

**THE “POLLUTER PAYS PRINCIPLE” AND FINANCIAL ASSISTANCE
AT THE WSSD**

The *Polluter Pays Principle* is a concept accepted by the international community for years in rhetoric, but little has been done to date in terms of practice. The time has come to utilise this principle as a central tenet in the strategy to achieve sustainable development (SD). The concept has the potential to encompass a mechanism to transform unsustainable practices to sustainable ones, while simultaneously providing financial resources to facilitate the transformation. This concept addresses the continual resource problem of financing implementation measures, especially with respect to assistance programmes for developing countries.

Since Rio, all countries' economies are in transition towards SD. It is wrong to speak of the developing countries and countries with economies in transition as if they are the only ones that need to make fundamental development changes, and to claim that industrial countries are already at the desired stage of development. Nothing could be further from reality. The fact is the industrial countries are currently responsible for unsustainable consumption patterns, the vast majority of greenhouse gases, industrial pollution, and other unsustainable practices. The developing countries unsustainable patterns due to poverty result in resource depletion issues, but also derive from copying unsustainable industrial country development paths, including the import and use of obsolete and/or unsustainable technologies.

The WSSD provides an opportunity to accept this inevitable reality and lay out the way forward for all countries to steer their economies in transition to SD. In the international community, an overriding issue is the financial resource question especially with respect to assistance programmes for developing countries' implementation. The *Polluter Pays* concept addresses the substantive imperative directly and has the potential to fully solve the financial issues.

The following components are envisaged for this substantive/financial tool:

Broaden the *Polluter Pays Principle* concept to encompass all unsustainable activities and products. A polluter (unsustainable practice) should be required to pay a fee - not a licence fee to pollute - but as a disincentive to pollute and as a simultaneous incentive to transform to sustainable practices. Indeed, this concept can internalise the traditionally externalised social costs of an activity, e.g., pollution, which existing or conventional economics fails to do.

(The concept raises financial resources from the activity that is to be phased out, and reallocates the resources to provide the solution to the unsustainable practice. Thereby a funding mechanism is created that is a self-contained system whereby the *bad* pays for the *good* during the transition period.)

Identify - pursuant to life cycle analysis - industrial sectors, technologies, inputs, products, and practices that are unsustainable and need to be replaced through the implementation of sustainable alternatives. Although a difficult task to establish criteria, it can be done and - if we are honest - there is no choice. Without such criteria it is difficult to see how the international community can achieve the transition we all know is imperative. Multilateral Environmental Agreements (MEAs) contain established, agreed objectives which can form the starting point for this task.

In order to facilitate agreement on objective criteria, not reflecting a desire to protect certain special interests, the fee levied could be determined by each State. However, it would greatly improve the effectiveness of this concept if the fee imposed increased over time in order to avoid the fee being a mere licence to continue unsustainable practices, and a potential tax exemption as a cost of production.

Resources raised from the implementation of the *polluter pays* concept (broadened to encompass the concept of *Unsustainability Pays Principle*) could be channelled to a national-level funding mechanism for SD, with an agreed percent channelled to an international-level SD fund for assisting developing countries' implementation of SD solutions.

It is important to be visionary with respect to where Governments want to be, not in the shorter term of 5-10 years, but in 25 years. Some current practices and activities will obviously take longer than others to convert to sustainability, or where inherently unsustainable, to phase out while phasing in the sustainable alternatives. Hence the time frame for implementation could be open for discussion, but not the substantive implementation goals and measures.

The ultimate purpose is to provide a workable realistic initiative to achieve both substantive changes and the corresponding financial resources to enable the change. However, it is necessary to provide preferential treatment to

those countries with greater resource needs, i.e., those referred to as developing countries and countries with economies in transition. This entails both preferential treatment with respect to access to the financial resources, as well as implementation obligations, i.e., common but differentiated obligations.

It is not a valid argument from some industrial countries and industries that such fees would stifle economic development and investment. This is a non-argument to attempt to protect special interests. Indeed, the impact would be to stifle investment in sustainable practices and products, which is the desired goal. Financial resources would be created specifically for increased investments - sustainable investments. Furthermore, even from an economic planning perspective, it is better to avoid unsustainable investments that in the long run cost society and the economy far more and end up as an economic liability.

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