



Technology Executive Committee

23 August 2022

Twenty-fifth meeting

In-person meeting, 6-8 September and 9 September 2022 (TEC-CTCN Joint session)

Draft inputs on draft guidance for the operating entities of the Financial Mechanism

Cover note

I. Introduction

A. Background

1. As per activity 4 of the thematic area of Support of its workplan for 2019-2022, the TEC is to provide inputs to the Standing Committee on Finance (SCF) on draft guidance to the operating entities of the Financial Mechanism.
2. In its invitation to the TEC, the SCF further elaborated on the scope, format, and timing of the inputs to be provided and how these inputs will be processed. In doing so, it highlighted that the annual reports of the GCF and the GEF should form the basis for the inputs to be provided by the TEC.

B. Scope of the note

3. The annex to this note contains draft inputs on draft guidance to the operating entities of the Financial Mechanism, prepared by the TEC task force on support.

C. Possible action by the Technology Executive Committee

4. The TEC will be invited to consider and agree on the TEC's inputs on draft guidance for the operating entities of the Financial Mechanism.

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 Process for preparing draft guidance to the operating entities of the Financial Mechanism

5. 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to the TEC, the SCF provided the following information regarding the scope, format, timing of the inputs for the draft guidance, and how these will be processed: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 GCF and the GEF to the COP for 2022 should form the basis for the inputs provided;
 - (b) Format: the TEC is invited to provide its inputs by using the template developed by the SCF for this purpose;¹
 - (c) Timing: the TEC is invited to provide its submission on the draft guidance to the operating entities before Thursday 8 September 2022;

¹ https://unfccc.int/sites/default/files/resource/Draft%20guidance_template.docx.

(d) Processing of inputs received: once the submissions have been received, the SCF will consider the preliminary draft guidance at its 29th meeting (29 September–1 October 2022) with a view to finalizing it for consideration at COP 27 and CMA 4.

6. In preparing draft inputs on draft guidance to the operating entities of the Financial Mechanism, the following documents and sections were considered by the task force:

(a) The 2022 annual report of the GCF to the COP, in particular the sections on support for technology;²

(b) The 2022 annual report of the GEF to the COP, in particular the chapter on technology transfer.

² Available at <https://unfccc.int/documents/599149>.

Annex

Draft inputs on draft guidance for the operating entities of the Financial Mechanism

Guidelines in providing the inputs:

- “Sub-elements”: Describe the specific area of the proposed input (e.g. Policies relating to access, gender, environment & social safeguards, etc.);
- “Proposed inputs”: Propose the inputs in draft decision text format;
- “To be considered by”: Choose whether the proposed inputs need to be considered: (1) Commonly by the COP and the CMA or; (2) specifically by the CMA;
- “Rationale for the inputs”: Annotate the reason for proposing the inputs, so that the rationale can be clearly understood;
- “Source of information / reference”: Provide reference to the annual reports of the operating entities or decision(s) of the GEF Council / GCF Board.
- Some examples from the previous years can be found in the annexes of the following documents:
 - https://unfccc.int/sites/default/files/resource/SCF19_draft%20guidance.pdf#page=3
 - https://unfccc.int/sites/default/files/draft_scf_bn_draft_guidance_scf16_13sept_1700.pdf#page=5
 - https://unfccc.int/sites/default/files/draft_scf_bn_draft_guidance_28sept.pdf#page=4

Annotated inputs for the draft guidance to the Green Climate Fund (GCF)

Elements	Sub-elements	Proposed inputs	To be considered: (1) Commonly by the COP and the CMA or; (2) Specifically, by the CMA.	Rationale for the inputs	Source of information / reference
Programme priorities	Support for technology through the GCF Readiness and Preparatory Support Programme	Welcomes the efforts of the GCF to facilitate and improve the collaboration with the CTCN through the GCF Readiness and Preparatory Support Programme and encourages the GCF, in consultation with the CTCN delivery partner, to explore ways to resolve the issues arising from the implementation of the readiness delivery partner agreement and the challenges associated with the quality of reporting and underperformance in the portfolio delivery. It further encourages the GCF to explore ways to improve collaboration between the two organizations and enhance the overall quality and quantity of the CTCN readiness portfolio.	(1)	By decision B.18/03, paragraph (d), the Board requested the Secretariat to continue collaborating with the Technology Mechanism in implementing support for technology. Beyond capacity-building for technology through existing readiness activities, GCF is strengthening its support through, inter alia, enhancing and introducing innovative features into its readiness programme (e.g., programmatic, multi-country/regional and multiple-year strategic readiness approaches) as well as financing proposals that contain support for technology providing a window for enhancing coordination between the NDA and national designated entities (NDEs)	GCF report to COP 27, paras 38-40

<i>Elements</i>	<i>Sub-elements</i>	<i>Proposed inputs</i>	<i>To be considered: (1) Commonly by the COP and the CMA or; (2) Specifically, by the CMA.</i>	<i>Rationale for the inputs</i>	<i>Source of information / reference</i>
Programme priorities	Linkages between the Technology Mechanism and the Financial Mechanism	Welcomes the opening of the CTCN Partnership and Liaison Office and encourages the GCF to actively participate in strengthening the linkages between the Technology Mechanism and the Financial Mechanism through this office.	(1)	<p>By decision 14/CP.22, paragraph 9, the COP invited the operating entities of the Financial Mechanism to provide information on their actions in strengthening the linkages between the Technology Mechanism and the Financial Mechanism in their annual reports to the COP.</p> <p>By GCF decision B.14/02, paragraph (d), the GCF Board requested the GCF secretariat to provide recommendations on further steps to enhance cooperation and coherence for consideration by the Board, and in the context of the GCF operational framework on complementarity and coherence and the annual event with the thematic bodies of the UNFCCC.</p> <p>By decision 14/CP.24, paragraph 7, the COP invited the CTCN to consult with the GCF and the GEF to identify ways to enhance information-sharing among NDEs, NDAs and GEF focal points.</p> <p>Document FCCC/CP/2020/5, annex, paragraph 141, underlines the importance of coordination between NDEs and NDAs to guarantee continuation from readiness support to funding proposal development, noting its fundamental importance for including technology priorities in the GCF country programmes (programming priorities of developing countries submitted to the GCF), NDCs and GCF entity work programmes (programming priorities of accredited entities submitted to the GCF)</p>	GCF report to COP 27, para 39
Programme priorities	Support for technology, including	Welcomes the progress made by the GCF in supporting climate technology incubators and accelerators and encourages the GCF to	(1)	By decision B.18/03, paragraph (a), the Board took note of options presented by the Secretariat on support for technology	GCF report to COP 27, paras 88-91

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	collaborative research and development	expedite the launch of the RFP for establishing incubators and accelerators in developing countries and to advance the development of the accelerator and incubator project and its approval by the GCF in 2022.		collaborative research, development and demonstration, in respect of two approaches: climate technology innovation systems and targeted climate technology research, development and demonstration support. By the same decision, paragraph (c), the Board subsequently requested the Secretariat to develop the terms of reference for a request for proposal (RFP) to support climate technology incubators and accelerators.	
Programme priorities	Support for technology, including collaborative research and development	Welcomes the adoption of the private sector strategy by the GCF and encourages the GCF to engage with NDAs and AEs to advance the private sector pipeline with a focus on concept notes and proposals that cover support for climate technology incubators and accelerators, among others.	(1)	By decision B.18/03, paragraph (a), the Board took note of options presented by the Secretariat on support for technology collaborative research, development and demonstration, in respect of two approaches: climate technology innovation systems and targeted climate technology research, development and demonstration support. By the same decision, paragraph (c), the Board subsequently requested the Secretariat to develop the terms of reference for a request for proposal (RFP) to support climate technology incubators and accelerators.	GCF report to COP 27, para 91
Programme priorities	Support for technology, including collaborative research and development	Encourages the GCF to continue to collaborate with the TEC and the CTCN to support climate technology incubators and accelerators.	(1)	By UNFCCC decision 12/CP.25, paragraph 20, the COP encouraged GCF to continue the collaboration with the CTCN and the TEC in order to strengthen cooperative action on technology development and transfer at different stages of the technology cycle and achieve a balance between support for mitigation and support for adaptation.	GCF report to COP 27, para 90
Programme priorities	Support for technology through projects and programmes	Welcomes the effort of the GCF to revise the funding proposal template and the funding proposal manual to facilitate tracking of technology investments and reporting and encourages the GCF to continue to explore harmonization with existing indicators, methods	(1)	Paragraphs 35 and 38 of the Governing Instrument state that GCF will finance agreed full and agreed incremental costs for activities to enable and support enhanced technology development and transfer. To monitor this there is a need to enhance the	

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		and approaches adopted by other climate funds and international aid organizations to track technology-related support.		reporting of technology-related activities in funding proposals to facilitate tracking of technology investments and reporting.	
Programme priorities/ Policies	Strengthening linkages with the Technology Mechanism	Encourages the GCF and GEF, in collaboration with the CTCN, to facilitate, on a sectoral level, the accelerated introduction of transformative climate technologies in support of NDCs and LEDs meeting the required ambition levels to reach the targets of the Paris Agreement for mitigation and adaptation	1	Results oriented, transformational approach guiding the Technology Mechanism in implementing the Paris Agreement – addressing the transformational changes envisioned in the Paris Agreement; Glasgow Climate Pact stressing to accelerate sectoral action by 2030;	FCCC/PA/CMA/2018/3/Add.2, II. Principles (3d); Decision. 1/CMA.3
Programme priorities/ Policies	Strengthening linkages with the Technology Mechanism	Encourages the GCF and GEF, in collaboration with TEC, to establish sectoral pathways and milestones for the introduction of key transformative climate technologies for meeting the targets of the Paris Agreement along the recommendations provided in relevant publications, including the IPCC AR6 Reports, the IPCC 1.5C 2018 Report and the IEA Net Zero Report.	1	Role of the Technology Mechanism to facilitate and promote enhanced action to achieve the purpose of the Paris Agreement, recognizing the importance of rapidly accelerating the transformational change towards climate resilient and low greenhouse gas emission development; Glasgow Climate Pact stressing to accelerate sectoral action by 2030;	FCCC/PA/CMA/2018/3/Add.2, B. Implementation B 9; E.Support (25a); Decision. 1/CMA.3
Programme priorities/ Policies	Strengthening linkages with the Technology Mechanism	Encourages the GCF and GEF, in collaboration with TEC, to work on a harmonized indicator framework for tracking the implementation level of critical transformation technologies on a sectoral level.	1	Enhancing the capacities of Parties to plan, monitor and achieve technological transformation in accordance with the purpose and goals of the Paris Agreement; Glasgow Climate Pact stressing to accelerate sectoral action by 2030	FCCC/PA/CMA/2018/3/Add.2, E.Support (24) and (25e) C. Enabling environment and capacity building C 14 k; Decision. 1/CMA.3
Policies	Financial sources	Encourages the GCF to explore collaborations with MDBs and DFIs in its joint activities with the TEC and CTCN, including ways to further mobilise private capital in projects related to technology development and transfer.	(1)	Discussions in NCQG and other sessions of the Financial Mechanism, from Parties and observers have highlighted the importance of engaging with other financial institutions that play a critical role in mobilising finance for NDCs, like MDB and DFI. By UNFCCC decision 9/CP.26 para 30, the COP recognizes the challenge of securing sustainable financial resources for the Climate Technology Centre and Network for	UNFCCC decision 9/CP.26 para 30 GCF decision B.18/03, para d

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				2022 and requests the Climate Technology Centre and Network to strengthen its resource mobilization efforts to ensure sustainable funding for effectively implementing its programme of work. By GCF decision B.18/03, para d, GCF enables access to finance for climate action by enhancing policy environments and identifying and developing investments of which the deployment of climate-relevant technology is a key component.	
	NCQG	Encourages the GCF to consider elements related to technology development and transfer in their participation in NCQG processes, including its Technical Expert Dialogues.	(1)	By UNFCCC decision 9/CP.26 para 3, the COP encourages the continued collaboration between the Technology Mechanism and the Financial Mechanism. By UNFCCC decision 9/CMA.3 para 4, the CMA requests the co-chairs of the ad hoc work programme to maintain regular consultations with the constituted bodies, in particular the Standing Committee on Finance, as well as United Nations agencies, climate finance experts, academia, and private sector and civil society actors with a view to informing the work programme. By GCF decision B.18/03, para d, GCF enables access to finance for climate action by enhancing policy environments and identifying and developing investments of which the deployment of climate-relevant technology is a key component.	UNFCCC decision 9/CP.26 para 3 UNFCCC decision 9/CMA.3 para 4 GCF decision B.18/03, para d
Programme priorities	Collaboration	Encourages the GCF to explore further collaborations with the TEC and CTCN in events, publications, and projects, and to facilitate regular communication between the financial mechanism and technology mechanism, noting the importance of gender	(1)	By UNFCCC decision 14/CP.24, para 7, the COP invited the CTCN to consult with GCF and the GEF to identify ways to enhance information sharing among NDEs, NDAs and GEF focal points.	UNFCCC decision 14/CP.24, para 7 UNFCCC decision 15/CMA.3, para 11

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		mainstreaming and engagement of observer constituencies.		Despite a similar input was made in 2021, little evidence on furthering engagement has been seen. By UNFCCC decision 15/CMA.3, para 11, the CMA looks forward to the TEC to continue efforts on gender mainstreaming.	
Others	Communication and stakeholder engagement	Encourages the GCF to strengthen communication between NDAs, NDEs, and relevant non-Party stakeholders, including private sector actors and civil society stakeholders like women, youth, and indigenous peoples, besides the GCF SCO Network, on matters related to technology development and transfer.	(1)	By UNFCCC decision 14/CP.24, para 7, the COP invited the CTCN to consult with GCF and the GEF to identify ways to enhance information sharing among NDEs, NDAs and GEF focal points. By GCF 2022 Report to COP27 para 15, The GCF continues to enhance its support towards the development and implementation of readiness grants with an emphasis on technology support by seeking to work with a wider range of delivery partners, including national delivery partners. By GCF decision B.18/03, para d, the GCF Board requested the Secretariat to continue collaborating with the Technology Mechanism in implementing support for technology, including through financial proposals that contain support for technology providing a window for enhancing coordination between the NDA and the NDEs. By GCF 2022 Report to the COP27 para 39, GCF mentioned the COP mandate on strengthening collaboration between NDA and NDEs.	UNFCCC decision 14/CP.24 GCF decision B.18/03, para d GCF report to COP27, para 39
		[place holder for possible inputs coming from the key messages and recommendations on support provided by the GCF and GEF for climate technologies.]			

Annotated inputs for the draft guidance to the Global Environment Facility (GEF)

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Programme priorities	Technology transfer	Notes that technology transfer continues to be at the core of the programming directions for GEF-8 and encourages the GEF to continue to explore opportunities for further collaboration with the CTCN in support of technology transfer and innovation, as consistent with national priorities and based on country demand.	(1)	The transfer of low-carbon and climate-resilient technology has been a key cross-cutting theme for the GEF since its establishment. The GEF-7 climate change focal area strategy was specifically designed to support developing countries in making transformational shifts towards low-emission and climate-resilient development pathways. To achieve this goal, the strategy emphasizes three fundamental objectives, one of which is to promote innovation and technology transfer for sustainable energy breakthroughs. In GEF-7, partnership with the private sector was a key priority in promoting technology transfer and deployment.	GEF report to COP 27, para 250
Programme priorities	Technology Needs Assessments	Welcomes the support available under GEF-8 for undertaking TNAs for LDCs and SIDSs which have not yet undertaken a TNA and notes that other countries may continue to use their national STAR allocations for undertaken TNAs.	(1)	Under the GEF-7 Programming Directions, support for TNAs is possible using national STAR allocations. LDCs and SIDSs continue to be eligible to draw on the global CCM set aside. Going forward, and following COP guidance, the GEF-8 Programming Directions are explicit in stating that support for TNAs is available for LDCs and SIDSs which have not yet undertaken a TNA and wish to do so. Other countries will continue to be able to use their national STAR allocations.	GEF report to COP 27, para 264-273

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Programme priorities	Local level	Encourages the GEF, in collaboration with the CTCN and TEC, to explore further activities (events, training, and projects) on technology development and transfer at the sub-national and local level.	(1)	GEF's 2020 report to COP26 highlights the critical importance of local-level engagement, and stated that small grants will be targeted primarily towards local communities and CSOs, the poor and the vulnerable, to access appropriate level of funding as they develop their capacity, take measured risks in testing new methods and technologies, and innovate at the local level.	GEF 2020 report to COP 26, paras. 58 to 59 (FCCC/CP/2020/1)
	TNA	Encourages the GEF to enhance the implementation of TNA results through GEF funding proposals and to facilitate active communication among NDEs and GEF focal points at the national level.	(1)		GEF 2020 report o COP 25, paras. 200 to 209 GEF 2021 report to COP26 paras. 215 to 220 GEF 2022 report to COP27
Others	Communication	Encourages the GEF to facilitate communication between the UNFCCC Technology Mechanism and other Conventions, including CBD and CCD with the aim of sharing best practices and lessons learned.	(1)	The GEF participated in and/or organized several meetings including 'How to align public and private financial flows for the implementation of the three Rio conventions on biodiversity, climate change and desertification'.	GEF 2022 report to COP
		[place holder for possible inputs coming from the key messages and recommendations on support provided by the GCF and GEF for climate technologies.]			