New Strategies for Environmental Financing?

Nele Matz*

I. Introduction

The World Summit on Sustainable Development (WSSD), held from 26 August – 4 September in Johannesburg, was planned as another milestone in the history of conferences on environment and/or development. Expectations centred not only around the formulation of new commitments in regard to environmental and developmental objectives but particularly around the means of implementation of already existing standards and aims. A focus in this regard were those standards and objectives derived from Agenda 21, the substantive catalogue on sustainable development agreed upon by the world community ten years earlier at the UN Conference on Environment and Development (UNCED).

If the developing world continues its necessary economic and social development in an environmentally sustainable manner, this not only leads to certain restrictions on development itself but also involves extra costs, for example for alternative and environmentally sound technologies, more expensive substitutes for certain harmful substances needed in industrial processes, a decline in profits from the sustainable, i.e. restricted, exploitation of natural resources, etc. To generally safeguard development that is sustainable on the one hand, and to more specifically guarantee targets and standards derived from multilateral environmental agreements on the other hand, a transfer of financial resources from industrialised states to developing countries is an acknowledged necessity in world politics and international environmental law. Strategies and mechanisms that provide for the establishment and allocation of financial resources must be considered the greatest challenges of worldwide comprehensive protection of the environment.¹

The designation and transfer of financial resources to achieve environmentally sustainable development is a cross-cutting issue that found broad and continuous consideration throughout the Johannesburg World Summit’s meetings and debates and, consequently, was incorporated into the final political instruments. The main instruments to which this report will refer when examining the results of the Johannesburg Summit in the field of environmental financing in the subsequent sections are the Johannesburg Declaration on Sustainable Development² and, particu-

---

*a LL.M., Dr. jur. candidate, (Heidelberg University Law School), candidate for Second State Law Examination (District Court Bonn).
larly, the Johannesburg Plan of Implementation. Reference will also be made to the summaries of the Round Tables and the Partnership Plenary Meetings.

Before this report turns to the examination of the outcomes of the Johannesburg World Summit concerning potential new strategies for environmental financing, the following sections under II. and III. aim to give some insight into the distinction between environmental and developmental financing on the one hand and the development of environmental financing from the Rio Earth Summit until today on the other hand. This provides the context and background against which the Johannesburg Summit’s results must be analysed.

II. Environmental Financing Versus Development Assistance

Concerning financial means for the promotion of sustainable development, one has to distinguish between environmental financing in a strict sense of meaning and financial transfers to achieve predominantly developmental aims such as poverty eradication, while at the same time respecting standards of sustainability. The objective to alleviate poverty in the developing world and the designation of financial resources as official development assistance (ODA) to achieve this goal, e.g. in the education, health and labour sectors, cannot be considered an issue of environmental financing even if the allocation of the relevant resources considers and adheres to standards of sustainability.

The line between these two tiers of financing, environmental financing in a strict sense on the one hand and development assistance on the other hand, may not in all cases be easy to draw. The concept of sustainable development by its very nature blurs a clear-cut distinction between projects of a primarily environmental scope and projects that incorporate criteria of sustainability into their developmental objectives. While development assistance clearly can finance projects with obvious environmental benefits and still promote social or economic development, the element of sustainability would also be regarded, if a development project adheres only to minimum environmental standards and is not of a predominantly environmentally beneficial nature. One has to analyse the reasons for as well as the scope and objectives of financial transfers to decide whether the focus is on the improvement of the environment or economic and social development.

---

3 Report on the World Summit on Sustainable Development, Doc. A/Conf.199/20, 7 et seq. The document can also be accessed at <http://www.johannesburgsummit.org/html/documents/summit_docs/2309_planfinal.htm>, last visited 11 March 2003, it must be noted, however, that the numbering of the paragraphs in the version that is published online is not consistent with the reissued Plan of Implementation contained in Doc. A/Conf.199/20.


As a result, even if financial strategies are discussed within the realm of the sustainability of development, as is the case throughout the financial considerations in the Johannesburg documents, one has to carefully consider whether a proposed mechanism truly is an environmental or rather a developmental instrument that either safeguards environmental (minimum) standards or, in the worst case, is only superficially "painted green". In the latter case a transfer of financial resources for developmental purposes is merely given the outline as if environmental standards had been a substantial part of the project in order to meet public review without in fact being environmentally beneficial. While the criticism of "green painting" has in the past usually been referred to financial transfers in the realm of development assistance, certain awareness as to the environmental benefits of projects financed according to new strategies of financing for sustainable development is necessary. The results of the Johannesburg Summit are ambivalent enough to justify such awareness in regard to the financial strategies proposed and their potential to serve as or lead to environmentally beneficial mechanisms.

III. From Rio to Johannesburg: An Overview of the Development of Environmental Financing

Financial instruments for environmental purposes were not an invention of the UNCED in 1992. However, they already gained specific attention throughout the preparations as well as the Earth Summit's debates and, consequently, were incorporated into the final Rio instruments. The need to provide for financial resources by funds that were established as part of environmental treaties has been known since the 1970s when, as the first instrument to provide for such a fund, the UNESCO Convention for the Protection of the World Cultural and Natural Heritage (World Heritage Convention)7 established a small budget financial mechanism.8 An important pre-Rio financial instrument is the Montreal Protocol Multilateral Fund (MPMF) to the Montreal Protocol on Substances that Deplete the Ozone Layer (Montreal Protocol)9 that was decided upon by the Second Meeting of the Parties to the Montreal Protocol in 1990. Due to its larger scale and rather sophisticated structural and functional arrangements the Montreal Protocol Multilateral Fund served as a model for those financial mechanisms subsequently agreed upon in the realm of the UNCED process. Its replenishment was also an issue at the Johannesburg World Summit.

---

7 23 November 1972, 11 ILM, 1972, 1358 et seq.
8 On the scope and function of this and other funds and financial mechanisms see N. Matz, Environmental Financing: Function and Coherence of Financial Mechanisms in International Environmental Agreements, 6 Max Planck UNYB, 2002, 473 et seq.
9 16 September 1987, 26 ILM, 1987, 1550 et seq.
As already mentioned, the dedication of financial resources for environmental purposes and sustainable development was an important element of the agreements reached at the UNCED as well as of the conventions opened for signature during the conference. Many of the principles, objectives and specific targets the world community decided upon in Rio have not lost their relevance ten years later. It follows that the Johannesburg instruments in many cases still refer to the same considerations. In particular the significance of the provision of financial resources in order to assist developing countries with the implementation of environmental and developmental standards has rather increased and is stressed throughout the Johannesburg Plan of Implementation. Reference is also made to the underlying principles for financial transfers to developing countries.

As such an underlying principle the Rio Declaration on Environment and Development in its principle 7 refers to the commitments in regard of the common but differentiated responsibilities of developed and developing countries. The principle of common but differentiated responsibilities is used as a philosophical basis for financial transfers from the industrialised to the developing world. This principle had not lost its significance for financial transfers at the World Summit for Sustainable Development ten years later and is referred to throughout the Johannesburg Plan of Implementation, (paragraphs 2, 14, 20, 38, 39, 81) as well as in the summaries of the Round Tables 211 and 3.12 In contrast to the frequent reference to the common but differentiated responsibilities in regard to environmental conservation and sustainable development in the Plan of Implementation, the Johannesburg Declaration on Sustainable Development as the alleged counterpart to the Rio Declaration does not refer to this principle. Instead it seems that the Johannesburg Declaration avoids certain terminology such as the principle of common but differentiated responsibilities, the polluter-pays principle or the precautionary approach. In this regard the Declaration is, particularly from an environmental perspective, even weaker than the Rio Declaration.

An important issue in respect to financing that found its beginning in the realm of the Earth Summit in 1992 refers to the transfer of financial resources that were declared “new and additional”. The need to provide for new and additional financial resources, i.e. additional to (increased) official development assistance, has been stressed e.g. in the Convention on Biological Diversity (CBD) (Article 20,
para. 2 CBD) opened for signature in Rio as well as in chapter 33 of Agenda 21\textsuperscript{16} and is again referred to in the Johannesburg Plan of Implementation (para. 81).

The issue of new and additional financial resources refers to the commitment not to “subtract” resources for environmental protection from development aid. If such resources were provided for e.g. by the financial mechanisms established by environmental conventions concluded shortly before or after the UNCED,\textsuperscript{17} pressure on official development assistance to fund specific environmental projects could be eased, because the additional resources allocated by environmental financial mechanisms would perform that function. In fact, however, that expectation has not yet been met as the Johannesburg Plan of Implementation emphasises. Despite the commitment to additional resources since the Rio Earth Summit, the increase of the financial burden by obligatory contributions to mechanisms of environmental financing has been accompanied by a fall of financial aid in the ODA context.\textsuperscript{18} The majority of developed states still do not meet the agreed target for official development assistance that, as has been reaffirmed in the Rio Process by Agenda 21, should be 0.7% of the gross national product of donor states. This target continued to be an issue at the World Summit for Sustainable Development and is referred to in the Plan of Implementation,\textsuperscript{19} the Partnership Plenary Meeting on cross-sectoral issues\textsuperscript{20} and Round Table 2.\textsuperscript{21}

While international financial transfers mainly relied on resources earmarked as development assistance, the 1980s and 1990s experienced the gradual development of other more specifically environmental financial mechanisms. The development of treaty-specific funds established by multilateral environmental agreements, e.g. the Montreal Protocol Fund and the establishment and further development of the Global Environment Facility (GEF) serving as the financial mechanism for the Convention on Biological Diversity and the Framework Convention on Climate Change (FCCC)\textsuperscript{22}, have been accompanied by the “greening” of development assistance. In this regard, environmental financing has basically been two tiered:

\begin{itemize}
  \item \textsuperscript{16} Doc. A/Conf.151/26/Rev.1 (Vol. 1); see also the commented version of the document at S. John-
  \item \textsuperscript{17} The most important multilateral environmental agreements concluded in the realm of the pre-
  parations of the Earth Summit, the Framework Convention on Climate Change, 9 May 1992, 31
  ILM, 1992, 849 et seq., and the Convention on Biological Diversity use the Global Environmental
  Facility (GEF) as their financial mechanisms, whereas the Convention to Combat Desertification in
  those Countries Experiencing Serious Draught and/or Desertification (CCD), 17 June 1994, 33 ILM,
  1994, 1328 et seq. has chosen the International Fund for Agricultural Development (IFAD) to host its
  financial mechanism.
  \item \textsuperscript{18} R. Lake, Finance for the Global Environment: the Effectiveness of the GEF as the Financial
  Mechanism to the Convention on Biological Diversity, 7 RECIEL, 1998, 68, with reference to an
  OECD report notes that ODA dropped by US $ 8 billion between 1991 and 1996.
  \item \textsuperscript{19} See for example para. 85, lit a) of the Plan of Implementation.
  \item \textsuperscript{20} See summary of the Partnership Plenary Meetings contained in para. 45, subpara. 57,chapter III,
  \item \textsuperscript{21} E.g. summary of Round Table 2, para. 16, subpara. 10, chapter VI, Report of the World Summit
  on Sustainable Development Doc. A/Conf.199/20, 124.
  \item \textsuperscript{22} See above note 17.
\end{itemize}
treaty specific mechanisms in a wider sense on the one hand and the promotion of environmental projects by international development institutions like the World Bank and the regional development banks on the other hand. More innovative approaches to include a third tier into the financial concepts for environmental protection, namely non-state and non-international law mechanisms such as debt-for-nature swaps and public-private partnerships, were only partially adopted at the Johannesburg Summit.

IV. The Johannesburg Key Outcomes in Regard to Environmental Financing

1. The Lack of Reference to Financial Strategies in the Johannesburg Declaration

While the Johannesburg Declaration on Sustainable Development explicitly refers to access to financial resources to overcome underdevelopment in para. 18, it does not serve as a strategic instrument but rather as the political background for the Plan of Implementation and the debates in the realm of the Partnership Plenary Meetings and Round Tables. Like its predecessor ten years earlier, it is not a binding legal instrument but a collection of political objectives and the affirmation of goodwill.

The Johannesburg Declaration does not mention strategies for the transfer of financial resources for environmental purposes. It particularly emphasises the need to eradicate poverty. Clearly, to achieve this objective the allocation of financial resources to developing states is necessary. However, even if financial resources according to the Declaration should be dedicated to sustainable development as part of poverty alleviation this does not necessarily involve the funding of specific environmental projects. In para. 22 the Johannesburg Declaration does not even directly refer to sustainable development when “to contribute to the achievement of our developmental goals and target, [it] urge[s] developed countries that have not done so to make concrete efforts towards the internationally agreed levels of Official Development Assistance”. The preceding paragraph, to which para. 22 refers, mentions sustainable development. In this regard one could interpret the “developmental goals” to be exclusively those that adhere to sustainability.

Para. 21 of the Johannesburg Declaration expresses the will of the signatory states that available resources will be used for the benefit of humanity. Yet again,
there is no reference to environmental aims but only to poverty eradication and sustainable development. In this context the notion of sustainable development, while clearly having an impact on the pursuit of environmental aims, seems restricted to minimum environmental requirements. At least such a restriction, although not being a necessity, would be within the margins of compliance with the commitments. Reference to further-reaching environmental commitments for which financial resources, or new and additional financial resources, should be allocated is missing. The Johannesburg Declaration cannot be summarised to be a contribution to new strategies for environmental financing. The Plan of Implementation is the key instrument concerning this issue and must be examined accordingly.

2. The Need for Financial Resources According to the Johannesburg Plan of Implementation

In regard to the proposals and strategies developed at the Summit in Johannesburg, in particular those included in the Plan of Implementation as the main strategic and operational instrument, one has to distinguish between the mere identification of areas in need of additional financing on the one hand, and actual strategies how to raise and channel resources on the other hand. In large parts the Johannesburg instruments, while clearly acknowledging the need for additional financial resources to achieve certain objectives in the field of environmental protection, do not refer to specific strategies as to how to pursue these aims. A plain reference to the necessity to develop “innovative financing mechanisms” cannot be considered a strategic approach to pursue an aim that has been identified to need financial support.

The main question when dealing with environmental financing is not which objectives need to be promoted by the allocation of financial resources, because basically all identified aims in the realm of development and environmental protection and improvement need financial support, but how to implement the respective objectives.

Financial strategies are means of implementation of the environmental commitments entered into by the world community and closely tied to questions concerning the institutional framework for sustainable development. Not only the strategies themselves, but institutions that host financial mechanisms as well as cooperation between different financial institutions are crucial elements when trying to

25 E.g. in the fields of sustainable energy management and, particularly, the diffusion of clean technologies in this context, para. 20, lit. a) and n); the conservation and sustainable use of marine and coastal biodiversity as part of the conservation of the oceans, para. 32, lit. b); the combat of desertification, para. 41, lit. a); the conservation of biological diversity and ecosystems, para. 44, lit. f); and the conservation of forests, para. 45, lit. d) and f).

26 See para. 8, lit. f) of the Plan of Implementation in the context of access to clean drinking water and para. 9, lit. a) concerning sustainable energy management.
develop and safeguard long-term environmental financing. Questions concerning strategies for environmental financing in this respect are cross-cutting issues that are not tied to specific environmental objectives and targets. It follows that the Plan of Implementation mainly refers to strategic considerations in regard to financing under the heading “Means of Implementation” in its section IX. In addition to other strategies the implementation of objectives the financial approaches considered in section IX of the Plan of Implementation are important means of implementation of the substantial developmental and environmental commitments in the Plan’s preceding sections.

3. Means of Implementation in Regard to Financial Strategies

The Johannesburg Plan of Implementation in section IX considers different means of implementation in regard to Agenda 21, the Johannesburg Plan itself and other internationally agreed development goals. The general aim as formulated in para. 81 is to significantly increase the flow of financial resources to meet these goals. However, the emphasis on the commitment to mobilise and increase the effective use of financial resources to *inter alia* protect the environment (para. 82) as such remains an objective without strategic considerations as to its implementation.

Generally, the adoption of a specific section on the implementation of goals of sustainable development must not lead to the conclusion that all potential means of new financial strategies are thoroughly explained therein. In some cases, where reference to the need for financial resources also refers to a potential approach concerning implementation, e.g. the need to develop public-private partnerships to provide for adequate funding to pursue an objective, the relevant approach is not even more comprehensively elaborated in section IX and hence remains to a large extent unexplained and vague.

Already at this stage of the examination of the development of new strategies for environmental financing as an outcome of the Johannesburg World Summit, the lack of concrete proposals concerning the organisational and functional design of potential means of implementation must be considered a significant shortcoming. As the further discussion of the proposed financial strategies in the following section will show, new approaches, i.e. those going further than current and well-established strategies, are relatively few and only vaguely sketched out. In any case, while the Summit’s results are not being a step back in international efforts to fi-

---

27 Paras. 81 et seq.
28 See para. 81 of the Plan of Implementation.
29 See, for example, para. 9, lit. g) concerning access to energy services for sustainable development.
30 While section IX of the Plan of Implementation mentions public-private partnerships in para. 96, it does not in any detail develop how such partnerships should function or how they should be organised.
nance environmental protection and sustainable development, a positive evaluation concerning the safeguarding of reliable and increased funding and a progressive development of financial strategies is doubtful. Whether new strategies for environmental financing will nevertheless prove successful in the future cannot yet be sufficiently evaluated. The experience with already existing strategies and mechanisms for environmental financing might, however, lead to some anticipation as to their feasibility.

A. The replenishment of the GEF and the Montreal Protocol Multilateral Fund

The decision to replenish the GEF for the third time as welcomed by para. 87 has neither come as a surprise nor can it any longer be considered a new element of environmental financing. The GEF, since its reform and turning from a pilot project to a permanent institution, has despite all necessary compromises and institutional difficulties become a well-developed and successful instrument of environmental financing. Its strength – and some of its weaknesses – result from the GEF's double nature as a treaty-specific instrument on the one hand and a more flexible mechanism for other areas of environmental protection on the other hand. The decision to replenish the GEF is an acknowledgement of its contribution to environmental conservation strategies in the fields of climate change, ozone depletion, the conservation of biological diversity, the conservation of international waters and, lately, also the fight against land degradation. The recommendation to the GEF to improve the management of funds by a streamlined procedure will, if implemented, be an important factor for the coordination of different tiers and means of environmental funding and, consequently, the efficiency of environmental financing.

The potential role of the GEF to contribute to the implementation of Agenda 21 and the objectives of the Johannesburg Plan of Implementation by its funding activities is also emphasised in regard to an improved institutional framework for sustainable development (para. 140). This particular emphasis is repeated in para. 151 and not only shows the significance of financial institutions as pillars of international efforts to face the challenges of sustainable development and environmental protection, but also reflects the degree of acceptance the GEF enjoys as a well-functioning institution, despite its potential for further progress, particularly in regard to its procedures.

31 The title and conclusion of one of the first evaluations of the Summit's outcomes describes this finding appropriately: "neither a breakthrough nor a drawback", see J. Maier, Weder Durchbruch noch Rückschlag – Eine erste Bilanz des Weltgipfels für nachhaltige Entwicklung in Johannesburg, 50 Vereinte Nationen, 2002, 177 et seq.
32 See Matz, note 8, 503 et seq.
33 The potential broadening of the GEF's scope in regard to other focal areas can further contribute to its role as a comprehensive environmental instrument. The Johannesburg Plan of Implementation in para. 87 welcomes the replenishment as a chance to address new focal areas.
The need for cooperation between different financial institutions and other organisations and institutions such as the World Trade Organisation as stressed by para. 140, lit. b) bears the potential for the streamlining of the allocation of financial resources. This can lead to the promotion of more environmentally beneficial projects in contrast to traditional development aid. However, such a result is not a necessary consequence from the institutional improvements. In any case, the cooperation between institutions can lead to avoidance of contradictory funding practices and the prevention of a doubling of efforts and waste of scarce financial resources and is as such beneficial.

The objective to ensure the sufficient replenishment of the Montreal Protocol Multilateral Fund by 2003/2005 (para. 39, lit. b)) while clearly being an element of environmental financing, cannot be considered a new but, like the replenishment of the GEF, the pursuit of an already well-established and successful strategy. However, the emphasis on the replenishment of this specific fund in the realm of the World Summit – and not only at a Meeting of States Parties to the Montreal Protocol – reflects the significance of financial mechanisms for acknowledged global environmental objectives.

B. Foreign direct investment

A concrete and new approach to increase the flow of financial resources is the aim to facilitate foreign direct investment as mentioned by para. 84 and again mentioned in the realm of Round Table 2. However, while the foreign direct investment resources shall support sustainable development activities, no reference to specific environmental objectives is made. Since direct investment in environmental projects seems rather unlikely if compared to investment in economic development activities, the approach to facilitate direct investment, e.g. by export credits, rather refers to developmental financing than to environmental financing in the strict sense. However, it remains to be seen if and to what extent this potential instrument is strengthened in the aftermath of the Johannesburg Summit and if, rather unexpectedly according to the current anticipation, it can also be instrumentalised for environmental purposes.

34 The increase of GEF funding and the simplification of its procedures was also included into the recommendations made by participants of Round Table 1, see para. 8, subpara. 15, chapter VI, Report of the World Summit on Sustainable Development Doc. A/Conf.199/20, 122.

35 See para. 9, subpara. 13, chapter VI, Report of the World Summit on Sustainable Development Doc. A/Conf.199/20, 125. However, it must be noted that the proposals and recommendations made by Round Table 2 in regard to financial resources only refer to developmental aims such as poverty eradication and do not mention any explicit environmental objectives.
C. Increases in official development assistance

The objective to increase and more effectively use official development assistance cannot be considered to be a new strategy for environmental financing. As mentioned earlier in this report the target that developed countries shall commit 0.7% of the gross national products to development assistance has been an issue for more than ten years. Commitments entered into by certain developed states to increase development assistance to an even higher percentage of the gross national product must not lead to the conclusion that approaches in this context contain new strategic elements. However, while the strategy itself cannot be considered a new approach to environmental financing, para. 85, lit. b) of the Plan of Implementation at least makes some concrete suggestions on how to make development assistance more effective, e.g. by the harmonisation of operational procedures of development institutions in order inter alia to reduce transaction costs. In general, as is the case with direct foreign investment, official development assistance rather aims at development than at primary environmental conservation projects, even if the promotion of such development has to be sustainable. As the main objective of a more efficient development assistance para. 85, lit. b) lists “poverty eradication, sustained economic growth and sustainable development” but makes no reference to any other environmental targets. In this respect it seems that the Johannesburg World Summit, while not exactly preventing a respective process, has not explicitly added to the further “greening” of ODA.

D. Partnerships for the financing of sustainable development

One of the central new strategic approaches of the Plan of Implementation relates to co-operative partnership concepts. The model to build upon newly established partnerships between governments, business and civil society was given particular attention not only during the Summit debates, but also throughout the Plan of Implementation. Yet, as mentioned above, the concept is hardly developed in a detailed or comprehensive manner, at least not as far as partnerships for environmental financing are concerned.

Furthermore, from an environmental perspective the impression that financial mechanisms of a primarily developmental nature are the centre of attention of the Plan of Implementation continues, when examining the Plan’s references to reforms of the international financial architecture, funding of the activities of organisations in the realm of sustainable development and private sector investments as well as new public-private sector financial mechanisms (para. 86). While in particular the references to private sector investments and public-private partnerships contain new strategies of financing, it remains doubtful whether projects with an environmental focus, although not being excluded, will profit from such strategies. A further elaboration of the approach, particularly, with an environmental focus would have been necessary for a positive evaluation. Whether in practice public-
private partnerships will prove viable tools of environmental financing depends upon their capacity, functionality and reliability and remains to be seen in the future.

E. The World Solidarity Fund

The proposed World Solidarity Fund is not mentioned in the section on the means of implementation of objectives of sustainable development but only in para. 7 of the Plan of Implementation. However, by its expected function as one of the financial backbones of the promotion of sustainable development it serves as a tool of implementation and should have (again) been referred to in the respective section of the Plan of Implementation. Whether the Fund is supposed to also serve as a means of environmental financing depends upon its scope.

The target to establish a World Solidarity Fund shall promote the eradication of poverty by the support of social and human development in the developing countries. This objective does as such not refer to environmental considerations. While one must, in accordance with the overall objectives of the Summit, clearly understand social and human development to be guided by criteria on sustainability, the instrument is in regard to its primary targets not a mechanism of environmental financing. It is by its function rather a financial developmental instrument that will establish allocation criteria that safeguard a minimum of environmental standards when promoting development projects. As such the World Solidarity Fund is like “green” development assistance not an environmental financial instrument in the strict sense of meaning, while not excluding projects with an environmental focus as long as it serves the rather broad objective of poverty eradication. As such it is in line with the majority of approaches to financing for sustainable development discussed and developed in Johannesburg.

The same applies to a proposal to establish a humanitarian fund to address issues like poverty eradication, health care and education. Such a suggestion was made during the meetings of Round Table 2. A humanitarian fund that, according to the proposals, should be funded by a certain percentage of external debt repaid by developing countries would indeed be an innovative instrument because of the linkage of debt issues and funding for sustainable development. Because of the emphasis on humanitarian issues, however, the instrument cannot be considered to be of direct environmental significance.

As a strategic element the establishment of funds to promote environmental or developmental objectives is by no means new. However, the explicit aim to achieve a streamlining and coordination of the different funds already existing and new financial mechanisms, in this case the World Solidarity Fund, is a particularly valuable aim. The Plan of Implementation does not elaborate on the coordination of
funds any further in its section IX, although para. 86 emphasises the need to increase the efficiency and predictability of financial mechanisms and institutions by reforms concerning the international financial architecture.

The coordination of financial mechanisms should be further developed to avoid the doubling of efforts and increase viability of financial transfers in the developmental as well as in the environmental sector, since, as already mentioned, due to aspects of sustainable development both cannot be clearly distinguished. The lack of more explicit references to a coordination of and cooperation between different funds and funding institutions is another shortcoming of the Johannesburg Plan of Implementation.

F. Debt-relief

As the successful debt-for-nature swaps for biodiversity conservation have shown mainly in Latin America, debt-relief can not only alleviate economic pressure and by that mechanism prevent the unsustainable exploitation of resources, but can be explicitly tied to specific environmental benefits. The Johannesburg Plan of Implementation in its paragraphs on the necessity to relieve the developing world of its international debts only refers to sustainable development in general but does not refer to debt-for-nature swaps as an environmentally beneficial concept of interlinkage between debt burden and enhanced environmental conservation. While the issue of debt-relief has also been an issue in the debates at the Round Tables, again, no direct linkage between the alleviation of the burden of external debts and the potential for environmental benefits by appropriate mechanisms has been made in this context.

V. Conclusions and Outlook

With the exceptions of the replenishment of the GEF and the Montreal Protocol Multilateral Fund it is questionable whether the overall financial strategies discussed in the realm of the Johannesburg Summit are truly approaches to environmental financing. As far as they are considered strategies for sustainable development this must not necessarily be identical to environmental financing in the strict sense. The commitments agreed upon in Johannesburg mainly lack a clear dedication to environmental objectives when relating to sustainable development and to financial resources to be dedicated to poverty eradication.

However, approaches that have been discussed either isolated or at least not tied to specific environmental objectives, such as public-private partnerships, might well be used as means of financing with a more definite environmental focus. Yet,

37 On the need for a more coordinated institutional framework for environmental financing see Matz, note 8, in particular 524 et seq.
38 See para. 89.
for the time being it remains to be seen whether the pursuit of the strategy to raise and channel financial resources by partnerships between different state and non-state actors turns out to be a viable tool of environmental financing. In this regard the outcomes of the Johannesburg World Summit are not as far-reaching and not at all as specific and explicit as they could have been, but still bear the potential for the development of more innovative means of environmental financing in the future.

In some cases the lack of concrete strategies that emphasise direct environmental instead of primarily developmental benefits seems surprising. In the context of debt-alleviation, for example, the Johannesburg instruments miss the chance to mention and internationally promote the successful strategy of debt-for-nature swaps. The Plan of Implementation only refers to the necessity to eradicate poverty and support development by the reduction of international debts of, particularly, the least developed countries. In the realm of closer partnerships between state and non-state actors the promotion and further development of debt-for-nature-swaps, maybe even under active participation of the development banks, might have been a feasible concept of innovative environmental financing for the future. In this regard the Johannesburg Summit, despite its references to means of innovative financing, has not proven as far-reaching and innovative as might have been necessary to effectively finance sustainable development under particular consideration of environmental benefits.

Concerning the institutional aspects of environmental financing it must be hoped that the repeated emphasis on the cooperation and coordination of funds, financial institutions and other international institutions will lead to a streamlining of financial mechanisms in order to enhance efficiency. Joint efforts of different institutions can well be used as a basis for the development of further-reaching strategies for the urgently necessary financing of the environmental objectives identified at the Rio Earth Summit and the Johannesburg World Summit.

One must conclude that the various issues of environmental degradation that have been emphasised throughout debates, non-binding documents and multilateral agreements ever since the Rio Earth Summit have not lost any of their relevance. Progress in this respect can only be made if the dedication of financial resources is used to assist the developing world with the implementation of and compliance with environmental standards. As a result, strategies for financing are and will remain one of the most important issues in the protection of the environment. The need for the development of new and adequate strategies for environmental financing has by no means come to an end with the Johannesburg World Summit.