



INTERNATIONAL  
SUSTAINABLE  
ENERGY FUND

**PROPOSED  
MODEL  
STATUTE**

*The Statute was drafted and reviewed by attorneys and knowledgeable non-governmental organizations (NGO) from the Commission on Sustainable Development (CSD) NGO Energy and Climate Change Caucus as the 21<sup>st</sup> century alternative to the International Atomic Energy Agency, whose statutory provisions were reviewed in the drafting of the Model text. The authors wish to acknowledge the contributions of Merav Datan, International Physicians for the Prevention of Nuclear War and Physicians for Social Responsibility; proposals submitted by Greenpeace International to the Fourth Session of the Intergovernmental Negotiating Committee for a Draft Framework Climate Convention, Geneva, Switzerland, December 1991; and the Abolition 2000 Global Network for the Elimination of Nuclear Weapons which recognized the “inextricable link” between nuclear weapons and nuclear power and called for global support for sustainable energy in its founding statement at the Non-Proliferation Treaty Review and Extension Conference, May 1995.*

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**SUMMARY OF PROPOSAL FOR AN  
INTERNATIONAL SUSTAINABLE ENERGY FUND (ISEF)  
WHICH WAS TO THE WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT**

**OBJECTIVES:** The International Sustainable Energy Fund (“ISEF”) would seek to accelerate and enlarge the contribution worldwide of sustainable energy strategies, technologies, and applications for the purpose of achieving a sustainable quality of life for all, including

- **equitable access to sustainable energy resources and development:** to ensure equitable, decentralized availability and development of sustainable energy strategies and technologies, in order to drastically reduce and ultimately eliminate dependence on unsustainable forms of energy, such as costly and polluting imported fuels;
- **poverty eradication:** to provide sustainable energy resources to benefit development and the goal of poverty eradication in low-income areas in the world that currently lack adequate energy, especially in developing countries and countries with economies in transition;
- **global security:** to promote clean, safe, sustainable energies as a substitute for the world's precarious global reliance upon foreign sources of oil and other fossil fuels and the costly protections they require, and to eliminate nuclear proliferation, which is inextricably linked to the process of nuclear power generation and waste production;
- **climate protection:** to drastically reduce emissions of greenhouse gases and increasing existing international commitments or targets for same;
- **environmental and social protection:** to drastically reduce non-greenhouse energy-related pollutants affecting air, water, and land, and concurrently, the health of affected peoples;
- **technological innovation and dissemination:** to promote the accelerated development and dissemination of sustainable energy industries and businesses for the 21st century.

**FUNCTIONS:** The United Nations General Assembly would authorize ISEF to:

1. assist member states in identifying, phasing out and ending all government production subsidies and all government consumption subsidies, except for those targeted for low-income persons, of unsustainable forms of energy, and redirecting subsidies toward support of sustainable forms of energy, including 20% of such subsidies to support an International Sustainable Energy Fund;
2. assist member states in achieving the institutionalization of public participation by all major groups of civil society, as well as transparency, and information access, in all governmental energy policy decision-making and implementation;
3. assist intergovernmental entities in achieving the institutionalization of public participation by all major groups of civil society, as well as transparency and information access, in all intergovernmental energy policy decision-making and implementation;
4. assist member states and intergovernmental entities in identifying and utilizing national and international sustainable resources to promote energy conservation and diversification

into sustainable forms of energy, for long-term energy security and social needs and economic development while protecting the environment locally, regionally, and globally; and specifically, to:

5. assist member states to meet targets for greenhouse gas reductions and energy conservation and efficiency goals in the Protocols to the Framework Convention on Climate Change and other international and regional agreements, as well those in national plans;
6. assist member states to conduct and stimulate research, development and deployment of sustainable energy strategies, technologies, and applications;
7. assist member states to integrate external costs, such as those of health, society and the environment, into energy policy and pricing decisions and regulations, and to compile and compare national energy policy and data among member states for energy policy and planning purposes;
8. assist member states to increase the commercial market penetration of sustainable energy technologies by integrating sustainable energy considerations into policy-making in major energy-consuming sectors of the economies of member states, such as transport, agriculture, industry, housing, etc.; and by addressing regulatory issues so as to allow markets to function in accordance with sustainable development objectives;
9. assist member states to facilitate the transfer of sustainable energy strategies, technologies and applications and increase capacity-building and the dissemination and exchange of information and expertise, by acting as a forum and clearinghouse for same;
10. assist member states to promote sustainable energy education and training at every level and in all sectors, and especially primary, secondary, university, adult, and consumer education programs; and create a pool of skilled sustainable energy managers and technologists through education and training programs in sustainable energy management;
11. assist member states to standardize norms for the manufacture of sustainable energy technologies and evaluate their efficiency and performance; and provide for the application of such norms to operations of the Fund as well as to member states under any bilateral or multi-lateral arrangements;
12. assist member states and intergovernmental entities to monitor sustainable energy projects and provide implementation reports based on the social, economic and environmental standards of sustainability; and serve as a repository for same; and
13. assist the further establishment of national and local Agenda 21s, including targets and timeframes, to serve as guiding documents in planning and implementing these functions;
14. create and administer a special ISEF sub-fund comprising 50% of the income of ISEF, to support sustainable energy projects and incentives in low-income areas in developing countries and countries with economies in transition, and assist in identifying additional sources of public and private funding to attract investment to such areas; and

15. take additional actions to enhance regional and international cooperation in promotion of the objectives and functions described herein.

## **BACKGROUND**

The **Proposed Model Statute** for the creation of an **International Sustainable Energy Fund (ISEF)** strives to address the growing momentum for a detailed financing mechanism through which to implement sustainable development objectives. It also offers an alternative to the framework of the Non Proliferation Treaty (NPT) and the International Atomic Energy Agency, (IAEA), whose *raison d'être* is to promote nuclear energy for peaceful purposes. **ISEF** offers a mechanism for promoting clean, safe, non-proliferating sustainable energy as their substitute. It thereby achieves the complementary objective of increasing global security, by helping to decrease the world's precarious dependence upon foreign sources of oil, other fossil fuels and nuclear energy, and their devastating implications for human security and peace.

Now, more than ever, there is an unprecedented crisis posed to the security of all nations by the dual threats of terrorism and nuclear weapons proliferation. This has been underscored by the deplorable escalation of events in the Middle East and the havoc being wreaked by "PetroPolitics" and the threat of nuclear proliferation. Thirty-two years after entrance into force of the Non-Proliferation Treaty, the time has come to adopt a new paradigm.

The Model Statute was widely promoted and broadly supported in the lead-up to the World Summit for Sustainable Development in Johannesburg, S.A., where it generated interest among governments, and was introduced at a "Friends of the Chair" meeting with the WSSD Secretary General and 25 member states, but was unfortunately never placed on the official agenda.

It is a work in progress, reflecting ongoing refinements suggested by many participants in civil society. Funding issues and time-bound commitments are not yet formalized in the attached text, although they are formalized in the Sustainable Energy Initiatives of the NGO Energy & Climate Caucus, dated 30 April '02, which were submitted at the World Summit for Sustainable Development and at WSSD PrepCom 4 in Bali. (see Appendix I).

The general function of such a Fund is to support projects to promote energy conservation and sustainable sources of renewable energy. It is intended that funding for the Fund come from monies saved from the phasing out of subsidies by industrialized governments, estimated annually at \$200 billion, which support unsustainable forms of energy (see endnote 6).

A specific function of the Fund would be to support the institutionalization of diverse participation in all energy policy and project decision-making by under-represented groups, such as the poor and low-income, indigenous peoples, youth, women and affected workers. It would also be to support transparency, disclosure, and accountability, with its own operations institutionalized accordingly.

In order to meet the UN Millennium Declaration's goal of eradicating poverty for half the world's two billion people by 2010, it is imperative that States commit to the establishment of the Fund in order for there to be sufficient time to put projects in place to effectuate those goals in the ensuing seven years.

Kofi Annan's recent call to "end nuclear dangers" makes it all the more vital to address square-on the NPT's Faustian bargain to provide technology for so-called "peaceful purposes." We know full well that every nuclear power plant is, in fact, a bomb factory, which fact has been made all too clear by the spread of nuclear weapons to India and Pakistan, and the threat to acquire new nuclear arsenals in North Korea and most recently, Iran. **ISEF** allows members of the NPT to secure the Treaty's lasting acceptance by replacing their obligation to promote the use of nuclear energy for peaceful purposes, by the obligation to promote sustainable energy, to the same end, and with less risk.

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# International Sustainable Energy Fund

## Article I *Establishment of the Fund*

The Parties hereto establish an International Sustainable Energy Fund (hereinafter referred to as “the Fund” or “ISEF”) upon the terms and conditions hereinafter set forth.

## Article II *Objectives*

The Fund shall seek to accelerate and enlarge the contribution worldwide of technologies for sustainable energy and efficiency toward achieving a higher quality of life for all people, as set forth more fully herein:

- A. ***for climate protection***: to rapidly reduce and eliminate emissions of greenhouse gases, at a pace dictated by the best available climate science and reflecting existing international commitments or targets for same;
- B. ***for environmental protection***: to reduce and eliminate non-greenhouse energy-related pollutants affecting air, water and land;
- C. ***for equitable access to industrial and energy development***: to ensure the equitable global development, distribution and widest availability of sustainable energy technologies to Member States, in order for each State to reduce to the maximum and ultimately eliminate its dependence on costly and polluting imported fuels, and to benefit the social and economic development of such States, particularly developing ones;<sup>1</sup>
- D. ***global security***: to promote clean, safe, sustainable energies as a substitute for the world's precarious global reliance upon foreign sources of oil and other fossil fuels and the costly protections they require, and to eliminate nuclear proliferation, which is inextricably linked to the process of nuclear power generation and waste production;
- E. ***for industrial innovation***: to promote the accelerated development of a new range of sustainable energy industries for the 21<sup>st</sup> century.

## Article III *Definition of Sustainable Energy*

Sustainable energy is defined as energy which, in its production or consumption, has minimal negative impacts on human health and the healthy functioning of vital ecological systems, including the global environment, and that can be supplied continuously to future generations on earth.<sup>2</sup> Such forms of energy include, but are not limited to the following: solar thermal, solar photo-voltaic (PV), wind, hybrid wind-solar, fuel cell, bio-mass (including agricultural residue), geothermal, small-scale (mini- and pico-) hydro-electric, and tidal. This definition specifically *excludes* nuclear and fossil fuel energy or their “improvements” as an option thereof.<sup>3</sup>

## Article IV *Functions*

- A. The Fund is authorized:

1. To assist member States in identifying and effectively harnessing their national sustainable resources and efficiency potentials, in promoting conservation, the efficient use of energy and long-term energy security, and in diversifying into sustainable forms of energy while protecting the environment;
2. To conduct and stimulate research, development, and deployment of sustainable energy technologies in cooperation with member States; and, if requested to do so, to act as an intermediary for the purposes of securing the performance of services or the supplying of materials, equipment, or facilities by one member of the Fund for another; and to perform any operation or service useful in research, development, or deployment of sustainable energy technologies;
3. To make provision, in accordance with this statute, for materials, services, equipment and facilities, including, but not limited to, sustainable transport and delivery systems,<sup>4</sup> to meet the needs of research on, and development and deployment of sustainable energy technologies; and to acquire or establish any facilities, plant and equipment useful in carrying out its authorized functions;
4. To assist member States in meeting regional, international, or national targets for greenhouse gas reductions and energy efficiency goals falling within the Protocols to the Climate Convention or otherwise;
5. To help integrate external costs (such as those to health, society and the environment) into national energy policy and pricing decisions and regulations; to assist in the compilation and comparison of national energy policy and data among member States in order to establish effective energy planning; to provide advice on technical aspects of such planning; and to promote indicators to monitor progress in line with overall development goals;
6. To assist in increasing the commercial market penetration of sustainable energy technologies by, *inter alia*, helping integrate sustainable energy considerations into the policy making of major energy-consuming sectors of the economy including, but not limited to transport, agriculture, urban planning, construction and industry; to support greater reliance on sustainable energies both in grid-connected and decentralized systems; and to address regulatory issues and promote public participation in same, so as to allow markets to function in harmony with sustainable development objectives;
7. To facilitate the international transfer of sustainable energy technologies and cooperation in sustainable energy capacity building by, *inter alia*, acquiring and disseminating to member States the commercial rights of intellectual property to same;

8. To facilitate the dissemination and exchange of information and expertise in sustainable energy technologies, policies and practice by acting as both a forum and a clearing-house for same among member States;
9. To create a pool of skilled sustainable energy managers and technologists through education and training programs in energy management, particularly in developing member States;
10. To liaise with other related facilities, networks, academics, NGO's (non-government organizations) of member States, agencies, and where appropriate, competent organs of the United Nations, in order to enhance regional and international cooperation for a sustainable energy future, and to promote cooperative relations with non-member States and international organizations for same; and to represent the Fund's objectives at relevant international fora;
11. To assist in the standardization of norms for the manufacture of sustainable energy technologies and in the evaluation of their efficiency and performance; to provide for the application of these standards to its own operation as well as operations making use of materials, services, equipment, facilities and information made available by the Fund or at its request or under its supervision or control; and to provide for the application of these standards, at the request of the parties, to operations under any bilateral or multilateral arrangements, or, at the request of a member State, to any of that State's activities in the field of sustainable energy;
12. To monitor sustainable energy projects in member States and provide reports based on the standards of efficiency and performance created by paragraph seven, and to serve as a repository for same; and to monitor energy developments in non-member States;
13. To administer funds and financial advice for the financing of specific sustainable energy programs and pilot projects, especially those in developing countries, while minimizing administration costs; to administer and disburse funding to approved projects from a specially-created fund; to assist in identifying sources of public and private funding and to attract investment, and to advise on financing options. Special focus shall be directed toward providing sustainable energy access to rural and low-income areas (with the concurrent goal of poverty alleviation) and toward assisting developing countries in diversifying into sustainable forms of energy;
14. To assist member States in identifying, phasing out, or ending government subsidies for unsustainable forms of energy and redirecting those funds toward sustainable energy development.

- B. In carrying out its functions, the Fund shall:
1. Conduct its activities in accordance with the purposes and principles of the United Nations to promote peace and international cooperation; and in accordance with the Agenda for Development adopted in 1997 by the United Nations General Assembly;
  2. Allocate its resources in such a manner as to secure their efficient utilization and ensure the greatest possible general benefit in all areas of the world, bearing in mind the needs of the underdeveloped and decentralized areas thereof;
  3. Submit reports on its activities annually to the General Assembly of the United Nations, and as required, to the United Nations Economic and Social Council, the UN Development Programme, the UN Commission for Sustainable Development, or other organs of the United Nations on matters within their competency and purview;
- C. In carrying out its functions, the Fund shall not make assistance to members subject to any political, economic, or other conditions incompatible with the provisions of this Statute.

**Article V** *Membership*

- A. Members of the Fund shall be those States members, whether or not members of the United Nations, which shall have signed this Statute within ninety days after it is opened for signature and shall have deposited an instrument of ratification.
- B. Other members of the Fund shall be those States, whether or not members of the United Nations, which deposit an instrument of acceptance of this Statute after their membership has been approved by the General Conference upon the recommendation of the Board of Governors. In recommending and approving a State for membership, the Board of Governors and the General Conference shall determine that the State is able and willing to carry out the obligations of membership in the Fund, giving due consideration to its ability and willingness to act in accordance with the purposes and principles of the Charter of the United Nations.

**Article VI** *General Conference*

- A. A General Conference consisting of representatives of all members shall meet in a regular annual session and in such special sessions as shall be convened by the Director General at the request of the Board of Governors or of a majority of the members. The sessions shall take place at the headquarters of the Fund unless otherwise determined by the General Conference.

- B. At such sessions, each member shall be represented by one delegate who may be accompanied by alternates and by advisers. The cost of attendance of any delegation shall be borne by the member concerned.
- C. The General Conference shall elect a President and such other officers as may be required at the beginning of each session. They shall hold office for the duration of the session. Subject to the provisions of this Statute, the General Conference shall adopt its own rules of procedure. Each member shall have one vote. Decisions shall be made by a majority of the members present and voting, except as to those decisions pursuant to the Fund's budget and finance, amendments to the Statute, and the suspension of privileges, which shall require a two-thirds majority of the members present and voting. Decisions on other questions, including the determination of additional questions or categories of questions to be decided by a two-thirds majority, shall be made by a majority of the members present and voting. A majority of members shall constitute a quorum.
- D. The General Conference may discuss any questions or any matters within the scope of this Statute or relating to the powers and functions of any organs provided for in this Statute, and may make recommendations to the membership of the Fund or to the Board of Governors or to both on any such questions or matters.
- E. The General Conference shall:
  - 1. Elect members of the Board of Governors in accordance with article VII;
  - 2. Approve States for membership in accordance with article V;
  - 3. Suspend a member from the privileges and rights of membership in accordance with article XIX;
  - 4. Consider the annual report of the Board;
  - 5. In accordance with article XIV, approve the budget of the Fund recommended by the Board or return it to the Board with recommendations as to its entirety or parts for resubmission to the General Conference;
  - 6. Approve reports to be submitted to the United Nations as required by the relationship agreement between the Fund and the United Nations, or return them to the Board with recommendations;
  - 7. Approve any agreement(s) between the Fund and the United Nations and other organizations as provided in article XVI or return such agreement(s) with recommendations to the Board, for resubmission to the General Conference;
  - 8. Approve rules and limitations regarding the exercise of borrowing powers by the Board in accordance with paragraph D of article XIV; approve rules regarding the

acceptance of voluntary contributions to the Fund; approve the manner in which the general fund is to be used;

9. Approve amendments of this Statute in accordance with paragraph C of article XVIII;
10. Approve the appointment of the Director General in accordance with paragraph A of article VIII;

F. The General Conference shall have the authority:

1. To take decisions on any matter specifically referred to the General Conference for this purpose by the Board;
2. To propose matters for consideration by the Board and request from the Board reports on any matter relating to the function of the Fund;

#### **Article VII** *Board of Governors*

A. The Board of Governors shall be composed as follows:

1. The first Board of Governors shall be designated by a Preparatory Commission in accordance with paragraph 4 of the ANNEX to this Statute. Thereafter:
2. The outgoing Board of Governors shall designate for membership on the Board nine member States, one from each of the following regions:
  - a) Eastern Europe and the Commonwealth of Independent States
  - b) Western Europe
  - c) Northern Africa
  - d) Southern Africa
  - e) North America
  - f) Latin America and the Caribbean
  - g) Western Asia and the Middle East
  - h) Eastern Asia
  - i) Oceania and the Pacific
3. The General Conference shall elect to membership of the Board of Governors eighteen members, two from each of the regions listed in sub-paragraph A-2. of this article, with due regard to their equitable representation on the Board as a whole. Each member at the General Conference shall have one vote.

B. The designations provided for in sub-paragraph A-2 of this article shall take place not less than sixty days before each regular annual session of the General Conference. The elections provided for in sub-paragraph A-3 of this article shall take place at regular sessions of the General Conference, once every four years.

- C. Members represented on the Board of Governors in accordance with sub-paragraph A-2 of this article shall hold office from the end of the next regular annual session of the General Conference after their designation until the end of the following regular annual session of the General Conference.
- D. Members represented on the Board of Governors in accordance with sub-paragraph A-3 of this article shall hold office from the end of the regular annual session of the General Conference at which they are elected until the end of the second regular annual session of the General Conference thereafter.
- E. Each member of the Board of Governors shall have one vote. Decisions on budget and finance shall be made by a two-thirds majority of those present and voting. Decisions on other questions, including the determination of additional questions or categories of questions to be decided by a two-thirds majority, shall be made by a majority of those present and voting. Two-thirds of all members of the Board shall constitute a quorum.
- F. The Board of Governors shall have the authority to carry out the functions of the Fund in accordance with this Statute, subject to its responsibilities to the General Conference as provided in this Statute.
- G. The Board of Governors shall meet at such times as it may determine. The meetings shall take place at the headquarters of the Fund unless otherwise determined by the Board.
- H. The Board of Governors shall elect a Chairman and other officers from among its members and, subject to the provisions of this Statute, shall adopt its own rules of procedure.
- I. The Board of Governors may establish such committees as it deems advisable. The Board may appoint persons to represent it in its relations with other organizations.
- J. The Board of Governors shall prepare an annual report to the General Conference concerning the affairs of the Fund and any projects approved by the Fund. The Board shall also prepare for submission to the General Conference such reports as the Fund is or may be required to make to the United Nations or to any other organization the work of which is related to that of the Fund. These reports, along with the annual reports, shall be submitted to members of the Fund at least one month before the regular annual session of the General Conference.

### **Article VIII** *Staff*

- A. The staff of the Fund shall be headed by a Director General. The Director General shall be appointed by the Board of Governors with the approval of the General

Conference for a term of four years. He or she shall be the chief administrative officer of the Fund.

- B. The Director General shall be responsible for the appointment, organization, and functioning of the staff and shall be under the authority of and subject to the control of the Board of Governors. He or she shall perform his duties in accordance with regulations adopted by the Board.
- C. The staff shall include such qualified scientific, technical and other personnel as may be required to fulfill the objectives and functions of the Fund. The Fund shall be guided by the principle that its permanent staff shall be kept to a minimum.
- D. The paramount consideration in the recruitment and employment of the staff and in the determination of the conditions of service shall be to secure employees of the highest standards of efficiency, technical competence, and integrity. Subject to this consideration, due regard shall be paid to the contributions of members to the Fund and to the importance of recruiting the staff on as wide a geographic basis as possible.
- E. The terms and conditions on which the staff shall be appointed, remunerated, and dismissed shall be in accordance with regulations made by the Board of Governors, subject to the provisions of this Statute and to the general rules approved by the General Conference on the recommendation of the Board.
- F. In the performance of their duties, the Director General and the staff shall not seek or receive instructions from any source external to the Fund. They shall refrain from any action which might reflect poorly on their position as officials of the Fund; subject to their responsibilities to the Fund, they shall not disclose any industrial secret or other confidential information coming to their knowledge by reason of their official duties for the Fund. Each member undertakes to respect the international character of the responsibilities of the Director General and the staff and shall not seek to influence them in the discharge of their duties.

**Article IX** *Exchange of Information*

- A. Each member should make available such information as would, in the judgement of the member, be helpful to the Fund.
- B. Each member shall make available to the Fund all scientific and technical information developed as a result of assistance extended by the Fund pursuant to article XI
- C. The Fund shall assemble and make available in an accessible form the information made available to it under paragraphs A and B of this article. It shall take positive steps to encourage the exchange among its members of information relating to sustainable energy and shall serve as an intermediary among its members for this purpose.

**Article X** *Services, Equipment, and Facilities*

Members may make available to the Fund such services, equipment, and materials as they deem advisable and on such terms as shall be agreed with the Fund, which may be of assistance in fulfilling the Fund's objectives and functions.

**Article XI** *Fund Projects*

- A. Any member or group of members of the Fund desiring to set up any project for research on, development, or deployment of sustainable energy may request the assistance of the Fund in securing services, equipment, materials and facilities necessary for this purpose. Any such request shall be accompanied by an explanation of the purpose and extent of the project and shall be considered by the Board of Governors.
- B. Upon request, the Fund may also assist any member or group of members to make arrangements to secure necessary financing from outside sources to carry out such projects. In extending this assistance, the Fund will not be required to provide any guarantees or to assume any financial responsibility for the project.
- C. The Fund may arrange for the supplying of any materials, services, equipment, and facilities necessary for the project by one or more members or may itself undertake to provide any or all of these directly, taking into consideration the wishes of the member or members making the request.
- D. For the purpose of considering the request, the Fund may send into the territory of the member or group of members making the request a person or persons qualified to examine the project. For this purpose the Fund may, with approval of the member or group of members making the request, use members of its own staff or employ suitably qualified nationals of any member.
- E. Before approving a project under this article, the Board of Governors shall give due consideration to:
  - 1. The usefulness of the project, including its scientific and technical feasibility;
  - 2. The adequacy of plans, funds, and technical personnel to assure the effective execution of the project;
  - 3. The inability of the member or group of members making the request to secure the necessary finances, materials, facilities, equipment, or services;
  - 4. The equitable distribution of materials and other resources available to the Fund;
  - 5. The special needs of the developing countries of the world;
  - 6. Such other matters as may be relevant.

- F. Upon approving a project, the Fund shall enter into an agreement with the member or group of members submitting the project, which agreement shall:
1. Set forth the terms and conditions, including charges, on which any materials, services, equipment, or facilities are to be provided by the Fund itself, and, if any such materials, services, equipment, and facilities are to be provided by a member, the terms and conditions as arranged for by the member or group of members submitting the project and the supplying member;
  2. Make appropriate provision regarding the rights and interests of the Fund and the member or members concerned in any inventions or discoveries, or any patents or other intellectual property therein, arising from the project;
  3. Make appropriate provision regarding settlement of disputes;
  4. Include such other provisions as may be appropriate.
- G. The provisions of this article shall also apply where appropriate to a request for materials, services, facilities, or equipment in connection with an existing project.
- H. Any two or more participating member States may decide to carry out within the scope of the Fund's objectives special activities other than activities which may be required to be carried out by all participating member States under this Statute. Members who do not wish to take part in such activities shall abstain from taking part in such decisions and shall not be bound by them. Participating States carrying out such activities shall keep the Board of Governors informed thereof.

## **ARTICLE XII** *Reimbursement of members*

Unless otherwise agreed upon between the Board of Governors and the member furnishing to the Fund materials, services, equipment, or facilities, the Board shall enter into an agreement with such member providing for reimbursement for the items furnished.

## **ARTICLE XIII** *Finance and Funding*

- A. The Board of Governors shall submit to the General Conference the annual budget estimates for the expenses of the Fund. To facilitate the work of the Board in this regard, the Director General shall initially prepare the budget estimates. If the General Conference does not approve the estimates, it shall return them together with its recommendations to the Board. The Board shall then submit further estimates to the General Conference for its approval.
- B. Expenditures of the Fund shall be classified under the following categories:

1. Administrative expenses. These shall include:
    - a) Costs of the staff of the Fund other than the staff employed in connection with materials, services, equipment, or facilities referred to in sub paragraph B-2 below;
    - b) costs of meetings; and
    - c) expenditures required for the preparation of Fund projects and for the distribution of information.
  2. Expenses, other than those included in sub-paragraph 1 of this paragraph, in connection with any materials, facilities, or equipment acquired or established by the Fund in carrying out its authorized functions, and the costs of materials, services, equipment, or facilities provided by it under agreements with one or more members.
- C. The Board of Governors shall apportion the expenses referred to in sub- paragraph B-1 above, among members in accordance with a scale to be fixed by the General Conference. In fixing the scale, the General Conference shall be guided by the principles adopted by the United Nations in assessing the contributions of member States to its regular budget.
- D. Subject to rules and limitations approved by the General Conference, the Board of Governors shall have the authority to exercise borrowing powers from multilateral lending institutions on behalf of the Fund without, however, imposing on members of the Fund any liability in respect of loans entered into pursuant to this authority, and to accept voluntary contributions made to the Fund.
- E. The Board of Governors shall have the authority to use funds or appropriations made available, *inter alia*, by the World Bank; UN and regional banks for reconstruction and development; bi- and multilateral donors; private foundations; or otherwise.<sup>5</sup>
- F. Decisions of the General Conference on financial questions and of the Board of Governors on the amount of the Fund's budget shall require a two- thirds majority of those present and voting.
- G. The Board of Governors shall have the authority to designate an organ of the Fund to advise the Board as required on the financial administration of the Fund and to give its opinion on the annual and other budget proposals submitted to the Board.

#### **ARTICLE XIV** *Privileges and immunities*

- A. The Fund shall enjoy in the territory of each member such legal capacity and such privileges and immunities as are necessary for the exercise of its functions.
- B. Delegates of members together with their alternates and advisors, Governors appointed to the Board together with their alternates and advisers, and the Director

General and the staff of the Fund, shall enjoy such privileges and immunities as are necessary in the independent exercise of their functions in connection with the Fund.

- C. The legal capacity, privileges, and immunities referred to in this article shall be defined in a separate agreement or agreements between the Fund, represented for this purpose by the Director General acting under instructions of the Board of Governors and the members.

**ARTICLE XV** *Relationship with other organizations*

- A. The Board of Governors, with the approval of the General Conference, is authorized to enter into an agreement or agreements establishing an appropriate relationship between the Fund and the United Nations and any other organizations the work of which is related to that of the Fund.
- B. The agreement or agreements establishing the relationship of the Fund and the United Nations shall provide for:
  - 1. Submission by the Fund of reports as provided for in sub-paragraphs B- 3 and B- 4 of article IV;
  - 2. Consideration by the Fund of resolutions relating to it adopted by the General Assembly or any of the Councils of the United Nations and the submission of reports, when requested, to the appropriate organ of the United Nations on the action taken by the Fund or by its members in accordance with this Statute as a result of such consideration.
  - 3. In order to achieve its objectives, the Fund may establish appropriate relationships with States which are not participating members, international organizations, whether governmental or non-governmental, other entities and individuals.

**ARTICLE XVI** *Settlement of disputes*

- A. Any question or dispute concerning the interpretation or application of this Statute which is not settled by negotiation shall be referred to the International Court of Justice in conformity with the Statute of the Court, unless the parties concerned agree on another mode of settlement.
- B. The General Conference and the Board of Governors are separately empowered, subject to authorization from the General Assembly of the United Nations, to request the International Court of Justice to give an advisory opinion on any legal question arising within the scope of the Fund's activities.

**ARTICLE XVII** *Amendments and withdrawals*

- A. Amendments to this Statute may be proposed by any member. Certified copies of the text of any amendment proposed shall be prepared by the Director General and communicated by him to all members at least ninety days in advance of its consideration by the General Conference.
- B. At the fifth annual session of the General Conference following the coming into force of this Statute, the question of a general review of the provisions of this Statute shall be placed on the agenda of that session. On approval by a majority of the members present and voting, the review will take place at the following General Conference. Thereafter, proposals on the question of a general review of this Statute may be submitted for decision by the General Conference under the same procedure.
- C. Amendments shall come into force for all members when:
  - 1. Approved by the General Conference by a two-thirds majority of those present and voting after consideration of observations submitted by the Board of Governors on each proposed amendment, and
  - 2. Accepted by two-thirds of all the members in accordance with their respective constitutional processes. Acceptance by a member shall be effected by the deposit of an instrument of acceptance with the depositary Government referred to in paragraph C of article XIX.
- D. At any time after five years from the date when this Statute shall take effect in accordance with paragraph E of article XIX or whenever a member is unwilling to accept an amendment to this Statute, it may withdraw from the Fund by notice in writing to that effect given to the depositary Government referred to in paragraph C of article XIX, which shall promptly inform the Board of Governors and all members.
- E. Withdrawal by a member from the Fund shall not affect its contractual obligations entered into pursuant to article XI or its budgetary obligations for the year in which it withdraws.

**ARTICLE XVIII** *Suspension of privileges*

- A. A member of the Fund which is in arrears in the payment of its financial contributions to the Fund shall have no vote in the Fund if the amount of its arrears equals or exceeds the amount of the contributions due from it for the preceding two years. The General Conference may, nevertheless, permit such a member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the member.
- B. A member which has persistently violated the provisions of this Statute or of any agreement entered into by it pursuant to this Statute may be suspended from the exercise of the privileges and rights of membership by the General Conference acting by a two-thirds majority of the members present and voting upon recommendation by the Board of Governors.

**ARTICLE XIX** *Signature, acceptance, and entry into force*

- A. This Statute shall be open for signature on \_\_\_\_\_ 2002 for the \_\_\_\_\_th Session of the Commission on Sustainable Development by all States Members of the United Nations or of any of the specialized agencies and shall remain open for signature by those States for a period of ninety days.
- B. The signatory States shall become parties to this Statute by deposit of an instrument of ratification.
- C. Instruments of ratification by signatory States and instruments of acceptance by States whose membership has been approved under paragraph B of article V of this Statute shall be deposited with the Government of \_\_\_\_\_, hereby designated as depositary Government.
- D. Ratification or acceptance of this Statute shall be effected by States in accordance with their respective constitutional processes.
- E. This Statute, apart from the Annex, shall come into force when eighteen States have deposited instruments of ratification in accordance with paragraph B of this article. Instruments of ratification and instruments of acceptance deposited thereafter shall take effect on the date of their receipt.
- F. The depositary Government shall promptly inform all States signatory to this Statute of the date of each deposit of ratification and the date of entry into force of the Statute. The depositary Government shall promptly inform all signatories and members of the dates on which States subsequently become parties thereto.
- G. The Annex to this Statute shall come into force on the first day this Statute is open for signature.

**ARTICLE XX** *Registration with the United Nations*

- A. This Statute shall be registered by the depositary Government pursuant to Article 102 of the Charter of the United Nations.
- B. Agreements between the Fund and any member or members, agreements between the Fund and any other organization or organizations, and agreements between members subject to approval of the Fund, shall be registered with the Fund. Such agreements shall be registered by the Fund with the United Nations if registration is required under Article 102 of the Charter of the United Nations.

**ARTICLE XXI** *Authentic texts and certified copies*

- A. This statute, executed in the following languages: \_\_\_\_\_, \_\_\_\_\_, each being equally authentic, shall be deposited in the archives of the depositary Government. Duly certified copies of this Statute shall be transmitted by the depositary Government to the Governments of the other signatory States and to the Governments of States admitted to membership under paragraph B of article V.

In witness whereof the undersigned, duly authorized, have signed this Statute.

EXECUTED at the Headquarters of the United Nations, this \_\_\_\_\_ day of \_\_\_\_\_, year two- thousand and two.

#### **ANNEX *PREPARATORY COMMISSION***

- A. A Preparatory Commission shall come into existence on the first day this Statute is open for signature. It shall be composed of one representative from each of the nine regions enumerated above in Article VII-A-2 of this Statute. The Preparatory Commission shall remain in existence until this Statute comes into force, and thereafter until the General Conference has convened and a Board of Governors has been selected in accordance with article VII.
- B. The expenses of the Preparatory Commission may be met by a loan provided by the United Nations and for this purpose the Preparatory Commission shall make the necessary arrangements with the appropriate authorities of the United Nations, including arrangements for repayment of the loan by the Fund. Should these funds be insufficient, the Preparatory Commission may accept advances from Governments. Such advances may be set off against the contributions of the Governments concerned to the Fund.
- C. The Preparatory Commission shall:
1. Elect its own officers, adopt its own rules of procedure, meet as often as necessary, determine its own place of meeting and establish such committees as it deems necessary;
  2. Appoint an executive secretary and staff as shall be necessary, who shall exercise such powers and perform such duties as the Commission may determine;
  3. Make arrangements for the first session of the General Conference, including the preparation of a provisional agenda and draft rules of procedure, such session to be held as soon as possible after the entry into force of this Statute;
  4. Make designations for membership on the first Board of Governors in accordance with sub- paragraphs A- 2 and A- 3 and paragraph A of article VII;

5. Make studies, reports, and recommendations for the first session of the General Conference and for the first meeting of the Board of Governors on subjects of concern to the Fund requiring immediate attention, including (a) the financing of the Fund; (b) the programs and budget for the first year of the Fund; (c) technical problems relevant to advance planning of Fund operations; (d) the establishment of a permanent Fund staff; and (e) the location of the permanent headquarters of the Fund;
6. Make recommendations for the first meeting of the Board of Governors concerning the provisions of a headquarters agreement defining the status of the Fund and the rights and obligations which will exist in the relationship between the Fund and the host Government;
7. (a) Enter into negotiations with the United Nations with a view to the preparation of a draft agreement in accordance with article XV of this Statute, such draft agreement to be submitted to the first session of the General Conference and to the first meeting of the Board of Governors;  
  
(b) Make recommendations to the first session of the General Conference and to the first meeting of the Board of Governors concerning the relationship of the Fund to other international organizations as contemplated in article XV of this Statute

## ENDNOTES

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<sup>1</sup> Implicit in its mandate for sustainable development is a statutory recognition of the nuances relating to poverty alleviation, economic growth and transfer of resources in the definition of sustainable development set forth in the UN General Assembly's 1987 Agenda for Development: "Development is a multi-dimensional undertaking to achieve a higher quality of life for all people...Economic development, social development and environmental protection are interdependent and mutually reinforcing components of sustainable development."

<sup>2</sup> Definition adopted in the NGO Energy & Climate Change Caucus Statement, CSD9 Intersessional on Atmosphere, 7 Mar 2001. Inherent in this definition is an acknowledgement that sustainable energy is *safe* and *clean*; these words, which are often used in conjunction, or interchangeably with the words, "sustainable" energy, and are part of its common terminology, are incorporated herewith by definition.

Alternative definitions may include, *inter alia*, the following: "Sustainable energy is defined as a highly efficient energy system based on renewable resources, whose production and/or consumption processes produce adverse environmental, economic, health and social impacts of a [*statistically*] *significantly lower order* than those of fossil fuels or nuclear energy, and which ensures that the needs of the present are met without compromising the ability of future generations to meet their needs." (The latter part of this definition is incorporated in the 1987 Brundtland Report of the World Commission on Environment and Development (WCED).

<sup>3</sup> Nuclear power is sometimes presented as a sustainable, clean energy source. However, "(a)s long as the limited supply of rich uranium ores hold out, the nuclear energy fuel chain does indeed, *after about 7 years of operation*, produce less CO<sub>2</sub> than a gas-burning plant. But when the uranium content of ores gets below around 0.05%, it becomes doubtful if nuclear power will lead to the production of any less CO<sub>2</sub> than just burning fossil fuel directly." (IVEM Centre for Energy & Environmental Studies, University of Groningen, Netherlands, April 2001).

Further, "at *all* stages of nuclear power generation, nuclear energy produces substantial amounts of waste and environmental pollution (from uranium mining tailings through to spent nuclear fuel, plutonium, and other highly radioactive wastes). [Although the nuclear reactor of a nuclear power station does not, in itself, produce any CO<sub>2</sub>,] the nuclear fuel chain is a significant source of carbon dioxide emissions; it causes radioactive contamination of the air, water and land...and encourages the proliferation of nuclear weapons..." (Pacific News Bulletin, January 2001.)

<sup>4</sup> This Statute explicitly recognizes the energy and transport needs of those in low-income areas currently lacking in access to sustainable energy sources, and the concomitant transfer of sustainable energy technologies that these delivery systems make possible. It also recognizes the Pacific Islands' objection to the nuclear transshipment and waste dumping of plutonium and MOX fuel through Pacific waters, either as payoffs for action on climate change, or otherwise.

<sup>5</sup> Or by non-traditional forms including, but not limited to the following: the redirection of government subsidies away from unsustainable forms of energy, toward sustainable forms, the redirection of investments by multilateral institutions, or otherwise.

<sup>6</sup> [http://www.geni.org/energy/library/GENI-us/2003/geni-us\\_letter\\_2003-12.html](http://www.geni.org/energy/library/GENI-us/2003/geni-us_letter_2003-12.html) and Toward a Real Kyoto Protocol, by Ross Gelbspan, The Climate and Energy Funders Group, Washington, D.C. Feb. 4, 2003, p. 6.

## APPENDIX 1

### **NGO ENERGY & CLIMATE CAUCUS**

<http://www.ngoenergycaucus.org>

### **WSSD SUSTAINABLE ENERGY INITIATIVES (30 April 2002)**

*Unless otherwise noted, the following refer to commitments by governments, international and intergovernmental agencies and entities, and major groups of civil society, for the World Summit on Sustainable Development, in Johannesburg, South Africa, 26 August-4 September 2002*

### **POVERTY ERADICATION**

#### **1. COMMIT TO: RENEWABLE ENERGY BY 2012 FOR TWO BILLION POOR AND LOW INCOME PEOPLE WHO LACK ADEQUATE ENERGY ACCESS**

**Commit, in accordance with the UN Millennium Summit's goals of poverty eradication by 2015, to provide by 2012 energy services using decentralised, sustainable sources of renewable energy (excluding large-scale hydropower) for the two billion world's poorest people who currently do not have adequate access to energy. These are people with the least capacity to protect themselves from the environmentally and socially harmful effects of conventional forms of energy, and governments should ensure that the poor are supplied only with cleanest and most sustainable forms of renewable energy.**

### **ENSURING HEALTHY ECOSYSTEMS, INCLUDING HUMAN HEALTH**

#### **2. COMMIT TO: AN IMMEDIATE MORATORIUM ON FOSSIL FUELS EXPLORATION**

(a) Commit to an immediate global moratorium on oil, gas and coal exploration in order to slow down and reverse climate change and reduce the health effects of domestic and trans-boundary air pollution.

(b) OECD countries commit to repair the damage to ecosystems caused by the extraction of hydrocarbons and coal, through increasing the price of production and consumption of fossil fuels in OECD countries, based on the principles of "common but differentiated responsibility" and "polluter pays", and as a recognition of the ecological debt owned by these countries.

(c) Commit to ensure that energy policy and implementation regarding fossil fuels prioritizes the future survival of small island states, which face the biggest threat due to climate change, and the survival of other communities most at risk, especially those of indigenous peoples.

#### **3. COMMIT TO: STOP CONSTRUCTION OF LARGE-SCALE HYDROPOWER DAMS**

(a) Commit to apply the standards recommended by the World Commission on Dams for decision-making on existing, planned and future large-scale hydropower dams.

(b) Commit to repair the damage to ecosystems and to indigenous peoples and local communities caused by existing large-scale hydropower dams; commit to ensure that no modification to existing large-scale hydropower dams are authorized which would have the effect of increasing their ecological or social impacts; and commit to not authorize future large-scale hydropower projects which entail ecological and social impact.

(c) Commit to ensure that the de-commissioning of existing large-scale hydropower dams must include a process of energy substitution with decentralised systems of sustainable forms of renewable energy.

#### **4. COMMIT TO: BEGIN IN 2003 AND COMPLETE IN 2005 A GLOBAL PHASE OUT OF NUCLEAR ENERGY**

Commit to begin a global phase-out of nuclear energy in 2003, to be completed by 2005, with the sole functions of the International Atomic Energy Agency being a) to assist the de-commissioning of existing nuclear power plants in order to prevent further damage to ecosystems, including human health, from the operations and accumulated toxic waste of such plants, and b) to supervise and monitor a strengthened safeguards regime aimed at preventing the diversion of weapons-usable nuclear materials.

#### **5. COMMIT TO: INCREASE TO 10% BY 2007 AND 25% BY 2012 THE SHARE OF NEW RENEWABLE SOURCES OF ENERGY**

Commit to expand production and consumption of new, sustainable forms of renewable energy (excluding large-scale hydropower), especially wind, solar, small-scale biogas, and micro-hydropower, to at least 10% by 2007 and 25% by 2012 of total primary energy, using all appropriate means, such as national mandates to support renewable portfolio standards in the energy portfolio mix of utilities and net metering and “green” choice for consumers in grid-connected areas.

#### **6. COMMIT TO: WIN-WIN SOLUTIONS TO REDUCE ENERGY CONSUMPTION**

(a) Commit to enact by 2003 much stronger national and international regulations and guidelines for sustainable planning, design, construction, operations, and maintenance for all energy-consuming residential, industrial, and commercial buildings, equipment, machinery, furnishings, and consumer appliances and products, in all economic sectors, e.g., energy, industry, agriculture, mining, forestry, commerce, housing, transport, water, waste, military, tourism, leisure and recreation, etc.

(b) Commit to enact by 2003 much stronger national and international road and off-road vehicle fuel efficiency standards, in the range of 5 liters per 100 km or 50 miles per gallon; much stronger vehicle energy efficiency, tailpipe standards, and guidelines for vehicle and road safety; and mandatory high quality air standards by dramatically reducing auto vehicle use, through means such as sustainable land use planning and design, auto free zones, massive expansion of public transport, and creation of safe and pleasant environments for walking.

(c) Commit to assist national and local communities to adopt by 2003 mandatory primary/middle school and university education curricula and voluntary adult education programmes that will teach students and adults about energy conservation and the sustainability of various sources of energy.

(d) Commit to implement, and to assist all individuals, local communities, and local authorities to implement, by 2003, monthly goals of reducing overall energy consumption and costs and annual goals of increasing consumption of sustainable sources of renewable energy, such as solar or wind, in their daily lives or daily operations.

## **7. COMMIT TO: FULL, LIFE-CYCLE COST ACCOUNTING BY 2005 IN ALL ENERGY POLICY AND PRICING DECISIONS**

Commit to internalising external costs and achieving full life-cycle cost accounting in all energy policy and pricing decisions by 2005, because the prices of harmful, unsustainable forms of energy such as fossil fuels, nuclear energy, and large-scale hydropower rarely reflect their true costs. The costs of negative environmental impacts as well as negative health, safety, security, and cultural impacts that result from the production and consumption of these harmful, unsustainable forms of energy must be taken into account in all energy policy and pricing decisions. Such costs are in addition to the large amounts of government economic subsidies that currently support harmful, unsustainable forms of energy.

## **FINANCING AND MEANS OF IMPLEMENTATION**

### **8. COMMIT TO: FULL DISCLOSURE BY 2003 BY ALL GOVERNMENTS AND REMOVAL BY 2006 BY OECD GOVERNMENTS OF GOVERNMENT SUBSIDIES THAT SUPPORT HARMFUL FORMS OF ENERGY, AND RE-DIRECT FUNDING TO SUSTAINABLE ENERGY**

(a) All national governmental and government-funded international or intergovernmental entities commit to full disclosure by 2003 of direct and indirect government subsidies and cross-subsidies that support the production and consumption of harmful, unsustainable forms of energy and each government's part in such subsidies provided by international-intergovernmental entities, in all energy-consuming economic sectors, e.g., energy, industry, agriculture, mining, forestry, commerce, housing, transport, water, waste, military, etc. Harmful, unsustainable forms of energy are defined as those with significant harmful impacts upon ecosystems, such as the negative environmental, health

and social impacts caused by the production and consumption of fossil fuels, nuclear energy and large-scale hydropower,

(b) All OECD countries' national governments commit to phase out harmful, unsustainable energy subsidies according to the following targets and timeframes: 10% by 2003, 30% by 2004, 60% by 2005, and 99% by 2006. The only exception to this phase-out should be energy consumption subsidies that are clearly targeted for, and directly provided to, poor and low-income persons. All OECD governments further commit that the funds saved from phasing out governmental and intergovernmental and international subsidies for harmful forms of energy will be re-directed to domestic and international programmes that support sustainable energy strategies and technologies, including energy conservation in all sectors and support for production and consumption of renewable forms of energy, excluding large-scale hydropower. All funding programmes should have provisions to be completed by set dates.

(c) Countries with economies in transition and non-LDC developing countries commit to consider making similar commitments in the year 2007, on the condition that OECD countries have fulfilled their target and timeframe commitments for harmful energy subsidy disclosure and removal by that time.

## **9. COMMIT TO: BEGIN IN 2003 TO REDUCE MILITARY EXPENDITURES BY 5% PER YEAR FOR FIVE YEARS AND RE-DIRECT THE MONIES SAVED TO FINANCE SUSTAINABLE ENERGY PROJECTS**

Commit to reduce national government military expenditures by at least 5% per year for five years starting in 2003 and to re-direct the monies saved to finance sustainable energy projects promoting energy conservation and sustainable forms of renewable energy, with poverty eradication, social stability, and other requirements of sustainable development as the objectives of such projects.

## **10. COMMIT TO: ESTABLISH IN 2003 AN INTERNATIONAL SUSTAINABLE ENERGY FUND (ISEF)**

(a) Commit to the establishment of an International Sustainable Energy Fund by 2003, with the general function of such a fund being to support projects to promote energy conservation and sustainable forms of renewable energy, with 80% of the fund's income, in accordance with commitments to provide renewable energy to the world's poor, used to support sustainable energy programmes in poor and low-income areas of developing countries and economies in transition, such as micro-credit and credit exchange programmes that integrate sustainable energy projects with poverty eradication.

(b) Governments and international agencies and intergovernmental entities commit to financing such a fund with at least 20% of the monies saved from phasing out governmental subsidies that support unsustainable forms of energy. Governments and international and intergovernmental entities also commit to make additional voluntary to support the Fund according to their ability and means. Local authorities, major groups'

organizations, and individual persons of civil society, commit to make voluntary contributions to such a fund according to their ability and means.

(c) A major specific function of such a fund would be to monitor all WSSD energy-related commitments, especially on disclosure and phasing out of government subsidies that support environmentally and socially harmful, unsustainable forms of energy.

(d) Another specific function of such a fund would be to support the institutionalization of public disclosure, transparency, and accountability as well as diverse participation, especially by underrepresented groups such as the poor and low-income, indigenous peoples, affected workers, youth, women, and affected local communities, in all energy policy and programme decision-making, with the fund's own operations institutionalized accordingly.



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