

**IV. DEVELOPMENT AND TRANSFER OF TECHNOLOGIES:
STATUS OF THE CONSULTATIVE PROCESS (DECISION 4/CP/4)**
(Agenda item 4(e))

Draft decision _/CP.6¹⁰

Development and transfer of technologies

[The Conference of the Parties,

Recalling Chapter 34 of Agenda 21 and the relevant provisions of the Programme for the Further Implementation of Agenda 21 on the transfer of environmentally-sound technologies (ESTs) adopted by the United Nations General Assembly at its nineteenth special session in 1997,

Pursuant to the relevant provisions of the Convention, in particular, its Article 4.1, 4.3, 4.5, 4.7, 4.8 and 4.9, and Articles 9.2 (c), 11.1, 11.5, 12.3 and 12.4,

Recalling its decisions 11/CP.1, 13/CP.1, 7/CP.2, 9/CP.3, 4/CP.4, 9/CP.5 and the relevant provisions of its decision 1/CP.4 on the Buenos Aires Plan of Action, which in its paragraph 2 resolves to demonstrate substantial progress on, *inter alia*, the development and transfer of technologies,

Emphasizing that governments play a catalytic role in the development and transfer of ESTs and the creation of enabling environment essential to enhancing the implementation of Article 4.5 of the Convention.

[Recognizing that the public and private sector also plays an important role in the development and transfer of environmentally-sound technologies in most countries, and that the creation or expansion of commercial markets through the enhancement of their underlying enabling conditions is essential to enhancing the implementation of Article 4.5 of the Convention,]

[Recognizing that the public and private sector play, in some countries, an important role in the development, transfer and finance of technologies, and that the creation of enabling environments at all levels provides a platform to support the development, use and transfer of environmentally-sound technologies and know-how,]

[Recognizing [Emphasizing] also that inspite of the [major] [important] role of the private sector, the implementation of Article 4.5 of the Convention should focus on the role of governments and public sector in the transfer of environmentally-sound technologies in addition to what is already happening in the market as business as usual,]

¹⁰ This text was given restricted distribution at the first part of the sixth session, under the symbol FCCC/SBSTA/2000/CRP.15.

[*Recognizing* that a variety of vehicles, both bilateral and multilateral, will continue to be used to implement Article 4.5 of the Convention,]

Recognizing that developed country Parties may also provide and developing country Parties avail themselves of, financial resources related to the implementation of the Convention through bilateral, regional and other multilateral channels.

Noting the Intergovernmental Panel on Climate Change *Special Report on Methodological and Technological Issues in Technology Transfer*.

[*Recognizing* the important contribution of the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention, regarding technology transfer under Article 4.5, as expressed in Article 11 of the Convention in the Memorandum of Understanding between the COP and the Council of the Global Environment Facility and in decision 2/CP.4, including its potential for leveraging funding for the transfer and development of technology to Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties.]

[*Having considered* the recommended framework for meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention presented by the Chairman of the Subsidiary Body for Scientific and Technological Advice as part of the outcome of the transfer of technology consultative process,]

Option 1

[1. *Adopts* the framework for meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention contained in the annex to this decision;]

Option 2

[1. [*Decides* to implement] [*Requests* SBSTA to initiate implementation of] this framework immediately in order to assist Parties in enhancing the implementation of Article 4.5 of the Convention [and urges Parties to report the progress of the implementation of this framework by COP 7];]

Option 3

[1. Notes that the consensus achieved on the first three areas of activities of this framework, namely, technology needs and needs assessments, technology information and enabling environments;]

[2. *Agrees* that the promotion of the implementation of the commitment of developed country Parties and other developed Parties included in Annex II for the transfer of, or access to, environmentally-sound technologies and know-how, as stated in Article 4.5, together with the provision of new and additional financial resources as stated in Article 4.3, are essential conditions for the effective implementation of developing country Parties of their commitments

under the Convention, taking fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties;]

[3. *Agrees also* that issues relating to the implementation of Article 4.5 on transfer of and access to technology is a continuing process, and that, *inter alia*, the assessment of technologies, terms of access, and technological needs of Parties will continue to be undertaken in the Convention, to ensure that real progress is achieved promptly.]

Option 1

[4. *Decides*, for this purpose, to establish an intergovernmental technical advisory panel, nominated by governments and based on equitable geographical representation, to provide scientific and technical advice on the implementation of the commitment in Article 4.5, including assessments of technologies and technology needs under the Convention.

5. *Decides* to apply the terms of reference of the intergovernmental technical advisory panel on technology transfer contained in appendix I to the annex to this decision, with a view to reviewing the progress of its work and the terms of reference at its eighth session;]

Option 2

[4. *Requests* that the Chairman of SBSTA, with the assistance of the secretariat, identify an ad-hoc group of scientific and technical experts on technology transfer issues (to be known as a Technology Transfer Expert Group) to undertake a work programme aimed at contributing meaningful and effective actions and deliverables to enhance the implementation of Article 4.5 of the Convention through:

(a) considering options for the technology information clearing house and enhancement of information centers and networks through an experts meeting [as elaborated in paragraph 9 (c) of the framework in annex to this decision];

(b) providing input to the development of a handbook, through participation in a process convened by the Chair of SBSTA, that would assist Parties other than developed country Parties and other developed Parties not included in Annex II, particularly developing country Parties, to identify their prioritized technology needs and to assist them in developing implementation plans for addressing their needs in accordance with country-specific circumstances;

(c) participating in an experts workshop to advise on the development of the handbook referred to in 4 (b) above, using the framework identified in annex to this decision;

(d) reporting to SBSTA 14 on progress with the development of the handbook;

(e) facilitating the sharing of experiences and success stories related to technology transfer through an experts workshop prior to SBSTA 17.

5. Decides that the Technology Transfer Experts Group should be lead by the Chair of SBSTA and comprise approximately () members of Parties and organizations, with the goal of establishing broad geographic representation. Nominations will be requested by the secretariat no later than (). This group will meet at a minimum of each session of SBSTA beginning with its 14th session.

6. This group will conclude its work and report on the above work programme at SBSTA 17.]

Option 3

[4. *Requests* the Chairman of SBSTA to undertake/establish a process, or other appropriate forms of dialogue, at expert level including workshops;

5. *Decides* to undertake/establish the above process, or other appropriate forms of dialogue, based on the Framework in the annex to this decision;

6. *Requests* the Convention secretariat:

(a) to organize, prior to the fourteenth session of the SBSTA, a meeting with national representatives and experts to provide technical advise and guidance on the guidelines and methodologies for technology needs assessments,

(b) to organize an expert workshop on technology information, including options for the establishment of an information clearing house and enhancement of information centres and networks, and to further define the user's needs, criteria for quality control, technical specifications and the role and contributions of the Parties,

(c) to facilitate the process on technology transfer by organising meetings and compiling reports on the above mentioned meetings for consideration by the SBSTA.]

New para. under institutional arrangements

[7. *Decides* that SBSTA should establish and/or strengthen national, subregional and regional technology transfer centres, as appropriate, to facilitate the effective implementation of Article 4.5 of the Convention in developing countries by COP 7.]

Option 1

[8. *Decides* to establish a separate funding mechanism for technology transfer through which technical and financial assistance from Annex II Parties shall be made available to achieve meaningful and effective actions to enhance implementation of Article 4.5 of the Convention, in accordance with the modalities contained in the appendix II of the annex to this decision;]

[9. *Decides further* that the funding mechanism will provide the necessary resources, including for the following purposes:

- (a) enhance capacity-building for developing countries, including through demonstration projects, as shown in the annexed initial framework;
- (b) promote joint research and development programmes between Annex I and non-Annex I Parties, and also non-Annex I Parties among themselves;
- (c) develop and implement concrete programmes to conduct technology needs identification and needs assessment, taking into account the different levels of readiness among developing countries;
- (d) develop specialised information centres relating to the state-of-the-art, environmentally-sound and economically-feasible technologies and know-how that are accessible and available to developing countries, their accessibility and conditions for accessibility; and
- (e) leverage other funding sources to initiate concrete transfer of technology projects for energy-efficient technologies, new and renewable energies, enhancing sinks and preparing for adaptation to adverse impacts of climate change.]

Option 2

[8. *Requests* the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, to ensure that its programmes for facilitating the transfer of, and access to, environmentally-sound technologies follow closely the guidance contained in the framework in the annex to this decision and the relevant decisions of the Conference of the Parties;]

[9. Developed country Parties *are urged* to provide financial resources through existing bilateral, multilateral, and other channels, including the GEF, as appropriate, to assist in enhancing the implementation of Article 4.5, consistent with the framework in the annex, possibly to include support for activities, such as:

- (a) Consideration of options for the development and establishment of a technology information clearing house and associated activities, including an expert workshop
- (b) Development of an internet-based search engine for collecting relevant technology information to enhance availability to developing and other country Parties
- (c) Development of a handbook for preparing technology needs assessments and associated implementation plans including an expert workshop.]

[10. *Requests* the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention to provide financing, as appropriate, to contribute to enhancing implementation of Article 4.5, including, *inter alia*, to continue and enhance programmes for facilitating transfer of and access to ESTs consistent with the implementation of Article 4.5 of the Convention and relevant COP decisions.]

Option 3

[8. *Requests* the Global Environment Facility, as an operating entity of the financial mechanism of the Convention to:

(a) Continue and enhance programmes for facilitating transfers of, and access to, the environmentally-sound technologies consistent with the implementation of Article 4.5 of the Convention;

(b) Ensure that their programmes for facilitating the transfer of, and access to, environmentally-sound technologies follow closely the guidance contained in the relevant COP decisions, in particular decision 2/CP.4;

(c) Support capacity building for, *inter alia*, technology needs assessments.]

[11. *Invites* Parties to [remove legal and administrative barriers to technology transfer and] explore ways to strengthen and build upon efforts to enhance the capacity of governments and other relevant institutions to attract, adopt, maintain, and disseminate and transfer environmentally-sound technologies, taking into account other relevant decisions taken by the Conference of the Parties at its sixth session;]

[12. *Encourages* Annex II Parties, international organizations and other relevant actors to explore practicable means of providing technical and financial assistance, as appropriate, in support of developing countries' efforts to undertake the above activities, including bilateral and multilateral development assistance channels, official development assistance, and the private sector;]

[13. *Urges* international development organizations and multilateral development banks to integrate the transfer of technology related to climate change into country assistance strategies, consultative groups and other multilateral donor coordination processes, and to promote the creation of an enabling environment for technology transfer;]

[14. *Requests* the secretariat, in accordance with this framework, to undertake the following tasks:]

(a) [To organize, prior to the fourteenth session of the SBSTA, a meeting with national representatives and experts in developing simplified and common guidelines to assist Parties, in particular the least developed country Parties, in undertaking technology needs assessments, and to organize any other workshops and/or meetings identified in the framework, resources permitting;]

(b) [To accelerate its work, resources permitting, on technology information, in particular on the development of [technology inventory databases] [a new search engine on the Internet] [and web page], options for the establishment of an information clearing house and the enhancement of information centres and networks;]

[15. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to review, at their subsequent sessions, the progress of the activities undertaken under this framework, and to make recommendations thereon to the Conference of the Parties at its eighth session.]

[16. Urges developed country Parties to [further promote and implement facilitative measures, for example, export credit programmes and tax preferences, and regulations, as appropriate, to promote, transfer of ESTs] [develop common environmental guidelines for export credit, investment finance, investment insurance and investment guarantee programmes designed to promote international trade and investment.]]

Annex

Framework for meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention

A. Purpose

1. The purpose of this framework is to develop meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention by increasing and improving the transfer of and access to environmentally sound technologies (ESTs) and know-how.

B. Overall approach

2. The successful development and transfer of ESTs and know-how requires a country-driven, integrated approach, at a national and sectoral level. This should involve cooperation among various stakeholders (the private sector, governments, the donor community, bilateral and multilateral institutions, non-government organizations and academic and research institutions), including activities on technology needs assessments, technology information, enabling environments, capacity-building and mechanisms for technology transfer.

C. Key themes and areas for meaningful and effective actions

1. Technology needs and needs assessments

Definition

3. Technology needs and needs assessments are a set of country driven activities that identify and determine the mitigation and adaptation technology priorities of Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties. They involve different stakeholders in a consultative process to identify the barriers to technology transfer and measures to address these barriers through sectoral analyses. These activities may address soft and hard technologies, such as mitigation and adaptation technologies, identifying regulatory options, developing of fiscal and financial incentives and capacity-building.

Purpose

4. The purpose of technology needs assessments is to assist in identifying and analysing priority technology needs, which can be the basis for a portfolio of EST projects and programmes which can facilitate the transfer of, and access to, the ESTs and know-how in the implementation of Article 4.5 of the Convention.

Implementation

5. Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties are encouraged to undertake assessments of country-specific technology needs, subject to the provision of resources, as appropriate to country-specific circumstances, from developed country Parties and other developed Parties included in Annex II. Other organizations, in a position to do so may also assist in facilitating the technology needs assessment process. Parties are encouraged to make available information on the results of their needs assessments in their national communications, other related national reports and channels (e.g. technology information clearing house) for consideration by SBSTA on a regular basis.

6. Developed country Parties and other developed Parties included in Annex II to the Convention are urged to facilitate and support the needs assessments process, recognizing the special circumstances of least developed countries.

2. Technology information

Definition

7. The technology information component of the framework defines the means, including hardware, software and networking, to facilitate the flow of information between the different stakeholders to enhance the development and transfer of ESTs. This technology information component of the framework could provide information on technical parameters, economic and environmental aspects of ESTs, the identified technology needs of Parties not included in the Annex II, particularly developing country Parties, as well as availability of ESTs from developed countries and opportunities for technology transfer.

Purpose

8. The technology information component serves to establish an efficient information system in support of technology transfer and improve the generation and flow of, access to, and quality of technical, economic, environmental and regulatory information relating to the development and transfer of ESTs under the Convention.

Implementation

9. The Convention secretariat is requested:

(a) To build on the success of the current work, including that undertaken by the secretariat, in cooperation with the Climate Technology Initiative, inter alia, to develop [a new search engine on the internet that [allows] for quick access to existing] inventories of environmentally-sound and economically viable technologies and know-how, including those conducive to mitigating and adapting to climate change;

(b) To identify, in collaboration with regional centres and other institutions, gaps in existing EST inventories, and update and develop inventories, as needed;

(c) To organize an expert workshop on technology information, including options for the establishment of an information clearing house and enhancement of information centres and networks, and to further define the user's needs, criteria for quality control, technical specifications and the role and contribution of the Parties;

(d) To accelerate its work on the development of a technology transfer information clearing house by coordinating with Parties and relevant United Nations agencies and other international organizations and institutions and develop options for implementation, in particular networking, of an international technology information clearing house under the Convention and enhancement of technology information centres and networks. A report on the options and recommendations should be provided to SBSTA at its fourteenth session.

10. An information clearing house, including a network of technology information centers, should be established under the auspices of the secretariat, by the time of COP 7, taking into consideration the conclusion of SBSTA at its fourteenth session on the above mentioned report.

3. Enabling environments

Definition

11. The enabling environments component of the framework focuses on the government actions, such as fair trade policies, removal of technical, legal and administrative barriers to technology transfer, sound economic policy, regulatory frameworks, and transparency that create an environment conducive to private and public sector technology transfer.

Purpose

12. The purpose of the enabling environments component of the framework is to improve the effectiveness of the transfer of ESTs by identifying and analysing ways to facilitate transfer of ESTs, including identification and removal of barriers at each stage of the process.

Implementation

13. The following are means of creating enabling environments for technology transfer:

(a) All Parties, particularly developed country Parties, are urged to improve, as appropriate, the enabling environment, for transfer of ESTs through identification and removal of barriers, including, *inter alia*, strengthening environmental regulatory frameworks, enhancing legal systems, ensuring fair trade policies, utilizing tax preferences, protecting intellectual property rights, improving the access to publicly funded technologies, and other programs to expand commercial and public technology transfer to developing countries;

(b) All Parties are urged to explore, as appropriate, opportunities to provide positive incentives, such as preferential government procurement, transparent and efficient approval procedures for technology transfer projects, [and improvement of possible benchmarks, standards, and labelling,] which support the development and diffusion of ESTs;

(c) All Parties are urged to promote joint research and development programmes, as appropriate, both bilaterally and multilaterally;

(d) Developed country Parties are encouraged to further promote and implement facilitative measures, for example export credit programs and tax preferences, and regulations, as appropriate, to promote transfer of ESTs;

(e) All Parties, particularly developed country Parties, are encouraged to integrate, as appropriate, the objective of technology transfer to developing countries into their national policies, including environmental and R&D policies and programs;

(f) Developed countries are encouraged to promote, as appropriate, the transfer of publicly owned technologies.

[4. Capacity-building

Definition

14. Within the context of enhancing the implementation of Article 4.5 of the Convention, capacity-building is a process that seeks to build, develop, strengthen, enhance and improve existing scientific and technical skills, capabilities and institutions in Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties, to assess, adapt, manage and develop ESTs.

15. Capacity-building must be country-driven, addressing specific needs and conditions of developing countries and reflecting their national sustainable development strategies, priorities and initiatives. It is primarily to be undertaken by and in developing countries in accordance with the provisions of the Convention.

Purpose

16. The purpose of capacity-building under this framework is to strengthen the capacities of Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties to promote the widespread dissemination, application and development of environmentally sound technologies and know-how to enable them to implement the provisions of the Convention. Capacity-building under this framework should be guided by principles established in decision .../CP.6 on capacity-building.

Scope

17. The following is the initial scope of needs and areas for capacity-building of Parties other than developed country Parties and other developed Parties included in Annex II, particularly developing country Parties, for the transfer of, and access to, ESTs and know-how:

- (a) Implement regional, subregional and/or national capacity-building activities related to the transfer and development of technologies;
- (b) Enhance the awareness of financial institutions, public, private and international, of the need to evaluate ESTs on an equal footing with other technology options;
- (c) Provide training opportunities for the use of ESTs through demonstration projects;¹¹
- (d) [Identify and formulate [prospective] CDM [and JI] projects, where appropriate, to help [promote] facilitate the wider geographic distribution of such projects;]¹²
- (e) Enhance skills for the adoption, adaptation, installation, operation and maintenance of specific ESTs and broaden understanding of methodologies for evaluating alternative technological options;
- (f) Strengthen capacities of existing national and regional institutions relevant to technology transfer, taking into account country- and sector-specific circumstances, including South-South cooperation and collaboration;
- (g) Provide training on project development, management and operation of climate technologies;
- (h) Develop and implement standards and regulations that promote the use, transfer of, and access to ESTs, taking cognizance of country-specific policies, programmes and circumstances;
- (i) Develop skills and know-how in conducting technology needs assessments;
- (j) Improve knowledge of energy efficiency and utilization of renewable energy technologies .

18. The following is the initial scope of needs and areas for capacity-building for the development and enhancement of endogenous capacities and technologies in developing countries. These shall be country-driven processes supported by developed country Parties.

- (a) [Establish and/or strengthen, as appropriate,] relevant organizations and institutions in developing countries;

¹¹ Cross-reference to enabling activities.

¹² Check with capacity-building decision.

- (b) [Establish and/or strengthen] training, expert exchange, scholarship and cooperative research programmes in relevant national and regional institutions in developing countries for the transfer, operation, maintenance, adaptation, diffusion and development of ESTs;
- (c) [Build capacity to adapt to the adverse effects of climate change;]¹³
- (d) [Strengthen the endogenous capacities and capabilities in research, development, technological innovation, adoption and adaptation and technology for systematic observation relevant to climate change and its associated adverse effects;]³
- (e) Improve knowledge in energy efficiency and utilization of renewable energy technologies.

Implementation

19. Developed country Parties [should][shall][,as appropriate]:

- (a) Make available resources to assist developing countries in the implementation of the capacity-building to enhance the implementation of Article 4.5 taking into account the lists contained in paragraphs 17 and 18 above. These resources should include [additional] financial and technical resources to enable developing countries to undertake country-level needs assessments, and to develop specific capacity-building activities consistent with enhancing implementation of Article 4.5;
- (b) Respond to the capacity-building needs and priorities of developing countries in a coordinated and timely manner, and support activities implemented at the national and, as appropriate, subregional and regional levels;
- (c) Give particular attention to the needs of least developed countries and small island developing States [amongst them].

20. All Parties should improve the coordination and effectiveness of capacity-building activities related to the development and transfer of technologies. All Parties should promote conditions conducive to the sustainability and effectiveness of these capacity-building activities.]

¹³ Check with capacity-building and 4.8/4.9 decisions.

[5. Mechanisms for technology transfer

Definition

21. The mechanisms for technology transfer, as identified in this section, are to facilitate support of financial, institutional and methodological activities: (i) to enhance the coordination of the full range of stakeholders in different countries and regions and (ii) to engage them in cooperative efforts to accelerate the development and diffusion, including transfer, of environmentally sound technologies, know-how and practices to and between Parties other than developed country Parties and other developed Parties not included in Annex II, particularly developing country Parties through technology cooperation and partnerships (public/public, private/public and private/private) and (iii) to facilitate development of projects and programmes that support such ends.

Purpose

22. The purpose of the proposed mechanisms is to develop meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention by increasing the transfer of and access to, ESTs and know-how.

Implementation

A. [Institutional arrangement for technology transfer

23. Purpose [Functions]: To provide scientific and technical advice on the advancement of the development and transfer of environmentally sound technologies and know-how under the Convention including the preparation of an action plan to enhance the implementation of Article 4.5 of the Convention.

Option 1

24. [To assess and evaluate the progress of technology transfer under the Convention and suggest options to improve existing programmes and activities.]

25. [To provide support, including scientific and technical advice on the advancement of the development [implementation] and transfer of environmentally sound technologies and know-how under the Convention, for the other components of this framework.]

Option 2

24. [The purpose of this section is to put in place an institutional arrangement that seeks to provide scientific and technical advice on the implementation, development, enhancement and transfer of ESTs and know-how under the Convention including the preparation of an action plan to enhance the implementation of Article 4.5 of the Convention.]

25. [The Chairman of the Subsidiary Body for Scientific and Technological Advice (SBSTA), with the assistance of the secretariat, is requested to undertake a process, including convening an experts workshop, for developing a handbook for conducting country-driven, integrated approaches to assist developing countries in identifying their prioritized needs and developing implementation plans, as appropriate to their country-specific circumstances. A draft handbook should be provided for consideration at the fourteenth session of the SBSTA.

26. The chairman of the SBSTA, with the assistance of the secretariat, will identify an “ad hoc expert group” to participate in, and provide guidance and advice to:

(a) The expert workshop to provide input to a handbook to assist developing countries in identifying their prioritized needs and developing implementation plans (as specified in paragraph 1)

(b) The expert meeting on technology information, to consider options for the international clearinghouse (as specified in paragraph 9 (c)).

(c) An expert workshop, organized by the secretariat, on information sharing and success stories in technology transfer prior to the seventeenth session of the SBSTA.

27. This “ad hoc expert group” should comprise approximately 18 members, and it should conclude its work and report the results of the above activities to the SBSTA at its seventeenth session.]

28. Functions: The terms of reference of the proposed [panel/group] appear in appendix I.

(a) [The [intergovernmental panel] [advisory group] of experts on technology transfer shall have the objectives of enhancing the implementation of Article 4.5 of the Convention and the advancement of the technology transfer activities under the Convention process.]

(b) [The [panel/group of experts] shall meet twice a year prior to each session of the subsidiary bodies.]

(c) [The panel/group of experts shall report on the progress of its work and on the recommendations they want to make to the subsidiary bodies for their consideration.]

(d) [The secretariat shall co-ordinate the meetings of the panel/group and facilitate the preparation of its report to the subsidiary bodies, which will be made available to the Parties.]

Design characteristics:

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|-----------|--|
| Option 1: | An intergovernmental panel of experts on technology transfer |
| Option 2: | An advisory group of experts on technology transfer |

Composition: The members of the panel or the advisory group will:

Option 1: Be nominated by the governments based on equitable geographical representation. The panel/group will be composed of five experts from the non-Annex I Parties in each of the following regions, Africa, Asia and the Pacific, and Latin America and the Caribbean, and seven experts from the Annex I Parties. In addition, up to five experts from relevant international organizations will be invited by the Chairman of the SBSTA to participate in the group. The chairmen of the subsidiary bodies shall be notified of these nominations and appointments.

Option 2: Be drawn from the roster of experts with expertise in any of the following areas; greenhouse gas mitigation and adaptation technologies, technology assessments, information technology, resource economics and social development. The number of the panel/group members will be similar to the one proposed in the above Option 1.

29. Reporting: The panel/group of experts, with the assistance of the secretariat, is requested to report on the progress of its work to the subsequent sessions of the Subsidiary Body for Scientific and Technological Advice and thereon to the Conference of the Parties at each of its sessions.

30. Review: The Conference of the Parties will review the terms of the reference of the panel/group of experts at its eight session.]

[B. Financial arrangement for technology transfer

31. Purpose: The funding mechanism shall provide the necessary resources, including for the following purposes:

- i) enhance capacity-building for developing countries, including through demonstration projects, as shown in the annexed initial framework;
- ii) promote joint research and development programmes between Annex I and non-Annex I Parties, and also non-Annex I Parties among themselves;
- iii) develop and implement concrete programmes to conduct technology needs identification and needs assessment, taking into account the different levels of readiness among developing countries;
- iv) develop specialised information centres relating to the state-of-the-art, environmentally-sound and economically-feasible technologies and know-how that are accessible and available to developing countries, their accessibility and conditions for accessibility; and
- v) leverage other funding sources to initiate concrete transfer of technology projects for energy-efficient technologies, new and renewable energies, enhancing sinks and preparing for adaptation to adverse impacts of climate change.

32. Functions: The functions and modalities of the proposed funding mechanism appear in the appendix II.

Approach:

Option 1: Establish a new funding mechanism

Option 2: Use the Global Environmental Facility and the existing bilateral and multilateral cooperation including CDM and JI.

Implementation:

Option 1: The Executive Body of the established funding mechanism shall provide financial report to the Conference of the Parties for review at its each session.

Option 2: The Global Environment Facility is requested to:

- (i) continue and enhance programmes for facilitating transfer of, and access to, the environmentally sound technologies consistent with the implementation of Article 4.5 of the Convention;
- (ii) ensure that their programmes for facilitating the transfer of, and access to, environmentally sound technologies follow closely the guidance and the timetables contained in the relevant COP decisions, in particular decision 2/CP.4;
- (iii) initiate regional programmes or projects to provide financial support to the developing country Parties in each region to undertake inter alia the activities on technology needs assessments and capacity building for technology transfer as identified in the framework for meaningful and effective actions;
- (iv) report on the progress of its implementation in their report to the COP;]

[Other:

- (i) The financial resources for the implementation of the agreed framework will be provided from the Annex II Parties by drawing upon the existing bilateral and multilateral cooperative programmes or projects. In this approach, the Parties are encouraged to explore the opportunity to use the official development assistance as one possible catalyst to encourage the flow of climate change technology transfer to developing country Parties in support of each country's sustainable development priorities;
- (ii) The international development organizations and multilateral development banks are urged to integrate the transfer of technology related to climate change into the country assistance strategy, consultative group and other

multilateral donor coordination processes and the creation of an enabling environment for technology transfer;

- (iii) It was recognized that the resources of Parties and international organizations should be used, wherever possible, to leverage other funding sources, including Clean Development Mechanism and Joint Implementation, to enhance transfer of environmentally sound technologies for, inter alia, energy-efficient technologies, new and renewable energies, enhancing sinks, and preparing for adaptation to adverse impacts of climate change;
- (iv) Other initiative action is to establish a revolving environmentally sound technologies investment fund to finance EST transfer projects and programmes, with payback to the fund from the proceeds of the projects through profit sharing;
- (v) In view of the importance of coordination of existing sources of funding offered by the Global Environment Facility, and multilateral and bilateral development programmes, there is a need to improve the availability of information on existing activities, based on information provided by the national communications of the Parties;
- (vi) The Global Environment Facility's (GEF) Capacity Development Initiative is an important process that could assist technology transfer related to capacity-building in developing countries.
- (vii) Developed country Parties are encouraged to establish and fund a demonstration project on transfer of ESTs and to report on its preliminary results at COP7.

33. Review: The Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation are requested to review the progress and effectiveness of the above-agreed financial arrangement at their subsequent sessions, with a view to report on the outcome and to make recommendation to the Conference of the Parties at its eighth session.

34. Request to the secretariat: The Convention secretariat is requested to undertake a feasibility study on the establishment of an environmentally sound technology bank that could serve as a vehicle to share and exchange publicly funded technologies and know-how which could be offered on a voluntary basis, and to make the information available to the Parties at the fifteenth session of the SBSTA.]

[Appendix I]

**Preliminary ideas for the terms of reference of
[the Intergovernmental Panel of Experts on Technology Transfer]
[the Advisory Group of Experts on Technology Transfer]**

1. [The [intergovernmental panel] [advisory group] of experts on technology transfer shall have the objectives of enhancing the implementation of Article 4.5 of the Convention and advancing the technology transfer activities under the Convention process.]
2. [The [panel] [group] of experts shall meet twice a year prior to each session of the subsidiary bodies.]
3. [The [panel] [group] of experts shall have the mandate to:]
 - (a) Exchange information and views on both technical and administrative aspects of the enhancement of the implementation of Article 4.5 of the Convention and on the development and transfer of environmentally sound technologies and know-how under the Convention;
 - (b) Option 1: Provide technical advice [and review the progress of the work] on the development of the inventory of [new search engine...] [environmentally sound technologies] [and] [the development of options, including the possibility] [on the design] of the [pilot phase,] of the international clearing house and international information centre and network by the secretariat, in collaboration with interested Parties, relevant United Nations agencies, international organizations and institutions on;
 - (b) Option 2: [Provide technical advice and identify, with [national,] regional centres and other institutions, gaps in existing EST inventories; provide advice to the SBSTA on updating and/or developing inventories [as needed]; and participate and provide advice in an expert workshop [as necessary,] on technology information, including options for the establishment of an information clearing house and enhancement of information centres and networks.]
 - (c) Option 1: Provide technical advice and guidance [to Parties, through the SBSTA], as appropriate, [to the secretariat] [in order to develop [methodologies in the preparation of] country-driven [integrated approaches] and/or common and simplified guidelines, [as appropriate] on the preparation of technology needs and needs assessments;]
 - [(c) Option 2: Provide technical advice and guidance to the Parties, through the SBSTA, on the guidelines and methodologies on technology needs and needs assessments.]
 - [(c) Option 3: Provide technical advice and guidance to the SBSTA in order to develop methodologies in the preparation for country-driven integrated approaches and/or common and simplified guidelines in order to assist developing countries in identifying their prioritised needs and developing national or regional implementation plans.]

[(c) Option 4: Provide technical advice and guidance to the SBSTA in order to develop methodologies for country-driven [integrated approaches] and/or common and simplified guidelines in order to assist developing countries in identifying their prioritized needs and developing national or regional implementation plans.]

[(c) Option 5: The Chairman of SBSTA, with the assistance of the secretariat, is requested to undertake a process by convening an experts meeting to develop [methodologies for] country-driven [integrated approaches] and/or common and simplified guidelines in order to assist developing countries in identifying their prioritized needs and developing national or regional implementation plans.]

[(d) Option 1: Consider, as appropriate, the progress made by the Annex II Parties with regard to their technology transfer activities under Article 4.5 of the Convention, by reviewing the information contained in the special report or in the national communication of the Annex II Parties, with a view to provide recommendations to the Subsidiary Body for Scientific and Technological Advice and Subsidiary Body for Implementation and thereon to the Conference of the Parties for their further consideration;]

[(d) Option 2: Consider, as appropriate, the progress made by the Annex II Parties with regard to their technology transfer activities under Article 4.5 of the Convention, by reviewing the information contained in the communication of Annex II Parties with regard to measures taken in order to implement Article 4.5 of the Convention and review their progress made in this implementation with the view to providing recommendations to the SBSTA and SBI for their further consideration;]

[(d) Option 3: Use existing Annex I communications guidelines for reporting on technology transfer;]

(e) [Consider [design], as appropriate, a detailed work plan and resource requirement including the identification of barriers [to the promotion of, and access to, climate-related environmentally sound technologies] and ways to address them for the implementation of the framework for meaningful and effective actions;]

(f) [Encourage cooperation among Parties in the development of research and development of ESTs;]

[(g) Consider, based inter alia on the information obtained in 3(b) above, conditions of access to and availability of [climate-related] ESTs, barriers to and steps taken for the promotion, facilitation and financing, as appropriate, of these ESTs, and ways to address them.]

4. [The [panel] [group] of experts shall report on the progress of its work and on the recommendations it wishes to make to the subsidiary bodies for their consideration.]

5. [The secretariat shall coordinate the meetings of the [panel] [group] and facilitate the preparation of its report to the subsidiary bodies, which will be made available to the Parties.]]

[Appendix II]

Functions and modalities of the proposed funding mechanism

1. There hereby is established the Developing Countries' Technology Transfer Fund (hereinafter called "the Fund").
2. The annual funding level of the Fund shall be at the rate of ___ billion U.S. dollars beginning with the year 2001 and continuing at that level each year thereafter during the period ending 31 December 2005 unless the funding level is changed by decision of the Conference of the Parties.
3. Each year on the 15th day of April, during the period beginning in 2001 and ending in 2025, each developed country Party and other developed Parties included in Annex II to the Convention (hereinafter called "Annex II Party") shall contribute to the Fund its share of the annual funding level of the Fund in accordance with the formula set forth in annex I to this decision.
4. Failure of an Annex II Party to make its annual contribution to the Fund, as provided for in paragraph 3 shall automatically be the subject of a proceeding by the enforcement branch in accordance with decision ___.

Executive body

5. The Fund shall be administered by the Developing Countries' Technology Transfer Fund executive body (hereinafter called the "executive body").
6. The executive body shall consist of ___ members, reflecting equal representation of each of the five United Nations regional groups, who have been elected by the Conference of the Parties upon the nomination of the regional groups to serve for a term of two years.
7. The first election of members of the executive body shall be held at the sixth session of the Conference of the Parties.
8. The executive body shall invest and reinvest the monies held by the Fund, pending distributions from the Fund and its income to developing country Parties, in accordance with guidelines for investments to be adopted by the Conference of the Parties no later than at its seventh session and, until such guidelines are adopted, in accordance with the highest standards of care to be exercised by bodies or persons entrusted with managing funds of comparable size for the benefit of others.
9. The executive body shall make distributions from the Fund and its income to developing country Parties on an equitable basis, by way of grants, loans and loan guarantees, in accordance with guidelines adopted from time to time by the Conference of the Parties for the acquisition of technologies, including know-how, by developing country Parties to facilitate the implementation of their commitments under the Convention.]