

Background document on linkages between the Technology Mechanism and the financial mechanism of the Convention

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 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. At its eighteenth session, the COP, by decision 13/CP.18, paragraph 62, agreed to further elaborate, at its twentieth session, 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, and of the Technology Executive Committee (TEC), developed in accordance with decision 4/CP.17, paragraph 6 (refer to section IV below for descriptions of these decisions).

B. Scope of note

3. This background note begins by providing brief descriptions of the Technology Mechanism and the financial mechanism of the Convention, and the institutions contained within these mechanisms. Secondly, it informs of the work undertaken by the Board of the GCF in accordance with decision 3/CP.17 and the TEC in accordance with decision 4/CP.17. Thirdly, it describes existing linkages between the two mechanisms. Finally, the background note concludes with some possible guiding questions related to the COP 18 decision.

C. Possible action by the Technology Executive Committee

4. The TEC may wish to exchange views on the information provided in this background note and identify any activities as part of its workplan for 2014–2015 on this matter.

II. Descriptions of the technology and financial mechanisms of the Convention

A. Technology Mechanism

5. The Technology Mechanism was created by Parties in 2010 to facilitate the implementation of enhanced action on the development and transfer of technology to support action on climate change.¹

6. The Technology Mechanism consists of two components:

(a) The TEC, which is the policy component of the mechanism, conducting analyses of and providing policy guidance on issues related to the development and transfer of technology.

(b) The Climate Technology Centre and Network (CTCN), which is the implementation component of the mechanism and has the mission to stimulate technology cooperation and assist developing countries at their request.

B. Financial mechanism of the Convention

7. The financial mechanism of the Convention was established by Article 11 of the Convention and is defined as a mechanism for the provision of financial resources on a grant or concessional basis, including for the transfer of technology. It functions under the guidance of, and is accountable to, the COP, which shall decide on its policies, programme priorities and eligibility criteria related to the Convention.²

1. Operating entities of the financial mechanism

8. The financial mechanism has two operating entities, the Global Environment Facility (GEF) and the Green Climate Fund (GCF). Both of these entities are entrusted with the operation of the financial mechanism.

2. The Standing Committee on Finance

9. At COP 16, Parties established a Standing Committee on Finance to assist the COP in exercising its functions in relation to the financial mechanism of the Convention.³ This includes: improving coherence and coordination in the delivery of climate change financing; rationalizing the financial mechanism; mobilizing financial resources; and the measurement, reporting and verification of support provided to developing country Parties.

3. Funds of the Convention⁴

10. The Special Climate Change Fund (SCCF) was established under the Convention in 2001 to finance projects relating to, inter alia, technology transfer.⁵ The Least Developed Country Fund (LDCF) was established under the Convention in 2001 to support a work programme which assists least developed country Parties to carry out, inter alia, the

¹ Decision 1/CP.16, paragraph 117.

² Article 11, paragraph 1 of the text of the Convention.

³ Decision 1/CP.16, paragraph 112.

⁴ It may be noted that the Adaptation Fund is not a fund of the Convention, but a fund of the Kyoto Protocol.

⁵ Decision 7/CP.7.

preparation and implementation of national adaptation programmes of action.⁶ The GEF, as an operating entity of the financial mechanism, has been entrusted to operate the SCCF and the LDCF.

III. Work on linkage modalities

A. Work of the Board of the Green Climate Fund in accordance with 3/CP.17, paragraph 17

1. Decision 3/CP.17, paragraph 17

The COP 17 requested the Board (of the GCF) to initiate a process to collaborate with the Adaptation Committee and the TEC, as well as other relevant thematic bodies under the Convention, to define linkages between the (Green Climate) Fund and these bodies, as appropriate.

2. Progress of work

11. COP 18 requested the Board of the GCF, in its report to COP 19, to report on the implementation of decision 3/CP.17.⁷

12. In the 2013 report of the Board of the GCF to COP 19, it was noted that:⁸

(a) “The Board of the GCF decided that, in the short term, the GCF should commence its engagement with UNFCCC thematic bodies, with a view to reassessing this engagement as the GCF and UNFCCC thematic bodies evolve.

(b) “At the request of the Board, the Interim Secretariat invited the GEF secretariat, the Adaptation Fund, the Multilateral Fund for the Implementation of the Montreal Protocol and the Climate Investment Funds to take up observer status with the GCF. The Board further requested the Interim Secretariat to engage informally with other external bodies by exchanging information, as required.”

13. Previously, at its 3rd meeting, the Board of the GCF:⁹

(a) “Decided that the approach to Fund’s representation at future meetings of the TEC and on the Advisory Board of the CTCN is interim, pending the development of a broader Fund strategy on engagement with UNFCCC and external bodies;

(b) “Decided that the selection of a Board representative in response to the ad hoc requests for Board’s representation at future meetings of the TEC be guided by paragraph 8 of Annex IV to this report (Additional rules of procedure relating to the Co-Chairs);¹⁰

(c) “Decided that the selection of a Board representative on the Advisory Board of the CTCN be undertaken intersessionally, once further clarity on the role, expectations and time commitment is provided by UNEP.”¹¹

⁶ Decision 7/CP.7.

⁷ Decision 6/CP.18.

⁸ FCCC/CP/2013/6. Annex, page 8.

⁹ Decision B.01-13/05 of the Board of the GCF. See: FCCC/CP/2013/6. Annex, pages 16 and 17.

¹⁰ See: FCCC/CP/2013/6. Annex, page 26, paragraph 8: “The Co-Chairs may represent the Board at external meetings and report back to the Board on those meetings. They may delegate that function acting jointly.”

¹¹ FCCC/CP/2013/6. Annex, page 17.

B. Work of the Technology Executive Committee in accordance with 4/CP.17, paragraph 6

1. Decision 4/CP.17, paragraph 6

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 subsidiary bodies at their thirty-sixth sessions, with a view to recommending the modalities for adoption by COP 18.

2. Progress of work

14. COP 18 encouraged the TEC to continue to consult with other relevant institutions under the Convention on these modalities and requested the TEC to report on the outcome of these consultations in its 2013 annual report to COP 19.¹²

15. In light of this decision, in 2013 the TEC consulted with other bodies under the Convention to seek their views on, and coordinate, the proposed modalities of the TEC on linkages with those bodies. The TEC also consulted with organizations outside of the Convention by inviting them to provide inputs at TEC meetings on possible topics or areas of work and collaboration with the TEC.¹³

16. With regards to consultations that the TEC held with bodies of the financial mechanism, it may be noted that, upon an invitation from the TEC, a Co-Chair of the Standing Committee on Finance (SCF) participated in TEC 5. Following TEC 6, the Chair of the TEC sent letters to the Chairs of, inter alia, the Board of the GCF, the GEF and the SCF to seek their views on possible synergies and areas for collaboration. The TEC received responses from the GEF and the Board of the GCF and also met with the Co-Chairs of the SCF and representatives of the GEF secretariat during COP 19.

17. In the 2013 joint annual report of the TEC-CTCN to COP 19, the TEC recommended that COP 19 adopt the modalities on linkages with other institutional arrangements under and outside of the Convention that were contained in the annex to that report (refer to the annex to this background note).¹⁴

18. COP 19, on a proposal by the President, requested the SBSTA and the SBI to continue consideration of this joint annual report at their fortieth sessions with a view to forwarding a draft decision for consideration and adoption at COP 20, pursuant to rules 10(c) and 16 of the draft rules of procedure being applied.

C. Existing linkages between the Technology Mechanism and the financial mechanism

19. In addition to the modalities for possible linkages as described above, existing linkages between the Technology Mechanism and the financial mechanism include:

(a) 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.¹⁵

¹² Decision 13/CP.18, paragraph 8.

¹³ FCCC/SB/2013/1.

¹⁴ See: FCCC/SB/2013/1, Annex.

¹⁵ Decision 14/CP.18, Annex II, paragraph 1.

(b) The consultations between the GEF and the CTCN, through its Advisory Board and UNEP as the host of the Climate Technology Centre, on the support that the GEF will provide for the work of the CTCN.¹⁶

20. 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 Subsidiary Body for Implementation and the thematic bodies of the Convention as mandated by decision 2/CP.17, paragraph 121(b).

IV. Guiding questions

21. The TEC, in its consideration of decision 13/CP.18, paragraph 62, may wish to consider the following guiding questions:

(a) What linkages between the Technology Mechanism and the financial mechanism are important to enhance the provision of financial resources to developing countries to support the development and transfer of technology (to implement the provisions of the Convention)?

(b) What are the key elements of possible recommendations of the TEC on linkages between the Technology Mechanism and the financial mechanism of the Convention, developed in accordance with decision 4/CP.17, paragraph 6?

(c) What would be the process of the TEC for developing such recommendations?

(d) Does the TEC see the need to consult with other institutional arrangements under or outside of the Convention to elaborate these recommendations?

¹⁶ FCCC/SBI/2013/20, paragraph 137.

Annex

Modalities of the Technology Executive Committee on linkages with other relevant institutional arrangements under and outside of the Convention

V. Linkages with other relevant institutional arrangements under the Convention

22. For performing the functions contained in decision 1/CP.16, paragraph 121, through close interaction with relevant thematic bodies established under the Convention with closely overlapping functions and/or possible activities, including, but not limited to, the Advisory Board of the Climate Technology Centre and Network, the Adaptation Committee, the Board of the Green Climate Fund, the registry of nationally appropriate mitigation actions, the Least Developed Countries Expert Group, the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention, the Standing Committee on Finance and the Adaptation Fund Board, the modalities may include, inter alia, the following:

- (a) 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;
- (b) Inviting inputs to support the implementation of particular activities specified in the workplan of the Technology Executive Committee (TEC);
- (c) Providing inputs to other institutional arrangements under the Convention, in response to requests made by the Conference of the Parties and/or invitations made by respective institutions, to facilitate the work of those institutions;
- (d) Knowledge and information sharing.

VI. Linkages with other relevant institutional arrangements outside of the Convention

23. For performing the functions contained in decision 1/CP.16, paragraph 121, through linkages with institutional arrangements outside of the Convention, including, inter alia, public institutions, the business community, academia, international organizations, non-governmental organizations, networks and partnerships, the modalities may include, inter alia, the following:

- (a) Offering participation in meetings of the TEC as observers or expert advisers;
- (b) Technical taskforces, stakeholder forums and/or consultative groups;
- (c) Bilateral cooperative arrangements;
- (d) Web-based communication channels, including through the technology information clearing house (TT:CLEAR);
- (e) The Chair and/or the Vice-Chair, or any member designated by the TEC, representing the TEC at external meetings and reporting back to the TEC on those meetings.

24. The modalities mentioned in paragraph 2 above may be utilized on an ad hoc and issue-oriented basis, as they relate to the rolling workplan of the TEC.