



**Technology Executive Committee**

29 August 2017

**Fifteenth meeting**

**Bonn, Germany, 12–15 September 2017**

## **Draft inputs for the draft guidance to the operating entities of the Financial Mechanism**

### **Background paper**

#### **I. Introduction**

##### **A. Background**

1. One of the functions of the Standing Committee on Finance (SCF) is to provide to the Conference of the Parties (COP) draft guidance to the operating entities of the Financial Mechanism of the Convention, with a view to improving the consistency and practicality of such guidance, taking into account the annual reports of the operating entities as well as relevant submissions from Parties.

2. The SCF has invited the Technology Executive Committee (TEC) to provide inputs to the SCF with regards to the draft guidance of the operating entities of the Financial Mechanism to be provided to COP 23. This activity has been reflected in the rolling workplan of the TEC for 2016-2018 (activity 16.2 of the workplan).

3. At its 14th meeting (TEC 14), the TEC requested its task force on climate technology financing (task force on finance) to prepare draft inputs for draft guidance to the operating entities of the Financial Mechanism for consideration at TEC 15.

##### **B. Scope of the note**

4. This background note provides a compilation of draft inputs for the draft guidance to the operating entities of the Financial Mechanism, submitted by members of the task force on finance.

##### **C. Possible action by the Technology Executive Committee**

5. The TEC will be invited to consider the draft inputs prepared by the task force and agree on the TEC inputs for the draft guidance to the operating entities of the Financial Mechanism.

#### **II. Process for preparing draft guidance to the operating entities of the Financial Mechanism**

6. In its invitation to the TEC, the SCF provided the following information regarding the scope, format, timing of the inputs for the draft guidance, and how these will be processed:

(a) Scope: the annual reports of the operating entities should form the basis for the inputs provided;

(b) Format: the thematic bodies are invited to provide inputs using the same template as last year;

(c) Timing: the TEC is invited to provide the inputs ahead of the 16th meeting of the SCF, which has been scheduled to take place from 18 to 21 September 2017;

(d) Processing of inputs received: the SCF aims to recommend draft guidance for consideration by COP 23 through its annual report to the COP. The SCF will prepare the draft guidance based on the inputs, inter alia, received from the TEC. In order to ensure the consistency and practicality of guidance provided to the operating entities, the SCF will apply the following criteria to assess the inputs received, to see whether they are:

- (i) In line with the mandates of the operating entities;
- (ii) Ongoing and are being currently undertaken by the operating entities;
- (iii) Not contradictory to previous guidance given to the operating entities;
- (iv) Not duplicative of previous guidance given to the operating entities.

7. The TEC was encouraged to take note of the above mentioned criteria in preparing its inputs. Moreover, the SCF invited the TEC to utilize the Compilation and Analysis of previous guidance provided to the operating entities<sup>1</sup> in preparing its inputs, to ensure consistency and practicality of the inputs.

### **III. Draft inputs for the draft guidance to the operating entities of the Financial Mechanism**

8. In preparing draft inputs for the draft guidance to the operating entities of the Financial Mechanism, the following documents were taken into account:

- (a) Report of the Green Climate Fund to COP 23;<sup>2</sup>
- (b) Report of the Global Environment Facility to COP 23;<sup>3</sup>
- (c) Previous guidance provided to the operating entities of the Financial Mechanism on technology related matters.

9. A compilation of inputs received from task force members of the task force on finance is contained in Annex I.

---

<sup>1</sup> Compilation and Analysis of past guidance to the GCF: <https://goo.gl/K7FE6z>;  
Compilation and Analysis of past guidance to the GEF: <https://goo.gl/CPDOOe>.

<sup>2</sup> Available at <http://unfccc.int/resource/docs/2017/cop23/eng/05.pdf>.

<sup>3</sup> Available at <http://unfccc.int/resource/docs/2017/cop23/eng/07.pdf>.

## Annex I

### Draft inputs for the draft guidance to the operating entities of the Financial Mechanism

#### Annotated suggestions for elements of draft decision on the guidance to the Global Environment Facility

<i>Elements</i>	<i>Sub-elements</i>	<i>Sources of information for accountability</i>	<i>Proposed inputs and rationale</i>	<i>Comments by TEC members</i>
Policies	Private sectors engagement	GEF annual report, Annex 12 (b)	Longer term perspective to engage private sectors in technology development & transfer is required. GEF report recommends that the private sector aspect of the project needs a gradual transition in order to successfully achieve sustainability and effectiveness, since it takes time before the market becomes mature.	
	Roles of demonstration	GEF annual report, Annex 13 (e)	Project/Program introducing a new technology should include demonstration component. GEF report suggests that demonstration plays a fundamentally important role in convincing stakeholders on the value and role of new technology, and industry partners will be motivated to support.	
Programme priorities	Capacity of NFPs	GEF annual report, Annex 12 (b) and (c)	Programs with strong interest and aligned with daily operation by NFPs should be put higher priority. Some new project could be burden for some NFPs while they have ordinal operations with limited time. So the project should be align with their ordinal operation and be of strong interest in technology development & transfer, in order to maintain their commitment.	

<i>Elements</i>	<i>Sub-elements</i>	<i>Sources of information for accountability</i>	<i>Proposed inputs and rationale</i>	<i>Comments by TEC members</i>
	Communication strategy among project stakeholders	GEF annual report, Annex 13 (c)	<p>Programs which adopt approaches to ensure good communication among GEF agency, technology provider and technology recipient should be put higher priority.</p> <p>GEF report suggests that good communication among them is important in consensus building and achieving more effective project outputs.</p>	
Eligibility criteria	Capacity development aspect in technology development & transfer	GEF annual report, Annex 12 (c)	<p>Capacity development measure should be well defined in the TOR, including a clear definition of learning goals, skills to be transferred.</p> <p>GEF report addresses that, nearly all GEF projects' TOR mention capacity development, they were very vague and not taken up as concrete deliverables.</p>	
	Market challenges	GEF annual report, Annex 12 (d)	<p>Market challenges and measures to tackle them should be clearly addressed in the project proposal.</p> <p>FINTEC suggests that they continues to face market challenges such as lack of local capacity, market information and data and local supply chains, and inadequate energy/water tariffs.</p>	
Others				

**Annotated suggestions for elements of draft decision on the guidance to the Green Climate Fund**

<i>Elements</i>	<i>Sub-elements</i>	<i>Sources of information for accountability</i>	<i>Proposed inputs and rationale</i>	<i>Comments by TEC members</i>
Policies				
Programme priorities	Collaborative research and development	Sixth Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change, pp 28-29.	Welcomes the GCF Board's decision to invite the Chairs of the TEC and the Advisory Board of the CTCN to present to the Board on options for supporting collaborative research and development, and encourages the GCF to further engage with the TEC and the CTCN on support for collaborative research and development.	
Eligibility criteria				
Others				