

## **WORK OF THE AWG-LCA CONTACT GROUP**

### **Agenda item 3.5**

#### **Technology development and transfer**

**version of 16 June 2011 @ 17:00**

#### **Note by the facilitator**

**Draft elements of possible arrangements to make the Technology Mechanism fully operational in 2012**

*This note is prepared by the facilitator under his own responsibility, drawing upon the views of, and discussion among, the Parties during the resumed fourteenth session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA). This note is not necessarily meant to be a negotiation text for the next session of the AWG-LCA but a reference tool to facilitate further discussions among the Parties. This paper is a work in progress and should not be interpreted as providing an early indication of either the selection procedure, selection criteria or the terms of reference of the Climate Technology Centre and Network, which Parties will determine during the course of their future negotiating sessions. It addresses each element of the AWG-LCA work programme for 2011 on technology development and transfer as contained in paragraph 128 of decision 1/CP.16. Parties also addressed issues related to links between the Technology Mechanism and other institutions including existing institutions and those that are in the process of being operationalized as a result of the Cancun Agreements.*

### **I. Elements of the governance structure and terms of reference for the Climate Technology Centre and Network**

#### **A. Mission**

1. The mission of the Climate Technology Centre and Network is to stimulate technology cooperation and assist developing country Parties at their request, consistent with their respective capabilities and national circumstances and priorities, to identify and enable the implementation of technology projects, programmes, policies and strategies to support action on mitigation and adaptation.

#### **B. Functions**

2. The Climate Technology Centre and Network shall perform the functions designated by the Conference of Parties (COP) as contained in decision 1/CP.16, paragraph 123, and the annex to this document.

3. In performing its designated functions, the Climate Technology Centre and Network will:

- (a) Involve stakeholders at various stages in planning and undertaking its work;
- (b) Build on the experiences and lessons learned from the Technology Needs Assessment Process in identifying and prioritizing technology needs;

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- (c) In accordance with the needs and requests of developing country Parties, implement its functions in a manner that balances emphasis both on technologies for mitigation and on adaptation;
  - (d) Maintain neutrality when advising on environmentally sound technologies for mitigation and adaptation;
  - (e) Maximize the effective use of available resources and prioritize the allocation of resources, as appropriate.

## **C. Architecture**

- 4. The Climate Technology Centre and Network will consist of:
  - (a) A Climate Technology Centre with an appropriate regional focus;
  - (b) A Network with the participation of relevant existing institutions, including but not limited to:
    - (i) Regional climate technology centres and networks;
    - (ii) Intergovernmental, international, regional and sectoral technology-related organizations and initiatives;
    - (iii) Relevant research, academic, financial, non-governmental, private-sector and public-sector organizations, and initiatives;
    - (iv) Nationally designated technology centres and institutions.

## **D. Roles and responsibility**

- 5. The Climate Technology Centre and Network will be dynamic and highly responsive to the needs and requests for support from developing countries.

### Climate Technology Centre

- 6. The Climate Technology Centre will receive requests from developing country Parties and will facilitate the process of responding to such requests by mobilizing the technical assistance and support available in the Network. Tailor-made networks and partnerships may be facilitated to target specific requests and the needs of developing country Parties.
- 7. The Climate Technology Centre will be responsible for managing and facilitating the Network, and in doing so the Climate Technology Centre will establish:
  - (a) A procedure for participation in the Network that will ensure that the Network is open, transparent and inclusive while attracting participants to actively engage in its activities and maintain high standards of support for developing country Parties;
  - (b) Efficient and effective organizational arrangements to engage, support and enhance the Network in response to the needs of developing country Parties;
  - (c) Efficient procedures to maintain quality control of the responses provided by the Network to the requests from developing country Parties.
- 8. The Climate Technology Centre will also:
  - (a) Catalyse the development of new and enhanced partnerships and initiatives by identifying key gaps and opportunities;
  - (b) Utilize a roster of technology experts relevant for mitigation and adaptation;
  - (c) Act as a knowledge centre by maintaining a highly accessible, interactive and user-friendly knowledge and information platform that will form part of the overall knowledge and information platform of the Technology Mechanism.

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## Network

9. The Network will undertake the substantive work to meet the requests from developing country Parties.
10. The participants of the Network, in responding to the requests from developing country Parties, will, inter alia:
  - (a) Deliver practical technical assistance in relation to technology strategies, programmes, plans and cooperation projects, coordinated at the country level;
  - (b) Assist developing country Parties to transform project, programme or policy concepts into proposals that meet the standards and criteria of international financial providers;
  - (c) Provide capacity-building and technical assistance for the preparation of country-driven planning across the stages of the technology cycle, for action on mitigation and adaptation, including stimulating technology innovation;
  - (d) Identify experts for the roster of technology experts referred to in paragraph 8(b), above.
11. Nationally designated institutions or focal points will be the primary interface between developing country Parties and the Climate Technology Centre and Network consistent with the country-driven approach of the Climate Technology Centre and Network and in a manner that builds in-country capacity over the long term.

## **E. Governance of the Climate Technology Centre and Network**

12. The Climate Technology Centre will be hosted by the organization selected by the COP, in accordance with the selection procedure and criteria contained in chapter II below. It will be independent and accountable to, and under the guidance of, the COP and its related bodies as delegated. The legal and administrative arrangements for hosting the Climate Technology Centre will be developed for approval by the COP at its eighteenth session.

13. *[Placeholder for the possible provisions on the governing arrangements]*

*Note: The contours of the governing arrangements for the Climate Technology Centre and Network need to be further defined by the Parties. Parties need to determine the extent to which the governing arrangements will be reflected in the terms of reference or elsewhere or proposed by the prospective hosts in responding to the call for proposals, as per paragraph 32 below.*

14. In governing the Climate Technology Centre and Network, the tasks will be to:
  - (a) Ensure the accountability of the Climate Technology Centre and Network to the COP;
  - (b) Develop operational criteria and guidelines in line with the guidance provided by the COP and its related bodies as delegated;
  - (c) Ensure effective management and planning to meet the requirements of timeliness, appropriateness and responsiveness to requests from Parties, consistent with guidance provided;
  - (d) Approve the budget, business plan and reports of the Climate Technology Centre and ensuring good business practices and prudent use of resources;
  - (e) Ensure the application of fiduciary standards, and legal and ethical integrity.

## **F. Organizational structure of the Climate Technology Centre**

15. The organization structure of the Climate Technology Centre will be designed and managed to maximize the effectiveness and efficiency of its operations.

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16. The Climate Technology Centre will be headed by a Director supported by a core team of professional and administrative staff, as required to meet its functions.
  17. The Director will be appointed by the host organization.
  18. The Director will be accountable to the governing body for the effectiveness and efficiency of the Climate Technology Centre in carrying out its functions.
  19. As soon as practicable after appointment, the Director will facilitate the timely recruitment of the staff of the Climate Technology Centre.
  20. In addition to the core team of the Climate Technology Centre, the host organization, national governments and members of the Network are encouraged to second appropriately skilled experts to the Climate Technology Centre on a fixed-term basis. Secondment arrangements will be made in such a manner as to avoid and manage conflicts of interest.

## **G. Budget, financial means and estimate of expected funding**

*Note: Parties need to decide if it is necessary to clarify the budget and financial means and to give an estimate of the expected funding available from the financial mechanism of the Convention for the Climate Technology Centre and Network in order to obtain high-quality proposals from prospective hosts and to ensure that it can be fully operational in 2012, or if this should be proposed by the prospective host. Both approaches may have implications for the selection procedure in chapter II. Parties may also need to determine the short-term/interim and long-term sources of funding, in light of the discussions underway in the AWG-LCA on finance and the Transitional Committee in relation to the Green Climate Fund.*

21. The funding for the core operating budget of the Climate Technology Centre will be predictable and stable, so as to ensure its effective operation.
22. The Climate Technology Centre and the costs associated with mobilizing the services of the Network will be funded from various sources including the financial mechanism of the Convention, bilateral, multilateral and private-sector channels, as well as the in-kind contributions from the host organization and participants of the Network.
23. The Climate Technology Centre and Network could begin with an achievable scope of work and be flexible so that it can learn, adapt and expand its scope and reach over time in response to the needs of developing countries and the demands of the emerging international climate change regime.

## **H. Reporting and review**

24. The Climate Technology Centre shall provide an annual report, approved by the governing arrangement for the Centre, to the COP through the subsidiary bodies in accordance with the interim reporting arrangements contained in decision 1/CP.16, paragraph 126, of the COP.
25. The report will contain information on the activities carried out by the Climate Technology Centre and Network, including information on requests received by developing country Parties and on the efficiency and effectiveness of the Climate Technology Centre and Network in responding to these requests. The report will contain all the information necessary to meet the principles of accountability and transparency required by the COP.
26. The [Technology Executive Committee][COP] will undertake an independent review of the effective implementation of the Climate Technology Centre and Network after three years of its operation. The findings of the review, including any recommendations for enhancing the performance of the Climate Technology Centre and Network, will be considered by the COP. Subsequently, periodic independent reviews of the effectiveness of the Climate Technology Centre and Network will be conducted every five years.

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## **II. Procedure for call for proposals and criteria to be used to evaluate and select the host of the Climate Technology Centre and Network**

### **A. Selection procedure for the Climate Technology Centre**

27. The procedure for selecting the host of the Climate Technology Centre and Network will be conducted in an open, transparent, fair and neutral manner in accordance with the United Nations practices, in order to enable the Technology Mechanism to become fully operational in 2012, and will contain the elements described below.

#### Call for proposals

28. In a decision at its seventeenth session the COP could call for proposals from relevant organizations to host the Climate Technology Centre and Network.

*Note: Parties may need to provide further clarity on which organizations are relevant and would be eligible to be the host of the Climate Technology Centre and Network.*

*Note: In order to enable the Technology Mechanism to become fully operational in 2012, the COP will need to delegate its authority to the Subsidiary Body for Implementation (SBI) to select the host of the Climate Technology Centre and Network and for the SBI to report on the outcome of its decision to the COP at its eighteenth session.*

*Note: Parties may also wish to consider if there should be a role for the Subsidiary Body for Scientific and Technological Advice (SBSTA) in considering any technical issues that arise during the selection procedure and how its consideration would be coordinated with that of the SBI.*

#### Facilitation, analysis and evaluation

29. The secretariat is requested to:

- (a) Issue the call for proposals and provide relevant information to interested organizations;
- (b) Receive the proposals from relevant organizations[ and assess the proposals against the eligibility criteria] contained in paragraph 33 below];
- (c) Analyse the proposals based on the selection criteria contained in chapter II.C and prepare a report, [including with information on the eligibility test referred to in paragraph 29(b) above, ]for consideration by the designated body for the evaluation of proposals as described in paragraph 31 below.

*Note: Parties would need to provide guidance to the secretariat on the eligibility criteria to be applied.*

30. The secretariat may draw upon experts, as necessary, to provide advice in conducting the work mentioned in paragraph 29, above.

31. [Placeholder for the provisions on the procedure for evaluating proposals]

*Note: Parties need to determine who will be responsible for evaluating the proposals against the criteria, who will prepare the report for the SBSTA and if this will include a recommendation for consideration by the SBI.*

*Note: Parties need to discuss how the SBI [and SBSTA] will use the report containing the analysis of the proposals from relevant organizations according to the selection criteria contained in chapter II.C as input to select the host. The SBI [and SBSTA] could also request the selected host to initiate the preparatory work for the operationalization of the Climate Technology Centre and Network and could request the secretariat to prepare the host agreement for consideration by the COP at its eighteenth session. The SBI [and SBSTA] may encourage those candidates not selected to host the Climate Technology Centre and Network to participate in the Network.*

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## **B. Information required to be included in the proposals**

32. Prospective hosts of the Climate Technology Centre and Network will need to provide information in their proposals demonstrating how they will implement the terms of reference contained in chapter I. Information required includes:

- (a) The overall vision of the prospective host for the Climate Technology Centre and Network and how to accomplish the mission as contained in chapter I.A.
- (b) [The proposed governance arrangements that would allow the Climate Technology Centre and Network be independent as well as accountable to, and under the guidance of, the COP and its related bodies as delegated;]
- (c) The proposed organizational arrangements, including management systems, team members and methodological approaches, such as how the Climate Technology Centre and Network would prioritize its work and allocate its resources in an effective and efficient manner;
- (d) Budgetary estimates for the Climate Technology Centre and Network, including the financial and in-kind contribution from the host organization (e.g. infrastructure, budgetary support, expertise and human resources) and information on the business model for the Climate Technology Centre that will enable its financial sustainability;
- (e) The proposed modalities and delivery mechanisms to operationalize the functions of the Climate Technology Centre and Network, including how it would organize its work at the regional and subregional levels;
- (f) The proposed relationship between the Climate Technology Centre and the Network and an initial indication of how the host would structure the Network and involve a wide range of other relevant organizations, centres, networks, initiatives and private sectors in the Climate Technology Centre and Network;
- (g) Administrative and legal arrangements, logistics and infrastructural services to be provided by the host;
- (h) Any other information related to the elements of the terms of reference and the selection criteria contained in chapter II.C, below.

## **C. [Eligibility and] selection criteria**

33. *[Placeholder for possible eligibility criteria]*

34. Regarding the selection criteria for the host of the Climate Technology Centre and Network, Parties suggested specific ideas for a list of criteria including the following:

- (a) Suitability and strength of the proposed [governance arrangements,] organizational arrangements, modalities and delivery mechanisms in carrying out the mandate of the Climate Technology Centre and Network set out in the terms of reference contained in chapter I, including arrangements related to accountability to the COP;
- (b) Demonstration of long-term commitment to host the Climate Technology Centre and Network;
- (c) Strong institutional capability, including as follows:
  - (i) Governance and management structure that ensures transparency, responsiveness, flexibility, and ability to evaluate operational performance and take measures to enhance its effectiveness;
  - (ii) Maintain fiduciary standards and legal and ethical integrity that comply with the principles of the United Nations;

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- (d) Institutional characteristics, as follows:
- (i) Ability to operate the Climate Technology Centre and Network in line with the norms and values of the United Nations;
  - (ii) Transboundary and multilateral structure and capability that can effectively support an extensive range and number of national requests while also creating and enhancing interregional knowledge sharing and collaboration;
  - (iii) Maintenance of offices in locations with suitable logistical attributes that make it convenient for holding meetings and workshops and to maintain information and communication services for facilitating the Network;
- (e) Demonstrated task performance capability, as follows:
- (i) Experience in the transfer of climate change mitigation and adaptation technologies in developing countries across different regions;
  - (ii) Managing complex projects and initiatives spanning countries and sectors, especially involving the private sector;
  - (iii) Involvement in establishing effective networks and in developing and managing their operations over time;
  - (iv) Harnessing external resources and mobilizing existing networks and institutions, including the public sector, the private sector, civil society, and academic and research organizations at national, regional and international levels;
- (f) Value for money (benefit–cost of the proposal), as follows:
- (i) Cost-effectiveness of the proposal;
  - (ii) Robust business model for the Climate Technology Centre to enable its financial sustainability;
  - (iii) Description of senior management and key technical personnel to be deployed for the operation of the Climate Technology Centre and Network;
  - (iv) In-kind contributions of expertise, facilities and resources that can be utilized in the execution of the mandate in the terms of reference.

### **III. Relationship between the Technology Executive Committee and the Climate Technology Centre and Network, and their reporting lines**

35. Parties generally agree on the need for both components of the Technology Mechanism to work together and have a synergistic relationship through sharing of information and regular interaction. Consistent with paragraph 127 of decision 1/CP.16, the Climate Technology Centre and Network and the Technology Executive Committee shall relate so as to promote coherence and synergy in the implementation of the Technology Mechanism.

*Note: Parties indicated various other ideas for interaction between the Technology Executive Committee and the Climate Technology Centre and Network, some of which were captured in the report of the expert workshop on the Technology Mechanism, that could promote coherence and synergy in the implementation of the Technology Mechanism.*

36. Parties suggested that the Technology Executive Committee and the Climate Technology Centre and Network could interact with each other regularly through, inter alia:

- (a) Cross-participation in meetings, where the Chair and the Vice-Chair of the Technology Executive Committee could be [observers][members][co-chairs] of the governing body of the Climate Technology Centre and Network and the Director of the

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Climate Technology Centre and Network could be engaged in the meetings of the Technology Executive Committee as an expert advisor to contribute to the work of the Technology Executive Committee;

(b) Making available to each other their respective reports on their activities and the performance of their respective functions to be submitted to the COP via the subsidiary bodies;

37. Parties have differing views on the role of the Technology Executive Committee in governing the Climate Technology Centre and Network. Some Parties see no governing role for the Technology Executive Committee. Others are of the view that the Technology Executive Committee can undertake governance tasks for the Climate Technology Centre and Network by providing policy and strategic guidance and by reviewing the performance of the Climate Technology Centre and Network, and that other governance tasks as listed in paragraph 14 above could be undertaken either by the host institution or by a separate governing body.

38. Parties also recalled that decision 1/CP.16, paragraph 126, established interim reporting lines for both the Technology Executive Committee and the Climate Technology Centre and Network until there is a decision by the COP on the issues contained in paragraph 128 of the same decision.

#### **IV. Potential links between the Technology Mechanism and the financial mechanism, and other institutions under the Convention**

*Note: Parties were of the view that greater coherence on all finance related issues could be achieved by facilitating greater interaction between the AWG-LCA finance group and other negotiating groups under the AWG-LCA.*

39. Adequate and stable financial support should be ensured for the operations of the Technology Mechanism, including for the services that would be provided by the Climate Technology Centre and Network.

40. Some Parties indicated that the core financial resources needed for the prompt launch of the Technology Mechanism should be provided by the financial mechanism of the Convention on an interim basis and without prejudice to the potential links between the Technology Mechanism and the financial mechanism.

*Note: Parties need to determine whether or not the financial mechanism of the Convention will cover the following cost, and if not what sources of funding will be used and through what modalities funding will be provided:*

(a) *The cost of funding the core operations of the Climate Technology Centre, including its staff and essential operational requirements;*

(b) *The costs associated with mobilizing the services of the Network at the request of developing country Parties;*

(c) *The costs associated with implementing the projects or initiatives by the Parties, once they have received support from the Climate Technology Centre and Network;*

*Parties may also need to consider whether or not a specific funding window for technology development and transfer should be established in the Green Climate Fund, to provide financial resources, along with a range of bilateral, multilateral and private sources of finance, for the long-term implementation of the Technology Mechanism including activities to support capacity-building, the preparation of technology development and transfer proposals and innovation initiatives that aim to achieve longer term, more ambitious and less costly mitigation and adaptation outcomes.*

41. Parties were of the view that since technology development and transfer is essential for enhancing action on mitigation and adaptation, the Technology Mechanism will have a role in supporting, advising and informing several bodies under the Convention. Efficient and effective modalities and procedures could include providing guidance, formulating joint programmes of



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work, undertaking joint activities and convening timely consultations and joint meetings. These modalities need to be developed in collaboration with the relevant bodies.

42. Parties suggested that the Technology Mechanism could interact with institutions under the Convention, such as the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention, the Least Developed Countries Expert Group, the Adaptation Fund Board, the Adaptation Committee, the Registry and the Executive Board of the Clean Development Mechanism.

## **V. Additional functions for the Technology Executive Committee and the Climate Technology Centre and Network**

*Note: Parties recalled their discussion on this matter at the expert workshop on the Technology Mechanism, as captured in document FCCC/AWGLCA/2010/INF.2.*

*Note: Parties may need to consider whether or what kind of additional functions are required in order to make the Technology Mechanism fully operational in 2012 in an effective and efficient manner. The need for additional functions is likely to become clearer once progress is made on other aspects of the AWG-LCA work programme on technology development and transfer since those discussions may or may not reveal the need for additional functions.*

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## Annex

### Functions of the Climate Technology Centre and Network

123. Decides that the Climate Technology Centre shall facilitate a Network of national, regional, sectoral and international technology networks, organizations and initiatives with a view to engaging the participants of the Network effectively in the following functions:

- (a) At the request of a developing country Party:
    - (i) Providing advice and support related to the identification of technology needs and the implementation of environmentally sound technologies, practices and processes;
    - (ii) Facilitating the provision of information, training and support for programmes to build or strengthen capacity of developing countries to identify technology options, make technology choices and operate, maintain and adapt technology;
    - (iii) Facilitating prompt action on the deployment of existing technology in developing country Parties based on identified needs;
  - (b) Stimulating and encouraging, through collaboration with the private sector, public institutions, academia and research institutions, the development and transfer of existing and emerging environmentally sound technologies, as well as opportunities for North–South, South–South and triangular technology cooperation;
  - (c) Facilitating a network of national, regional, sectoral and international technology centres, networks, organization and initiatives with a view to:
    - (i) Enhancing cooperation with national, regional and international technology centres and relevant national institutions;
    - (ii) Facilitating international partnerships among public and private stakeholders to accelerate innovation in, and the diffusion of, environmentally sound technologies to developing country Parties;
    - (iii) Providing, at the request of a developing country Party, in-country technical assistance and training to support identified technology actions in developing country Parties;
    - (iv) Stimulating the establishment of twinning centre arrangements to promote North–South, South–South and triangular partnerships, with a view to encouraging cooperative research and development;
    - (v) Identifying, disseminating and assisting with developing analytical tools, policies and best practices for country-driven planning to support the dissemination of environmentally sound technologies;
  - (d) Performing other such activities as may be necessary to carry out its functions.
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