# Climate technology financing

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# Overview

1. Technology Executive Committee (TEC)
2. TEC activities on climate technology financing
3. TEC brief on enhancing access to climate technology financing
4. Evaluation of Poznan Strategic Programme

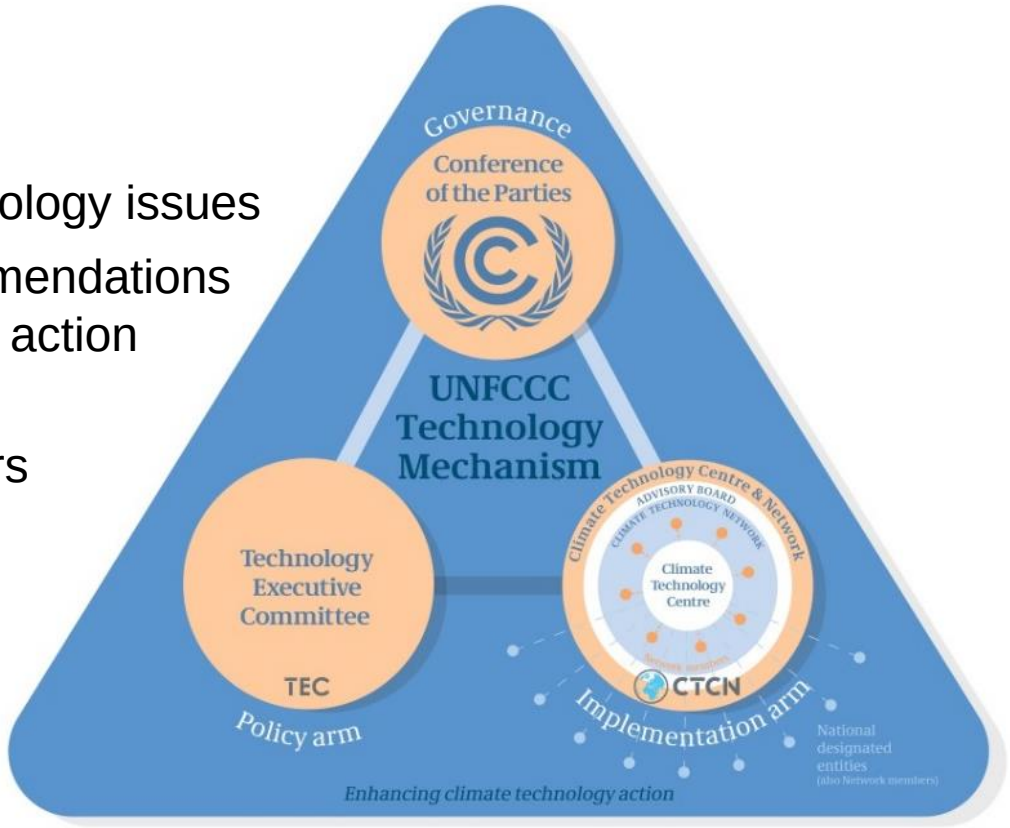
# Technology Executive Committee (TEC)

- Policy arm of Technology Mechanism, established 2010
- Undertakes analysis and provides policy recommendations to enhance climate technology development and transfer
- 20 expert members
- Impact:

❑ Prepares policy briefs on key technology issues

❑ Delivers key messages and recommendations to COP on policies for climate tech action

❑ Stimulates cooperation between key national and international actors



# TEC activities on climate technology financing

- Provides key messages and recommendations to the COP on enhancing climate technology financing

- Provided recommendations on linkages between Technology Mechanism and Financial Mechanism to the COP, to enhance their coherence and effectiveness

- Published TEC brief on enhancing access to climate technology financing (available at www.unfccc.int/ttclear)

- Evaluates the GEF Poznan strategic programme (more on this later)

United Nations
Framework Convention on
Climate Change

TEC Brief #6

Technology Executive Committee

Enhancing Access to Climate Technology Financing

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Why this TEC Brief?

The increases in global investment that are needed to remain below a global temperature rise of 2 °C are estimated to be of the order of several hundred billion United States dollars (USD) annually between 2010 and 2029 for low-emission power generation technologies and energy efficiency in the buildings, transport and industry sectors (IPCC, 2014). A further USD 28–67 billion per annum is estimated to be needed as additional investment to adapt to climate change in developing countries (UNFCCC, 2008). Although the increases in investments needed are manageable, they are far above current levels of investment and would require a 90 per cent reduction in carbon dioxide emissions per unit of electricity by 2050 (IEA, 2014). Such an extensive transformation will require, in addition to reviewing and revising current electricity production and consumption patterns, a massive deployment of currently available and new technologies, some of which are yet to be developed.

Accordingly, transition to a low-carbon and climate-resilient economy will require the scaling-up and mobilization of a broad range of public, private, international and domestic financial resources. Investment in the development and deployment of climate technologies will absorb a significant share of the scaled-up finance. The scale of investment envisaged is such that constrained public finances can only provide a limited share, with significant sources coming from the private sector, including the capital markets. However, public finance plays a crucial role in catalysing the necessary low-cost and long-term private finance, in addressing the risks that the private sector is unable to take and in investing in the early stages of climate technology development.

The objective of this TEC Brief is to outline the challenges in financing climate technologies faced by developing countries, to review best practices and lessons learned, and to highlight the roles of different stakeholders in facilitating access to climate technology finance.

# TEC brief: enhancing access to climate technology financing

**Context of brief**

- Transition to low-carbon and climate-resilient economy requires scaling-up and mobilizing broad range of public, private, international and domestic financial resources
- Public finance plays crucial role in:
  - ❑ Catalysing necessary low-cost and long-term private finance
  - ❑ Addressing risks that private sector is unable to take
  - ❑ Investing in early stages of climate technology development

**Objectives of brief**

1. Outline challenges of financing climate technologies faced by developing countries
2. Review best practices and lessons learnt
3. Highlight roles of different stakeholders in facilitating access to climate technology finance

# TEC brief: enhancing access to climate technology financing

**Highlights**

- Financing climate technology requires combination of long lasting, loud and legal policy incentives, market facilitation and public finance
- Public finance should be used efficiently through financial or other instruments that share risks between public and private actors to catalyze investments in climate technologies
- Capacity building and support for national champions in each stage of technology project cycle is important for effective climate technology financing and technology transfer
- Wide, early and effective stakeholder engagement helps reduce risks and barriers to investment in relatively newer technologies

# Evaluation of GEF Poznan strategic programme: process

- At SBI's request, TEC evaluated the programme and submitted evaluation report to SBI at end of 2015
- SBI considered TEC's report. It invited TEC to update evaluation and submit new report in 2017, focusing on climate technology centres (hosted by ADB, EBRD, IDB and AfDB) and pilot projects
- In March 2017, TEC decided to finalize report in 2018, so that it can draw on new mid-term evaluation reports of these centres and pilot projects that GEF includes in its annual report to COP 23

# Evaluation of GEF Poznan strategic programme: key findings

- PSP has raised profile of important role that tech development and transfer plays in supporting countries to meet Convention ultimate objective
- It has created opportunities for institutions, including GEF and multilateral development banks, to support tech development and transfer and mainstream this in their programming strategies
- With their regional network and expertise in development finance, PSP technology centres can play important role in tech implementation
- GEF is encouraged to further share experiences and lessons learned from PSP with relevant stakeholders
- Institutional linkages between PSP centres and CTCN could strengthen coordination, enhance information-sharing and create synergies that accelerate regional climate technology development and transfer

# Summary

- Technology Executive Committee (TEC), UNFCCC policy body on climate technology, considers issues related to climate tech financing on on-going basis
- Its TEC brief may be a useful resource for stakeholders seeking to understand how to enhance such efforts
- In evaluating GEF Poznan strategic program (PSP), TEC has found that PSP centres may play important role in global efforts
- In updating its evaluation report of PSP in 2017 and 2018 (with a focus on PSP centres and pilot projects), the TEC will further distil the impact of the PSP's activities

# *Thank you*

*www.unfccc.int/ttclear/tec*