Continuing differences in technology and financial mechanism discussions

Poznan, 4 Dec (Lim Li Lin and Juan Hoffmaister) -- As Parties enter into contact group talks on technology and the review of the Convention’s financial mechanism, differences between developing and developed countries remain largely unresolved.

Two contact groups met on the development and transfer of technologies on Wednesday.

The contact group of the Subsidiary Body for Implementation (SBI) met for the first time on Wednesday. It considered the report prepared by the Global Environment Facility (GEF) on a strategic programme to scale up the level of investment for technology transfer and was invited to determine if any further actions were required. It also began consideration of the draft terms of reference for the review and assessment of the effectiveness of the implementation of the provisions on technology transfer in the Convention, Article 4.1(c) and 4.5.

On the report by the GEF, developing countries stressed that the amounts are not sufficient, and urged for urgent implementation and a more strategic approach.

Ghana, on behalf of the G77 and China, made the point that the resources proposed are woefully inadequate and must be scaled up. This reflected a lack of strategic vision, as there is a need to move beyond ad hoc programmes for scaling up finance and technology transfer, it said. Ghana also pointed out that the monies are from an existing funding window, and are therefore not “new and additional”. It also stressed that implementation needs to start right after Poznan.

China said that the mobilization for concessional finance needs to be increased, and suggested that the GEF should strategically enhance its programme to be longer term and with broader reach. It also stressed the need for urgent implementation, and for the need to make it easier for developing countries to access the monies.

India noted that the funding is limited and urged for a more speedy and strategic longer term focus on technology transfer. It also suggested that there should be a focus on how to promote the transformation of markets.

Developed countries on the other hand, generally welcomed and supported the GEF paper, and stressed on the importance of technology needs assessment. The EU, the US and Australia stressed that such assessment should be based on the new guidance. Canada, supported by the US, was in favour of using GEF funds to leverage funds outside of the Convention.

There was also a preliminary discussion on the draft terms of reference for the review and assessment of the effectiveness of the implementation of the provisions on technology transfer in the Convention.

There are two informal consultations on Thursday, 4 December to continue this work.

Joint SBI/SBSTA contact group

The joint contact group of the two Subsidiary Bodies considered the three interim reports of the Expert Group on Technology Transfer (EGTT) and the 2008 report of the EGTT to provide further guidance to the EGTT on its work. The three interim reports are:

1. Developing performance indicators to monitor and evaluate the effectiveness of the implementation of the technology transfer framework;
2. Identifying, analyzing and assessing existing and potential new financing resources and relevant vehicles to support the development, deployment, diffusion and transfer of environmentally sound technologies;
3. Developing a strategy paper for the long-term perspective beyond 2012, including sectoral approaches to facilitate the development,
deployment, diffusion and transfer of technologies under the Convention.

A number of Parties noted that the work of the EGTT would be useful to the work of the Ad hoc Working Group on Long-term Cooperative Action (AWG-LCA).

Norway suggested that the reports should be advanced to the AWG-LCA earlier than the next meeting of the Subsidiary Bodies in June next year as these are important for the work of the AWG-LCA, and that efforts need to be strengthened for the “global agreement” in Copenhagen. This was supported by the US which also said that work carried out inside and outside of the Convention should be acknowledged.

China said that a more concrete linkage to the Bali Action Plan should be made, and that the EGTT’s work is relevant to the issue of “measurable, reportable and verifiable” (MRV) in the Plan. It said that there is a need to do further work on the real process and practice of technology transfer and development. It stressed that more attention needs to be paid to a future innovative mechanism to support the actual needs for technology to meet the climate change challenge, as the current mechanisms are inadequate.

On financial resources and the long-term strategy perspective, India stressed the importance of public finance at various stages of the technology life cycle, the need to focus on a mechanism for technology that includes public-private partnerships and involves experts from developed and developing countries.

On finance, Norway said that the role of governments and the private sector is a useful distinction. Work on their clear roles would make a substantial contribution to the AWG-LCA. On the long-term strategy, it said that sectoral approaches could be a possibility.

On the issue of performance indicators, China said that more relevant and meaningful indicators are required. It urged for future work to develop real indicators to measure the effectiveness of technology transfer and development that are necessary to achieve the goals of the Convention.

Canada said that the work on performance indicators is particularly relevant to the issue of MRV in the work of the AWG-LCA.

The Chair of the EGTT clarified that the reports are interim and still at an early stage. The reports would be further modified, and imbalances would be corrected.

Two informal consultations were scheduled for Thursday, 4 December. Draft conclusions by the Chairs will be submitted on 9 December.

**Difference of opinion over financial mechanism review**

The discussions on the fourth review of the financial mechanism resumed with a clear division between developed countries supporting the work of the GEF as adequate, and developing countries expressing profound concerns over the performance of the financial mechanisms and the GEF as an operating entity.

The draft decision on the financial mechanism was heavily bracketed from the last session of the SBI in Bonn. It showed the different interpretations of how the financial mechanism is functioning for developing countries. The G77 and China tried to stress how the funds available are inadequate and how the co-financing requirements are making it burdensome to obtain funds through the GEF. On the other hand the EU tried to highlight the effective performance of the GEF as an operating entity of the financial mechanism.

The Philippines, speaking on behalf of the G77 and China, stressed that the continuing concerns with the financial mechanism are more than a matter of brackets on a text, but are serious concerns of developing countries in accessing funds. It said that these concerns are not represented in the text. The G77 and China will submit some new text.

Japan stressed the importance of co-financing, supported by the US, which said that co-financing is a reflection of reality, while adding that the GEF principles require projects to meet the global environmental benefits criteria but that the GEF has provided funds for specialized programs for adaptation program.

The difficulties and even frustration, especially among least developed countries which most need financial support was evident from the discussion on the Least Developed Countries Fund on Tuesday, 2 December (see TWN Poznan News Update No. 4).