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G77 and China table new proposal on finance and technology

Rio de Janeiro, June 16 (Lim Li Ching) – The G77 and China, on 15 June, introduced new text on finance in the 'splinter group' discussing 'the means of implementation' in the informal negotiations of the outcome document for the Rio+20 Conference.

The proposal reads- "We recognise the need for significant international financing to give strong support to developing countries in their effort to promote sustainable development, including through actions undertaken according to the outcome of Rio+20 Conference and towards Sustainable Developments Goals. In this regard, we agree to establish an intergovernmental process under the UNGA to define a Sustainable Development Financing Framework/mechanism for the provision of new, additional and predictable resources, including for technology transfer. An intergovernmental committee comprising of 30 members nominated by the regional groups with equitable geographical representation will finalise the contours of this framework/ mechanism and ensure early operationalisation by 2014."

This came after discussions on the issue came to a head the previous day when the facilitator Selwin Hart (Barbados) had put on the table a facilitator's proposal in a drastic attempt to streamline the text.

The response of the **Group of 77 and China** (G77) to the facilitator's text was unequivocal – complaining that the Group was in danger of losing the substance and thrust of its proposal, embodied by the loss of some significant elements.

The G77 was referring to paragraphs Finance 1 ter and Finance 1 quat, which specified the Group's proposal that the developed countries provide new and additional resources exceeding US 30 billion per year from 2013-17, and to enhance the mobilization to US 100 billion per year from 2018 onwards and work towards setting up a financial mechanism, including a possible sustainable development fund.

"The bridge you have tried to build is shaky. I'm afraid of falling", the **G77** representative said. The importance that the Group placed on resource mobilization was emphasized at that point with news filtering in that the negotiations on the green economy 'splinter group' had been suspended when the Group said that it needed to see progress in the means of implementation first.

The United States reiterated that the Rio+20 Conference was not a 'pledging' conference and that it could not commit itself to these sums. This was echoed by **Canada**, which emphasized that it had no flexibility on the matter. Questions were also raised by the **European Union** (EU) and **Japan** on the numbers in the paragraphs.

The **US** further insisted that the text would need to reflect the three 'legs' of finance – official development assistance (ODA), South-South cooperation and the effective use of finance, to which the **G77** responded that this was insufficient and were not the legs on which an effective framework for the means of implementation can stand.

The G77 urged the meeting to start from paragraphs Finance 1 ter and Finance 1 quat instead and to focus the discussion on developing an efficient resource mobilization framework, identifying certain numbers and the objectives of such resource mobilization. It reminded the meeting that the objectives the conference was setting, including for a new area (green economy) and under the framework of action, would need additional resources. While ODA is a framework, it is insufficient and therefore the G77 was proposing a framework in which the international community could meet the additional costs that countries would incur in meeting their commitments.

Switzerland agreed that there is a need for resource mobilization given the many commitments that were being made in the conference, while **Tanzania** characterized the proposed resource mobilization framework as "the difference between the future we want and the one we have now".

When the 'splinter group' met again the next day, the **G77** made clear that they rejected the facilitator's proposal and proposed its own text, which was an attempt to bridge the proposals and take on board the concerns that were raised with respect to paragraphs Finance 1 ter and Finance 1 quat. The new proposal recognized the need for significant international financing to give strong support to developing countries in their effort to promote sustainable development, including through actions undertaken according to the Rio+20 conference's outcome and towards Sustainable Developments Goals.

Importantly, it had precise language agreeing "to establish an intergovernmental process under the UN General Assembly to define a Sustainable Development Financing Framework/mechanism for the provision of new, additional and predictable resources, including for technology transfer". It further proposed an intergovernmental committee comprising of 30 members nominated by the regional groups with equitable geographical representation to finalize the contours of this framework/ mechanism and ensure early operationalization by 2014.

Canada's response was swift – "This is not a proposal we can entertain at all". However, other countries were not as negative, with **Switzerland, Australia, Norway, Japan** and **EU** expressing some guarded openness to discussing the matter further, but raising questions around the relation to other processes such as under the financing for development rubric and the post-2015 development agenda.

The **G77** reminded that 132 countries were behind the new proposal and that it was born out of the desire not to make the same mistake (as was made with the MDGs) of not attaching specific financing when taking on more commitments and bigger issues that would require enormous costs. As ODA sources are insufficient, the proposal therefore sought to mobilize additional resources. The intention of the proposal was to set up an intergovernmental committee to sort through the complicated issues and assess the needs, including how such a mechanism would interface with the financing for development process, the MDGs, and the post-2015 development agenda. The idea was to create a mechanism and put in motion the wheels of the UN towards creating an effective strategy for resource mobilization for sustainable development.

Pressed by the facilitator as to whether the G77 was then withdrawing its proposals as contained in Finance 1 ter and Finance 1 quat, the response was "yes". Countries were then asked to consult internally on the G77 proposal.

The G77 and China also informed participants at the splinter group meeting that it also had circulated a proposal on technology transfer which reads as follows:

"We request the UN Secretary General to make recomendations to the 67th Session of the UNGA regarding the development of an international technology facilitation mechanism that promotes development, transfer and dissemination of clean technologies in developing countries. This mechanism will assess technology needs and options to address them, including capacity building."

The group did not discuss the proposal further.

The splinter group had also discussed the section on 'trade'.

Trade

Discussions were no less contentious on trade. In fact, the 'nuclear option' – that of dropping the entire section on trade – was proposed by the facilitator Selwin Hart on the third day of the talks. This came after the US and the G77 clashed over the facilitator's proposal on paragraph Trade 3, which urged the members of the WTO to redouble their efforts to achieve an ambitious, balanced, and development-oriented conclusion to the Doha Development Agenda.

The **G77** had proposed the previous day to insert the phrase "in accordance with its mandate" at the end of the sentence as new issues have since crept on to the agenda and there was therefore a need for the mandate of the Doha Development Agenda to be respected. The **US** disagreed, and with both positions entrenched, the exasperated facilitator then asked if the entire section should be dropped.

Some countries were attracted to this idea, with the G77 also pointing out that with other paragraphs merely restating agreed language (because the gulf between countries on these issues was too wide to be bridged), it would be more productive to drop the section and focus on what was achievable. Others felt that there should be at least one paragraph highlighting the importance of international trade for development and sustained economic growth. As no conclusions on the matter could be drawn at that stage, the issue was left to countries to consult capitals and for the G77, the rest of the Group.

Other contentious issues that made the discussions on trade so polarised included language on the liberalization of trade in environmental goods and services. In earlier discussions, the **G77** proposed deletion of the paragraph relating to this. The **EU** and **Australia** were however of the view that there was a need to send a message stressing the importance of the liberalization of trade in environmental goods and services.

The **G77** asked that if the text was to be included, it would have to be on balance with other issues of importance to the Group, such as on flexibilities of the intellectual property rights regime and on addressing agricultural subsidies in developed countries. It said that if countries insisted on keeping the text on environmental goods and services, then the other issues of importance to developing countries must also be addressed. To this, the US responded that it could not delete the paragraph in isolation, without knowing whether the G77 would be flexible in deleting its proposals on intellectual property rights flexibilities.

The **US** had also objected to the facilitator's proposal to use previously agreed text from the General Assembly resolution on international trade and development that recognized the right of countries, in particular developing countries, to fully utilize flexibilities consistent with their WTO commitments and obligations.

Another issue of contention was related to market-distorting and environmentally harmful subsidies, with the US, G77 and Canada asking for the deletion of the related paragraph. Countries diverged in opinion and were generally wary of getting into a 'mini-WTO' negotiation.

Given the wide differences in the positions on most, if not all, of all the paragraphs related to trade, it was no wonder that the 'nuclear option' thus seemed attractive to many countries.