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## Subsidiary Body for Implementation

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# Maintaining and enhancing collaboration and cooperation between the Technology Mechanism and the Financial Mechanism

Synthesis report by the secretariat

### *Summary*

This report synthesizes views submitted by Parties and other stakeholders, in response to an invitation of the Conference of the Parties and taking into account guiding questions, on maintaining and enhancing collaboration and cooperation between the Technology Mechanism and the Financial Mechanism, including on linkages between the Mechanisms.



## Abbreviations and acronyms

AF	Adaptation Fund
COP	Conference of the Parties
CTCN	Climate Technology Centre and Network
GCF	Green Climate Fund
GEF	Global Environment Facility
LDC	least developed country
NDA	national designated authority
NDE	national designated entity
OPF	operational focal point
SBI	Subsidiary Body for Implementation
SCF	Standing Committee on Finance
SIDS	small island developing State(s)
TAP	technology action plan
TEC	Technology Executive Committee
TNA	technology needs assessment
UNEP	United Nations Environment Programme

## I. Introduction

### A. Mandate

1. COP 28 invited Parties, the UNFCCC constituted bodies, the operating entities of the Financial Mechanism and other stakeholders to submit views on maintaining and enhancing collaboration and cooperation between the Technology Mechanism and the Financial Mechanism, including on linkages between the Mechanisms, taking into account the guiding questions contained in the annex to decision 10/CP.28. It requested the secretariat to prepare a synthesis report on the submissions for consideration at SBI 60.<sup>1</sup>
2. COP 28 also requested the TEC and the CTCN, in consultation with the SBI Chair, to organize an in-session workshop, to be held at SBI 60, to take stock of the linkages between the Technology Mechanism and the Financial Mechanism taking into account the views expressed in the submissions referred to in paragraph 1 above.<sup>2</sup>
3. COP 28 further requested SBI 60 to initiate discussion on the submissions, synthesis report and workshop referred to in paragraphs 1–2 above with a view to recommending a draft decision thereon for consideration and adoption at COP 29.<sup>3</sup>

### B. Scope

4. This report compiles and synthesizes the views of Parties and other stakeholders submitted by 1 February 2024<sup>4</sup> on maintaining and enhancing collaboration and cooperation between the Technology Mechanism and the Financial Mechanism, including linkages between them, and is structured on the basis of the guiding questions referred to in paragraph 1 above.
5. The secretariat received submissions from 11 Parties, on behalf of a total of 169 Parties:
  - (a) Belgium and the European Commission on behalf of the European Union and its member States;
  - (b) Brazil;
  - (c) Canada;
  - (d) Chile;
  - (e) Cuba on behalf of the Group of 77 and China;
  - (f) Egypt;
  - (g) Honduras on behalf of the Independent Association for Latin America and the Caribbean;
  - (h) Japan;
  - (i) Malawi on behalf of the LDCs;
  - (j) Samoa on behalf of the Alliance of Small Island States;
  - (k) United States of America.
6. The secretariat also received submissions from six other stakeholders:
  - (a) The AF;

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<sup>1</sup> Decision 10/CP.28, paras. 10–11.

<sup>2</sup> Decision 10/CP.28, para. 12.

<sup>3</sup> Decision 10/CP.28, para. 13.

<sup>4</sup> The submissions are available at <https://collaborate.unfccc.int/submissions/Pages/Home.aspx> (in the search field, type “linkages”).

- (b) Colby College;
- (c) The Innovea Development Foundation;
- (d) UNEP;
- (e) The UNFCCC children and youth constituency;
- (f) World Climate Athletes.

### **C. Possible action by the Subsidiary Body for Implementation**

7. The SBI may wish to consider the information herein in its deliberations on the linkages between the Technology Mechanism and the Financial Mechanism.

## **II. Synthesis of views**

### **A. Successful approaches to and lessons learned in enhancing linkages between the Mechanisms**

8. Most Parties<sup>5</sup> and some other stakeholders mentioned the following examples of successful approaches to and lessons learned in enhancing the linkages between the Technology Mechanism and the Financial Mechanism:

(a) Support provided by the GEF, through UNEP, and by the CTCN for preparing and updating TNAs, and by the GEF for implementing the outcomes of TNAs in the LDCs and SIDS;

(b) Collaboration between the CTCN and the GCF in providing CTCN technical assistance through the GCF Readiness and Preparatory Support Programme, including for developing and updating TNAs. While many Parties highlighted that this approach has not been successfully maintained, as reflected in the decline in CTCN technical assistance being supported by the GCF owing to operational inefficiencies, many Parties referred to the fact that CTCN technical assistance has not yet resulted in the approval of any large-scale GCF projects as a lesson learned and mentioned the lack of information on the approval of GEF projects developed with CTCN technical assistance;

(c) Establishment of the CTCN Partnership and Liaison Office at the same premises as the GCF in Songdo, Republic of Korea, to enhance collaboration between the CTCN and the GCF and to support NDEs in the Asia-Pacific region. One Party noted as a lesson learned that the role of the Liaison Office needs to be more clearly defined;

(d) Collaboration between the CTCN and the AF through the Adaptation Fund Climate Innovation Accelerator. Many Parties stated as lessons learned that the eligibility criteria should be revised to ensure that all developing countries can benefit from the Adaptation Fund Climate Innovation Accelerator, and that more awareness-raising is required to reach anticipated beneficiaries in the LDCs despite previous participation by the AF in regional NDE forums.

9. Most Parties and some other stakeholders highlighted the participation of the bodies of the Technology Mechanism and the operating entities of the Financial Mechanism in each other's meetings and their provision of inputs to one another's work as successful approaches to enhancing collaboration and cooperation between the Mechanisms; for example:

(a) Participation of the TEC and the CTCN Advisory Board in the annual meetings of the GCF with the UNFCCC constituted bodies and in GCF regional programming dialogues for knowledge-sharing and articulating proposals for possible joint projects;

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<sup>5</sup> The following terms are used in this report according to the percentage of Parties whose submissions mention particular information: "a few" for less than 10 per cent; "some" for 10–40 per cent; "many" for 41–70 per cent; "most" for 71–90 per cent; and "almost all" for more than 90 per cent.

(b) Participation of the GCF and the GEF in meetings of the TEC and the CTCN Advisory Board;

(c) Participation of NDEs in GEF national dialogues that convene national stakeholders to discuss and agree on the prioritization and programming of GEF resources;

(d) Exchanges between the CTCN and multilateral development banks on collaboration on programming of activities and capacity-building programmes;

(e) Participation of the CTCN in meetings of the AF Board, and participation of the AF Board secretariat in meetings of the TEC and the CTCN Advisory Board.

10. Many Parties noted that the GCF Board has not participated in CTCN Advisory Board meetings despite the latter's constitution providing for it. Some Parties suggested that the Financial Mechanism would benefit from the TEC and the CTCN participating in meetings of the GCF Board and the GEF Council. Some other stakeholders highlighted as a lesson learned the need for the bodies of the Technology Mechanism and the operating entities of the Financial Mechanism to better coordinate the scheduling of their meetings in order to avoid clashes.

11. A few Parties found that linkages between the Mechanisms have been enhanced through the inclusion of cross references in relevant planning documents. For example, the joint work programme of the Technology Mechanism for 2023–2027 provides for collaboration with the GCF and the GEF; the GCF Strategic Plan 2024–2027 provides for collaboration with the TEC and the CTCN on technology and innovation; and the AF provided inputs to the TEC rolling workplan for 2023–2027.

12. A few Parties and other stakeholders mentioned collaboration on organizing events and developing knowledge products as examples of successful approaches to enhancing linkages between the Technology Mechanism and the Financial Mechanism and between the Technology Mechanism and the AF. One example mentioned was the joint knowledge products prepared by the TEC, the CTCN and the GCF on climate technology incubators and accelerators, which informed the programmatic work of the GCF in that area, such as developing a climate innovation facility and issuing a request for proposals for establishing climate technology incubators and accelerators. However, some Parties pointed out that the GCF Board has been postponing the issuance of the request for proposals since 2019.

13. A few Parties highlighted the provision by the CTCN of technical assistance for preparing GCF concept notes and GCF and GEF funding proposals, as well as the provision by the GCF and the GEF of funding to the CTCN, including for delivering technical assistance, as ways in which linkages between the Mechanisms have been enhanced.

14. One Party highlighted the annual provision of inputs by the TEC to the draft guidance for the operating entities of the Financial Mechanism prepared by the SCF as an example of an enhanced linkage between the Technology Mechanism and the Financial Mechanism.

## **B. Gaps in linkages between the Mechanisms and ways to address them**

15. Most Parties stated that, despite some enhancement of the linkages between the Technology Mechanism and the Financial Mechanism, many developing countries have not been able to benefit from the linkages at the national level.

16. Most Parties and some other stakeholders highlighted the following gaps in the linkages between the Mechanisms and made suggestions for how the gaps could be addressed in order to enhance the linkages:

(a) Complexity of the procedures for using the GCF Readiness and Preparatory Support Programme and CTCN technical assistance. One Party highlighted that few CTCN technical assistance projects have resulted in GCF projects. Many Parties stated that this gap should be addressed by simplifying and harmonizing procedures under the Mechanisms and building the capacity of developing countries to engage more effectively with the operating entities of the Financial Mechanism;

(b) Inadequacy of the support provided to developing countries for technology development and transfer under both Mechanisms, including for implementing TNA outcomes, and lack of transformational change as a result. Many Parties suggested that financial contributions provided to the Technology Mechanism should be increased. One group of Parties proposed that the CTCN use its resource mobilization strategy to strengthen engagement with the operating entities of the Financial Mechanism and other international financial institutions, including multilateral and regional development banks. One Party proposed setting a minimum level on the funding provided annually under the Financial Mechanism for technology transfer;

(c) Lack of coordination between NDEs, other national focal points, implementing agencies and financial entities for climate technology projects. Many Parties called for this gap to be addressed through those stakeholders improving collaboration and establishing arrangements for ensuring effective interaction, including through standardized processes and ongoing engagement. Many Parties called for the operating entities of the Financial Mechanism to be involved in preparing, implementing and monitoring the joint work programme of the Technology Mechanism. One Party suggested making better use of events attended by relevant stakeholders and exploring the use of virtual tools to foster regular collaboration between such stakeholders;

(d) Lack of capacity-building support for developing countries to prepare project proposals that are in line with the requirements of the CTCN, the GCF and the GEF, and for the NDEs of those countries to coordinate with other national focal points and implementing agencies to enhance access to and use of funding from the GCF, the GEF and the AF to support technology development and transfer, including by implementing TNA outcomes. Many Parties called for the provision of technical and logistical support under the Technology Mechanism to enable NDEs to effectively implement their mandates;

(e) Lack of alignment of the outcomes of CTCN technical assistance and TNAs with the requirements of the operating entities of the Financial Mechanism and vice versa. Some Parties suggested that this gap should be addressed through those bodies including in their funding criteria a requirement for project proposals to be based on the outcomes of CTCN technical assistance or TNAs. Some other stakeholders proposed that joint initiatives be developed under the Mechanisms to foster such alignment, and that a coordination process be established, whereby a neutral team with knowledge and experience of technology investment facilitated by the Chair of the Subsidiary Body for Scientific and Technological Advice oversees the integration of the outcomes of CTCN technical assistance into the operational strategies of the operating entities of the Financial Mechanism;

(f) Lack of data, information and knowledge on linkages between the Mechanisms, which should be addressed through consistent and systematic tracking of linkages to enable identification of gaps and lessons learned;

(g) Lack of elaboration of linkages between the Technology Mechanism and the Fund referred to in decisions 1/CP.28 and 5/CMA.5 as a new operating entity of the Financial Mechanism.

17. One Party highlighted a lack of focus under both Mechanisms on building the capacity of developing countries to develop and deploy climate technologies, a lack of outreach activities to encourage and support developing countries in carrying out TNAs and limited private sector engagement in technology development and transfer.

### **C. Engagement and potential roles of stakeholders in enhancing linkages between the Mechanisms**

18. In terms of how the bodies of the Technology Mechanism and the operating entities of the Financial Mechanism can cooperate on engaging stakeholders, and what roles stakeholders could play in maintaining and enhancing linkages between the Mechanisms, most Parties and some other stakeholders highlighted the following:

(a) Key stakeholders in this context are the implementing entities of different funds and CTCN Network members;

(b) The TEC, the CTCN, the GCF and the GEF could foster international exchanges with stakeholders, on good practices, challenges and lessons learned regarding implementing outcomes of TNAs and CTCN technical assistance, on ways of financing the implementation of TNA outcomes and on planning, implementing and monitoring activities under the Mechanisms;

(c) Stakeholders could:

(i) Support the TEC and the CTCN in providing capacity-building support and technical assistance to NDEs; the GCF, the GEF, the AF and the Fund referred to in decisions 1/CP.28 and 5/CMA.5 in making funding more accessible; and NDEs in developing TNAs and CTCN technical assistance requests, implementing outcomes of TNAs and CTCN technical assistance, and communicating results;

(ii) Help to foster strategic partnerships to accelerate the implementation of climate technologies, including by promoting cooperative frameworks and collaborative agreements among government entities, investors and the private sector that strengthen relations among stakeholders and facilitate access to financing for technology transfer and deployment in developing countries while maximizing the impact of different types of financial instrument;

(iii) Play a role in ensuring that outcomes of TNAs and CTCN technical assistance are appropriately implemented in line with national circumstances;

(iv) Support the monitoring and evaluation and simplification and harmonization of linkages between the Mechanisms, including through digital technologies, to scale up the implementation of the outcomes of TNAs and CTCN technical assistance;

(v) Contribute to improving diversity of engagement, identify and support the addressing of gaps in implementation of the outcomes of TNAs and CTCN technical assistance and enhance transparency in this regard. In particular, greater engagement of youth, women, Indigenous Peoples and local communities, and marginalized communities could make an important contribution in this context.

19. Most Parties proposed that stakeholders could support and engage in the organization of round-table meetings and outreach opportunities in order to mobilize financial resources for the Mechanisms and for enhancing linkages between them.

20. Most Parties also proposed that stakeholders could support the development of guidelines for operations at the national level and collaboration of NDEs, NDAs and OFPs (national focal points for technology development and transfer, the GCF and the GEF respectively), and ensure the effective participation of Governments, the private sector, civil society and United Nations agencies in technology development and transfer, and that technology providers and investors could become CTCN Network members.

21. Most Parties suggested that the TEC, the CTCN, the GCF and the GEF should prepare to engage with the Fund referred to in decisions 1/CP.28 and 5/CMA.5 once it is operational. Many Parties noted that the AF can play a vital role in maintaining and enhancing linkages between the Mechanisms.

22. A group of Parties proposed that the TEC and the SCF establish a joint working group to define and ensure mobilization of the required financial resources for, and identify key data points for tracking progress of, technology development and transfer, and operationalize an integrated tracking system.

23. Some Parties suggested that the TEC and the CTCN should explore diversifying their funding sources, including through potential collaboration with the private sector. One Party suggested using incentives and mechanisms to attract private sector investment in and financing of climate technologies, including public–private partnerships. Another Party noted that the private sector is starting to provide de-risking financial instruments for the development and diffusion of low-emission technologies.

24. One Party suggested that the TEC, the CTCN, the GCF, the GEF and the Fund referred to in decisions 1/CP.28 and 5/CMA.5 could engage with stakeholders on aligning their funding criteria and guidelines, establishing joint communication strategies to raise

awareness of the collaboration between the Mechanisms, integrating outcomes of TNAs and national adaptation plans into joint planning and decision-making processes under the Mechanisms in order to align technological and financial priorities, and establishing a unified structure for reporting on technology transfer and financial support.

25. One observer organization proposed various possibilities for using artificial intelligence to enhance linkages between the Mechanisms, including by enabling shorter decision-making and policymaking time frames, modelling and analysing market behaviour for climate technologies in developing countries, enhancing communication between NDEs, NDAs and OFPs through live simultaneous interpretation, text simplification and writing assistance, and enhancing data analysis.

#### **D. Enhancing communication and cooperation among national focal points**

26. Almost all Parties noted the importance of strengthening communication and cooperation among the national focal points for the Technology Mechanism and the Financial Mechanism.

27. To that end, most Parties suggested undertaking training programmes and dialogues that are appropriate to national circumstances, including sector-specific training, and fostering agreement of national focal points on common goals. Some Parties noted that national focal points for the AF, the GCF and the GEF should participate in such training and dialogue. Most Parties also noted that CTCN technical assistance could have a stronger component on communication and cooperation between national focal points.

28. Many Parties proposed organizing regular forums, workshops and webinars, developing networks and establishing an online portal or platform to facilitate the exchange of information, experience and good practices among and enhance the capacity of, and foster joint efforts by, the national focal points for the Technology Mechanism and the Financial Mechanism. Some Parties suggested that existing opportunities, such as UNFCCC regional climate weeks, GCF regional dialogues and GEF national dialogues, could be used to foster information-sharing among national focal points.

29. A group of Parties proposed instituting joint planning, budgeting, implementation, monitoring and reporting for activities among NDEs, NDAs and OFPs and suggested that UNFCCC national focal points should be mandated to coordinate NDEs, NDAs and OFPs.

30. One Party proposed that NDEs, NDAs and OFPs could enhance coordination by establishing a joint mid- to long-term plan for scaling up projects and collaborating with the national focal points for multilateral development banks and official development assistance. Another Party proposed that the TEC, the CTCN, the GCF and the GEF hold regular consultations to identify challenges to and devise strategies for improving collaboration between national focal points.

31. One Party proposed establishing monitoring and reporting systems that are aligned in order to simplify the process of information-sharing between NDEs, NDAs and OFPs. One Party also proposed promoting cross representation of NDEs, NDAs, OFPs, the TEC and the CTCN in relevant decision-making under the Technology Mechanism and the Financial Mechanism to ensure that their perspectives are considered at a strategic level.

#### **E. Using outcomes of technology needs assessments, Technology Executive Committee products and Climate Technology Centre and Network technical assistance to access finance**

32. Some Parties were of the view that countries already use the outcomes of TNAs and TAPs to the full extent for preparing GCF and GEF funding proposals. While for most Parties this has not resulted in accessing funding from the Financial Mechanism, one Party highlighted that its first TNA informed a successful funding proposal to the GEF and that a concept note being developed under its second TNA will be the basis for further funding proposals.



33. According to its submission, UNEP estimates that the 98 TNAs undertaken by developing countries under the global TNA project since 2009 have resulted in 21 projects being supported under the Financial Mechanism. This includes USD 298 million of funding from the GCF and USD 20 million of funding from the GEF, resulting in a total of USD 1.83 billion of funding through co-financing. The AF highlighted in its submission that its requirements for innovation funding already include the alignment of funding proposals with the countries' TNAs and TAPs.

34. Some Parties and some other stakeholders highlighted the important role of TNAs and TAPs in integrating climate technologies into nationally determined contributions and national adaptation plans and informing priority interventions and climate technology investment decisions. A group of Parties highlighted that many outdated TNAs need to be reviewed and updated.

35. Parties made the following suggestions for making better use of TEC products, CTCN technical assistance and TNA outcomes to mobilize funding from the Financial Mechanism:

- (a) Parties could:
  - (i) Evaluate possible needs for reforming the TNA process, including with stakeholders of the GCF and the GEF, for example considering the introduction of a sector-specific approach;
  - (ii) Assess and further refine their TNAs in order to identify and develop bankable projects for financing by the GCF, the GEF and other entities;
  - (iii) Use TEC knowledge products to identify technology solutions;
  - (iv) Enhance the engagement of stakeholders in implementing the outcomes of TNAs and CTCN technical assistance in a manner that is appropriate to national circumstances;
  - (v) Involve the GCF, the GEF and other potential funding partners in preparing TNAs to ensure that TNA outcomes result in project proposals that meet the respective funding criteria;
- (b) The TEC could:
  - (i) Tailor its knowledge products to meet the specific needs of diverse stakeholders, including Governments, the private sector and local communities;
  - (ii) Establish a more systematic process for disseminating the results of its work and for Parties to request support from the TEC on technology policy matters;
  - (iii) Assess together with the CTCN how the results of their work and the outcomes of TNAs can be better used by Parties to mobilize funding from the Financial Mechanism.

## **F. Enhancing linkages between the Mechanisms to support implementation of the outcomes of technology needs assessments and Climate Technology Centre and Network technical assistance**

36. Most Parties highlighted that, in order to enhance linkages between the Technology Mechanism and the Financial Mechanism to better support implementation of the outcomes of TNAs and CTCN technical assistance, it is important to strengthen coordination, communication and capacity, including the institutional capacity of government focal points and implementing agencies under both Mechanisms. Such efforts could be guided by the work of the TEC on national systems of innovation and on developing and enhancing endogenous capacities and technologies.

37. Other specific recommendations made by Parties in this regard include:

- (a) Training developing countries to formulate requests for CTCN technical assistance and proposals for funding from the GCF and the GEF, as well as training decision

makers and experts in the finance and technology sectors to foster collaboration between them;

(b) Providing an information package to help new NDEs to understand CTCN technical assistance requirements;

(c) Simplifying and harmonizing procedures under the Mechanisms with the aim of reducing project proposal processing and approval times;

(d) Experience-sharing and enhancing communication among stakeholders, and promoting integrated planning processes that take into account technological and financial aspects;

(e) Providing resources to developing countries for preparing concept notes for the GCF and the GEF and other funding proposals;

(f) Earmarking GCF and GEF funds for technology that can be accessed through simplified procedures;

(g) Conducting periodic meetings between the respective chairs and secretariats of the bodies of the Technology Mechanism and the operating entities of the Financial Mechanism to foster collaboration and define respective roles in enhancing linkages between the Mechanisms;

(h) Integrating TNA outcomes into decision-making under the Financial Mechanism.

38. Other stakeholders noted that closer cooperation between the bodies of the Technology Mechanism and the operating entities of the Financial Mechanism would likely support enhanced implementation of the outcomes of CTCN technical assistance, TNAs and TAPs. One observer organization highlighted the importance of engaging key stakeholders, including decision makers, at all stages of the development of TNAs and the implementation of their outcomes.

39. Other stakeholders suggested initiating pilot projects that require active collaboration between the Mechanisms, noting that these initiatives would serve as practical examples of refining collaboration and demonstrating the benefits of integrated action.

## **G. Other views**

40. Most Parties shared views on the organization of the in-session workshop referred to in paragraph 2 above, including:

(a) Inviting representatives of the TEC, the CTCN, the GCF, the GEF, the AF, the Fund referred to in decisions 1/CP.28 and 5/CMA.5 and the SCF to participate in the workshop to ensure a comprehensive exchange of views;

(b) Scheduling the workshop to facilitate participation by technology and finance negotiators as well as the respective chairs and secretariats of the bodies of the Technology Mechanism and the operating entities of the Financial Mechanism.

41. A few Parties noted that the objectives of the discussion on linkages between the Mechanisms have not been clearly defined, leading to a lack of common understanding of the linkages and the goals thereof, and that clear agreements and provisions are needed in this regard. Other Parties mentioned that further efforts are needed to disaggregate data, including data on support for technology development and facilitating technology transfer.

42. One Party suggested that the CTCN should focus its technical assistance on technologies targeted for enhanced global implementation, as referred to in decision 1/CMA.5, and link the results of the assistance to GCF and GEF project proposals. Revitalizing the relationship between the CTCN and the United Nations Industrial Development Organization was also suggested.

43. Another Party suggested that the GCF and the CTCN should jointly evaluate the CTCN readiness portfolio and draw on experience and apply lessons learned in implementing the GCF Readiness Strategy 2024–2027.

44. A group of Parties noted the possibility of the technology implementation programme<sup>6</sup> absorbing the functions of the linkages between the Technology Mechanism and the Financial Mechanism after COP 29, depending on the agreed elements of the programme. Another group of Parties proposed continuing to include the matter of linkages between the Mechanisms on the agenda for sessions of the COP. Further, there were suggestions to review the linkages between the Mechanisms in the context of the periodic assessment of the Technology Mechanism or as part of the periodic independent review of the CTCN.

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<sup>6</sup> Established in decision 1/CMA.5, para. 110.