FINANCIAL RESOURCES

"NEW AND ADDITIONAL": TO. FOR, THROUGH AND UNDER WHAT?

Discussions on the issue of finance closed at PrepCom III with a clear understanding that finance would be top of the agenda for the first session at an PrepCom IV. In fact, for some developing country delegations to lay down an agreed schedule on the progress of the issue is perceived as a prerequisite for agreement on other issues.

The major controversy centers around the question of "new and additional" resources. First, new and additional to what? Second, new and additional for what? Third, new and additional through what? And fourth, new and additional under what conditions?

On the first, points of discussion will include: whether "new and additional" is a new concept with respect to existing multilateral and bilateral flows; or whether "additional" means that there will be no reallocation of existing funds, although there is still the question of whether additionally means increases above the current average of 0.35% of GNP, or above the agreed UN target of 0.7% GNP.

On the second, "for what", the possibilities include: simply the incremental costs of meeting obligations under new global environmental agreements or treaties; the costs of Agenda 21; or the sustainable development needs of developing countries, and Agenda 21.

On the third point, "through what", there is the question of which mechanism; the GEF, a "Green Fund", separate funds for each convention, incremental increases in development assistance - the "Earth Increment", or innovative financial mechanisms - for example through pollution taxes.

On the fourth point, "under what conditions", questions of governance and accountability. How democratic and transparent will the mechanism be? Will the funds be automatic, that is, asessed and mandatory, not voluntary? Should the funds be compensatory and without conditions?

Developed countries concede the need for new and additional resources for the incremental costs of meeting obligations under global environmental agreements. They see this as going through the GEF mechanism. The resources are "new" in respect to the fact that the GEF is a new fund for a new and specific purpose. In other words, the resources are not diverted from elsewhere. Developed countries are not, however, as positive or willing to address the need to increase levels of development assistance substantially above current levels. Despite making general commitments to meeting the new GEF target of 0.7% GNP for development assistance, few countries will be able to use the funds allocated for these purposes.

Several developed countries, in particular the United States, emphasize better deployment of existing resources in support of sustainable development, rather than increasing resources.

Developed countries are generally opposed to a proliferation of funds, including the Green Fund and separate funds for each convention, which the developing countries support. The position of developing countries is made quite clear in L.41, the negotiation text on this issue, in which China and Ghana on behalf of the Group of 77.

Developing countries see a clear need for mandatory contributions to ensure the predictable and unconditional flows of funds. This does not find favor with developed nations that wish to see commitments to funds matched by firm commitments to action and performance.

Common ground may emerge on the issue of governance of funding mechanisms to make them more transparent and democratic. There may also be areas of agreement on the recognition that increased financial flows should be part of a package designed to generate resources for sustainable development, which must include actions improving terms of trade, debt relief, and a more supportive international economic environment.

But in all likelihood, the financial resources paper, L.41, will go to Rio heavily bracketed, but not so bracketed that it threatens agreements on the Biodiversity and Climate Change Conventions.

PREPCOM HIGHLIGHTS

TUESDAY, 3 MARCH 1992

FINANCIAL RESOURCES (PLENARY)

The informal group on financial resources held its first session yesterday morning. John Bell, the Canadian vice-chair, outlined his plans for this week's discussions on this matter. He proposed a two-step procedure beginning with discussions on the general elements of the G-77 draft proposal (L.41) that would take up the first two sessions and then would adjourn into an informal-informal session to prepare a working draft that could lead to an agreed text.

In order to move negotiations along, Bell proposed that the delegates start negotiating paragraph-by-paragraph through the G-77 text. After several general interventions that touched on matters related to the last PrepCom, Bell reminded the group that these things had already been discussed during PrepCom III during the first reading of L.41 and summarized in L.54 (the Chair's compilation of views). Bell then read this document to the group.

The United States intervened on the issue of the GEF, agreeing with the informal group on the inadvisability that it is both inadequate and limited. The US mentioned that although the GEF is not the only mechanism to be used, it would be much simpler and practical to use as a way to implement Agenda 21. They called for changes in the GEF governance to ensure and attention to concerns regarding lack of transparency and accountability. The US further referred to their pledge of US$50 million made last week and said that it is for the "new" GEF and that the GEF should not wait for the full three years of its pilot phase and move directly into full operation. The European Community agreed to support the idea that the GEF would support the GEF's use to meet the incremental cost of fulfilling obligations under global environmental treaties, if the GEF were more accountable and transparent in its operations. The G-77 schedule would look in detail on financial resources for the last two years of the world conference in preparation for the EC. According to several G-77 delegates, they plan to put forth additional positions on finance. In the corridors, a G-77 country delegate was heard to say, "They may be talking about more money, but they are still talking about GEF."

TECHNOLOGY TRANSFER (PLENARY)

The informal group on technology transfer held its first session yesterday afternoon. Ambassador Utheim of Norway, the Vice Chair of the session, introduced the three Agenda 21 documents that the group must address: Transfer of environmentally sound technology (PC/100/Add.9), Science for sustainable development (PC/100/Add.10), and Capacity building for developing countries (PC/100/Add.11) and opened discussion on the first document. The Chair initially welcomed general comments from the delegates about the text as a whole.

Some of the interventions have given hints of what some of the remaining contentious issues may be. The US stated that they prefer the use of the term "technology cooperation," rather than "technology transfer." A number of developing countries, however, disagreed, stating that the word "cooperation" means a different thing altogether. In their view, one cannot have cooperation unless countries are on an equal footing.

A number of countries had problems with the title of Programme Area A: Improving Access to Environmentally Sound...
Technology Information, Proprietary or Otherwise. These countries believe that the transfer of technology information is a separate issue from the transfer of technology itself.

Many had problems with the existing text and it appears as though many amendments will be offered. Ambassador Utiem suggested that all proposed amendments be given to the Secretariat by 10:00 am so that they can be copied and distributed in time for today's 3:00 pm meeting when they will begin negotiating specific language.

**EARTH CHARTER (WORKING GROUP III)**

Working Group III started informal discussion on the Earth Charter today. Before opening the floor to government proposals, Chair Dr. Bedrich Moldan, of Czechoslovakia, outlined the headings of the 13 principles in his reference text for the Earth Charter. He made it very clear that he wanted discussion of the headings only and not the substantive content, since this was not to be a drafting session. There was little support by developing countries for this working method on the basis that such discussion would prove to be a futile exercise, particularly since the ultimate Earth Charter will not even have headings.

Much of the morning was taken up with government interventions outlining additional principles to be included in the reference text. These included such principles as the right to access to technology and development of endogenous capacity; threats to environment as threats to peace and security; the need to preserve biodiversity and ecological processes; the right of women and indigenous peoples; and the special needs of developing countries. Moldan stated that the list of principles would remain open-ended through the negotiations and the list would only close at the moment the document was ready for formal approval.

In the afternoon session, Moldan presented a two-page compilation of the principles that were identified in the morning. Concern was raised as to the coherence of these titles. This led to a G-77 proposal that, in the interim, discussions should focus on document L.8, instead of Moldan's text, and that the G-77 would come up with concrete language in the next few days.

A beleaguered Moldan responded to the G-77 proposal with two questions: 1) What kind of document will it be? and 2) How can we use it? The G-77 responded ambiguously, refusing to comment specifically whether they would table their text as actual negotiating text. Numerous countries expressed their disappointment with the G-77, citing, in particular, that discussion would revert to an unhelpful level of generality. Despite this apparent deadlock, Moldan led a discussion on the first seven principles in L.8. This discussion lasted the remainder of the afternoon.

**IN THE CORRIDORS**

There was a lot of grumbling in the corridors outside the official meeting rooms today by NGO representatives who were frustrated by the number of UN regulations that govern NGO access to PrepCom. Although it was generally appreciated that NGOs were able to observe informal sessions, a great deal of confusion was caused when guards prevented all NGOs from entering the floor of Conf. Room 4 where informal discussions on technology transfer were taking place. NGOs were sent around in the burgh gallery, thus preventing them from obtaining conference documents and talking with delegates. Moreover, NGOs are also prohibited from placing their own documents on the tables at the back of the conference rooms. The UN regulations state that any NGO document must be presented to the Secretariat for clearance before being placed on the tables. These regulations, it should be noted, are those of the UN and not UNCED.

The UNCED Secretariat's ticketing system for NGO access seemed to exacerbate problems further. Due to lower than anticipated demand for seats, the UNCED Secretariat has announced that it is suspending its use of the ticketing system until the need arises.

**THINGS TO LOOK FOR TODAY AT PREPCOM**

**FINANCIAL RESOURCES (PLENARY):** Pakistan, speaking for the G-77, will begin the morning's session with an explanation of the funding mechanisms hinted at in document L.41, (the G-77 proposed draft negotiating text) on Financial Resources. The United States will probably make their statement today. Word is that the head of the US delegation will receive his negotiating instructions overnight in Washington. These last minute activities could signal a dramatic change in position by the US government on new and additional resources. Another key issue to watch is the type of new funding mechanisms required to finance part of Agenda 21 that cannot be met by current mechanisms, such as UNEP, UNDP and IDA.

**TECHNOLOGY TRANSFER (PLENARY):** Watch for developing countries to continue to press for the removal of such barriers to technology transfer as intellectual property rights. It is believed that some developed countries who opposed the leniency of patent rules do so out of fear of the potential weakening of their economic competitiveness. Preferential access for developing countries is seen as unfair in light of the fact that developed countries have to pay market rates for this same technology. Negotiations on the actual wording of the text (PC100/Add.9) will begin today.

**EARTH CHARTER (WORKING GROUP III):** Discussion will continue on the principles outlined in document L.8 Rev.1. There is a great deal of mystery around the G-77's proposal to table new text. Is this G-77 text going to serve as the negotiating text or will it be given the same status as other countries' drafts? Dr. Moldan, the chair of Working Group III, alluded to the fact that the status given to the G-77 text would depend on what it actually looked like. There is still the question of whether enough support can be mobilized for Dr. Moldan's reference text or not. Look for a possible L.8 Rev.2 which, if produced, will compile additional government views regarding the 17 existing principles in L.8 Rev.1.

**SCHEDULE OF PREPCOM IV EVENTS**

| Event Date | Time | Location | Type | Access
|-----------|------|----------|------|------
| March 4 | 10:00 am | UN Conference Room 4 | Plenary (financial resources) | Open
| March 4 | 10:00 am and 3:00 pm | UN Conference Room 1 | Working Group III (Earth Charter) | Open
| March 4 | 3:00 pm | UN Conference Room 4 | Plenary (technology transfer) | Open

**NGO MEETINGS**

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| March 4 | 9:00 am | Conference Room C | NGO Strategy Session | NGOs
| March 4 | 10:00 am | Church Center 11th Floor | Women's Caucus | Open
| March 4 | 10:00 am | Church Center 10th Floor | Earth Charter Strategy Meeting | NGOs
| March 4 | 11:00 am | First Ave. at 44th St (Karl Shurr Park) | Native American Leaders Press Conference | Open
| March 4 | 1:00 pm | 25 Tudor City Place Apt 1820 | Strategy Session for Canadian NGOs | Canadian NGOs
| March 4 | 1:00 pm | UNIBFM Building | Native Peoples Council | Open
| March 4 | 1:00 pm | United Engineering Center Room 152/166 on 47th St. & 1st Ave. | USA Conference on Institutional Issues | NGOs
| March 4 | 3:00 pm | UN Church Center | Issue Caucus | NGOs
| March 4 | 6:00 pm | UN Conference Rooms (TBA) | NGO-Government Dialogue | Open

**OFFICIAL MEETINGS**

- **March 4, 10:00 am**
  - **UN Conference Room 4**: Plenary (financial resources)
  - **Open Access**

- **March 4, 10:00 am and 3:00 pm**
  - **UN Conference Room 1**: Working Group III (Earth Charter)
  - **Open Access**

- **March 4, 3:00 pm**
  - **UN Conference Room 4**: Plenary (technology transfer)
  - **Open Access**

**NGO MEETINGS**

- **March 4, 9:00 am**: Conference Room C
  - **NGO Strategy Session**

- **March 4, 10:00 am**: Church Center 11th Floor
  - **Women's Caucus**

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  - **Issue Caucus**

- **March 4, 6:00 pm**: UN Conference Rooms (TBA)
  - **NGO-Government Dialogue**

**Additional Notes**

- **March 4, 10:00 am**
  - **UN Conference Room 4**: Plenary (financial resources)
  - **Open Access**

- **March 4, 10:00 am and 3:00 pm**
  - **UN Conference Room 1**: Working Group III (Earth Charter)
  - **Open Access**

- **March 4, 3:00 pm**
  - **UN Conference Room 4**: Plenary (technology transfer)
  - **Open Access**