

Ninth meeting of the Technology Executive Committee

Langer Eugen, Bonn, Germany
18-21 August 2014

Background paper

Elements for draft recommendations to COP 20 on linkages between the Technology Mechanism and the financial mechanism

I. Introduction

A. Background

1. There is an inherent link between the development and transfer of environmentally sound technologies and the provision of financial resources for climate change activities. This has also been acknowledged by Parties in Article 4, paragraphs 3 and 5 of the Convention, which note that developed countries shall provide financial resources to developing countries to support the transfer of technology to implement the provisions of the Convention.
2. COP 18 agreed to further elaborate, at COP 20, the linkages between the Technology Mechanism and the financial mechanism of the Convention, taking into consideration the recommendations of the Board of the Green Climate Fund (GCF), developed in accordance with decision 3/CP.17, paragraph 17,¹ and of the Technology Executive Committee, developed in accordance with decision 4/CP.17, paragraph 6.^{2,3}
3. The TEC, at its 8th meeting, had an initial exchange of views on possible linkages between the Technology Mechanism and the financial mechanism of the Convention and a process for the TEC to develop its recommendations on this matter. The TEC agreed to undertake a number of activities to prepare its recommendations on linkages between the Technology Mechanism and the financial mechanism as part of its workplan for 2014-2015, including:
 - (a) Prepare a value proposition paper summarizing the work of the TEC that is of relevance for the financial mechanism;
 - (b) Organize a thematic dialogue on climate technology financing;
4. The TEC further agreed to establish a taskforce on linkages between the Technology Mechanism and the financial mechanism (taskforce on linkages) to undertake the activities on climate technology financing as contained in its workplan for 2014-15.

¹ COP 17 requested the Board to initiate a process to collaborate with the Adaptation Committee and the Technology Executive Committee, as well as other relevant thematic bodies under the Convention, to define linkages between the Fund and these bodies, as appropriate.

² Decision 1/CP.18, paragraph 62.

³ COP 17 requested the TEC to further elaborate its modalities on linkages with other relevant institutional arrangements under and outside the Convention, in the light of the agreed outcome of COP 17, and to provide such modalities for consideration by the SB 36, with a view to recommending the modalities for adoption by the COP 18.



B. Scope of the paper

5. This note contains possible elements of the draft recommendations of the TEC to the COP on linkages between the Technology Mechanism and the financial mechanism of the Convention prepared by the taskforce on linkages.

C. Possible action by the Technology Executive Committee

6. The TEC will be invited to consider the draft prepared by the task force, and agree on recommendations to COP 20 on linkages between the Technology Mechanism and the financial mechanism.

II. Draft recommendations of the TEC on linkages between the Technology Mechanism and the financial mechanism

7. The TEC acknowledges the need to achieve coherence and maintain interactions with other relevant institutional arrangements under and outside of the Convention, as requested by COP 16.⁴ In response to this request, the TEC developed its modalities on linkages with other relevant institutional arrangements under and outside the Convention for consideration at COP 19.⁵

8. In drafting the elements of the draft recommendations on linkages between the Technology Mechanism and the financial mechanism of the Convention, the TEC drew upon:

- (a) Relevant decisions related to institutional arrangements adopted by the COP at its seventeenth and eighteenth session;
- (b) Modalities on linkages with other relevant institutional arrangements under and outside the Convention prepared by the TEC in response to decision 1/CP.16;
- (c) Existing institutional linkages between the Technology Mechanism and the financial mechanism;
- (d) Outcomes of its consultations with other relevant institutional arrangements under the Convention;
- (e) Value proposition paper summarizing the work of the TEC that is of relevance for the financial mechanism;
- (f) Outcomes of the thematic dialogue on climate technology financing.⁶

9. A relationship with another body is more likely to be sustainable if both bodies benefit from it. The financial mechanism could benefit from the expertise/advice/information or assistance the TEC and the Climate Technology Centre and Network (CTCN) can provide to the operations of the financial mechanism. The TEC and the CTCN, on the other hand, could benefit from a relationship with the financial mechanism through possible funding for the implementation of programmes/projects and exchange of information and advice for performing their respective functions.

A. Existing institutional linkages between the Technology Mechanism and the financial mechanism of the Convention

10. Some linkages between the Technology Mechanism and the financial mechanism are already in place, such as regarding the membership of the Advisory Board of the CTCN, which includes one of the Co-Chairs, or a member designated by the Co-Chairs, from both the Board of the GCF and the SCF.⁷

⁴ Decision 1/CP.16, paragraph 125.

⁵ FCCC/SB/2013/1, Annex.

⁶ To be organized at TEC 9.

⁷ Decision 14/CP.18, Annex II, paragraph 1.

11. In addition, there are some non-formal linkages between the Technology Mechanism and the financial mechanism, including:

- (a) Meetings between the Chair of the TEC and the co-chairs of the Standing Committee on Finance (SCF), the Board of the GCF and representatives of the Global Environment Facility (GEF) secretariat.
- (b) Consultations between the GEF and the Advisory Board of the CTCN on the support that the GEF will provide for the implementation of the five-year programme of work of the CTCN.⁸
- (c) Consultations between the GEF and the Advisory Board of the CTCN on the need for the GEF to align the further implementation of the element of the Poznan strategic programme on support for climate technology centres and a climate technology network with the operationalization and activities of the CTCN, taking into account decision 2/CP.17, paragraph 140.⁹

12. Further, SBI 40 invited the TEC to evaluate the Poznan strategic programme on technology transfer with the aim of enhancing the effectiveness of the Technology Mechanism.¹⁰

13. In addition, it may be noted that future linkages between the two mechanisms may arise due to decision 7/CP.19, which calls upon the SCF to further enhance its linkages with the SBI and the thematic bodies of the Convention, as mandated by decision 2/CP.17, paragraph 121(b).

B. Possible inputs into the decision making process of the operating entities of the financial mechanism of the Convention

14. Based upon its analytical work on enabling environments and barriers to technology development and transfer, technology needs assessments (TNAs) and technology roadmaps, and building on the work undertaken by the Expert Group on Technology Transfer on innovative financing and performance indicators, the TEC is in a position to provide critical information and advice to the operating entities of the financial mechanism on how technology development and transfer in developing countries could be supported most effectively.

15. The nature of information and expertise relevant for the GCF, GEF and SCF may change as some of these bodies become fully operational and once these bodies have fully developed their work plans and modes of operation.

Green Climate Fund

16. The elements of the Board's work plan for 2014 were used as a basis to identify possible areas for inputs by the TEC into work undertaken by the Board.¹¹

17. Possible inputs by the TEC into work undertaken by the GCF Board:

1. Providing input into the programming modalities of the GCF, including:
 - (a) Work on readiness and preparatory support, including developing measures to create enabling environments for technology development and transfer in developing countries;
 - (b) Initial proposal approval process, including the criteria for programme and project funding and developing criteria to evaluate the technological component of programs/projects submitted to the GCF.
2. Providing input into accountability mechanisms, standards, results and evaluation, including:
 - (a) Initial results management framework of the Fund;

⁸ FCCC/SBI/2014/8, paragraph 139.

⁹ FCCC/SBI/2014/8, paragraph 141.

¹⁰ FCCC/SBI/2014/8, paragraph 142.

¹¹ FCCC/CP/2013/6/Add.1, Annex I.

- (b) Role and expected impacts of the Fund in initial results areas, including developing indicators to evaluate technology development and transfer in the programs/projects supported by the Fund.
- (c) Monitoring and evaluation policy, including the methodology for portfolio evaluation.

The GEF

18. Possible inputs by the TEC into work undertaken by the GEF:
- 1. Evaluate the Poznan strategic programme on technology transfer with the aim of enhancing the effectiveness of the Technology Mechanism.
 - 2. Policy advice on measures to create enabling environments for technology development and transfer in developing countries, including an analysis of factors which hamper project/programme implementation;
 - 3. Providing inputs into the work undertaken by Scientific and Technical Advisory Panel (STAP)¹² of the GEF on innovative policy packages and market initiatives to foster a new range of mitigation actions.

Standing Committee on Finance

19. The work plan of the SCF for 2014-15 was used as a basis to identify possible areas for inputs by the TEC into the work undertaken by the SCF.¹³
20. Possible inputs by the TEC into work undertaken by the SCF:
- 1. Providing input into the COP draft guidance for the operating entities of the financial mechanism on matters related to climate technology financing;
 - 2. Providing input into preparing a biennial assessment, overview of climate finance flows, building on the analytical work on TNAs and other sources of information such as National Communications;
 - 3. Exchange of information among bodies and entities dealing with climate change finance.

C. Elements of the draft recommendations of the TEC on linkages between the Technology Mechanism and the financial mechanism

21. The previous section highlighted the possible inputs the TEC could provide into the decision making process of the operating entities of the financial mechanism of the Convention ("the What"). This section will focus on the institutional linkage modalities between the TEC and the GCF Board, GEF and SCF to interact with these bodies ("the How").
22. For performing the functions and activities of the TEC and the CTCN and for supporting the work undertaken by the Board of the GCF, the GEF and the SCF on closely overlapping functions and/or possible activities, the linkage modalities with these bodies may include the following:
- (a) Cross-participation of the Chairs/co-chairs of the respective bodies in the meetings of the other bodies;
 - (b) Meetings between the Chair of the TEC and the Chair of the Advisory Board of the CTCN and the co-chairs of the SCF, GCF Board and representatives of the GEF secretariat;
 - (c) Cross-participation in the meetings of the relevant bodies, including workshops and events organized by such bodies, or jointly organized, on issues of common interest;

¹² The STAP was established as an advisory body to the GEF and provides objective, strategic scientific and technical advice on GEF policies, operational strategies, programs and on projects and programmatic approaches.

¹³ FCCC/CP/2013/8, Annex VIII.

- (d) Inviting inputs from the other respective bodies to support the implementation of particular activities as specified in the workplan of the TEC and the programme of work of the CTCN;
 - (e) Cross-participation in technical task forces, expert and advisory panels established by the respective bodies;
 - (f) Providing inputs into work undertaken by the other respective bodies, in response to requests by the COP and/or invitations by the respective bodies, to facilitate the work of those bodies;
 - (g) Knowledge and information sharing;
 - (h) The establishment of a joint working group to determine what information future work of the Technology Mechanism can provide which would bring greater value to the GCF, GEF, and SCF in their decision making. This group could also review existing work of the Technology Mechanism to ensure its content is being fully utilized by the GCF, GEF, and SCF;
 - (i) Technical discussions on how methodologies of the TEC/technology Mechanism could be updated in order to achieve greater value for GCF, GEF, and SCF decision making.
23. The nature of information and expertise relevant for the Board of the GCF, the GEF and SCF may change over time as some of these bodies become fully operational and once these bodies have developed their work plans and modes of operation.
24. The TEC emphasized the need to ensure adequate and stable financial support for the operations of the Technology Mechanism, including for the services that would be provided by the CTCN.
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