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## **Subsidiary Body for Implementation**

**Thirty-seventh session**

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Item 13(b) of the provisional agenda

**Development and transfer of technologies**

**Matters relating to the Climate Technology Centre and Network: selection  
of the host and constitution of the advisory board**

## **Report on the discussions on key elements of the potential host agreement for the Climate Technology Centre**

**Note by the secretariat**

### *Summary*

This report, prepared by the secretariat, presents the outcome of the discussions on the key elements of the potential host agreement for the Climate Technology Centre (CTC) between the secretariat and the United Nations Environment Programme (UNEP) (on behalf of a consortium of partner institutions), which is the proponent ranked first by the Subsidiary Body for Implementation, at its thirty-sixth session, for hosting the CTC. The key elements of the potential host agreement are contained in the draft memorandum of understanding between the Conference of the Parties and UNEP, which is contained in the annex to this document.

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## I. Introduction

### A. Background and mandate

1. The Conference of the Parties (COP), by decision 1/CP.16, established a Technology Mechanism, which includes a Technology Executive Committee (TEC) and a Climate Technology Centre and Network (CTCN) with their respective functions.<sup>1</sup>
2. In order to make the Technology Mechanism fully operational in 2012, the COP, by decision 2/CP.17, adopted the terms of reference of the CTCN<sup>2</sup> and decided to launch the selection process for the host of the Climate Technology Centre (CTC) upon the conclusion of its seventeenth session, which shall be conducted in an open, transparent, fair and neutral manner in accordance with the process outlined in that decision and informed by United Nations practices.<sup>3</sup>
3. Pursuant to decision 2/CP.17, the secretariat issued a call for proposals on the UNFCCC website<sup>4</sup> on 16 January 2012 and invited interested organizations, including consortia of organizations, to submit their proposals for hosting the CTC by 16 March 2012.
4. Nine proposals<sup>5</sup> were received before the deadline of 16 March 2012, which were assessed by the evaluation panel, consisting of three members from Parties included in Annex I to the Convention and three from Parties not included in Annex I to the Convention as nominated by the TEC from within its membership, in accordance with decision 2/CP.17.
5. The evaluation report<sup>6</sup> with a shortlist ranking three proponents was prepared by the evaluation panel and was considered by the Subsidiary Body for Implementation (SBI) at its thirty-sixth session. The SBI agreed on a ranked list of the proponents, with the consortium led by the United Nations Environment Programme (UNEP) ranked first, the Global Environment Facility ranked second and Det Norske Veritas AS ranked third for hosting the CTC.<sup>7</sup>
6. In accordance with decision 2/CP.17, the SBI requested the secretariat to discuss the key elements of the potential host agreement for the CTC with the top-ranked proponent, and, if needed, with the second- and third-ranked proponents, for hosting the CTC, which were agreed by the SBI at its thirty-sixth session, and to make the report on the outcome of the discussions on the key elements of the potential host agreement available by 26 October 2012 for consideration by the SBI at its thirty-seventh session, with a view to recommending the draft host agreement for consideration and approval by the COP at its eighteenth session.<sup>8</sup>

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<sup>1</sup> Decision 1/CP.16, paragraph 117.

<sup>2</sup> Decision 2/CP.17, paragraph 133.

<sup>3</sup> Decision 2/CP.17, paragraph 136.

<sup>4</sup> See <[http://unfccc.int/cooperation\\_and\\_support/technology/items/6602.php](http://unfccc.int/cooperation_and_support/technology/items/6602.php)>.

<sup>5</sup> See <[http://unfccc.int/cooperation\\_and\\_support/technology/items/6602.php](http://unfccc.int/cooperation_and_support/technology/items/6602.php)>.

<sup>6</sup> FCCC/SBI/2012/INF.4.

<sup>7</sup> FCCC/SBI/2012/15, paragraph 185.

<sup>8</sup> Decision 2/CP.17, paragraph 137(e) and (f).

**B. Scope of the note**

7. This report was prepared in accordance with the mandate described in paragraph 6 above. It presents the outcome of the discussions held between the secretariat and UNEP (on behalf of a consortium of partner institutions), the proponent ranked first by the SBI for hosting the CTC, on the key elements of the potential host agreement for the CTC. Such key elements of the potential host agreement are contained in the draft memorandum of understanding (MOU) between the COP and UNEP regarding the hosting of the CTC, which is contained in the annex to this document.

8. This report also presents a list of issues that require further consideration by the SBI, including the provision of guidance.

**C. Possible action by the Subsidiary Body for Implementation**

9. The SBI, at its thirty-seventh session, may wish:

(a) To consider the report on the discussions between the secretariat and UNEP on the draft MOU, which is contained in the annex to this document;

(b) To provide further guidance on the issues raised in chapter II B below;

(c) To recommend the draft MOU to the COP for its approval.

**II. Key elements of a potential host agreement for the Climate Technology Centre and issues requiring further consideration****A. Preparation of a potential host agreement for the Climate Technology Centre**

10. In accordance with decision 2/CP.17, following the conclusion of the thirty-sixth session of the SBI, the secretariat initiated the discussions with UNEP on the key elements of a potential host agreement for the CTC. A number of meetings were held between the secretariat and UNEP, which facilitated them reaching agreement on the draft MOU.

11. On the basis of its meetings with UNEP, the secretariat determined that discussions with the second- and third-ranked proponents were not needed.

12. The draft MOU has been prepared on the basis of decisions 1/CP.16 and 2/CP.17, as well as the decision expected to be taken by the COP at its eighteenth session on matters related to the CTCTN. It reflects a balanced outcome that respects the supremacy of the COP over the entity it has established in accordance with its mandate under the Convention, as well as the role of UNEP as the United Nations organization that is proposed to host and manage the CTC and its resources.

13. Some issues requiring further guidance by the SBI when finalizing the draft MOU for approval by the COP are identified in chapter II B below.

**B. Issues requiring further guidance**

14. During the discussions between the secretariat and UNEP, a number of issues were discussed concerning the preparation of the draft host agreement which the SBI is invited to

provide further guidance on so that the draft host agreement can be finalized for approval by the COP. These issues are as follows:

- (a) The signing of the host agreement on behalf of the COP and UNEP, respectively;
- (b) The reporting by UNEP to the COP on its activities as host of the CTC;
- (c) The arrangements for meetings of the Advisory Board of the CTCN.

#### **1. Signing of the host agreement on behalf of the COP and UNEP**

15. The parties to the draft MOU are the COP and UNEP. The established practice within the UNFCCC process is that cooperative arrangements between the COP and other international organizations are concluded through a decision of the COP and the governing body of the respective international organization. According to UNEP, as per established practice, the Executive Director of UNEP is mandated to sign cooperative arrangements on behalf of UNEP.

16. In view of that mandate, the COP may wish to designate an official to sign the host agreement on its behalf, for example the Executive Secretary of the secretariat. Should this recommendation be approved by the COP, the secretariat will make arrangements with UNEP for the organization of a signing ceremony and report thereon to the SBI or the COP at its next session.

#### **2. UNEP to report to the COP on its activities as host of the CTC**

17. It is proposed in the draft MOU that UNEP, as host of the CTC, would submit reports to the COP on its activities. It is proposed that UNEP should have the opportunity to report directly on its roles and responsibilities as host of the CTC to the COP, so that the COP can provide any necessary guidance to UNEP. As independent international organizations, both the COP and UNEP should have the opportunity to communicate directly in relation to matters concerning the hosting of the CTC.

18. Reports of UNEP to the COP would be submitted on an ad hoc basis, as determined by UNEP, and would be submitted directly to the COP. They would be separate from the annual reports of the CTC to the COP on the operational activities of the CTCN, as decided by the COP in the terms of reference of the CTCN.

#### **3. Arrangements for meetings of the Advisory Board of the CTCN**

19. The Director of the CTC will serve as the secretary to the Advisory Board of the CTCN. With regard to making the necessary administrative arrangements to support the organization of the meetings of the advisory board, UNEP has stated that it will ensure that the necessary legal arrangements for the meetings are in place, including privileges and immunities for members of the board consistent with the 1946 Convention on the Privileges and Immunities of the United Nations.

20. Where UNEP is unable to make such arrangements, meetings of the board will be held in Bonn, where members of the board can enjoy the privileges and immunities in accordance with the Headquarters Agreement of the UNFCCC secretariat. This understanding could be reflected in the decision of the COP, taken at its eighteenth session, on the selection of the host of the CTC and is not included in the draft MOU.

## Annex

### **DRAFT MEMORANDUM OF UNDERSTANDING BETWEEN THE CONFERENCE OF THE PARTIES TO THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE AND THE UNITED NATIONS ENVIRONMENT PROGRAMME REGARDING THE HOSTING OF THE CLIMATE TECHNOLOGY CENTRE**

This Memorandum of Understanding (hereinafter referred to as “the MOU”) is concluded between the Conference of the Parties (hereinafter referred to as “the COP”) to the United Nations Framework Convention on Climate Change (hereinafter referred to as “the Convention”) and the United Nations Environment Programme (hereinafter referred to as “UNEP”) (collectively referred to as “the Parties”) regarding the hosting of the Climate Technology Centre (hereinafter referred to as “the CTC”).

#### ***Preamble***

***Whereas*** the COP, by its decision 1/CP.16, established a Technology Mechanism, consisting of a Technology Executive Committee (hereinafter referred to as “the TEC”) and a Climate Technology Centre and Network (hereinafter referred to as “the CTCN”),

***Whereas*** the COP, by its decision 2/CP.17, adopted the terms of reference of the CTCN,

***Whereas*** the mission of the CTCN is to stimulate technology cooperation and to enhance the development and transfer of technologies and to assist developing country Parties at their request, consistent with their respective capabilities and national circumstances and priorities, in order to build or strengthen their capacity to identify technology needs, to facilitate the preparation and implementation of technology projects and strategies taking into account gender considerations to support action on mitigation and adaptation and enhance low emissions and climate-resilient development,

***Whereas*** UNEP, on behalf of a consortium of partner institutions located in both developed and developing countries, submitted a proposal to host the CTC and informed the Committee of Permanent Representatives to UNEP thereof,

***Whereas*** UNEP is the leading organization within the United Nations system in the field of environment and has, in the field of climate change, the mandate, among others: to strengthen the ability of countries, in particular developing countries, to integrate climate change responses into their national development processes and specifically to reduce their vulnerability and build up their resilience to the impacts of climate change; to facilitate the transition to low-carbon societies; to facilitate access to climate change financing for clean technologies; to support both public and private financing mechanisms; to support national processes for implementing sustainable forest management plans; to improve the understanding of climate change science and its use in sound policymaking; and to improve the general understanding of climate change,

***Whereas*** the COP, by its decision X/CP.18, selected UNEP as the organization to host the CTC,

***Whereas*** the UNEP Governing Council, by decision X, at its twenty-seventh regular session, authorized the Executive Director of UNEP to host the CTC in UNEP,

***NOW THEREFORE*** the Parties to this MOU have agreed the following:

## **I. Purpose**

1. The purpose of this MOU is to stipulate the terms of the relationship between the COP and UNEP with respect to the hosting of the CTC in UNEP in accordance with decision X/CP.18.

## **II. Role and responsibilities of the COP**

2. The CTCN shall operate within its terms of reference and be accountable to, and under the guidance of, the COP through the Advisory Board referred to in decisions 2/CP.17, X/CP.18 and other relevant decisions of the COP.
3. The Advisory Board shall advise the CTCN on the implementation of its terms of reference and the guidance provided by the COP.
4. The COP shall consider the annual report on the activities of the CTCN prepared pursuant to paragraph 25 below, which shall be included in the annual report on the activities of the Technology Mechanism, prepared jointly by the CTC and the TEC, and provide guidance thereon.
5. The COP will consider the reports of UNEP submitted in accordance with paragraph 12 below and provide guidance thereon.
6. In taking decisions that would affect the hosting of the CTC in UNEP, the COP shall take into consideration any views and information provided by UNEP.

## **III. Role and responsibilities of UNEP**

7. UNEP agrees to host the CTC as a dedicated entity within UNEP in accordance with decision X of the UNEP Governing Council at its twenty-seventh regular session authorizing the Executive Director to host the CTC in UNEP and the provisions of this MOU.
8. UNEP shall design the organizational structure, manage the CTC and provide the necessary administrative and infrastructural support for the effective functioning of the CTC, in accordance with relevant United Nations and UNEP regulations, rules and procedures and decisions of the UNEP Governing Council, and subject to the financing provided pursuant to section VII below.
9. UNEP shall select and appoint, pursuant to the United Nations Staff Regulations and Rules and after consultation with the Advisory Board, the Director of the CTC, who shall be a UNEP staff member and accountable to UNEP.
10. UNEP shall select and appoint, pursuant to the United Nations Staff Regulations and Rules, a small core staff to support the CTC in an effective and efficient manner, to be managed by the Director of the CTC.
11. UNEP may make use of loans of personnel from the consortium of partner institutions to support the CTC, in accordance with relevant United Nations regulations, rules and procedures.

12. UNEP will submit regular reports to the COP on matters relating to its role as host of the CTC.
13. UNEP shall guide the consortium of partner institutions to effectively support the functioning and operations of the CTC and shall make appropriate arrangements governing their cooperation.
14. The Executive Director of UNEP shall be responsible for the execution of the functions of UNEP under this MOU.

#### **IV. Role and functions of the CTCN**

##### *Climate Technology Centre*

15. The CTC shall manage the process of receiving and responding to requests from developing country Parties and shall work with the Network to respond to such requests, subject to the financial arrangements of the CTCN provided in section VII below. The CTC will receive such requests from developing country Parties through the national entity designated for this purpose under decision 4/CP.13.
16. The CTC will respond to requests from developing country Parties either by itself or by identifying the appropriate organizations in the Network in consultation with the requesting developing country Party.
17. The CTC shall facilitate a network of national, regional, sectoral and international technology networks, organizations and initiatives, with a view to engaging the participants in the Network effectively in the discharge of its functions.
18. The CTC shall cooperate with the TEC, under the guidance of the Advisory Board, in the preparation of the annual report on the activities of the Technology Mechanism to the COP.

##### *Network*

19. The members of the Network will undertake the substantive work to address requests made to the CTC by developing country Parties.
20. The CTC will conclude arrangements with the members of the Network as to the nature and manner of their substantive work to address requests made to the CTC by developing country Parties.

#### **V. Role and functions of the consortium of partner institutions**

21. The consortium of partner institutions shall, following the signature of appropriate agreements governing their cooperation with UNEP, support the operations of the CTC.

#### **VI. Role and functions of the Director and personnel of the CTC**

22. The Director shall be accountable to UNEP for the effectiveness and efficiency of the CTC in carrying out its functions in accordance with relevant United Nations and UNEP regulations, rules and procedures and decisions of the UNEP Governing Council.



23. The Director shall serve as the secretary to the Advisory Board and be responsible for facilitating and providing support to the work of the Board, including making arrangements for the meetings of the Board.
24. The Director shall prepare a budget for the CTCN in conformity with the relevant regulations, rules and procedures governing the programme budget of UNEP. The CTCN budget will be prepared in accordance with the guidance provided by the COP. The part of the CTCN budget managed by UNEP will be included in the programme budget of UNEP as an extra-budgetary item to support the CTCN.
25. The Director shall prepare the annual report on the CTCN for submission to the COP. The annual report shall include the financial status of, and information on the mobilization of other resources for, the CTCN.
26. The Director shall manage the financial resources of the CTCN in accordance with the United Nations Financial Regulations and Rules and the Financial Rules of UNEP, fiduciary, anti-fraud and anti-corruption policies and environmental and social safeguards.
27. The Director and personnel of the CTC shall liaise, as appropriate, with the secretariat of the UNFCCC and other relevant international bodies on issues relating to the activities and operations of the CTC.

## **VII. Financial arrangements of the CTCN**

28. The costs associated with the CTC and the mobilization of the services of the Network will be funded from various sources, including the financial mechanism of the Convention, bilateral, multilateral and private-sector channels, philanthropic sources and financial and in-kind contributions from the host organization and participants in the Network.
29. UNEP shall provide financial and in-kind contributions to the CTC, in accordance with paragraph 139 of decision 2/CP.17 and taking into account the proposal of UNEP and the contribution of the consortium of partner institutions.
30. The CTC, in collaboration with UNEP and in consultation with the Advisory Board, shall help mobilize funds to meet the costs associated with the CTCN.

## **VIII. Implementation of this MOU**

31. The Advisory Board and UNEP may agree on further arrangements for the implementation of this MOU, which do not in any way amend the existing provisions of this MOU, and report thereon to the COP.
32. Nothing in or relating to this MOU will be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including its subsidiary organs.

**IX. Dispute settlement**

33. The COP and UNEP, together with the Advisory Board, as applicable, shall use their best efforts to amicably resolve any disputes, controversies or claims arising out of or relating to this MOU.

**X. Entire agreement**

34. Any annex to this MOU that is concluded in the future will be considered an integral part of this MOU. References to this MOU will be construed as including any annexes, as varied or amended in accordance with the terms of this MOU. This MOU represents the complete understanding between the Parties.

**XI. Interpretation**

35. This MOU will be interpreted in accordance with relevant decisions of the COP and the UNEP Governing Council.
36. Any Party's failure to request the implementation of a provision of this MOU will not constitute a waiver of that or any other provision of this MOU.

**XII. Term of this MOU**

37. The initial term of this MOU shall be five years, with two four-year renewal periods, if so decided by the COP and UNEP.

**XIII. Notification and amendment**

38. Each Party will promptly notify the other in writing of any anticipated or actual material changes that will affect the execution of this MOU.
39. The Parties may amend this MOU by mutual written agreement.

**XIV. Entry into force**

40. This MOU will come into force upon the last date of signature by the duly authorized representatives of the Parties.

**XV. Termination**

41. Subject to section XII above, either Party may terminate this MOU by giving one year's prior written notice to the other Party. The termination shall come into effect one year from the date of the receipt of such a communication.

42. Following the termination of this MOU, UNEP shall take all necessary actions to conclude its operations relating to the CTC in an expeditious manner. Any termination of this MOU will be without prejudice to any other rights and obligations of the Parties accrued prior to the date of the termination under this MOU or any legal instrument executed pursuant to this MOU.
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