

What countries agreed to under the Paris Agreement (Part 3)

Penang, 22 Dec. (Meena Raman)- In Part 3, this article on what countries agreed to under the UNFCCC's Paris Agreement, focus is on highlights in relation to the aspects of finance, technology transfer, and capacity-building.

(See TWN Update 18 and 20 for Parts 1 and 2 of this article at www.twn.my.)

Finance (Article 9)

Prior to the final outcome in the Paris Agreement, the thrust of the developed countries position on the issue of finance was to increase the scope of countries (to include developing countries) who should be 'donors' of climate finance by proposing terms in the text like 'all Parties in a position to do so' should provide financial resources or that the mobilisation of climate finance is a "shared effort" of all Parties.

In the final Agreement, some highlights of what was agreed to in the sub-paragraphs on finance are as follows:

"1. Developed country Parties shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation in continuation of their existing obligations under the Convention."

This paragraph continues to ensure that developed countries are not absolved from their existing financial commitments under Articles 4.3 and 4.4 under the UNFCCC.

However, the G77 and China, had during the negotiations, pressed for the provision of these resources to be "new, additional, adequate, predictable, accessible and sustained" but these terms were did not find place in the Agreement, except for a reference in sub-paragraph 4 on "the provision of scaled-up resources" (see below). Sub-paragraph 2 states that "Other Parties are encouraged to provide or continue to provide such support voluntarily."

Instead of the reference to "all Parties in a position to do so" also having to contribute to climate finance (which was opposed to by many developing countries), the above paragraph was agreed to, which stresses the "voluntary" nature of such support.

Sub-paragraph 3 provides that *"As part of a global effort, developed country Parties should continue to take the lead in mobilizing climate finance from a wide variety of sources, instruments and channels, noting the significant role of public funds through a variety of actions, including supporting country-driven strategies, and taking into account the needs and priorities of developing country Parties. Such mobilization of climate finance should represent a progression beyond previous efforts."*

Many developing countries including the Like-minded developing countries (LMDC) preferred the reference to the provision of financial resources by developed countries instead of the focus on the "mobilisation" of climate finance. The Paris Agreement provides for both the provision of support by developed countries and the mobilisation of climate finance.

In the earlier version of the draft agreement (version 2 issued on Dec. 10 by the COP 21 President), there was reference that the provision and mobilisation of climate finance "shall represent a progression beyond previous efforts from a floor of USD 100 billion per year..." and "towards achieving short-term collective quantified goals for the post-2020 period to be periodically established and reviewed..."

It is notable that the reference to the USD 100 billion per year as a floor did not make it to the Agreement but is found in paragraph 53 of the COP 21 decision which states as follows: *"Also decides that, in accordance with Article 9, paragraph 3, of the Agreement, developed countries intend to continue their existing collective mobilization goal through 2025 in the context of meaningful mitigation actions and transparency on implementation; prior*

to 2025 the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement shall set a new collective quantified goal from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries.”

In Cancun in 2010, Parties had agreed to developed countries mobilising USD 100 billion per year by 2020. With the Paris Agreement, a five year extension has been obtained to reach this target and a new quantified goal will be set for the period after 2025. Senior developing country negotiators also point out that the mobilisation of existing climate finance as stated above, is conditional on “meaningful mitigation actions and transparency on implementation”, which was actually previously agreed to under the Copenhagen Accord (in 2009) and later affirmed in the decision in Cancun.

Developed countries, with the United States (US) in particular, were against the indication of any quantified target on the scale of resources in the Paris Agreement.

Developing countries, through the G77 and China on the other hand, pressed for clear “pathways to annual expected levels of available resources towards achieving short-term collective quantified goals for the post 2020 period to be periodically established and reviewed” and for “financial resources to be scaled up from a floor of USD 100 billion per year, including a clear burden-sharing formula, and in line with needs and priorities identified by developing country Parties...”.

There were also efforts by developed countries to “integrate climate considerations” into “international development assistance.” This was strongly resisted by developing countries and there is no reference to international development assistance in the Paris Agreement.

However, under Article 2.1(c) of the Agreement which relates to the purpose of the Agreement, there is reference to “making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”. The meaning of what are “finance flows” can be expected to be a matter of intense debate in the years ahead.

Sub-paragraph 4 of Article 9 of the Agreement provides that *“The provision of scaled-up financial resources should aim to achieve a balance between adaptation and mitigation, taking into account country-driven strategies, and the priorities and needs of developing country Parties, especially*

those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing States, considering the need for public and grant-based resources for adaptation.”

During the negotiations, there were attempts by developed countries to limit the scope of developing countries who are recipients of finance under the Convention to those “who are particularly vulnerable to the impacts of climate change”, and are “capacity-constrained developing countries, least developed countries (LDCs), Small Island Developing States (SIDs) and Africa”.

Negotiations were intense especially among developing countries until the final hours on the need to expand the list to not only include Africa but to cover other regions of the developing world. Countries in Africa were also unhappy that they were not mentioned in the final Agreement, which was a compromise crafted by the COP 21 Presidency.

In sub-paragraph 5, it was agreed that *“Developed country Parties shall biennially communicate indicative quantitative and qualitative information related to paragraphs 1 and 3 of this Article, as applicable, including, as available, projected levels of public financial resources to be provided to developing country Parties. Other Parties providing resources are encouraged to communicate biennially such information on a voluntary basis.”*

Although the provision of support by “other Parties” is voluntary, the paragraph above “encourages” these countries “to communicate biennially such information on a voluntary basis.” In issue will be how “such information” will be used and for what purpose, when the resources provided are purely voluntary and not linked to the UNFCCC.

Sub-paragraph 6 provides that *“The global stocktake referred to in Article 14 shall take into account the relevant information provided by developed country Parties and/or Agreement bodies on efforts related to climate finance.”*

According to sub-paragraph 7, *“Developed country Parties shall provide transparent and consistent information on support for developing country Parties provided and mobilized through public interventions biennially in accordance with the modalities, procedures and guidelines to be adopted...Other Parties are encouraged to do so.”*

It was also agreed in sub-paragraph 8 that *“The Financial Mechanism of the Convention, including its operating entities, shall serve as the financial mechanism of this*

Agreement.”

The operating entities of the Financial Mechanism currently include the Green Climate Fund and the Global Environment Facility.

Sub-paragraph 9 states that *“The institutions serving this Agreement, including the operating entities of the Financial Mechanism of the Convention, shall aim to ensure efficient access to financial resources through simplified approval procedures and enhanced readiness support for developing country Parties, in particular for the least developed countries and small island developing States, in the context of their national climate strategies and plans.”*

On the issue of the Adaptation Fund (a fund established under the Kyoto Protocol), paragraph 60 of the decision states as follows: *“Recognizes that the Adaptation Fund may serve the Agreement, subject to relevant decisions by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA).”*

Paragraph 61 of the decision invites the CMP to consider the issue and make a recommendation to the CMA at its first session.

In paragraph 52 of the decision, it was also decided *“that, in the implementation of the Agreement, financial resources provided to developing countries should enhance the implementation of their policies, strategies, regulations and action plans and their climate change actions with respect to both mitigation and adaptation to contribute to the achievement of the purpose of the Agreement as defined in Article 2;*

Technology transfer (Article 10)

In the negotiations on technology transfer, developing countries had been very proactive in coming with various proposals to enhance technology development and transfer to developing countries. Developed countries opposed the proposals of developing countries and only wanted a very weak outcome relating to technology cooperation.

The Like-minded developing countries (LMDC) had called for the establishment of a global goal on the transfer of technologies by developed countries and know-how as well as for the provision of financial resources for collaborative research and development of environmentally sound technologies and enhancing accesses of developing countries to such technologies that match their technology needs.

There was also a proposal from India for developed countries to provide financial resources to address barriers related to intellectual property rights (IPRs) and facilitate access to technologies. The African Group proposed a technology framework to be adopted that will provide direction and guidance in relation to technology assessments, including in identifying options for enhancing access and to address barriers. These proposals from developing countries were opposed by developed countries with options for no text in the agreement. Finally, what was agreed to under technology transfer in the Agreement is as follows: *“1. Parties share a long-term vision on the importance of fully realizing technology development and transfer in order to improve resilience to climate change and to reduce greenhouse gas emissions.*

2. Parties, noting the importance of technology for the implementation of mitigation and adaptation actions under this Agreement and recognizing existing technology deployment and dissemination efforts, shall strengthen cooperative action on technology development and transfer.

3. The Technology Mechanism established under the Convention shall serve this Agreement.

4. A technology framework is hereby established to provide overarching guidance to the work of the Technology Mechanism in promoting and facilitating enhanced action on technology development and transfer in order to support the implementation of this Agreement, in pursuit of the long-term vision referred to in paragraph 1 of this Article.

5. Accelerating, encouraging and enabling innovation is critical for an effective, long-term global response to climate change and promoting economic growth and sustainable development. Such effort shall be, as appropriate, supported, including by the Technology Mechanism and, through financial means, by the Financial Mechanism of the Convention, for collaborative approaches to research and development, and facilitating access to technology, in particular for early stages of the technology cycle, to developing country Parties.

6. Support, including financial support, shall be provided to developing country Parties for the implementation of this Article, including for strengthening cooperative action on technology development and transfer at different stages of the technology cycle, with a view to achieving a balance between support for mitigation and adaptation. The global stocktake referred to in Article 14 shall take into account available information on efforts related to support on technology development and transfer for developing country Parties.”

Clearly, from the above, the real value for developing countries in this regard is the establishment of the

technology framework in providing guidance to the Technology Mechanism (which comprises of the Technology Executive Committee and the Climate Technology Centre and Network) in promoting and facilitating enhanced action on technology development and transfer.

In addition, there is now a link established between the Technology Mechanism and the Financial Mechanism to allow for collaborative approaches in R and D and for facilitating access to technologies, which somewhat reflects the call by India to provide financial resources to address barriers related to IPRs and facilitate access to technologies.

The IPR issue has been a long-standing battle between developed and developing countries under the UNFCCC process, with strong opposition by developed countries led by the US in particular, to even mention the words 'IPRs'.

Capacity-building (Article 11)

Some highlights of the Agreement on capacity-building are as follows.

"1. Capacity-building under this Agreement should enhance the capacity and ability of developing country Parties, in particular countries with the least capacity, such as the least developed countries, and those that are particularly vulnerable to the adverse effects of climate change, such as small island developing States, to take effective climate change action, including, inter alia, to implement adaptation and mitigation actions, and should facilitate technology development, dissemination and deployment, access to climate finance, relevant aspects of education, training and public awareness, and the transparent, timely and accurate communication of information.

3. All Parties should cooperate to enhance the capacity of developing country Parties to implement this Agreement. Developed country Parties should enhance support for capacity-

building actions in developing country Parties.

4. All Parties enhancing the capacity of developing country Parties to implement this Agreement, including through regional, bilateral and multilateral approaches, shall regularly communicate on these actions or measures on capacity-building. Developing country Parties should regularly communicate progress made on implementing capacity-building plans, policies, actions or measures to implement this Agreement.

5. Capacity-building activities shall be enhanced through appropriate institutional arrangements to support the implementation of this Agreement..."

The G77 and China had during the negotiations called for an international capacity building mechanism to enhance and coordinate capacity building. Developed countries did not want the creation of any new mechanism.

However, in the decision adopted, in paragraph 72, it was decided that *"the Paris Committee on Capacity-building" is established, "whose aim will be to address gaps and needs, both current and emerging, in implementing capacity-building in developing country Parties and further enhancing capacity-building efforts, including with regard to coherence and coordination in capacity-building activities under the Convention."*

The US was keen to establish a "Capacity-building Initiative for Transparency" and this found way in the decision adopted in paragraph 85 *"in order to build institutional and technical capacity, both pre- and post-2020. This initiative will support developing country Parties, upon request, in meeting enhanced transparency requirements..."*

(More details will be provided under the section on 'transparency' in a separate article).