

SUMMARY

There is an urgent need to accelerate the pace of innovation and technology transfer for mitigation and adaptation, in order to respond to the looming threat of climate change. For attaining this goal, the market mechanism is an indispensable instrument of policy, but not a substitute for policy. Market forces need to be guided by appropriate policy signals.

More specifically, the following interventions are required:

- (1) Deep emission cuts by developed countries are essential in order to accelerate the pace of climate-sensitive technology development and innovation.
- (2) Typically, there is a considerable time-lag in diffusion of new technologies to developing countries, because of their lower ability to pay. New technologies and fruits of innovation should be made available to developing countries on affordable terms and on an enhanced scale, in accordance with the provisions of the Framework Convention on Climate Change and the Kyoto Protocol.
- (3) Markets will often fail to respond to specific requirements of poorer countries (e.g. developing drought-resistant crop varieties for sub-Saharan Africa, or drugs to prevent/treat tropical, vector-borne diseases) because of their limited capacity to pay. Internationally-financed R&D in the public domain is an essential requirement in such cases. The chain of agricultural research institutes under FAO provides a relevant model.
- (4) While fully respecting IPRs, permissible flexibilities in the IPR regime (e.g. compulsory licensing) should be utilized in order to accelerate technology diffusion and reducing manufacturing costs.