



# Earth Negotiations Bulletin

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## INCD HIGHLIGHTS FRIDAY, 11 AUGUST 1995

The Working Groups met to discuss Agenda Item 2, Preparation for the Conference of the Parties.

### WORKING GROUP I

The Group began consideration of the draft financial rules of Conference of the Parties, its subsidiary bodies and the Permanent Secretariat, as contained in document A/AC.241/35. Delegates provided general comments on the draft and then undertook a paragraph-by-paragraph reading of the annex.

The Secretariat said the document contains the financial rules and explanatory notes in the annexes. He noted that: the method of adopting the budget and determining the scales of assessment and size of working capital are political issues; the currency in which budget estimates are constituted and denominated needs to be determined carefully due to exchange fluctuations; a structure of three funds would be best; and a way to reimburse the administrative costs incurred by the host institution has been provided.

Spain, on behalf of the EU, said details of the document should be dealt with at INCD-8. The discussion should be carried out by a group of financial experts provided by delegations. The Congo asked whether the Secretariat had considered applying these rules to the Global Mechanism. He had not, although the rules may require negotiation with the host institution.

**Financial period:** Mauritania, supported by Benin, the Congo and Uganda, proposed a biennial work programme, which should start on an even year so as to coincide with the UN's programmes.

**Currency of denomination:** Mauritania, Canada, Lebanon, Uganda, Saudi Arabia, Brazil and Niger prefer the use of the US dollar. Canada, supported by others, said this may also be determined by the location of the Permanent Secretariat.

**Method of adoption:** There was protracted debate on whether consensus, or a two-thirds majority vote should be used. Bolivia noted that Rule 2(e) of the draft rules of the COP provides for decision-making by consensus, but is not specific in Rule 2(g) relating to the adoption of the programme and budget. The UK said there is an emerging trend in recent environmental conventions to use consensus, mainly due to the size of their budgets. This was done for the FCCC. Antigua and Barbuda disagreed, noting that the decision on consensus the UK was

referring to related to the financial rules governing the financial mechanism of the FCCC, not the financial rules of the COP and its subsidiary bodies.

**Transfers between budget lines:** Canada suggested additional text that provides for transfers to be made in accordance with UN financial regulations. Uganda, supported by the Philippines, said caution is needed. The COP decides the budget and should therefore make this decision or designate a body to do so, when the need arises. Guinea thought the Bureau of the COP could do this.

**Types of funds:** Mauritania cautioned about the possibility of proliferation of funds. Canada, supported by Sweden, said with proper financial controls and transparency in budgeting and accounting, earmarking of funds can resolve the problem. Norway, supported by Sweden, said support for participation should be for LDC delegates only. The Philippines said developing countries should be covered as well. Responding to the Netherlands, the Secretariat noted that funds for NGO participation could be channeled through the trust fund.

**Working capital reserve:** Mauritania, The Congo, Benin and Uganda supported the idea of a working capital reserve, as it has a precedent in the FCCC. Canada said a capital reserve would have to be negotiated, but an alternative would be for the host organization to have bridging funds.

**Scale of contributions:** Several countries, including The Congo, Bolivia, Colombia, Bangladesh and Antigua and Barbuda, said Parties should make contributions based on UN scales of assessment, as was the case with the FCCC. Benin, supported by Senegal, Ethiopia and Swaziland, said in some instances the process of collecting may be too expensive compared to the size of contributions. Switzerland and the US said contributions should be voluntary. Morocco suggested that non-UN members be allowed to make voluntary contributions. The Philippines said it would be useful to have a comparative picture of the assessment for background information.

**ANNEXES:** The Chair suggested that the Interim Secretariat should provide background on the origins of various clauses in other conventions.

**Scope:** Benin asked whether bracketed references to the relevant institution would eventually be replaced by the name of the selected financial institution. The Secretariat said the institution's name and the working currency would be inserted after decisions were made. Mauritania, supported by Morocco, said "United Nations" should be inserted for the institution wherever the brackets appear.

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The UK, supported by Germany, was concerned that a phrase permitting the COP and relevant institution to agree on activities not specified in the rules would permit amendments to the rules without consensus. Benin, supported by Guinea, said an institution must be selected before one is named, and that consensus decision making was not threatened by this language. Uganda said that because discussions on the Global Mechanism and Permanent Secretariat host were not final, the institution should be left unspecified.

**Budget:** The Secretariat noted that the language resembles that of other conventions. A paragraph on adopting the budget does not say “by consensus” and budgets are to be considered at an ordinary session. Mauritania, supported by Benin, suggested adding language that the budget be “adopted by consensus wherever possible. In the absence of consensus the two thirds majority would be needed for adoption.” Germany, the US and the UK said the budget should be adopted by consensus. Uganda said an extraordinary session might be necessary to prepare a budget.

Regarding Paragraph 6 allowing the head of the Permanent Secretariat to transfer funds between budget lines, Spain said the Bureau should not be able to authorize transfers. The Philippines and Germany suggested that limits on transfers be inserted. Burkina Faso said delegates should not set a limit. Uganda said the Secretariat should be given some leeway. Canada recognized the need for flexibility. She suggested bracketing the text for future debate. Guinea, Morocco, The Congo, the UK, Antigua and Barbuda, and Iran said the paragraph was acceptable unchanged.

**Funds:** The UK said the term trust fund might be confusing since the three funds described would all operate as trust funds. Delegates discussed whether one fund with separate accounts would be more economical. The US, the UK and Germany added “by consensus” to Paragraph 8 on a capital reserve. Benin bracketed “by consensus”.

Benin suggested that the text should specify which funds would provide assistance to developing countries and NGOs and that a reference to Africa should be added.

**Contributions:** Japan added “voluntary” before annual contributions and that contributions should be “based on” the scale in Paragraph 12(a). The US added “indicative” to the scale of contributions. Senegal said paragraph 12(b) on other contributions covered voluntary contributions, so the changes to 12(a) should be bracketed. The US added “indicative” scale to Paragraph 13 on determining the scale of contributions, explaining that this would mean voluntary. Brazil bracketed “indicative”. The US and the UK said the COP should determine the scale by consensus. Several delegations bracketed the change. Colombia proposed a ceiling on contributions of 30% of the total, exemption from contribution for countries that would contribute less than .01% and a maximum of .01% for least developed countries. Japan bracketed the maximum contribution.

In Paragraph 14, the US replaced “shall be due” with “are expected.” Guinea insisted on the original language. The US and Japan added contributions under 12(a) to Paragraph 15’s terms and conditions for use of contributions. Uganda, Antigua and Barbuda, Benin and Senegal asked for brackets.

The Chair said there would be no substantive action on this question as discussions are still in a preliminary stage.

#### **WORKING GROUP II**

The group met in the morning for its third session to review Sections I to III of Communication of Information and Review of Implementation (A/AC.241/39).

**Objectives and criteria:** Benin, supported by the UK and Canada, suggested using “easy access” instead of “transparent” in Paragraph 9(c). Uzbekistan, supported by the Netherlands and Iran, noted that unlike in other environmental conventions there is a distinction between affected and unaffected countries and this must affect information sharing. Canada, supported by the Netherlands and Spain, noted the need for standardization of communications and the importance of including analysis.

**Communication from Parties:** Kazakhstan suggested issuing a bulletin based on the communication.

**Other review materials:** Benin, supported by the UK and Israel, said that excerpts suggested in Paragraph 12 are undesirable and summaries are preferred. Benin also noted that in Paragraph 14(b), modalities of the GM, the INCD has to prepare a draft text for adoption at COP-1. The UK, supported by Germany, suggested the deletion of paragraph 13 because it is undesirable to evaluate activities of sovereign States. He applied the same argument to Paragraph 14, on reviews by the CST. Israel, supported by Germany, suggested that the Parties themselves should provide summaries.

**Guidelines for review materials:** Benin suggested that the Secretariat should prepare a reporting manual for review by the Working Group and adoption at COP-1. He expressed concern for the developing countries who need hardware and software to be able to transfer quantitative data. On Paragraph 21, indicators and financial flows, the UK suggested that the Secretariat should compile work on already devised indicators. Regarding the financial flows, the Secretariat could contact OECD, which has worked on identifying such flows.

**Timing of communication:** Regarding Paragraph 23, Benin, supported by the UK and Portugal, suggested that reports should be presented every two or four years. China preferred two years. On Paragraph 24, rotation of communications, Benin, supported by the UK, Israel and Peru, noted that it is important to combine reporting from affected and non-affected countries. The UK suggested 20 reports as the limit for consideration at one meeting. Australia suggested spreading the reporting over the year. The UK, supported by Israel, expressed concern that the COP would face stacks of communication. Israel requested that the Secretariat prepare proposal formats for consideration at INCD-8.

The NGO network RIOD, commenting on the document as a whole, emphasized the importance of NGO participation and contribution to the whole process of communication of information. RIOD offered to prepare a list of NGOs worldwide with relevant expertise, which could be used by the Secretariat to serve on the Committees.

## **THINGS TO LOOK FOR TODAY**

**PLENARY:** The Plenary reconvenes at 10:00 am to review the progress of the session and then go on to review the situation as regards extrabudgetary funds (A/AC.241/41).

**WORKING GROUP I:** The Group will begin consideration of the Programme and Budget (A/AC.241/36).

Look for printed versions of G-77 and China proposals on the Permanent Secretariat and modalities for the Global Mechanism.

**WORKING GROUP II:** An expert group on science and technology will meet with Chairman Shibata of the Working Group at 3:00 pm in Room 4. The meeting will be informal and open-ended.

Look for a revised document on science and technology.