Technology Executive Committee

Input for 2016 in-session workshop on long-term climate finance

Introduction

The Technology Executive Committee (TEC) welcomes the opportunity to provide inputs to the 2016 in-session workshop on long-term climate finance (LTF).[1] The draft agenda for the workshop notes that the workshop will contain four thematic sessions:[2]

1. Setting the scene – enhancing the understanding of adaptation finance;
2. Assessing needs of developing country Parties and the role for international cooperation and support;
3. Scaling up finance for adaptation actions;
4. Enhancing transparency of adaptation finance.

Based on work it has undertaken, the TEC focuses its input on sessions two and three. It hopes that this input may add value and contribute to the LTF discussions.

Session II: Assessing needs of developing country Parties and the role for international cooperation and support

Assessing and communicating needs

An effective tool for assessing needs is the technology needs assessment (TNA). TNAs are a set of activities that developing countries undertake to identify their technology needs and priorities. Since 2001, almost 90 developing countries have assessed their technology needs to address climate change. Through the TNA process, developing countries:

- Identify technological means to address climate change and accelerate national development;
- Build national capacity to support national sustainable development;
- Create technology action plans to achieve implementation and demonstrate technology viability.

Between 2009 and 2013, 31 developing countries completed TNAs as part of a GEF funded TNA global project. The United Nations Environment Programme, in partnership with the Technical University of Denmark (UDP), implemented this project. Analyzing the TNAs found that all participating countries prepared TNAs on adaptation technology needs. For adaptation, most Parties prioritized the agriculture and water sectors. Figure 1 below indicates prioritized sectors for adaptation (by percentage of Parties).[3] Regarding specific technologies, in the agriculture sector Parties prioritized the technologies, as shown in figure 2.[4]

In undertaking TNAs, almost all the countries developed technology action plans (TAPs). TAPs are plans for the development, transfer, deployment and diffusion of priority technologies at a scale desired for contributing to the country's social, environmental and economic development. The total estimated budget of Parties for implementing their adaptation TAPs was USD 2.4 billion.[5] Almost all the Parties also developed project ideas as part of their TNA processes. Parties see project ideas as concrete actions for the implementation of a prioritized technology. The total estimated budget for implementing adaptation technology projects was USD 12.2 billion.[6, 7]

[1] To be held during the 44th session of the subsidiary bodies. Workshop organized in accordance with decision 5/CP.20, paragraph 14.
[2] <http://goo.gl/FC8uv0>.
[3] <http://goo.gl/VcKSwk>. Page 4.
[4] <http://goo.gl/VcKSwk>. Page 4.
[5] FCCC/SBSTA/2013/INF.7, paragraph 116.
[6] FCCC/SBSTA/2013/INF.7, paragraph 125.
[7] Some countries interpreted TAPs and project ideas differently. While some clearly differentiated the two, others saw them more integrated. The TEC has supported Parties in getting more clarity about this differentiation through the updated TAP guidance.

Figure 1: Prioritized sectors for adaptation (percentage of parties).

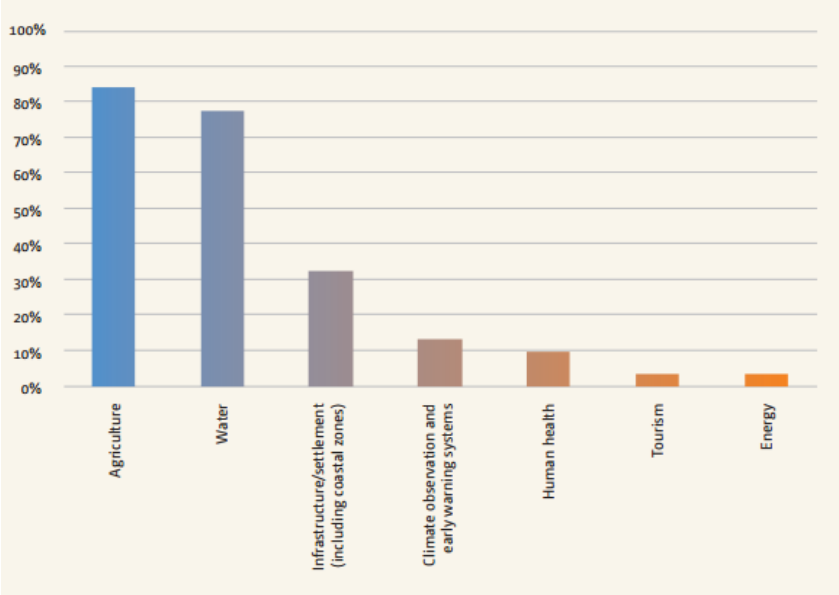
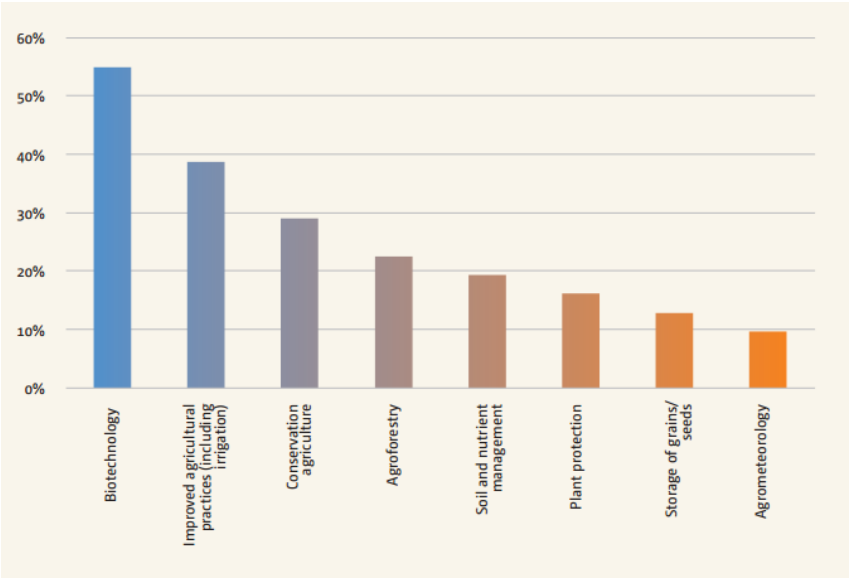


Figure 2: Prioritized technologies for the agriculture sector (percentage of parties).



Moving from needs assessment to implementation

In the past few years the TEC has worked to support countries to implement their identified needs. In 2014 and 2015 it wrote a paper identifying good practices of TNAs, providing recommendations for improving the TNA process and enhancing the implementation of TNA results. In that paper the TEC noted that:[8]

- *TNAs lack information about how to prepare proposals with technologies. For instance, for a government to decide on how to allocate resources for technology implementation, information is needed about the benefit-to-cost ratio of a technology-related programme and/or project;*
- *It is good practice to actively engage high-level policy makers and financial sector stakeholders in TNAs from the beginning, and to make TNA processes more receptive to their inputs;*

[8] TEC/2015/11/8, section C.

- *For engaging high-level policy makers and financial sector stakeholders in TNAs, it is good practice to be clear from the beginning how the TNA outputs could support national planning processes;*
- *It may be helpful to engage development banks earlier in the TNA process;*
- *TAPs and project ideas could be more credible for potential funders if technology prioritisation and TAP/project idea preparations were done by sector or technology experts.*

In December 2014, COP 20 requested the TEC to consider how to enhance the implementation of the TNA results.[9] This was undertaken to support developing countries in accelerating climate technology implementation. In accordance with this mandate, in 2015 the TEC reviewed the aforementioned TAPs and worked to prepare guidance on preparing TAPs. Based on its work on this matter, to enhance the implementation of the TNA results the TEC recommended to COP 21 that it:[10]

(a) *Urge Parties to identify and engage experienced stakeholders in developing implementable TNAs, including specifying stakeholders' roles as 'champions' and 'enablers';*
(b) *Encourage developing country Parties to integrate TNAs with other relevant national and sectoral plans and programmes, such as national development plans and other related mitigation and adaptation processes;*
(c) *Invite Parties and relevant organizations to increase awareness and enhance the outreach of successfully implemented results of TNAs to allow countries to effectively share and replicate successful implementation experiences;*
(d) *Recognize that the active participation of NDEs as key players in the implementation of nationally prioritized technologies can facilitate the technical assistance of the CTCN to enhance the implementation of the results of TNAs, and that capacity building for NDEs would help them to perform more effectively;*
(e) *Recognize the need to expedite the implementation of TAPs and to incorporate funding options for implementing project ideas, and the potential need for additional financial and human resources when conducting TAPs, and improving those previously conducted, in order to trigger investors' interest in project implementation;*
(f) *Invite Parties and relevant organizations to track and share challenges and lessons learned from implemented TAPs and project ideas for the effective implementation of the results of TNAs.*

In 2016 the TEC is finalizing the guidance on preparing TAPs. The guidance aims to inform developing countries as they prepare such action plans, supporting them to develop TAPs that achieve implementation. This guidance document will contain, inter alia:[11] *Enhanced guidance on how to attract funding for actions in TAPs, including minimum requirements for costs, comparing costs of actions with benefits and the identification of potential funders.*

The TEC has identified that key elements of a TAP include stating its: ambition, benefits, action, activities, sources of funding, responsible body and focal point, time frame, risks, success criteria, indicators for monitoring of implementation, and budget per activity. The TEC will soon make this document available, including for use by developing countries currently undertaking TNAs as GEF funded TNA global project, phase II.

South-south cooperation for facilitating adaptation technology implementation

In 2016 the TEC held a thematic dialogue on enablers and barriers to south-south cooperation (SSC) for adaptation technologies. The background paper for the thematic dialogue notes that the potential for SSC in technologies for adaptation remains largely untapped.[12] Based on an electronic survey for the background paper, it noted that the south-south cooperation contribution to the adoption of technologies

[9] Decision 17/CP.20, paragraph 13.
[10] FCCC/SB/2015/1, annex, paragraph 6.
[11] FCCC/SB/2015/INF.3, paragraph 10(c).
[12] http://goo.gl/wSmVNB, page 5.

for adaptation in water and agriculture may include transferring skills and technology at relatively low cost.[13]

Session III: Scaling up finance for adaptation actions

In 2015 the TEC produced a TEC Brief on enhancing access to climate technology financing. The brief focused on the challenges of financing climate technologies faced by developing countries. It also focused on best practices and lessons learned from climate technology financing and stakeholder roles in facilitating access to climate technology finance. Based on this, the TEC provided the following key messages to COP 21:[14]

(a) Attracting financing for climate technologies requires a combination of governmental policies that are:

i. Long-lasting: sustained for a duration that reflects the financing time frame of a project;

ii. Loud: establish policies and provide incentives that make a difference to the bottom line and improve the bankability of projects;

iii. Legal: provide a clear, legally established regulatory framework to build confidence that the regime is stable and can provide the basis for capital-intensive investments;

(b) Capacity-building and support for national champions at each stage of the technology project cycle are important for effective climate technology financing and technology transfer;

(c) Public finance for climate technologies should be used efficiently through financial and/or other instruments that share risks, both real and perceived, between public and private actors, to catalyse investments in climate technologies;

(d) Wide, early and effective stakeholder engagement helps reduce risks and barriers to investment in relatively newer technologies;

(e) It is important to ensure an integrated approach between technology and climate finance related plans and programmes at the national level, in particular the integration of TNAs with other relevant national and sectoral plans and programmes;

(f) *Given the different criteria for and evaluations of international climate finance and technology support, there is a need to enhance coherence between international institutions in order to reduce the complexity of the processes that developing countries have to follow to request financing.*

Further work on climate technology financing

The TEC will undertake further activities related to climate technology financing as part of its 2016-2018 rolling workplan. In particular, the TEC, in response to a COP 21 mandate,[15] will continue consulting with the Climate Technology Centre and Network, the Global Environment Facility and the Green Climate Fund on linkages between the Technology Mechanism and the Financial Mechanism. It will also organize with these bodies an in-session workshop on this issue at SB 44. The COP mandated the TEC to report on the findings arising from the workshop to COP 22.[16] Furthermore, as part of the workplan the TEC will assess the global technology RD&D financing needs, including options for stimulating private sector investment in RD&D and deploying climate technologies.

The TEC welcome's the COP's invitation to support work on LTF and looks forward to continuing to support this work in the future.

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[13] http://goo.gl/wSmVNB, page 9.
[14] FCCC/SB/2015/1, annex, paragraph 8.
[15] Decision 13/CP.21, paragraph 8.
[16] Decision 13/CP.21, paragraph 9.