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REPORT OF THE ROUND TABLE ON TRANSFER OF TECHNOLOGY AND KNOW-HOW

Note by the secretariat

I. INTRODUCTION

1. The Conference of the Parties at its second session requested the Convention secretariat "to organize a round table on transfer of technologies and know-how in conjunction with the third session of the Conference of the Parties" (decision 7/CP.2). This round table was held on 9 December, 1997. It was organized as a panel discussion divided into two segments, with the participation of representatives of government and of business and financial institutions, including ministers and chief executives. The participants are listed in annex I below.

2. The first segment was guided by the key question: How can we make a big jump in the diffusion of environmentally sound technologies to developing countries? (What can corporations do? What should governments do?), and the second segment by the question: What are the barriers and opportunities related to the transfer of technology?

3. After opening remarks by the Chairman and the moderators, each panel member made a statement on the subject of the segment; this was followed by conclusions from participants and a summing-up by the moderators. Final remarks on both segments were made by the Chairman.

II. SUMMARY CONCLUSIONS OF SEGMENT I

4. Several panel members stressed that, technology plays a crucial role in greenhouse gas (GHG) emissions reduction and in the implementation of the Convention and the private sector is the depository of most of the new and advanced technologies, the role of private companies in the Convention process needs to be more clearly defined.

5. Panel members underlined the importance of the private sector in the diffusion of environmentally sound technologies to developing countries and the need for a creative partnership between governments and the business sector that is both cost-effective and socially balanced.

6. Recent years have seen an enormous growth in foreign direct investment and a reduction in official development assistance. New solutions should be explored to associate these two ways of financing so that all the actors in the process can reap more synergies from them.

7. Multinational corporations should be in the forefront of technology transfer and accept responsibility for the transfer of environmentally sound technologies.

8. Business panel members requested governments to create an enabling regulatory framework for the transfer of technology and to introduce measures designed to release private sector capacities. They also requested governments to support information transfer and capacity building in their countries, so as to enhance private sector investments.

9. Developing countries affirmed the need to have access to technologies on a non- commercial basis and on favourable terms. They requested the creation of mechanisms within the Convention and new financial instruments to provide access to finance for those countries that cannot afford market-based conditions.

10. Panel members felt that multinationals operating in developing countries have the opportunity to influence the environmental quality of supply chains, as they are major users of subcontractors and supplies.

11. Success stories in the energy sector were cited as examples to be followed in different countries. Renewable energies such as wind energy, biomass energy and photovoltaic power were among the cases studied, together with energy efficiency policies in developed countries.

III. SUMMARY CONCLUSIONS OF SEGMENT II

12. Barriers to diffusion are not so great if the technology chosen for transfer is practical, easy to apply, and low-cost, and if it yields a wide range of applications.

13. Business members and some government members of the panel underlined the importance of joint implementation and emissions trading as a very effective means of technology transfer.

14. Barriers to the diffusion of environmentally friendly technologies can be greatly attenuated by enhancing the competence of the recipient country, i.e. through the transfer of information, demonstration projects, and training.

15. The technology transferred to developing countries should not carry hidden costs nor should it be obsolete, and it should lead to effective results. In order to avoid the transfer of inadequate technology, developing countries should be encouraged to research and develop new technologies in their own countries.

16. Among the multinational funding agencies, the Global Environment Facility (GEF), the International Finance Corporation (IFC) and the World Bank are currently carrying out experiments, in converting loans into grants so as to avoid the failure of technology transfer projects caused by high incremental costs. These and other means as provided by GEF, such as providing longer pay-off times and lower interest rates, are widely needed as an element of subsidy before further development takes place.

17. In transferring technologies to developing countries, developed country Parties must take into account the cultural impact in the receiving countries. Developed countries should therefore support developing countries in establishing the right infrastructure to pursue the most cost-effective way of diffusing new technologies, with the alleviation of poverty as the main development objective.

18. Technology development and dissemination require major capital investments. Foreign direct investment by the private sector is increasing but is not necessarily moving towards climate-friendly technology, because of the perceived high financial risk. Business panel members suggested that this risk could be reduced by co-financing and guarantee schemes with multilateral development banks.

19. Private sector investments can be encouraged through partnerships between the private sector and governments or multilateral development funds, such as the Renewable and Energy Efficiency Fund and the planned Carbon Offset Fund of the World Bank.

20. Other financing initiatives should be encouraged, such as certified carbon offset initiatives or initial stage funding through the GEF, which is already exploring new ways of ensuring that its financing triggers additional private sector investments.

21. Some examples of barriers identified were: lack of public awareness and appreciation of climate change, competition from other current technologies, limited support infrastructures, limited local skills to adapt to new technologies and lack of mechanisms for preferential pricing of new and appropriate technologies, coupled with perceptions of unreliability and high operating costs.

Annex I

LIST OF PARTICIPANTS

Chairman of the round table

Mr. Kok Kee Chow	Malaysia	Chairman of the Subsidiary Body for Scientific and Technological Advice

Segment I

Moderator

Mr. Maurice Strong	Canada	Under-Secretary-General, United Nations Reform

Government representatives

Mr. Ralph Goodale	Canada	Minister of Natural Resources
Mr. Dirk Forrister	USA	Chair, White House Climate Change Task Force
Mr. Deraldo Marins Cortez	Brazil	Director, Ministry of Mines and Energy
Mr. Shaoxiong Xie	China	Senior Adviser on Environmental Issues, Ministry of Water Resources and Electric Power

Business

Mr. Egil Myklebust	Norway	President and Chief Executive Officer, Norsk Hydro
Mr. Tokio Kanoh	Japan	Deputy Managing Director, Tokyo Electric Power Company
Mr. Klaus Kohlhase	Germany	Head Environmental Adviser, British Petroleum Company plc
Mr. Derek Norman	UK	Director, Pilkington plc

Finance

Mr. Richard Sandor	USA	President, Centre Financial Products Ltd.

Segment II

Moderator

Mr. Law Hieng Ding	Malaysia	Minister of Science, Technology and Environment

Government representatives

Mr. Vishwanath Anand	India	Secretary, Ministry of Environment and Forests
Mr. Takao Ohnishi	Japan	Administrative Vice-Minister, Environmental Agency
Mr. Peter Mokaba	South Africa	Deputy Minister of Environment Affairs and Tourism

Business

Mr. Bjorn Stigson	Sweden	President, World Business Council for Sustainable Development
Mr. Charles Nicholson	UK	Senior Advisor to the Chairman, British Petroleum
Mr. James Dehlsen	USA	Member of the Board of Directors, ENRON Corporation
Mr. Patrick Node-Langlois	France	Executive Vice-President, Lafarge
Mr. Jan-Olaf Willums	Norway	Senior Vice-President, Storebrand

Financial institutions

Mr. Mohamed El-Ashry	USA	Chief Executive Officer and Chairman, Global Environment Facility

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