

Tenth meeting of the Technology Executive Committee

AHH, Bonn, Germany
9–12 March 2015

Background note

Possible topic for a TEC Brief on climate technology financing

I. Background

1. Under the climate technology financing area of the TEC's 2014-2015 workplan (activity 3), the TEC agreed to, inter alia, prepare a TEC Brief on climate technology financing.
2. The TEC undertook a number of activities on climate technology financing in 2014, including preparing a value proposition paper summarizing the work of the TEC that is of relevance for the Financial Mechanism, organizing a thematic dialogue on climate technology financing¹ and preparing its recommendations on linkages between the Technology Mechanism and the Financial Mechanism of the Convention.²
3. TEC 9 requested the TEC task force on linkages between the Technology Mechanism and the Financial Mechanism to identify possible topics for a TEC brief for consideration at TEC 10, taking into account the outcomes of the thematic dialogue on climate technology financing and the discussions on this matter at TEC 9.
4. In February 2015, the TEC task force on linkages prepared a possible topic and indicative outline of a TEC Brief on climate technology financing for the consideration of the TEC at its 10th meeting.

II. Scope of the note

5. This background note provides, in its annex, a possible topic and indicative outline of the TEC Brief on climate technology financing, prepared by the TEC task force on linkages. This outline is based on key points emphasized by participants at the thematic dialogue, discussions on this matter at TEC 9 and inputs of the task force members.

III. Possible action by the Technology Executive Committee

6. The TEC will be invited to agree on: (i) the topic of the TEC Brief, (ii) its general scope, and (iii) the process and timeline for its preparation and subsequent approval by the TEC.

¹ See: <http://unfccc.int/ttclear/templates/ttclear/templates/render cms_page?s=TEC_TD4>.

² See: <<http://unfccc.int/resource/docs/2014/cop20/eng/06.pdf>>.



Annex

TEC brief on enhancing access to climate technology financing

7. During the thematic dialogue on climate technology financing and the initial discussion on possible topics at TEC 9, many participants highlighted the challenges faced in getting access to climate technology financing and ways and means to overcome these. The TEC brief aims to identify possible actions which could be undertaken by key stakeholders and the Technology Mechanism in enhancing access to climate technology financing. In doing so, the TEC brief will highlight challenges faced in accessing climate technology financing, good practises and lessons learned from climate technology financing and possible actions that could be undertaken by key stakeholders and the Technology Mechanism for enhancing access to climate technology financing.
8. The box below contains an indicative outline of the TEC Brief on climate technology financing, prepared by the TEC task force on linkages. This outline is based on key points emphasized by participants at the thematic dialogue on climate technology financing, the initial discussion on this matter at TEC 9 and inputs of the task force members.
9. This outline will continue to be updated and refined, as needed.

Topic: Climate Technology Financing – How to enhance access?

1. Introduction

- This section will elaborate on the objectives of the TEC brief by highlighting the challenges faced in accessing climate technology financing, such as:
 - Challenges of climate technology financing from the supply and demand side.
 - Financial challenges within developing country context.
 - Financial-economic barriers, as identified in the TNA syntheses report.
 - Challenges faced by project developers in developing countries in accessing climate technology financing.

2. Good practises and lessons learned from climate technology financing

- This section will elaborate on good practises and lessons learned from climate technology financing (cross referencing relevant information sources, including work undertaken by the EGTT on financing).
- Importance of policy and regulatory framework.
- Embedding programs in country context and attention to institutional capacity.
- Importance of robust processes to engage diverse stakeholders and for ensuring strong country ownership.
- Early engagement of financial experts in the project development stage.
- Risk management and risk sharing of climate technology investments.
- Key elements of climate technology project proposals.
- Micro-finance.

3. Possible actions by key stakeholders for enhancing access to climate technology financing

- This section will elaborate on actions that could be undertaken by key stakeholders and the Technology Mechanism to overcome the challenges in accessing climate technology financing.

3.1 Possible actions by key stakeholders

- Role of public, private and alternative sources of finance and policy interventions over the technology development cycle.
- Strengthening recipient country capacity to ensure coordination between different sources of funding and support.
- Key elements to stimulate RD&D investments.

3.2 Possible actions by the Technology Mechanism and other bodies under the Convention

- Synergies between the Technology Mechanism and the Financial Mechanism and how they could work together in supporting action on mitigation and adaptation.
- Role of the TEC and the CTCN in overcoming barriers in getting access to climate technology financing.

- Ways and means to enhance the implementation of TNAs.
- Integrate TNAs with other relevant national and sectoral plans and programmes.

4. Key messages of the TEC

- TEC key messages on climate technology financing.