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Finance and technology transfer key for new agreement

Geneva, 6 May (Majorie Williams*) – Parties at the recently held climate talks in Bonn, Germany, under the Ad Hoc Working Group on the Durban Platform (ADP) provided their views on how to address the issue of 'means of implementation' in the new agreement to be concluded by 2015 under the UNFCCC.

Developing countries stressed the need for developed countries to implement their commitments under the Convention in providing finance, technology transfer and capacity building. They said that having institutional arrangements alone is not sufficient but commitments must be fulfilled and enhanced in the new agreement, which is to be concluded by 2015 and to come into effect in 2020. Many developing countries also called for clear financing targets beyond 2020 and a clear roadmap for providing the financial resources. They wanted the issue of barriers to technology transfer addressed, including that of intellectual property rights. They also called for the measurement, reporting and verification of the means of implementation to ensure its delivery.

Several developed countries including Australia, Switzerland and Norway also wanted all countries with capacity to contribute to climate financing and this was opposed by Saudi Arabia, which saw this as a departure from the principles and provisions of the Convention.

These views were expressed during the roundtable under workstream 1 of the ADP held on 1 May 2013. The discussion was chaired by Jayant Mauskar (India), who said the session was devoted to 'means of implementation' comprising finance, technology transfer and capacity building and wanted Parties to focus on what was needed in this regard in the 2015 agreement.

The **Philippines** said that Parties could set up structures to deal with the means of implementation but if there is no financial and other support to developing countries, the Convention's provisions are going to be useless. Stressing the vulnerability of the country to climate change impacts, it said the economic impacts of climate change are considerable and they set back and obliterate development programmes. The Philippines reiterated that the bottom line is whether the commitments by developed countries for providing the means of implementation for adaptation and mitigation are met. It warned that if this is not so, the "Doha climate gateway" (referring to decisions reached at COP 18 in Doha last year) would become "a climate get-away".

Iran said that the means of implementation, including adequate financial resources, capacity building and transfer technology for developing countries, remain critical for the implementation of the Convention. It said that the prime obstacles to climate change in developing countries are technology transfer and inadequate finance. It noted that the transfer of technology and funding gaps can only be addressed by implementation of Article 4.7. It said that the Durban Platform is not a process for renegotiating the Convention's principles. Iran said that work towards a future agreement must cover the UNFCCC's building blocks including adaptation, mitigation, financial resources, technology transfer and capacity building.

The **Republic of Korea** said that as mitigation by developed countries alone is not enough to achieve the goal of below 2 degrees C, it is imperative to encourage all Parties to engage in mitigation efforts. Hence, the means of implementation is crucial for enhancing efforts of developing countries as well as for adaptation. It called for concrete measures for providing the means of implementation. As host of the Green Climate Fund (GCF), it said the GCF should take a leading role in the mobilisation and distribution of climate finance.

Swaziland speaking for the **African Group** said that from the workshop on low-emission development pathways (held on 30 April), the overwhelming message was that developing countries are putting in place policies and strategies for low-emission initiatives. However, a key barrier remains the means of implementation in terms of finance, technology transfer and capacity building. Swaziland noted that the means of support for adaptation has not been treated as a Convention obligation. There was no funding of National Adaptation Programmes of Action (NAPAs). It called for a pathway in delivering the promise of US$100 billion per year by 2020. It also stressed the importance of transparency and delivery of finance as key for confidence building.

China questioned the use of the abbreviation 'means of implementation' and wanted the full term to be reflected as 'finance, technology transfer and capacity building'. It noted that there are several meanings for the word 'means' and said that 'MO' in 'MOI' in Cantonese meant 'nothing', drawing laughter in the hall. The Durban Platform is about enhancing the implementation of the Convention, which had clear commitments for developed countries.

On the transparency issue, China noted that this is generally associated with mitigation but it is not simply a mitigation issue, but it is also about financial support, technology transfer and capacity building. On the substantive issue of the elements for the 2015 agreement, China said that the starting point is the commitment for financial resource, technology transfer and capacity building, which are critical for developing countries for mitigation and adaptation. It noted that that these issues were included in the Bali Action Plan process but have not been resolved. It said that there has not been much progress on the work under the Bali process and there is a need to continue work on the pre-2020 timeframe. China also stated that institutional arrangements can be built but there has to be a very clear picture of what the amount of money is going to be to support developing countries' actions in the post-2020 period, which should be more than $100 billion per year. On technology transfer, China said there is a need to fully operationalise the Technology Mechanism and the core issue of IPRs has not been addressed. On capacity building, China said there is a need for provision on this in the 2020 agreement.

Bangladesh said adaptation is key to addressing climate change in developing countries and that in the post-2020 period, it wanted to see adaptation issues also addressed with due importance. It said we have yet to bring adaptation issues into the implementation stage. It said the implementation of adaptation needs to start with NAPAs and then with National Adaptation Plans (NAPs). It stressed the importance of loss and damage and on the need to see an international mechanism to be agreed in Warsaw. On means of implementation, Bangladesh said there is a need for clear commitments on finance, technology transfer and capacity building. It also said that ultimately there is a need to enhance actions and clear commitments in the short term and long term.

Nauru speaking on behalf of **AOSIS** said that on the means of implementation, continuity and scaling up the provision is crucial for supporting enhanced mitigation and adaptation actions in developing countries. It said that the agreement must contain robust provisions on finance, technology and capacity building. Nauru further said that many developing countries are implementing climate change policies (such as nationally appropriate mitigation actions, NAPAs and NAPs), which require certainty of funding. It said that its members have national climate action plans and are expecting support on a scale to match their ambition. Means of implementation, Nauru said, is not abstract but must evolve in the context of needs; hence there is a need for periodic review of means of implementation. It said that means of implementation for vulnerable countries, especially finance for adaptation, should be grant-based sources.

Ecuador on behalf of the Like-Minded Developing Countries on Climate Change (LMDC) said that means of implementation is a key area that must be fully addressed in order to effectively implement the Convention. It wanted three key areas to be explored: (i) review the adequacy of commitments made so far concerning means of implementation, (ii) evaluate where we stand regarding the implementation of those commitments and (iii) explore new ways to enable necessary and sufficient means of implementation for enhanced effectiveness in achieving the ultimate goal of this Convention

The first step should address the need to review the adequacy of commitments of developed countries under Article 4, paragraph 2(d) of the Convention. It should be taken forward and be made part of the ADP work plan. Consideration must be given on how to integrate this into the ADP, ensuring that such review would be covered as part of the scope of the work under the 2013-2015 review. Secondly, Ecuador said the work of the ADP must be in the context of on-going work of various bodies in enhancing the implementation of the Convention. The third area should be focused on exploring alternative mechanisms for enhanced implementation. Ecuador said that an important lesson to take stock of is the current collapse of the carbon markets. It wanted the effectiveness, viability and environmental integrity of market mechanisms for mitigation to be reviewed and considered with caution, especially proposals for their expansion. The role of non-market mechanisms and approaches, including in relation to enabling the possibility of avoidance of emissions, in particular those related to forests management, needs to be considered, added Ecuador.

It also wanted clear financing targets and a roadmap to meet those commitments by developed countries under the new agreement as well as for transfer of technology and capacity building. Ecuador called for the implementation of a measurement, reporting and verification (MRV) system of support to assess the compliance with financial obligations, transfer of technology and capacity building. It said that financing must include detailed commitments to provide funds and not just to mobilise them. On technology transfer, the 2015 agreement must address the issue of barriers, including that of IPRs. It called for modalities and guidelines for technology transfer in order to MRV whether actual technology transfer can be enhanced in developing countries.

Capacity building in developing countries should ensure the generation of proper conditions for stronger mitigation and adaptation efforts. This includes strengthening of national institutional governance, national capacities to develop environment-friendly technologies, to measure efforts and green house reductions and to adapt to the adverse effects of climate change including the promotion of renewable energy and the proper management of the loss and damage caused by climate change.

India said that each of the pillars of finance, technology and capacity building should be addressed in a focused and distinct manner. It said that there has not been much movement in finance and technology. It wanted a separate roundtable on finance and technology in the June session so as to understand the gap in the provision of finance, technology and capacity building. It said actions to reduce HFCs should not be addressed under the Montreal Protocol they are not ozone-depleting substances and must be addressed by the UNFCCC.

Nepal for the **LDCs** said that their financing needs for concrete adaptation actions are expected to increase substantially in the coming years. This pointed to the need for predictable and adequate financing, technology transfer and capacity building. It said that financial targets by developed countries should be set through a burden-sharing formula over a period of time in the new agreement. It also said that the GCF should ensure that LDCs are provided with resources and called for a balanced, regular review subject to the latest findings.

Colombia speaking on behalf of the **Independent Alliance of Latin America and Caribbean (AILAC)** said that the provision of means of implementation plays a fundamental role in the creation of a regime that is equitable and based on CBDR-RC. Developed countries would continue to lead the effort to provide finance. It called for a dynamic approach for means of implementation in order to respond to rising needs of support.

The **European Union** wanted a robust comprehensive agreement to help tackle climate change and to mobilise the resources needed. It must be transformative in order to transform development and transform investment. It is not seeking new institutions but for the existing ones to work. It said the GCF needs to have a business plan that is working so as to move forward in a significant manner. How finance is mobilised beyond 2020 needs to be dynamic, flexible, catalytic, fair and effective and respect national sovereignty. It supported comparability of efforts among countries in relation to support. On transparency in the field of finance, the EU said that transparency of support is needed for finance, technology transfer and capacity building.

New Zealand said that market mechanisms are important tools to assist countries to address climate change; they are effective and facilitate technology transfer and channel the flow of public and private finance. It wanted market mechanisms to be part of the post-2020 world and called for a global carbon market.

Australia proposed some principles to guide the approach to means of implementation post-2020. These include: (i) effectiveness, directed towards demonstrable mitigation and adaptation outcomes; (ii) cost effectiveness and carbon markets are important in this regard; (iii) capacity to contribute is important; a fair approach is one where those with the greatest capacity to contribute means of implementation do so and those with least or limited capacity benefit. The world has changed and in the world after 2020, there will be a broader range of Parties who can support their own actions in their countries and other countries. So there is a need for a dynamic framework that evolves with changes over time; and (iv) incentives for rewarding countries who want to make ambitions actions. Australia said that public funds are important but the private sector has the capacity to contribute and they hold the technologies.

Kenya said that effective and sustainable means of implementation would help build trust and should lead to the transformative changes and the policies that are needed in developing countries. The new agreement should anchor clear financing, technology transfer, capacity-building commitments and there should be clear burden-sharing criteria, and sources of financing, including market-based mechanisms. The institutions and structures should be strengthened and the financial and Technology Mechanism should be reviewed in terms of relevance of the mandates and are delivering, added Kenya.

The US said that the 2015 agreement should have three elements: (i) recognise that public finance will be of particular important for adaptation and mitigation, especially for LDCs; (ii) private sector financing for middle and high-income countries; (iii) developing countries must enact policies and regulatory reform to attract support. It agreed that the institutions should be strengthened and the mechanisms, including MRV of support, should be reviewed to see if mandates are being delivered.

Timor-Leste said that transparency in delivery is key and must be enhanced. There is also a need for a review of the means of implementation.

Japan said that the means of implementation is important for the 2015 outcome but reserved its position as to whether it should be an integral part of the new agreement. It said that there are many mechanisms inside and outside the UNFCCC. It raised the question as to how to secure effectiveness of means of implementation. It suggested a workshop on means of implementation, including the participation of relevant international organisations.

Switzerland said that as regards the 2015 agreement, there must be meaningful mitigation actions and transparency to trigger delivery of means of implementation. It supported the delivery of climate finance through a variety of appropriate channels and variety of sources. Switzerland said that predictability of means of implementation allows for the planning of climate actions. It said there must be common understanding on what climate finance is. It also said that it must be fair, reach those who need the support, and that contributions should come from all Parties capable of doing so.

South Africa said **it** was not helpful to start a debate on what will come first - actions or means of implementation. There is a need for enhanced action to provide the necessary means of implementation and to bridge the financial gap. The GCF must be capitalised and operationalised as soon as possible. There is a need for goals on technology transfer and finance and for firm commitments that have to be reviewed on a regular basis.

Norway said that the GCF must be made operational as soon as possible. It said that means of implementation must support resource and that finance for mitigation must be result based and that adaptation finance must go to the poorest and most vulnerable. It wanted all major and emerging economies to shoulder their share of the contributions. It also wanted a clear focus on market-based mechanisms in a post-2015 arrangement.

Indonesia said that there is a need to evaluate what has been achieved so far in terms of finance, technology and capacity building. Although institutions are in place, they need to be more effective.

Saudi Arabia said that under the Convention, developed countries have the responsibility for the means of implementation. It expressed concern over some countries wanting to shift the burden of providing means of implementation from developed countries to developing countries in the new agreement. This is a clear departure from the principles of the Convention and not in line with historical responsibility. This is a red-line for Saudi Arabia and it would not go along with such an agreement.

In his closing remarks, Mauskar said that there was a show of support for finance, technology and capacity building in both the pre- and post-2020 periods. He said that the discussion showed that MRV and transparency was essential for all 3 pillars of the means of implementation.

* Majorie Williams is a senior researcher with an intergovernmental organisation.