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**Development and transfer of technologies and implementation of
the Technology Mechanism**

**Linkages between the Technology Mechanism and
the Financial Mechanism of the Convention**

Linkages between the Technology Mechanism and the Financial Mechanism of the Convention: recommendations of the Technology Executive Committee*

Summary


The Conference of the Parties, by decision 1/CP.18, 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 and of the Technology Executive Committee. This document contains the recommendations of the Technology Executive Committee on the linkages between the Technology Mechanism and the Financial Mechanism of the Convention.

* This document was submitted after the due date owing to the timing of the meeting of the Technology Executive Committee and the need for further consultations.

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Contents

	<i>Paragraphs</i>	<i>Page</i>
I. Introduction	1–6	3
A. Mandate	1–2	3
B. Scope of the note	3	3
C. Possible action by the Conference of the Parties	4	3
D. Response of the Technology Executive Committee	5–6	3
II. Recommendations of the Technology Executive Committee on linkages between the Technology Mechanism and the Financial Mechanism	7–20	4
A. Recommendations on inputs into the decision-making process of the operating entities of the Financial Mechanism	11–17	4
B. Recommendations on inputs by the operating entities of the Financial Mechanism into the decision-making process of the Technology Executive Committee.....	18–19	6
C. Recommendations of the Technology Executive Committee on linkage modalities between the Technology Mechanism and the Financial Mechanism.....	20	6

I. Introduction

A. Mandate

1. The Conference of the Parties (COP), by decision 1/CP.16,¹ established a Technology Mechanism, comprising a Technology Executive Committee (TEC) and a Climate Technology Centre and Network (CTCN), to facilitate the implementation of enhanced action on technology development and transfer to support action on mitigation and adaptation in order to achieve the full implementation of the Convention.

2. The COP, by decision 1/CP.18,² 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 TEC, developed in accordance with decision 4/CP.17, paragraph 6.

B. Scope of the note

3. This document contains the recommendations of the TEC on the linkages between the Technology Mechanism and the Financial Mechanism of the Convention for consideration at COP 20.

C. Possible action by the Conference of the Parties

4. The COP will be invited to further elaborate the linkages between the Technology Mechanism and the Financial Mechanism of the Convention, taking into consideration the recommendations of the TEC and the Board of the GCF on this matter, and to take any action it deems appropriate.

D. Response of the Technology Executive Committee

5. In response to decision 1/CP.18, the TEC, at its 8th meeting, held in March 2014 in Bonn, Germany, discussed and agreed on its approach in preparing its recommendations on the linkages between the Technology Mechanism and the Financial Mechanism of the Convention. The TEC initiated its discussion on the nature of the linkages and the key elements of possible recommendations on this matter for consideration by the COP. The TEC also agreed on a number of follow-up activities to further advance this work intersessionally. These activities were led by one of the task forces of the TEC and included the preparation of an internal value proposition paper summarizing the work of the TEC of relevance to the Financial Mechanism and the organization of a thematic dialogue on climate technology financing.³ The thematic dialogue aimed to identify possible linkages between the Technology Mechanism and the Financial Mechanism and was organized as part of the 9th meeting of the TEC, held on 19 August 2014 in Bonn. Participants in the thematic dialogue included representatives of the operating entities of the Financial

¹ Decision 1/CP.16, paragraph 117.

² Decision 1/CP.18, paragraph 62.

³ Relevant background documents and presentations relating to the thematic dialogue are available at <http://unfccc.int/ttclear/pages/ttclear/templates/render cms_page?s=TEC_TD4>.

Mechanism, the Standing Committee on Finance (SCF) and the Advisory Board of the CTCN.

6. The value proposition paper and the outcomes of the thematic dialogue were taken into account by the TEC in preparing its recommendations on the linkages between the Technology Mechanism and the Financial Mechanism. After its 9th meeting, the TEC finalized its recommendations as contained in this document.

II. Recommendations of the Technology Executive Committee on linkages between the Technology Mechanism and the Financial Mechanism

7. Project proponents face many challenges in securing financing for technology projects and programmes. Solutions to these challenges require close stakeholder collaboration to ensure that policies, finance, technologies and project planning are aligned to produce projects and programmes that are economically, environmentally and socially sound.

8. 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 of the Convention for consideration at COP 19.⁵

9. In drafting the recommendations on the linkages between the Technology Mechanism and the Financial Mechanism, the TEC drew upon:

(a) Relevant decisions related to institutional arrangements adopted by the COP at its seventeenth and eighteenth sessions;

(b) Modalities on linkages with other relevant institutional arrangements under and outside of 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) Outcomes of the thematic dialogue on climate technology financing referred to in paragraph 5 above.

10. The Financial Mechanism could benefit from the expertise, policy advice, information and/or technical assistance that the TEC and the CTCN can provide to the operations of the Financial Mechanism.

A. Recommendations on inputs into the decision-making process of the operating entities of the Financial Mechanism

11. Based upon its analytical work on enabling environments and barriers to technology development and transfer, technology needs assessments (TNAs) and technology road maps, and building on previous work undertaken by the Expert Group on Technology Transfer on innovative financing and performance indicators, the TEC is willing to provide

⁴ Decision 1/CP.16, paragraph 125.

⁵ FCCC/SB/2013/1, annex.

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.

12. The nature of the information and expertise relevant to the GCF, the Global Environment Facility (GEF) and the SCF may evolve once workplans and modes of operation become operational.

13. The TEC recommends that joint work be initiated with the operating entities of the Financial Mechanism to determine the collaborative activities that would provide greater value to both the Financial Mechanism and the Technology Mechanism in the future.

14. The TEC further recommends the following areas of collaboration between the Technology Mechanism and the operating entities of the Financial Mechanism, as well as the SCF.

Standing Committee on Finance

15. In accordance with the workplan of the SCF for 2014–2015 and following consultations with the SCF, the following areas were identified for possible inputs by the TEC into the work undertaken by the SCF:^{6,7}

(a) Providing input into the COP guidance for the operating entities of the Financial Mechanism on matters related to climate technology financing;

(b) Providing input into preparing a biennial assessment and overview of climate finance flows, building on the analytical work on TNAs and other sources of information such as national communications;

(c) Providing input into organizing a forum for communication and continued exchange of information among bodies and entities dealing with climate change finance;

(d) Providing input into the review of the Financial Mechanism.

Global Environment Facility

16. Possible inputs by the TEC into the work undertaken by the GEF include:⁸

(a) Evaluating the Poznan strategic programme on technology transfer with the aim of enhancing the effectiveness of the Technology Mechanism, as invited by the Subsidiary Body for Implementation at its fortieth session;⁹

(b) Providing policy advice on measures to create enabling environments for technology development and transfer in developing countries and an analysis of the barriers that hamper project/programme implementation;

(c) Providing inputs into the work undertaken by the Scientific and Technical Advisory Panel¹⁰ of the GEF on innovative policy packages and market initiatives to foster a new range of mitigation actions.

⁶ FCCC/CP/2013/8, annex VIII.

⁷ This is a non-exhaustive list.

⁸ This is a non-exhaustive list.

⁹ FCCC/SBI/2014/8, paragraph 142.

¹⁰ The Scientific and Technical Advisory Panel was established as an advisory body to the GEF and provides objective, strategic scientific and technical advice on GEF policies, operational strategies and programmes and on projects and programmatic approaches.

Green Climate Fund

17. The TEC highlights the need to establish linkages with the Board of the GCF on issues of common interest. The TEC has identified potential areas within the Board's workplan which may benefit from inputs by the TEC. In order to jointly determine which future work would provide greater value, consultations with the Board of the GCF are required.

B. Recommendations on inputs by the operating entities of the Financial Mechanism into the decision-making process of the Technology Executive Committee

18. The current workplan of the TEC was used as a basis to identify possible areas for inputs by the operating entities of the Financial Mechanism and the SCF into the work undertaken by the TEC.

19. The operating entities of the Financial Mechanism and the SCF could provide inputs into the work undertaken by the TEC in the area of TNAs and climate technology financing, such as:

- (a) Reviewing TNAs, technology action plans and project ideas, and progress in the implementation of TNAs;
- (b) Participating in relevant thematic dialogue(s);
- (c) Preparing TEC briefs on climate technology financing.

C. Recommendations of the Technology Executive Committee on linkage modalities between the Technology Mechanism and the Financial Mechanism

20. With regard to performing the functions and activities of the TEC and the CTCN and supporting the work undertaken by the GEF and the SCF on closely overlapping functions and/or possible activities, the linkage modalities with these bodies may include the following, as appropriate:

- (a) Meetings between the Chair/Vice-Chair of the TEC and the Chair/Vice-Chair of the Advisory Board of the CTCN, the Co-Chairs of the SCF and representatives of the GEF secretariat;
- (b) Participation of members of the respective bodies¹¹ in the meetings of the other respective bodies, on a case-by-case basis, as well as in workshops and events individually or jointly organized, technical task forces, and expert and advisory panels established by the respective bodies on issues of common interest;
- (c) Inviting inputs from the other respective bodies to support the implementation of particular activities as specified in the workplan of the TEC and providing inputs into the 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;
- (d) Sharing of knowledge and information.

¹¹ Designated in accordance with the rules of procedure of the respective body.