

SYSTEMIC ISSUES TO PROMOTE FINANCING FOR DEVELOPMENT

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Thank you, Mr. Co-Chair

Economic crises contributed to by the banking sector make it imperative we undertake two systemic shifts.

Firstly, a shift away from a debt-based economy whereby Central Banks are permitted to lend monies while holding just 10% in collateral. To make up for the deficit, such banks drive unsustainable consumption patterns that are endangering lives and well-being.

To overcome these systemic challenges, thousands of groups are offering alternatives. These can help us shift to a system centred on the empowerment and well-being of **all** people and nature. Examples include

- local credit unions, the Raffeisen Bank in Switzerland, Desjardins the largest bank in Canada and other cooperatives that share their profits both with their members and their communities. These combined have one billion members and 3 trillion US Dollars in annual assets.
- Hundreds of Local Economic Trading Systems to restore flagging local economies using alternative local currencies
- The sharing economy that provides goods and services worldwide—many for free and available through the Internet.
- Some 1500 Sarvodaya communities, thousands of ecovillages, transition towns, where people share resources and decision making as has been practiced since time immemorial by Indigenous Peoples.

These are referred to as commons because all stakeholders share in the benefits and in decision making.

2. The second shift is toward a tax system that would involve a fee for use and upkeep of those resources necessary for all people's survival. This would replace tax on labour. For the strength of all economies depends on the availability of necessary resources coupled with a strong labour force. A small percentage of taxes collected could go to a Global Fund to help restore the global commons and for a basic income for all people.

The need for such a shift was stressed by Nobel Laureate Paul Stiglitz at a Side Event organized by the Permanent Mission of France.

The Commons Cluster have over the years worked out a number of steps that can be taken to make these shifts and finance them. These are presented in the longer version submitted to the UN Secretariat.

Thank you, Mr. Co-Chair

Steps that Can Be Taken to Make these Shifts and to Finance them.

1. Measures to Shift to economies at all levels based on the well being of all people and nature.

Advantages of such a commons-based approach are mentioned in UN documents E/2010/NGO/29 and E/2011/NGO/126.

1. Shifting from present economic indicators measuring production and consumption to ones measuring the well-being of people and nature. These indicators could include those mentioned in the UN Human Development Reports from 1990 onward; and, in other UN contexts, those mentioned in Germany's Yearbook, Bhutan's Happiness Index, etc.
2. Extending GA resolution A/HRC/18/L.1 declaring the human right to clean drinking water and sanitation to clean air and other fruits of nature and society that each person needs to be able to survive and thrive (including the Internet).
3. Recognizing in national constitutions that, beside individual people and corporations, Mother Nature has rights. Infringements on these rights should be prosecutable under universal jurisdiction, as is already the case in Bolivia and Ecuador.
4. Recognizing that ecocide is a crime against peace and life, like genocide – except that ecocide relates to harm done to nature, including animal and plant species. Ecocide should be prosecuted under universal jurisdiction. (www.treeshaveerightstoo.com)
5. Creating a World Environmental Court.
6. Establishing – where appropriate – common property rights held by local communities over resources on which they depend. This would include forests, grazing lands, bodies of water, groundwater, and fisheries. This can ensure that the people who have a long-term stake in the preservation of these resources would have control over them, obtain benefits from them, and internalize any externalities caused by individual community members into the decision-making of the community as a whole.
7. Encouraging the creation of Social Charters to affirm the sovereignty of human beings over their means of sustenance and well-being arising through a customary or emerging identification with an ecology, a cultural resource area, a social need, or a form of collective labour. These charters are covenants and institutions negotiated by commons communities for the protection and sustenance of their

- resources. They use a commoning approach to ensure that community access to — and sovereignty over — their own commons is maintained and that the interests of all stakeholders are represented.
8. Encouraging the creation of commons trusts, legal entities responsible for protecting shared assets, inherited from past generations on behalf of current and future generations.
Community rules can be set up to prevent resource overuse while ensuring fair access and to.
 - a. decide on a non-monetized metric to evaluate the sustainability, quality of life and well-being of a commons and its community of users and producers,
 - b. apply this metric to the preservation of the resource by creating a cap on its usage,
 - c. monitor resource creation, usage and restoration according to this cap to determine whether or not the trust may rent a portion of the resource for extraction or production by the private sector or the state,
 - d. stimulate and protect the co-production of a replenishable resource because they use measures other than scarcity-based pricing to value these common goods, and
 - e. allow the private and public sectors to continue to focus on profit, investment and budgetary appropriations, while the commons becomes a primary means of generating social innovation and stabilizing the principal of commons reserves to maintain the diversity and sustainability of the overall economy.
 9. Applying the precautionary principle, including with respect to geo-engineering.
 10. Internalization of the full life-cycle and true environmental costs of production and consumption in order to address the causes rather than simply the symptoms of environmental degradation. (See also the Cradle to Cradle certification system: www.c2ccertified.org)
 11. Implementing a global footprint to assess economic performance in all sectors and at all levels, including corporations. (See also: www.footprintnetwork.org)
 12. Elimination of fossil fuel and other subsidies which distort the market.
 13. Recognizing the importance of international agreements such as the UN Charter, the Universal Declaration on Human Rights, Geneva Conventions, International Covenant on Economic and Social Rights, Declaration on the Rights of Indigenous Peoples, Kyoto Protocol and associated Work plans, Agenda 21, and Johannesburg Plan of Implementation. Each of these promote democratic participation in planning sustainable development.
 14. Implementing the all-win principle in all governmental decision-making. This recognizes that, since all people and all of nature are parts of one integrated whole, the well-being of all people and all of nature are essential to us all. (See also www.worldcitizensaction.com)

15. Instituting open source and General Public Licenses – commons-based alternatives to Intellectual Property Rights. The latter have begun to reduce humanity's capacity to adapt to emerging issues and global challenges. The extension of their applicability is also used now to hamper progress and further enclose the commons and should not be accepted or permitted. (See also: <http://onthecommons.org/about-commons>; www.opensource.org and www.gnu.org)
16. Establishing a commons-based approach to education at the bottom of the pyramid –i.e., children in all nations – to ensure that commons principles are instituted for future generations. This basic human right of education in the formative years is included in Article 26 of the Universal Declaration on Human Rights.
17. Creating a system whereby all people can care for and manage their impact on Earth's Systems. The legal aspects and metrics that might be used are at present being developed (see www.earth-condominium.org.)

Members of the UN Major Group Commons Cluster call on Governments to create a Panel of Experts (High Level or from the UN Secretariat) to develop a step-by-step plan for the implementation of a commons-based economy. This panel would consult with Governments, relevant IGOs and CSOs, Major Groups and all other stakeholders to ensure the greatest possible support for their work.

The Following Members of the Commons Cluster requested a special mention with regard to the above points: *Association of World Citizens; Institute for Planetary Synthesis, Global Commons Trust, the All-Win Network, Commons Action for the United Nations, the Earth Rights Institute, Kosmos Associates, Inc.; International Association for the Advancement of Innovative Approaches to Global Challenges; Climate Change Network, Nigeria, PeterEarth.org.*

2. Means to Finance the Shift

Here are 4 ways to help restore, protect, and replenish natural resources and fund the shift to a commons-based global economy.

I. Establish an Effective Institutional Framework to Shift to an Economy at All Levels Based on the Well Being of All People and Nature

Under a Commons Approach to Sustainable Development all people must have access to those gifts of nature and society that they need to survive and prosper. These would be designated as commons goods. They can then be used to finance the shift to an economy based on the well being of all people and nature and be managed and equitably shared among all people, as follows:

- A strictly enforced cap could be placed on the use of depletable commons goods and resources;
- Trusts would then be established to oversee the caps and manage the resource. The

amount of each cap would be determined and set by the stakeholders of each resource. These trusts could be located either within a state or be trans-border, depending on the extent of both the resource and the community of interest;

- Permits for the use of what is available once the cap has been put in place can then be auctioned at source enabling the cost to be spread among all subsequent users and avoiding the complex task of pricing each depletable resource;

- Income from these commons resources can then be used to protect and restore the resource; reimburse those negatively affected by the use of these resources with a small percentage going to the government for provision of the public goods; to invest in transitioning to a sustainable future; to a global trust to restore any damage to the global commons (air, water, land); and/or to provide a basic income for all people. Broadly speaking, the assessment of commons rent by trusts around the world would require three significant changes:

- Governments could shift their primary emphasis away from issuing corporate charters and licensing the private sector and towards approving social charters and open licenses for resource preservation and social and cultural production processes through commons trusts managed by those who cultivate and protect commonly held gifts.

- Commons trusts would exercise a fiduciary duty to preserve natural, genetic and material commons and to protect, create or regenerate solar, social, cultural and intellectual commons, yet may also decide to rent a proportion of these resource rights to businesses.

- Businesses can then rent the rights to extract and produce a resource from a commons trust, thus creating profits and positive externalities through innovation, competitive products and services, and adjustment of the market to the actual costs of resources. However consent to the use of a Commons should first have to be granted by those that are protecting and/or whose lives depend upon a Commons resource.

Management of the Commons at the Global Level

Commons management funds could also be generated at the global level. A rental fee to finance multilateral programs and institutions could be placed on the development or use of

many transborder commons, including:

- carbon emissions
- international corporate products
- international investment
- foreign exchange transactions
- international trade
- international airline tickets

- maritime freight transport
- ocean fishing
- sea-bed mining
- offshore oil and gas
- international oil trading
- satellite parking spaces
- electromagnetic spectrum use
- internet
- information flows
- military spending and arms exports
- toxic wastes
- energy consumption

II. Global Atmosphere Commons Trust.

This type of a trust could be established based on ideas from the Alaska Permanent Fund for sharing the oil commons with all Alaskans and the thirty-plus years of commons resource management research.

Feasta Sky Trust. A specific proposal has already been developed for establishing a Feasta Sky Trust. See: www.feasta.org One of the largest commons on the planet, our global atmosphere, could serve as the fulcrum to turn our unsustainable and unjust ecological, economic and political situation in a better direction for us all. Emissions permits could be used to provide a right to use of the atmosphere – a resource which would then receive a scarcity value based on the carbon price. Current schemes like the Emissions Trading System (ETS) assume the carbon scarcity rent should go to polluters or governments – but really it should be used to provide for the well-being of all of humanity.

III. Applying a Commons Management Scheme to Regulate and Equitably Share in the Use of the Global Commons

Elinor Ostrom recently won the Nobel Prize for her studies of commons management practices around the world and how they support sustainability and justice. She has developed a set of principles or rules which ought to be included and addressed in managing the commons.

These could be applied to the idea of establishing global and subsidiary commons institutions -- with cooperating climate trusts in each nation -- run by the people's trustees and supported by governments for enforcement of the carbon cap and distribution of the shares and are thus described as such below. These principles are applicable to a

commons approach to financing the shift to a commons based global economy. They also apply to the implementation of most other Commons Applications as well. Applying these principles thus requires:

- 1. Clearly defined boundaries** (in this case, targeted and precise measurements of upstream carbon units that can be effectively monitored)
- 2. Effective exclusion of external un-entitled parties [or illegitimate use]** ("leaks" in the carbon measurements must be identified and primary producers of fossil fuels brought into compliance)
- 3. Rules regarding the use of common resources are adapted to local conditions** (each national climate commons institution would decide how much to pay out as dividends to citizens, for poverty alleviation for example, and how much to invest in transition projects and infrastructure)
- 4. Collective-choice arrangements allow most resource users to participate in the decision-making process** (a deliberative charter process with engagement by many citizens would set rules and governance for subsidiary in each nation, including collaboration on a global atmosphere institution)
- 5. Effective monitoring by monitors who are part of or accountable to users** (some of the global revenues would go towards monitoring and enforcement of the global cap on emissions)
- 6. There is a scale of graduated sanctions for resource users who violate community rules** (funding would be cut to national level institutions that were not adhering to the by-laws of their charters; for example companies could be fined for emitting GHG's without the needed pollution permits)
- 7. Mechanisms of conflict resolution are cheap and of easy access** (devised in the charter processes for local, national and global scales)
- 8. The self-determination of the community is recognized by higher-level authorities** (Nation States and the UN must uphold the rules set by such a global atmosphere institution and the subsidiaries in each nation... the process could begin with a few progressive countries leading the way)

IV. Placing a User Fee on the Use of and Access to Commons Resources

The commons exist and must be recognized on all scales and levels, the micro to the macro. The macro scale concerns the resources which sustain our broader ecosystem such as water, air and soil. These are interdependent and provide the tripod upon which all of life is sustained. Such resources need to be held in common as the rights of all humans.

Water quality equals quality of life.

Water and air cannot be for sale, but a graduated use fee established by the cultivators of these commonly held goods could be collected. This fee for equitably sharing in the use of and access to this commons resource should be applied instead of outright "sale" of water and air through cash or "credits". Part of the funds from this can go to ensuring the quantity and quality of the shared resource; with part going to reimburse the stakeholding community and to help provide a basic income for all people.

UN General Assembly resolution 64/292 of 28 July 2010 *recognizes the right to safe and*

clean drinking water and sanitation as a human right that is essential for the full enjoyment of life and all human rights. It is therefore:

- imperative that water sources, springs, head waters and aquifers be held in common by those cultivating and protecting them and
- we connect water quality to industry, access, and land stewardship to ensure that all water is kept clean and available

We urgently recommend that the same status be accorded to all other commons goods as well, without which people cannot survive and thrive.

The UN, along with government at all levels, must provide the means, mechanisms, funding and implementation needed to fully achieve all UN sustainable development agreements and ensure that our basic human right to essential goods and services is provided **for all people** as well. This will require strong governance, via the adoption and full implementation of specific conventions, programs of action, time bound and enforceable targets, and on-going periodic review processes -- which must be included in the Rio +20 Outcome Documents.

For more information: www.CommonsActionfortheUnitedNations.org or write to
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