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Parties differ over technology transfer and capacity building in new agreement

Bonn, 29 October (Hilary Chiew) – Developed and developing country Parties maintained divergent views on the need for new institutional arrangements for capacity-building and technology development and transfer. The former were of the opinion that existing institutions under the UNFCCC were sufficient while the latter called for an international mechanism for capacity-building and an appropriate mechanism for technology development and transfer.

The contact group of the Ad hoc Working Group on Durban Platform for Enhanced Actions (ADP) met in the afternoon of 24 October to discuss the elements of capacity-building, technology development and transfer and transparency of actions and support in relation to the 2015 agreement. Co-chair Kishan Kumarsingh (Trinidad and Tobago) requested Parties to address all three elements in their interventions.

The **G77-China** rejected the reference in the Co-chairs' non-paper on elements for a draft negotiating text under the chapter on technology development and transfer which reads *"no legal obligation in the agreement"*.

The **Like-minded Developing Countries (LMDC)** noted the lack of success on technology transfer and the implications this would have for the global effort in combating climate change effectively. It also made a plea for developed countries to live up to their responsibility to do much more if they genuinely believe in the global nature of climate change. Speaking for the LMDC, **India** stressed that as Parties worked towards the 2015 agreement, "it should be clear to all of us that this can only be achieved if the developing countries are helped in their move to low carbon pathways that improve standards of living of their peoples with financial and technology resources necessary to make this transition."

On the controversial issue of intellectual property rights (IPRs), developed countries insisted that this is not a barrier to technology transfer with the **United States** saying that "the cost (associated with IPRs) is a penny on a dollar so it is really not a significant cost for the majority of technologies on climate change". Japan said technology transfer should be done by all Parties and not just on Annex II (developed countries) Parties in a post-2020 world.

The developing countries including the **US and Australia** were of the view that the existing Technology Mechanism institutions need not be anchored in the new agreement but issues related to them could be reflected through decisions of the Conference of Parties (COP) if needed.

Technology development and transfer

China speaking for **G77-China** expressed concerns over the bullet point in the Co-chairs' non-paper which reads *'No legal obligations in the agreement'* under the technology transfer chapter. It said such a position will not help Parties achieve enhanced actions post-2020. It said there is need to strengthen the functions of the Technology Mechanism to scale up and speed up actions through the following the development of modalities: (i) to operationalise support by developed countries for endogenous technology development in developing countries; this could be done through committing finance and capacity building resources to support endogenous capacities and technologies in developing country Parties; and (ii) to promote research and development of technology, including financing of climate technology development, access, diffusion, and transfer in developing countries particularly for the development and enhancement of endogenous capacities and technologies. It also called for the initiation of possible collaboration program and the strengthening linkages between Technology Mechanism and Financial Mechanism as well as for the scaling up finance support for technology both for mitigation and adaptation actions in developing countries.

It believed that it is necessary to ensure that the 2015 agreement delivers enhanced actions through measurement, reporting and verification (MRV) of the technology actions in terms of its scale, speed, effectiveness, and also the support from developed countries to developing countries.

Speaking for the **LMDC, India** said there can be no doubt that the extent and the nature of the common global challenge can only be addressed through the deployment of appropriate technologies across countries, as applied to the entire range of sectors such as energy, transport, industry, waste management, energy efficiency or agriculture. It reminded Parties that this critical role of technology was clearly understood by the negotiators when they were finalising this Convention in the early 1990s. It was also understood clearly that not all countries were in similar position in terms of their access to relevant resources and technologies besides a clear understanding of why this was so.

"The Convention, therefore, contained specific provisions such as Article 4.1 (c) that addressed the requirements relating to technology in the context of differentiation. This was further elaborated under Article 4.5 which prescribed that *the developed country Parties 'shall' take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies and know-how to other Parties, particularly developing country Parties, to enable them to implement the provisions of the Convention,*" it said. India added that "we are all acutely aware of the lack of success on this front and the implication this has for any prospects of success for global efforts to meet the climate change challenge effectively.".

"The limited progress on coming up with modalities to achieve the provisions of the Articles of the Convention relating to technology, is plain to all. The establishment of the Technology Executive Committee (TEC) and the Climate Technology Centre and Network (CTCN) represent very modest beginnings. We remain far from the objective of how to facilitate access to technologies by those who need them but do not have access or the capacity to pay for them. The work done under the Convention so far has often been limited to training for use of certain technologies available outside but not very much on building R&D and engineering capacities in developing countries," it further said.

It highlighted that the LMDC has submitted a CRP on how this issue could be addressed. India said that "the CRP really aims to focus on the need to bring down barriers, both cost related and IPR related, along with provision of financing for development and transfer of technologies for mitigation, adaptation and capacity building as a long term solution. The CRP proposes the establishment of appropriate mechanisms for doing this and to set up a specific single window for technology development and transfer under the GCF. The aims of the exercise should be a genuine building of capacity to engineer and develop technologies by developing countries themselves over the medium and long term and not to buy and use the technologies developed by others. This can come only through adequate resource mobilization and other inputs necessary for endogenous research and development."

It understood that there are sensitivities with regard to certain kinds of technologies, both for commercial competitiveness and sometimes other strategic reasons but pointed out that there have been several instances of international and multilateral collaboration on technology specific sectors in larger public interest for instance in agriculture to raise productivity and crop resilience and in certain instances of healthcare. "The Montreal Protocol is also an instance of such collaboration. There are also instances of such collaboration driven by commercial interests in sectors such as aerospace, defence, environment and chemicals. These efforts have included elements of sharing of knowledge and IPRs through collaborative R&D and other such efforts. Such collaborations have also involved a range of stakeholders. The record of their successes has been a very mixed one," it added.

However, India said here "we are discussing technologies for more sustainable development that will ultimately be beneficial for the entire world community. The underlying tension between competitive urges and the compulsion to collaborate in view of common challenges needs to be substantially resolved. Our developed country partners have the responsibility to do much more on this if they genuinely believe in the global nature of the issues related to climate change".

It said the standards of living in developing countries remain far below those in developed countries. "The options for developing countries in terms of their responsibility towards climate change action seem to be mainly twofold. One, to upgrade and improve the technologies in use by them to 'leapfrog' in a sense, to achieve low carbon pathways but if that is not possible in view of all sorts of problems associated with access to and diffusion of such technologies, the other option would be to continue to fall further back in term of the standards of living of their populations which would then reduce their carbon emissions. That, it said, definitely is not an option that the civilized world can be expected to tolerate or encourage," said India.

"As we work toward an agreement under the Convention that is applicable to all Parties, and requires climate action by all, it should be clear to all of us that this can only be achieved if the developing countries are helped in their move to low carbon pathways that improve standards of living of their peoples with financial and technology resources necessary to make this transition," it concluded.

Iran expressed disappointment that developed countries said nothing of their commitments enshrined under the Convention which must be operationalised in the Paris outcome. It said the transfer of technology must be an integral part of the agreement and the GCF must have a technology window to support technology transfer by providing the finance for the differential costs involved to pay for IPRs.

Belize for the **Alliance of Small Island States (AOSIS)** said the recently created Technology Mechanism needs to enhance regional capacity and as it would require significant increase in funding to do so, the linkage between the Technology Mechanism and the Financial Mechanism needs to be strengthened.

Tuvalu representing the **LDCs** believed that Parties need to find the means to remove the barriers posed by IPRs such as exploring a scheme to identify key technologies that are IPR-free. rather than focus on a blanket approach.

Bangladesh said that without financial support, the issue of IPRs cannot be effectively addressed without the GCF specifically funding the cost of IPRs.

Turkey wanted the Technology Mechanism to be anchored in the agreement and strengthened beyond 2020. It also said an international mechanism to address IPRs will enable clarification of the role of private sector and leverage its support.

The **European Union** was satisfied that technology actions are being delivered through existing processes where the Technology Mechanism is fulfilling its mandate. Citing the work of the CTCN, it said the 100 national designated entities are in place to help developing countries to submit their requests and the CTCN is in a position to respond to needs at the national level with training specifically to help the LDCs.

Australia said that the Technology Mechanism is still in its early stage and would need to operate and develop with on-going guidance through the COP and not the new agreement. It did not want to see IPR as a component of the new agreement. **Japan** wanted the new agreement to facilitate incentives to the private sector rather than creating a new commitment for developed countries in order to be effective in enhancing technology development and transfer. In addition, it said if Parties take into account the post-2020 world, technology transfer should be undertaken by all Parties and not just on Annex II Parties.

Canada said the Technology Mechanism should be given time to work before changing its functions and agreed with others that IPR is an enabler for innovation of green technologies rather than a barrier.

The **United States** said many of the institutions created in recent times should be called into service and did not see the need to anchor them in the new agreement and that COP decisions will be enough to take of issues not included in the core agreement. It would not support positions to quantify support for technology development and transfer, noting that the CTCN has just opened its door and the GCF is about to be operationalised and these are major institutions of support.

On IPRs, it said there is an OECD study that states that the cost of IPR is negligible, adding that "the cost is a penny on a dollar" and so is not a significant cost for the majority of technologies on climate change.

Capacity building

To set the scene on capacity-building, the Chair of the Subsidiary Body on Implementation (SBI) Amena Yauvoli (Fiji) was invited to brief Parties on the framework for capacity building. He said the work on capacity-building in developing countries is guided by the framework on capacity-building adopted by the COP in 2001 and the Durban Forum on Capacity-building established in 2011. He also said the second comprehensive review of the framework in 2011 found that the framework remains relevant but that its implementation needs to be strengthened in many areas.

China representing the **G77-China** noted three points: (i) capacity-building is an important element of the 2015 agreement according to previous decisions; (ii) capacity-building focuses on enhancing capacity of developing countries to implement mitigation and adaptation actions under the Convention. Consequently, the common but differentiated responsibilities (CBDR) principle is applicable; (iii) it is clear that capacity-building does not happen overnight. Developing countries need an early and sustained efforts on capacity-building and education.

While acknowledging the successful outcome of the Durban Forum for in-depth discussions on capacity-building and welcomed future sessions, the G77 said that the current exchange of experiences taking place under the Durban Forum requires further strengthening. It called for an international mechanism funded under the Convention including on education, human skills training for planning, implementation, and domestic institutional building, and technology innovation and development of endogenous technologies. "We, therefore, support the establishment of a capacity-building committee under the Convention, which is reflected in the Co-chairs' non-paper, to facilitate effective implementation at national and regional levels, in line with the existing framework on capacity-building for developing countries. Institutional arrangements should be established as soon as possible to ensure the ramping up of capacities required by the transformative effort we are embarking on in all countries after 2020," it added.

Speaking for the **LMDC, Iran** said enhanced capacity-building needs to be demand-driven by developing countries and supported by developed countries through specific and quantified finance and technology being provided with financing channelled through the GCF. It also called for the establishment of an international mechanism for capacity-building funded by GCF and linked to the work of the TEC and adaptation institutions, with an evaluation mechanism to assess the effectiveness of the delivery of capacity-building to developing countries; capacity-building should focus on enhancing capacity of developing countries to implement mitigation and adaptation actions under the Convention, including human skills training for planning, implementation and domestic institution building, and technology innovation and development of endogenous technology.

Belize speaking for the **Alliance of Small Island States (AOSIS)** said that for the Durban Forum to be instrumental, Parties should go beyond the space for dialogue and exchanging views. It said access to sustainable development is not a target or commitment that can be bracketed for another date. All countries, it urged, must share the commitment to accelerate education at all level for transformation of skills. Action-oriented process i.e. a work programme to identify capacity-building and skills required for addressing challenges to mitigation and adaptation is needed. "We have an inter-generational response to create an agreement that will be implemented at all level," it added.

Tuvalu representing the **Least Developed Countries (LDCs)** said it believed the Durban Forum is a valuable process and should be incorporated in the 2015 agreement to give it permanence, political prominence and predictability that it will continue and also to acknowledge its good work. It said this is not to 'freeze it' in time but that it can also evolve even in a legally-binding agreement by subsequent COP decisions. It supported Belize on further mandate for the Durban Forum. It said a new institution will be effective to foster the exchange of experiences and provides opportunity for capacity-building in the form of a consortium of tertiary institutions. It wanted the GCF to set aside allocation for capacity-building.

South Africa said capacity-building is a serious matter for developing countries and Parties had not done well in this area. Notwithstanding its cross-cutting nature and not wanting to undermine the on-going work of the existing framework, it said the agreement is an opportunity to do more to harness the human and institutional capacity. While it also valued the work of the Durban Forum, it believed there are still gaps which can be addressed by an international mechanism and it would also support the establishment of a capacity-building committee. The success of the capacity-building mechanism will depend on it being linked with other mechanisms particularly the Financial Mechanism and the Technology Mechanism.

The **European Union** said saw capacity-building as a cross-cutting issue and an integral part of a support arrangement but not as part of the agreement. Therefore, there was no need for a new structure as there is the Durban Forum and the existing framework is still valid.

Australia said the existing capacity-building framework is sufficient and did not see the need for further addressing capacity-building through the ADP and the 2015 agreement. **Japan** said it saw support for capacity-building being enhanced under the Durban Forum, which in turn can be strengthened through bilateral assistance which it is actively supporting.

The **United States** said Parties made substantive progress in the last five years on the work of capacity-building. It said all Parties agreed that it is a substantial and a major priority and the US had provided capacity-building both under the UNFCCC and its bilateral relationship with many countries in the room. It said the SBI chair had outlined how capacity-building is a core task of many bodies under the Convention such as the TEC, the CTCN, the LDC Experts Group, and the Durban Forum which allowed countries to further build their capacities that would feedback into the processes; hence there was no need for capacity-building to be included in the 2015 agreement.

Canada echoed the US' views, adding that capacity-building is a cross-cutting subject and cannot be addressed in isolation but should be tackled in the broader implementation of mitigation and adaptation.

Switzerland did not see the need for a new institution nor to include capacity-building in the new agreement. It said the agreement should instead build on the established institutions through COP's decisions to take these institutions forward. Reacting to Tuvalu, it expressed concerns that having the institutions anchored in the agreement will hamper the review of the functions of these institutions.

(Edited by Meena Raman)