



Earth Negotiations Bulletin

A Reporting Service for Environment and Development Negotiations

Vol. 5 No. 61 Published by the International Institute for Sustainable Development (IISD) Thursday, 27 February 1997

CSD INTERSESSIONAL WORKING GROUP

WEDNESDAY, 26 FEBRUARY 1997

Delegates to the CSD Intersessional Working Group offered statements on cross-sectoral issues during the morning and, guided by questions presented by Co-Chair Amorim, entered into a dialogue regarding implementation of those issues during the afternoon.

CROSS-SECTORAL ISSUES

A number of speakers, including PERU, the REPUBLIC OF KOREA and PAKISTAN, stressed the need for political will. CUBA called for the restoration of concrete commitments and action. CHINA said obligations are being imposed on developing countries that are beyond their ability to respond. He said that without developing countries' participation, Agenda 21 will remain another UN paper document. PERU said the CSD should enhance policy coordination and provide imaginative proposals for implementation. MALAYSIA supported EGYPT's proposal to set targets to better assess progress. PAKISTAN said peace is a prerequisite for sustainable development.

FINANCIAL ISSUES: BRAZIL, supported by PAPUA NEW GUINEA, emphasized the need to create an enabling financial environment. The PHILIPPINES and GUYANA stressed the need to reverse the declining trend in ODA. The US stated that prospects for increasing ODA are poor. INDONESIA said that without ODA there will be little implementation in most developing countries. BRAZIL suggested using ODA to promote FDI in the least developed countries. EGYPT, supported by NORWAY, highlighted the need to better understand how to use development assistance to leverage FDI. NORWAY emphasized the desirability of marrying ODA with technology transfer and leveraging of FDI. The EU said ODA can help the least developed countries create institutional and individual capacity, set appropriate environmental policies in place and finance necessary infrastructure that is not attractive to the private sector. CANADA said that ODA should supplement the mobilization of domestic resources. The REPUBLIC OF KOREA recommended strengthening incentives for ODA, for example by including fiscal incentives in donor countries when calculating ODA disbursements. NEW ZEALAND stressed the catalytic role of ODA in providing direction for private sector investment. EGYPT suggested using part of ODA to leverage private sector flows for social agendas and supported a

proposal calling on NGOs to lobby governments for increased ODA.

The REPUBLIC OF KOREA reiterated that FDI is unevenly distributed and does not respect the developmental needs of developing countries. INDONESIA noted that FDI is often seen as the best alternative in light of decreasing ODA levels, but it is driven by market forces and neglects social factors. EGYPT called for a study of the impact of FDI on social and economic development and advocated UN training to enhance developing countries' capacity to attract FDI. The G-77/CHINA said FDI is unlikely to flow to infrastructural investment or research and development.

INDIA called for a disaggregated view of FDI flows and called for an intergovernmental forum on financing for Agenda 21. CANADA called on the CSD to examine the dynamics of FDI flows to developing countries. BRAZIL proposed using ODA to promote a FDI multiplier effect, and advocated using structural adjustment programmes to attract FDI. The EU noted that sound macroeconomic and property rights frameworks are important if a country is to benefit from FDI. The US said it is national implementation and sound macroeconomic policies, regulatory regimes and governance, not fiscal incentives in developed countries, that will encourage the private sector to invest in socially and environmentally beneficial projects.

MALAYSIA called for efforts to obtain international financing for environmental issues and for strengthened ties with the Bretton Woods institutions. EGYPT said a global fund for sustainable development could be financed by subsidies and international taxes. The US opposed international taxation, saying it would be a violation of sovereignty. BRAZIL noted strong resistance to international taxation and legal measures and called for an exploration of new private sector mechanisms.

The PHILIPPINES noted that while the private sector has an important role to play, the responsibility to operationalize sustainable development should not be fully shifted from governments to the private sector. POLAND called for increased emphasis on innovative financial measures such as debt swaps. GUYANA called for further exploration of innovative mechanisms and engagement of the private sector. The REPUBLIC OF KOREA said co-funding from official financial resources could provide incentives to the private sector to invest in countries where commercial considerations cannot justify investment. NORWAY noted that with public and private co-financing, modalities related to environmental and social conditions can be applied. MEXICO

This issue of the *Earth Negotiations Bulletin* © <enb@iisd.org> is written and edited by Peter Doran <PF.Doran@ulst.ac.uk>, Kira Schmidt <kiras@iisd.org> and Lynn Wagner <grund@scf-fs.usc.edu>. The Editor is Pamela Chasek, Ph.D. <pam@iisd.org> and the Managing Editor is Langston James Kimo Goree VI <kimo@iisd.org>. French translation by Mongi Gadhouch. The sustaining donor of the *Bulletin* is the International Institute for Sustainable Development <reception@iisdpost.iisd.ca>. General support for the *Bulletin* for 1997 is provided by the Overseas Development Administration (ODA) of the United Kingdom, the Ministry of Foreign Affairs of Denmark and the Swiss Federal Office of the Environment. Funding for the French version has been provided by ACCT/IEPF with support from the French Ministry of Cooperation. The authors can be contacted at their electronic mail addresses or at tel: +1-212-644-0204; fax: +1-212-644-0206. IISD can be contacted at 161 Portage Avenue East, 6th Floor, Winnipeg, Manitoba R3B 0Y4, Canada; tel: +1-204-958-7700; fax: +1-204-958-7710. The opinions expressed in *Earth Negotiations Bulletin* are those of the authors and do not necessarily reflect the views of IISD and other funders. Excerpts from the *Earth Negotiations Bulletin* may be used in other publications with appropriate citation. Electronic versions of the *Bulletin* are sent to e-mail distribution lists (ASCII and PDF format) and through the *Linkages* WWW-server at <<http://www.iisd.ca/linkages/>>. For further information on ways to access, support or contact the *Earth Negotiations Bulletin* send e-mail to <enb@iisd.org>.

proposed credits and guarantees and technical assistance to establish alternative or green banks in developing countries to finance small-scale projects with positive economic, social and environmental impacts. SWITZERLAND called for exploration of ways to support investment in the field of the environment.

Regarding the GEF, the EU stressed that adequate replenishment is important. EGYPT called for annual increases of 10% in GEF resources. GUYANA noted inadequate resources and cumbersome application procedures. NIGER expressed concern about the difficulty in securing funds to develop national communications. THAILAND, GUYANA and the PHILIPPINES called for increased contributions.

BRAZIL proposed measures in international financial institutions and developing countries to counter destabilization by global finance flows.

TECHNOLOGY TRANSFER: EGYPT highlighted the need to increase the capacity of recipient countries to absorb environmentally sound technologies (ESTs). ZIMBABWE noted that transfer of ESTs is not taking place. BRAZIL called for: focus on ESTs already in the market; centers of EST dissemination; new fiscal incentives; and green credit lines. SWITZERLAND, expanding on the proposal for green credit lines, said new technologies can save companies money and offer a return on investment and financing.

INDONESIA said many patented technologies belong to governments and could be made available. The REPUBLIC OF KOREA offered to fund a feasibility study of publicly owned ESTs and host an intergovernmental expert meeting. The UK suggested that ODA should support pilot projects to demonstrate innovative technologies and subsidize appropriate projects and activities when existing capital markets work against investments in ESTs.

INDIA called for increased attention to existing arrangements for non-commercial transfers of technology. POLAND called for renewed and focused effort to promote diffusion of technology. CANADA said market-based mechanisms are the most effective way to transfer technology. The PHILIPPINES called for the establishment of an international task force with key private sector actors to tackle technology transfer issues. UNEP noted the problem of transferring hazardous or outdated technology and is preparing guidelines for information that technology exporters should provide to recipient countries. The G-77/CHINA called for a special mechanism on technology transfer to developing countries and protection against dumping. JAPAN suggested a policy dialogue between developing and developed countries and described his country's establishment of centers in several countries to facilitate transfers, work with local experts and provide training in South-South cooperation.

TRADE: ZIMBABWE called for an open and non-discriminatory international trade environment to complement domestic liberalization. GUYANA noted the disappearance of favorable trading terms for products from the Caribbean region. GREENPEACE INTERNATIONAL, on behalf of NGOs, urged governments to support major group participation in trade fora, particularly the WTO's Committee on Trade and Environment, and proposed an intergovernmental panel on trade under the auspices of the CSD.

CAPACITY-BUILDING: MALAWI called for capacity-building for education, public awareness and training to enable developing countries and all parties to be effective partners in implementing sustainable development. GUYANA noted that many developing countries have not been able to complete national reports.

POVERTY: THAILAND stressed the importance of poverty alleviation. PAKISTAN said poverty in developing countries is the most serious enemy of the environment. ZIMBABWE called for a

global compact on poverty alleviation. GUYANA said the need for an international enabling environment is greater than ever to relieve poverty. COLOMBIA proposed that large companies in developed countries benefiting from globalization devote some profits to developing countries to help eradicate poverty and create employment.

CONSUMPTION PATTERNS: EGYPT suggested setting a ceiling for per capita energy consumption and calling on those who exceed it to come into line within ten years. POLAND stressed the importance of enhancing consumer education. CANADA stated that while Northern consumption patterns place a burden on the environment, rapid population growth and industrialization are adding to the burden. CUBA noted that 25% of the world's population consumes 75% of its resources. The REPUBLIC OF KOREA proposed publishing a report to assess the health effects of consumption patterns.

MAJOR GROUPS: NIGER called for civil society involvement in policy development at all levels, emphasizing transparency, improved information and effective participation. MALAYSIA supported greater NGO access in the UN system and involvement of the private sector. CANADA stated that NGOs should be involved in UNGASS, and called on the CSD to: work on developing methodologies to integrate gender analysis; assess the impact of sustainable development policies on women; and encourage the participation of women in decision-making at all levels. UNESCO called for recognition of the education community as a major enabling group and for more investment in science.

IN THE CORRIDORS

Following from UNEP Executive Director Elizabeth Dowdeswell's statement on Monday that the Governing Council will reconvene on 1 April to resolve "governance" differences, government experts on UNEP have conducted numerous consultations in the corridors and are optimistic that a consensus agreement will be reached by the end of March. Observers note that the 1 April meeting immediately precedes CSD-5 as well as the point at which UNEP's resources will be depleted given the threat by the US, the UK, Spain and others to withhold funding until the issue is resolved. One proposal under consideration would establish a new intersessional body comprised of environmental ministers that could provide strategic guidance, while the Nairobi-based Committee of Permanent Representatives would continue to monitor programme implementation. Some, however, have questioned the need for a new body and whether that body's membership would be fixed, open-ended or elected. Consultations are also reported on how best to structure and agree to further reforms for consideration by the 52nd session of the UN General Assembly and the 20th session of the UNEP Governing Council.

THINGS TO LOOK FOR TODAY

PLENARY: Delegates will complete their dialogue on cross-sectoral issues from 10:00-11:00 am in Conference Room 4. They will then turn to the questions distributed by Co-Chair Osborn, which identified five priority issues: freshwater, oceans, protection of the atmosphere, energy and forests. Delegates are expected to discuss institutional issues and the format of the outcome of the Special Session from 3:00-6:00 pm.

TRANSPORT IN THE 21st CENTURY: CSD Intersessional Co-Chair Derek Osborn will host a dialogue on this topic from 6:30-7:30 pm in Conference Room C. The meeting is organized by UNED-UK in association with the International Union of Public Transport.