restricted, for the moment, to fossil and other fuels (carbon tax), and to some heavy metals (such as cadmium);

C.2) goods which are under-priced by the market and do not reflect the physical scarcity of non-renewable natural resources used in their manufacture, such as certain rare minerals (for which the taxable sum should be shared between the fund and the producing country);

C.3) goods which are under-priced with reference to the physical quantity of the renewable natural resources employed (for example, the extension of occupied soils); for the moment we could cite some agricultural products typical of tropical countries (or even a product prevalently exported by developing countries) and in particular products for which trade terms have deteriorated (e.g. coffee, cocoa, leather, cotton, etc.) and whose demand is not very elastic;

C.4) goods produced in rich countries with the aid of customs duties and states subsidies, to the detriment of the economies of poor countries and the environment; in particular, this proposal of a swing away from economic protectionism towards nature protection, might concern some of the products over which the Uruguay Round was in deadlock and the W.T.O. still finds obstacles, and help to get the situation moving.

Evidently the sum payable to the I.E.F. differs according to each type of product taxed and to the category of each country. With regard to the much-discussed carbon tax (Pearce, 1989a; Brown, 1990), I.E.F. debtors should be those countries with a net per-capita emission of carbon that exceeds one ton per annum. Their payments, in proportion to quantities in excess of these limits, could be defined with reference to the rough cost of reforestation which would, in theory, allow the absorption of a corresponding quantity of carbon-dioxide.

**Outgoings** are represented by various forms of financing, the distribution of which is based upon criteria which can be inferred from proposals for revenues and, besides a sense of fairness, also take into account the policies practised by environmental creditor countries.

The following financial supports should not be neglected:

I) public and private companies' projects: tax relief on loans and export guarantees, respectively for various forms of investment directly in the sector of sustainable technologies (better still if through international joint ventures) and for the transfer of such technologies;

II) projects and programmes of governments of said states, of international bodies and of NGOs: for research into sustainable technologies, the environment in its geographical aspects and in its relationship to development; for research into preventive measures and environmental recovery, for the diffusion of sustainable technologies, training programmes and projects of sustainable development.

III) transfer to tropical countries of rents and royalties for pluvial forests destined to be scientific parks and transfer in any case of yearly loans (obtained from the carbon tax) proportional to the environmental benefits coming from reduction in deforestation (taking 1991 as a basis). The above would represent such a financial flow as to discourage alternative uses. Its assessment would imply an appropriate geographical classification of forest regions, as we have to keep into account the different "marginal opportunity costs" (Warford, 1989; Pearce, 1989b).

IV) loans at special rates to states and extra funds to firms for the reconversion, diversification and economic development of those countries that will be subject to

economic loss due to environmental policies of industrialised countries and also due to the implementation of the above proposals. The latter can only be carried out gradually.

This proposal is to be adapted to the new world conditions and to the present financial mechanisms for sustainable development,

### **3. Assumptions and implications of the I.E.F.**

It may be useful, in conclusion, to make explicit some other aspects of the background implicit in the proposal of the I.E.F. and some of its ramifications. The institution of this fund - finalised to regulate international environmental relations and to finance the environment in its plurality of aspects and in its different geographical scales - bases itself on a systemic conception of the world and in particular on the principle of interaction between the different phenomena of the earth's reality and between the earth's regions. In other words, from this conception, a foundation of the geographical sciences since the first half of the 1800s, there arise some points for consideration.

1. Problems occurring on a "global" scale, privileged by multilateral conventions, resulting from the interaction of local, regional, national, and continental problems and actions. Therefore, solutions would imply plans of intervention on all levels, starting from a local scale.

2. The problems of each of the kingdoms of nature or "spheres" (atmosphere, hydrosphere, lithosphere, biosphere) in which we divide the geosphere (the earth as a whole), are often the result of processes that are developed also in the other spheres. Therefore, the implementation of most of the international conventions on the environment (already or yet to be approved - each in general related to one sphere only), implies integrated projects regarding many different aspects of the interconnected world.

3. In particular, we cannot afford global problems unless we solve those related to poor countries. These countries comprise a great part of the world territorially, and in terms of population; moreover, it is here that future demographic growth is concentrated. It is therefore evident that the protection of our common earth and human progress does not only involve a greater degree of co-operation between the countries of the north and the south, but the latter also need more solidarity and resources from the former. We have to understand that the countries of the south cannot realise alone the necessary investments for the development and diffusion of technology (of product, of process, of organisation) that is environmentally sounder than we have at present.

This is why, to establish a definition of a first environmental budget between nations (in order to proportion the payments from each nation to the I.E.F.), we cannot afford to wait and make elaborate measurements and sophisticated indexes. If the governments of countries that are environmentally in debt have the will, it is sufficient for now to use the data of the net emission of carbon per inhabitant, integrated with that of the average income. We have to adjust this data on the basis of the annual variation tax of the forestry biomass - so that we can encourage the reduction of de-forestation, or even better so that we can increase forestation.

However, it has to be clearly underlined that the planet's environmental problems need at the same time a strong effort, even if not financial, from the developing countries, in the pursuit of policies of sustainable development and in complying with their international commitments. Without this commitment the international co-operation and

financial sacrifice that this entails for the consumers of the north would make no sense, nor would it find the necessary consensus. Regarding this last theme it must be clearly understood that it is also necessary that the consumers of the rich countries have complete trust in the management of the fund and that they can effectively check and see the concrete results obtained. It is therefore indispensable that before and after the implementation of environmental plans there is a careful evaluation, and a more widespread diffusion of information.

On the other hand, environmental political action and all the financial effort that is necessary to put it into effect would make no sense if it was not established that all the investment projects, especially those financed with public help, should be consistent with the concept of sustainable development and should therefore be submitted to a preventive evaluation of environmental impact.

The programmes and financing for the environment would be in vain without a gradual but radical change of economic policies (which, at present, are made of fiscal and credit incentives, and customs barriers), that artificially increase the possibility of profitable activities, distort the markets, and end up generating waste and degradation of the natural resources and environment both in developed and developing countries (Repetto, 1988).

Such efforts would be equally in vain if the diffusion of unsustainable technology or, at least, technology not allowed by the environmental norms of the country of origin, is not impeded in developing countries (through strict control of investments and international transfers of technologies, incoming and out-going).

Regarding this theme, we must underline that "Tradable Permits" are unacceptable, although they are indicated as one of the useful potential mechanisms for funding sustainable technology and development as is outlined in the Report of the UNCTSD (1990). Without counting the fact that these Tradable Permits could suggest a new macro-regional vision of a neo-colonial type, they do not at all discourage the reduction of waste and consumption of rich countries. This reduction should be one of the fundamental directions of a really sustainable development on a world scale. Tradable Permits do not encourage in the developing countries a policy of environmental protection and especially of useful investments in the increase of productivity (of soil, of work and of energy used), which is the other fundamental direction of sustainable development on a world scale.

The mechanism of Tradable Permits and also that of consumption rights (which are based on the logic of who can afford to pay for it, can dirty as and how much he likes) are however in contrast to the proposal of the I.E.F., taking from this fund a crucial part of the revenues on which it counts.

According to the proposal of the I.E.F., the environmental debts (which belong to the whole world community and not to one or more chosen countries) have to be put in a common fund and managed multi-laterally, utilised for the financing of the environment and sustainable technologies in the creditor countries, to the advantage of the whole world community.

#### **4. Why re-launching the IEF proposal?**

I am re-launching the political proposal to constitute the International Environment Fund (I.E.F.), hoping the European Parliament and the Governments of the States will discuss it, because this global fund aims to give the right answer, in my opinion, to

problems referring to environmental protection and at the same time poverty, lack of energy and other means to meet the basic needs. In fact, poverty and environment degradation are closely related in many "peripheral countries"<sup>4</sup> of the world economic system. The opportunity to relaunch the proposal of the I.E.F. and, more generally, a political commitment for a fairer international order and democratic government of the world geosystem is given by the process of UN restructuring which I hope will accelerate in the post-2015 period.

The academic and research world, as well, has to participate actively in this process. It is time to overcome the very evident contradiction that has characterised the last fifty years: the contradiction between the indubitable growth of environmental knowledge and the continual growth of environmental degradation of our unique and shared planet. (The good performances of some countries and regions do not count if overall the world situation worsens). This is the first requirement that future UN Conferences will have to meet: objectively, because the environmental threat does not allow us time for delay; subjectively, because the people of the Earth would not accept further failures.

Therefore, presenting the IEF proposal, I would like to make some recommendations for the success of future conferences and summits.

1) We must not be too ambitious or vague: we must define the possible objectives, taking account of the rhythm of nature, on the one hand, and of human action on the other, and especially taking account of the financial (and human) resources available, and of the effective will of the governments of the states involved.

2) We must give priority, in the work of political conferences, to the environmental problems recognised by all of us, or at least to the problems for which there is a high consensus, regarding their diagnosis and cure, and the need for agreed multi-lateral intervention.

3) We must set aside environmental problems and processes which are controversial in the scientific world. They would lead to unproductive disagreement between the proponents of different theories, and this would lead to nothing. It would only be an excuse to avoid concrete political decisions.

Talking about these things, we have in any case to consider that some controversial phenomena (such as, the increase of carbon dioxide in the atmosphere, some experts disagreeing with the greenhouse effect theory) are due to processes (like the high consumption of fossil fuels by rich countries, and particularly intense de-forestation in a lot of poor countries) that have however other negative consequences for the entire world eco-system, and for the humanity as a whole (air pollution, acid rain), not only for the regions from which these misdeeds originate (natural regions do not respect territorial borders between states!). Leaving aside the effects of the increase in carbon dioxide, de-forestation produces profound climatic modifications and effects on the soil so devastating that induce the necessity to intervene to change the processes which caused it, and to allow sound management of the world's forests. Regarding the native tropical rain forests, their destruction has to be stopped because humanity cannot allow the most important "biological mines" of the earth to go up in smoke. Regarding emissions into

---

<sup>4</sup> Also called the South or underdeveloped countries or "developing countries", the expression used by international organisations and so the most common, even if it is not only euphemistic for many countries but also wrong because practically all countries (included the so-called central, northern or developed countries) are developing.

the atmosphere of carbon and of other toxic substances that endanger the life of humans and all other living things, it is not only a question of reducing the level (in addition, reduction made until now has been voluntary) but also of regulations and international controls because whoever pollutes and damages the atmosphere (an indivisible part of the geosphere) damages the fundamental right of all countries or people to a healthy environment. The rapid rise of polluting energy consumption that modifies the atmosphere destroys the possibility of an adaptation of the respiratory apparatus of humans. We must realise that if rational man does not change the model of economic and social development, he will destroy the natural man. If all nations, which have an equal right to use the atmosphere, emitted the same amount of carbon as that of the richest countries, human life on earth would perish.

Therefore, it is evident that the net emission of carbon dioxide must be contained and regulated, and so it is important at a world level to introduce a mechanism of international justice that takes account of the inequality of the net emissions of carbon dioxide, that give a good general indication of the consumption of natural resources and of the damage wreaked upon our environment.

4) Regarding this theme, however, one must avoid a sterile disagreement between poor countries and rich countries, between the south and the north of the world. Such disagreement would only lead to vengeful behaviour from the south and would lead the north to close ranks, and the efforts of people who really want to find positive answers to environmental needs would be vain.

As a preliminary consideration, it is important to recognise that the responsibility for environmental misdeeds, and the state of the planet, although natural resources have been unequally appropriated by different countries, cannot only be attributed to the ruling classes of the north but also to those of the south. We must in fact think that the serious processes of environmental degradation which occur in developing countries are not only due to unsustainable imported technologies (these are nowadays imported with the consensus and often evident co-operation of the local upper class); but they are often, and in certain cases mainly, caused by inadequate, environmentally inappropriate, traditional technology which the growth of population and its needs have long since outgrown. In fact, the most specific environmental problems of the countries of the South - such as deforestation, erosion and degradation of soils, over-grazing, desertification, flooding, and lack of water, etc - find their prime cause in poverty itself, which is not only the fault of external factors (like the inequality of the international financial and commercial system). This poverty is also due to internal factors (like, for example, the unequal partition of land ownership and of other unjust social relationships that block the coming of a model of internal development), which are no less important than external factors.

## References

Adamo Francesco (1990), "A world eco-fund for the regulation of the international environmental system", in UNCSTD, *United Nations Workshop on Creative Financing for Environmentally Sound Technologies*, Belém, PA, Brazil, 2-7 December 1990. Document no. F-21.

Bratspies R. (2015), Do We Need a Human Right to a Healthy Environment?, *Santa Clara Journal of International Law*, Vol.13, Issue 1, Art. 3.

Brown Lester R. et AL. (1990), *State of the World 1990*, Washington, D.C., Worldwatch Institute.

Brown Lester R. et Al. (1991), *State of the World 1991*, Washington, D.C., Worldwatch Institute.

Craxi Bettino (1990), *Rapporto per l'ONU su debito e crescita dei Paesi in via di sviluppo*, Preliminary text, edited by CIPSI.

Pearce David, Markandaya Anil and Barbier Edward B. (1989), *Blueprint for a Green Economy*, London, Earthscan Publications Ltd.

Pearce David and Markandaya Anil (1989), "Marginal Opportunity Cost as a Planning Concept in Natural Resource Management", in *Environmental Management and Economic Development*, edited by G. Schramm and J.J. Warford, Baltimore and London: The Johns Hopkins U.P. for the World Bank.

Repetto Robert (1988), "Economic Policy Reform for Natural Resource Conservation". Washington, D.C., World Bank, *Environment Department Working Paper* , Nø 4.

Warford Jeremy J. (1989), "Environmental Management and Economic Policy in Developing Countries", in *Environmental Management and Economic Development*, edited by G. Schramm and J.J. Warford, Baltimore and London, The Johns Hopkins University Press for the World Bank.

UNCSTD - United Nations Centre for Science and Technology for Development (1990), *United Nations Workshop on Creative Financing for Environmentally Sound Technologies - Final Report.*, Belèm (Brazil), 2-7 December 1990.

WCED - World Commission on Environment and Development (1987), *Our Common Future*, Oxford, U.K., Oxford University Press.