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CSD INTERSESSIONAL WORKING GROUP HIGHLIGHTS: THURSDAY, 15 MARCH 2001

Delegates convened at 5:30 pm for an evening session and considered the Co-Chairs' summary and elements for a draft decision on international cooperation for an enabling environment. The morning and afternoon were dedicated to informal intra- and inter-regional consultations.

CO-CHAIRS' SUMMARY OF DISCUSSION ON INTERNATIONAL COOPERATION FOR AN ENABLING ENVIRONMENT

Co-Chair Madina Jarbussynova (Kazakhstan) invited delegates to comment on the summary. The EU and the US requested that it clearly indicate where there is general consensus and where the text expresses the opinion of only some delegations.

Regarding official development assistance (ODA) as a catalyst and complement to private sector resource flows, the G-77/CHINA said the text should reflect that private sector flows complement ODA. On the role of the Global Environment Facility (GEF), he said there was no consensus that the GEF was a successful experience and called for language stating that GEF work could be improved. He suggested alternative text on eliminating unnecessary duplication between bilateral and multilateral development institutions, and stating that all development assistance should be coordinated and disbursed through multilateral development institutions. On trade liberalization, he called for additional language calling on relevant international institutions to become more responsive to developing countries need to enhance trade. On agricultural subsidies, he called for a reference to energy taxes and to the harmful impact of subsidies on the environment. He proposed additional text stressing that environmental standards should not become trade barriers. On the role of the private sector in promoting the development of cleaner technologies, he proposed deleting a reference to cleaner production centers. NIGERIA said globalization was not accurately visualized in the summary. He said the inequity of trade benefits must be better reflected and called for language on and commitment to implementation.

ELEMENTS FOR A DRAFT DECISION ON INTERNATIONAL COOPERATION FOR AN ENABLING ENVIRONMENT

Delegates made general comments, followed by a section-by-section discussion of the draft.

The EU stated that although it recognizes that international cooperation is the subject under consideration, it would have preferred a more balanced approach regarding domestic activities. To balance the text, CANADA, AUSTRALIA, the US, NORWAY and JAPAN high-

lighted different aspects, including: domestic and international governance issues; private sector resource and trade flows, private investments and foreign direct investment; and trade benefits.

CANADA also said CSD-9 could consider Chapter 2 of Agenda 21 in order to offer input to the UN Third Conference on Least Developed Countries (LDC III) and the Financing For Development conference, on improving the reach and effectiveness of international cooperation. The G-77/CHINA noted the need, *inter alia*: to put less emphasis on the role of the private sector; to highlight poverty eradication and economic growth as overriding developing country priorities; for more action by the international community in technology transfer and ODA, and for ODA to complement private sector resources; to emphasize the GEF's responsiveness to developing country needs; for the removal of harmful subsidies in developed countries; and for further efforts to cancel debt. The RUSSIAN FEDERATION called for references to capacity building and integration of countries with economies in transition (EITs) in the world economy.

General Considerations: On this aspect, the G-77/CHINA proposed new text emphasizing: the need for a dynamic and enabling international economic environment, particularly in the fields of finance, technology transfer, debt and trade; resources from domestic public and private sectors; substantial new and additional funding; the risks of globalization; and attention to marginalization of developing countries due to globalization, not trade and financial flows. He also suggested deleting references to the three pillars of sustainable development and to the negative social and environmental impacts of technology transfer.

The EU, with AUSTRALIA and CANADA, noted that language on financing and technology transfer has been imported from the elements for a draft decision on transport, and the US called for its deletion. The G-77/CHINA supported, and the EU, CANADA, NEW ZEALAND and the US opposed, deleting text stating that the Commission could contribute to preparations for the LDC III and the Financing For Development conferences. The EU suggested text on the importance of a favorable and enabling domestic environment based on a sound macro-economic framework and on good governance, and proposed language stating that "many" developing countries have not yet seen substantial benefits from globalization. The US preferred "a number of" developing countries. NIGERIA, with SAUDI ARABIA, stressed that few developing countries benefited from globalization, and emphasized good governance at the international level.

NEW ZEALAND suggested text stating that the Commission could: stress the need for good governance within each country and at the international level; and reiterate that an open, rule-based, equitable, secure, non-discriminatory, transparent and predictable multilateral trade system is an essential element of an enabling environment. CANADA supported deleting text on different contributions to global

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environmental degradation and proposed CSD-8 text stating that developed countries should work in partnership with developing countries to help develop, adopt and implement effective strategies to achieve sustainable development, consistent with commitments made at UNCED.

The US proposed text recognizing that an enabling domestic environment that incorporates, *inter alia*, the rule of law, good governance and anti-corruption efforts, is essential for sustainable development. AUSTRALIA proposed language on: globalization having the potential to deliver positive and sustainable benefits to all countries, with awareness of the emerging inequity in the realization of those benefits; and reaffirming that economic growth and increased trading opportunities provided by trade liberalization are essential for an enabling environment. In response, the G-77/CHINA proposed language from the Millennium Declaration emphasizing the need for good governance at the national and international levels and transparency in the areas of finance, trade and monitoring systems.

International Cooperation: Regarding international cooperation, the G-77/CHINA proposed new text on the role of: the UN in promoting international cooperation for development and policy coherence on global development issues; private sector flows to complement ODA; and the GEF as a mechanism for financing the global environmental aspects of sustainable development, in responding to the needs of developing countries. He also added text on: providing international assistance to maximize the benefits of globalization; eliminating protectionist trade practices; pursuing trade liberalization that favors sustainable development, including through actions against subsidies; and encouraging developed country tax reforms to reflect "environmental and security objectives."

The EU amendments suggested, *inter alia*: welcoming donors' intentions for a third GEF replenishment and UNEP's ongoing work on methodologies for environmental impact assessment of trade policies; emphasizing integrated and coordinated follow-up to all major UN conferences and summits; and stressing the need for all donors to meet ODA targets and express full support for the continued Highly Indebted Poor Countries (HIPC) initiative. She agreed with the G-77/China's proposals on poverty eradication and finding solutions to middle-income country debt. She also suggested deleting a proposal on the reforms of multilateral financial institutions and added text encouraging countries and donors to apply common principles of strategic planning for sustainable development in the context of different strategy frameworks.

The RUSSIAN FEDERATION agreed with suggestions to separate references to developing countries and EITs, and proposed using agreed UN General Assembly (UNGA) language on integrating EITs in the World Trade Organization. MEXICO added text: to emphasize that UN assistance support sustainable development goals and objectives; on access to information and communication technologies; and on coordination between international organizations and developed countries in their assistance to developing countries. The US suggested text referring to: faster and broader debt relief for countries that implement sound policies and reforms aimed at good governance; lower trade barriers for developing countries that implement domestic economic reforms and support efforts of international institutions and organizations to increase their trade competitiveness; and, in a reference to achieving UN ODA targets, countries that have agreed to such targets.

The US proposed deleting reference to the GEF "as a mechanism for financing sustainable development." He stated that poverty eradication is not attainable and preferred referring to poverty reduction. AUSTRALIA proposed language on using private sector resources to maximize the benefits and minimize the risks of globalization. On supporting governance reforms of multilateral financial institutions, he suggested, and CANADA supported, language on the integrated consideration of trade, technology transfer and investment by the relevant institutions. With the US, he proposed text on removing barriers to trade and investment and integrating developing countries into the world trading system. CANADA supported referring to UNGA decision 55/182 on trade and development and CSD-8 decision 8/6 on trade and the environment. In text on trade obstacles, NEW ZEALAND added a reference to protectionist policies. Responding, the G-77/CHINA said private sector financial flows should complement ODA and not vice versa; the link between international coopera-

tion and domestic issues is too strong; and language on poverty eradication is essential to developing countries. SWITZERLAND added a reference to transferring eco-efficient production and processing methods to developing countries. The G-77/CHINA opposed a reference to GEF replenishment in the draft elements.

Recommendations at the National Level: With regard to national level action, AUSTRALIA suggested text on: donor countries meeting ODA targets as soon as possible; developing countries taking the measures necessary to be eligible for the HIPC initiative; and governments pursuing trade liberalization. The EU asked that reference to national circumstances and priorities be deleted. She suggested additional text on: building on sectoral plans and policies, as well as on existing frameworks, for coordination of development assistance; and promoting a domestic enabling environment for sustainable development based on a sound macro-economic framework and good governance in order to mobilize domestic resources and attract international private flows, foreign private investments and ensure the most effective use of ODA. She said donor coordination and a joint approach would facilitate sustainable development.

The US, supported by SWITZERLAND and JAPAN, proposed language to emphasize, *inter alia*: transparency in government decisions; establishment of legal and regulatory frameworks; private-public partnerships and resource flows to NGOs; elimination of corruption; stable macro-economic policies; and priority to developing domestic infrastructure.

NEW ZEALAND supported inserting a reference to UNGA resolution 55/196 in the chapeau, while CANADA suggested replacing the section with agreed language from CSD-8 decision 8/5 subparagraphs 6 (f) and (h) to emphasize, *inter alia*, domestic resource mobilization and support to EITs. Responding, the G-77/CHINA supported referring to elements of the UNGA resolution, providing the text also states "without prejudice, the need for international cooperation, including international assistance for developing countries." SAUDI ARABIA suggested deleting the entire section. Noting that Rio+5 language distinguishes between domestic and international cooperative efforts, INDIA urged delegates to confine themselves to international cooperation. INDONESIA said it cannot agree to recommendations from other processes that "hold governments hostage" to non-State actors and added that developing country corruption was linked to developed country banking policies.

Concluding the discussion, Co-Chair Drayton thanked the G-77/China for their restrained comments.

IN THE CORRIDORS

The major achievement today was the near consensus on how to carry forward the work on indicators. Apparently, participants are almost agreed that the development and implementation of indicators will be subjected to an intergovernmental review process. Many considered that the day-long informal consultations among groups had been fruitful, noting also that from the deliberations on the elements for a draft decision on international cooperation for an enabling environment, participants had geared up not only for CSD-9 negotiations but for Earth Summit 2002 as well.

THINGS TO LOOK FOR TODAY

PLENARY: The Working Group will reconvene at 3:00 pm in the ECOSOC Chamber to receive the revised Co-Chairs' summaries and elements for draft decisions on information for decision making and participation and on international cooperation for an enabling environment. Plenary is scheduled to adjourn until 4:00 pm to allow for regional consultations on the documents and is expected to reconvene for discussions on the revised documents and to conclude the intersessionals.

SIDE EVENT: A panel discussion on "Gender Perspectives for Earth Summit 2002 – Energy, Transport, Information for Decision Making" will be held in UN Dining Room No.1 (4th floor) from 1:15 to 2:45 pm. The meeting will focus on background information and concrete policy recommendations relating to the gender aspects of energy, transport and information for decision making that emanated from a workshop on the same topic held in January 2001 in Berlin, Germany.