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Series/Staff Member: Kathleen (Katie) McGinty
Subseries:

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Folder Title:
Katie's Notes on UNCED [United Nations Conference on Environment and Development] Hearing
March 11, 1992

Stack:	Row:	Section:	Shelf:	Position:
S	61	5	6	3

STOP ~~PASS~~

Fan Johnson - Administrator
of the Global Environment
Facility

→ Frederick Van Bolhois - Deputy
Admin. of the GEF

STOP HERE --
Let them pick up.

Subsidies may
be
transformed
but
not destroyed

(1st law
of
subsidies)

With regard to the
GTF only funding the
Global Increment, I
believe that means the
global increment of
projects that WB otherwise
funding. Is there a danger
as some have argued that
GTF then will just be
window dressing on business-as-
usual WB development
projects.

Question of scale

re Agenda 21

If GGF
becomes permanent
& expands to
major proportions,
as indicated by UNCED
estimates of financial needs,

does it not then have an
odd effect on World Bank
itself.

(to some ~~order of~~ ^{approximation??}
What is the upper limit of
GGF activity?)

~~Should~~ Over it
become a
competitive source
of funding?

* a GGF (global facility for the environment)
looks itself to the scale of operation
& the direction needed ~~to~~ for the problem.

will there not
ultimately
be national
plans &
budgets in these
areas,
with the
incremental
overhead costs
identified.
will this not
be integrated
into all development
aid? —

NOT BE USED TO FUND ALL OF THE AGENDA 21 INITIATIVES. In addition, developed countries agree that the GEF funds will only be applied to that increment of a project cost that holds global envtl benefits. (e.g. the GEF would pick up the additional cost of constructing a fluidized bed combuster rather than an ordinary fossil plant).

o Issues: First, the developing countries say that, for example, desertification and other issues that are important to them should also be eligible for funding under the GEF (in addition to the ozone, int'l water, biodi, and climate projects that are currently eligible). The US has resisted this. Other developed countries have been cautious too, however, they seem more willing to be liberal in the definition of eligible projects so that, for example, a desertification project could be funded pursuant to the climate mandate.

o Developing countries also resist the notion of GLOBAL increment. Their line is that they are willing to buy the idea that pollution knows no political boundaries -- therefore, even their domestic envtl problems should be available for funding under the GEF. Basically, the developing countries are shopping for the biggest pot possible at every opportunity possible. Really, the GEF is not the proper fund for those initiatives -- they will continue to be funded pursuant to normal World Bank funding channels. The lion's share of multilateral lending will therefore continue to be from the World Bank -- and it is therefore important to focus on revising world bank lending practices, too. Enter Jane Pratt.

YOU SHOULD INQUIRE WHETHER IT IS A GOOD IDEA THAT THE GEF WILL BE AVAILABLE ONLY TO FUND THE "GLOBAL INCREMENT" OF DEVELOPMENT PROJECTS. MY CONCERN HERE IS NOT THAT THE DEVELOPING COUNTRIES ARE RIGHT ON THIS AND THAT THE GEF PER SE SHOULD BECOME A HUGE FUND, BUT RATHER -- THAT THE "ENVIRONMENTAL" PART OF THE PROJECT (FUNDED BY GEF) WILL JUST BE WINDOW-DRESSING ON A BUSINESS AS USUAL DEVELOPMENT PROJECT THAT WORLD BANK OTHERWISE IS FUNDING.

Reform of World Bank lending practices:

o Less information is available on this front. It is my understanding that the heart of what is being discussed is to require developing countries to prepare ENVIRONMENTAL ACTION PLANS as part of their development plans when they have consultative meetings with lenders. The idea is that the projects that are funded would then be consistent with this plan. This is a concept that Jane Pratt has personally developed and I understand that the US was considering offering it as our proposal on the question of institutional reform. That may have happened during the last couple of days as this was the issue at the top of the agenda. I believe that the developing countries have resisted this idea. For the hard liners -- they oppose it because they do not want any conditionality placed on the money they get. For other developing countries -- they argue that the developed countries, too should have to develop such plans. ~~that developed countries~~

3M → letterpress.
- 33/50 emissions
1995 2000
~~DOW~~
Kodak

Because Jane Pratt
may not be able to
come — ask Bill
Nitzge if he could
speak about the
UNCED discussions
re: reform of World
Bank.

United States Senate

MEMORANDUM

FREDERICK.

VAN BOLHOIS - Deputy.

473 - 1053

Administrator of the GOF

PHOTOCOPY
PRESERVATION

Q - try to get him to be more specific re: the changes that are being discussed. Especially the

"Participants Assembly" & to what extent that will

ANSWER Developing Country concerns about their decision-making role.

Eastern Europe??

To: Al
From: Katie
Re: UNCED/Climate Observers Meeting
3-11-92
4:00; Dirksen 562

~~Additional Comments~~
Additional comments
on World Bank to
follow shortly

You will open this meeting by identifying the main topic that will be discussed -- revision of the Global Environment Facility and changes to World Bank lending processes -- that are under discussion in the Climate Change and UNCED preparations. You will also introduce the principle speakers: Ian Johnson, Administrator of the GEF; Jane Pratt, UNCED coordinator for the World Bank; and Bill Nitze, President of the Alliance to Save Energy. Note that Pat Coady, the US Executive Director to the World Bank is also expected to join us. However, he will not arrive until 5:15.

You will then turn to Chafee who will give a brief overview of the UNCED process, explaining in particular the difference between the climate and biodiversity talks and the UNCED process. You will then give a very brief substantive run down on where the talks stand to date.

Your remarks:

- o UNCED will be the first global gathering of heads-of-state on the environment and development. It will also be the largest meeting of world leader, non-governmental orgs, business executives, educators, students, and grassroots workers in UN history.

- o The mandate given to the organizers of the UNCED conference by the United Nations General Assembly is to strive to find a common basis for action to secure for all a more secure, sustainable and equitable future and to preserve and protect Earth's life supporting systems and resources.

- o The principle topics under consideration include protection of the atmosphere; protection and management of land resources; conservation of biological diversity; promotion of environmentally sound use of bio-technology; protection of the oceans, seas, and coastal areas, and of the quality and supply of freshwater resources; and environmentally sound management of toxic chemicals.

- o In addition to these specific issues areas, there are "cross-sectoral issues" -- i.e., issues that cut across all of the specific discussions. These include population and consumption patterns, as well as some of the issues we will focus on today -- namely financial resources to fund actions called for in the Conventions that will be signed and the actions called for in Agenda 21 (the complete action

agenda on all of these issues that nations will pursue in the 21st century) and reform of some of our international institutions.

- o As Senator Chafee explained, the Climate and Biodiversity treaties are being negotiated outside of the UNCED process. However, because atmospheric protection and protection of biodiversity are also on the UNCED agenda and because these conventions are to be signed at Rio, there is a significant amount of overlap.

- o Therefore, a brief update of the issues. We will have in-depth briefings on each of these issues in the coming weeks:

- CLIMATE CONVENTION: Talks are hamstrung primarily on the question of the commitments developed countries are willing to make to control greenhouse gas emissions. The European Community and Japan have called on developed countries to commit to stabilizing emissions of carbon dioxide at 1990 levels by the year 2000. The United States has opposed these commitments and is suggesting instead that developed countries should simply commit to undertake a suit of voluntary measures that may result in some control of emissions. This issue will be discussed at an OECD meeting on April 13th at which time it is hoped that the OECD can put forward a unified position. The next -- and last -- round of discussions will then occur in New York from April 30 to May 8.

- BIODIVERSITY CONVENTION: A significant breakthrough was made in these talks when it was agreed among nations that ownership and control of genetic resources are conferred on nations of origin. Important agreements have also been reached with regard to sustainable use of biological resources; information exchange; and conservation. However, the talks are stymied on some of the cross-sectoral issues -- namely, terms under which technologies will be made available to developing countries, and financial resources and mechanisms. Further negotiations on this convention begin today and will continue through March 20.

- OCEANS: Much progress has been made with respect to integrated management and sustainable development of coastal areas. The most contentious issue in the ocean discussions concerns land-based sources of pollution. Suggestions have been made for an international convention to control these sources of pollution. The United States has opposed these suggestions and is supporting instead regional agreements to control pollution from landuse.

- FORESTS: Although it was originally hoped that a convention of forests could be ready in time for Rio, that is no longer contemplated. Rather, a non-binding statement of principles on sustainable management of forests is being negotiated. It is hoped that that will be ready for signature and that it will include a commitment to continue discussions toward a legally binding convention. The principle stumbling blocks here have been first, US resistance to including ALL forests -- instead of just tropical

forests -- in the terms of the agreement and, again, the cross-sectoral issues advanced by the developing countries with regard to financial resources and technology transfer.

These are the primary substantive issues that have been under discussion. Another significant issue that has consumed a great deal of time during the first week and a half of this prepcom is the EARTH CHARTER. This document is intended to put forward the principles of sustainable development. It has proven to be quite contentious because the developed countries emphasize the need, in pursuing development plans, of preserving and protecting the environment. Developing countries, however, are insisting that the right to development should be the guiding principle. Another significant problem is that the Administration has not accepted the concept of sustainable development and is suggesting that an Earth Charter not be concluded at all and rather, that a preface simply be added to Agenda 21 that expresses these ideas.

Topics to be discussed today. You should turn first to Ian Johnson for him to describe the changes that are being proposed to the GEF. Follow by turning to Jane Pratt who will talk about reform of World Bank lending practices. Then to Bill Nitze for his assessment and comment and for his insights on what economic opportunities may open as the purchase of sustainable technologies are funded by the GEF and the World Bank.

Background for you:

1. The GEF

o Was started about a year and a half ago. It has a three year charter. It is currently only a pilot project, and a joint initiative of the World Bank, UNDP, and UNEP (these agencies are known as the "implementing agencies"). Funding is approximately 1.5 billion over this three year period. The funds are to be used to fund innovative projects that are beneficial re: ozone protection; international waters; climate change; biodiversity. A very interesting aspect of the GEF is the STAP -- the Scientific and Technical Advisory Panel. This is the group of scientists from both developed and developing countries (chaired by Bob Watson) that reviews and assesses all project proposals. I understand that the STAP has been very effective -- although they don't have the authority to actually vote on or reject proposals, they have been able to weed out projects during the course of their review. In addition, their proceedings have been TRANSPARENT (that is, meetings and documents are open and available) and this has been very positively received. Suggestion for

✓ reform of the STAP focus primarily on expanding the composition of the group -- namely, that ethnobotanists, anthropologists, etc. should be included in addition to physical scientists.

o Proposals for reform focus on (1) the governance structure of the GEF (2) what will the money in the GEF be used for.

o With regard to governance -- as you know, the developing countries strongly resist using the GEF because it is housed at the world bank where they have a relatively weak voice. All countries seem to agree that the developing countries will indeed need a greater voice. However, the OECD is unified in insisting that the GEF will house the fund -- a new institution will not be created.

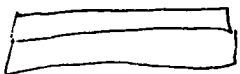
o It is the US position that the GEF should be brought more closely into the World Bank. That is, if the GEF is to be continued and infused with more money, the Executive Directors should have final voting authority. Currently, since this is a pilot project of the WB, UNEP and UNDP, those agencies vote on the projects -- the World Bank board does not.

o This position, of course, further turns the developing countries off. HOWEVER, there have also been discussions concerning the establishment of a PARTICIPANTS ASSEMBLY. The PA would include all participants -- including the developing countries. The exact function of the PA is still very vague. However, as best I can discern, the PA would vote on the broad mandate of the GEF -- that is, what its program will consist of -- how much emphasis on biodiversity; how much on climate, etc. The PA would NOT vote on specific lending proposals. That authority would remain exclusively in the hands of the World Bank executive directors.

o Developing countries still have not signed off on this kind of revision. As to other developed countries, they are more sympathetic than we have been to affording the developing countries a greater role. However, they may be satisfied by the PA concept. THEY WILL NOT GO FOR A MONTREAL PROTOCOL type structure -- the funds we are talking about here are substantially larger than the half million that is in that fund, and it is clear that FINANCE ministers will not sign off on a structure that does not allow them to retain significant control.

IN YOUR QUESTIONS, YOU SHOULD TRY TO PUT SOME MEAT ON THE BONES OF THE PA CONCEPT AND SATISFY YOURSELF THAT THE DEVELOPING COUNTRIES ARE REALLY BEING GIVEN A ROLE OF SOME SIGNIFICANCE. YOU SHOULD ALSO RAISE THE QUESTION OF EXPANDING THE COMPOSITION OF THE STAP AND ALSO EXPLORE WHETHER IT WOULD NOT BE POSSIBLE TO GIVE THIS INDEPENDENT, SCIENTIFIC GROUP A GREATER DECISION-MAKING ROLE.

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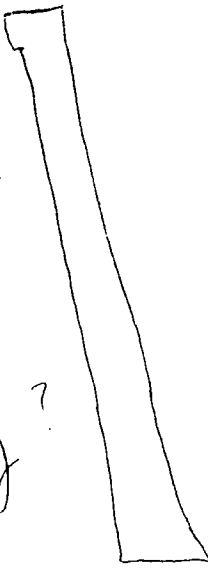
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→ Capacity - Building

* Opposition to transparency?



the strength of scientific
community - will GBF ~~get~~
funds go to this kind of
capacity bldg -- or have to
rely on general world bank funds?

elaborate on how strengthen the
STAP -- make scientists avail to
developing countries as they try to
put project proposals together

Which countries resisting
the role of NGO's as observers?

BUT GEF

Won't find

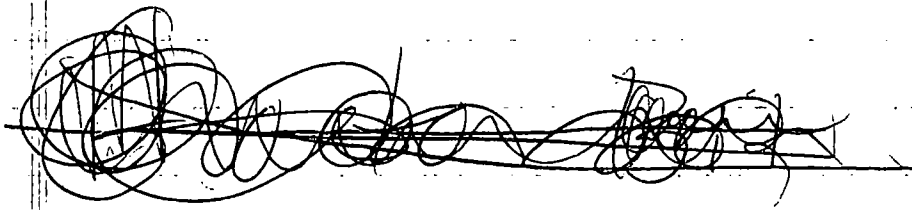
AGENDA 21 ~

only

Conventions.

Pat Coady now here

You should ~~only~~ recognize
him, but move on to
general World Bank
reform — he can add to
Bill Nitzee's comments.



1 trillion for energy infrastructure
for decade of 1990's.

2 world
Bank
reports

July - energy off
- private sector
- people's planning

P. 5
Energy
Report

140 bill / yr. ~~is for gas prices~~
Subsidies

GIF is grant money now - not sure
what will be

BPR I - ^{Advanced gasification} Combined Cycle - ^{BTV} ~~2000~~ per
unit of energy?

Argonne - training developing country
planners.

USAD - David Gerard
Project but reluctant to ADD the whole suite of energy eff
projects but reluctant to ADD to contribute to GIF ^{Energy Center}

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