



REPUBLIC OF KENYA

KENYA'S SUBMISSION ON THE MATTERS RELATING TO THE STANDING COMMITTEE ON FINANCE:

COMMON DEFINITION AND UNDERSTANDING OF CLIMATE FINANCE

1.0 INTRODUCTION

Kenya takes this opportunity to express her views on *"the operational definitions of climate finance for consideration by the SCF to enhance its technical work on this matter in the context of preparing its fourth Biennial Assessment (BA) report"* based on the invitation in Decision 11/CP.25, paragraph 10, and Decision 5/CMA.2, paragraph 10. In 2021, the information from the submissions was synthesized in section 1.4.3 of the technical report of the fourth (2020) BA and the Summary of the fourth BA by the SCF, paragraphs 16–183. Decision 4/CP.26 paragraph 12 and Decision 10/CMA.3 paragraph 3 further *"requested the SCF to continue its work on definitions of climate finance with a view of providing input to COP 27"*.

Kenya emphasizes that the lack of a common understanding of what constitutes climate finance presents hurdles to effective accounting of climate finance, *inter alia*, lack of a common understanding on what climate finance is, double accounting from source, what counts as new and additional, and lack of shared understanding on mobilized private finance through public intervention.

2.0 KENYA'S VIEWS ON THE OPERATIONAL DEFINITION OF CLIMATE FINANCE

Kenya notes that a clear operational definition of climate finance is necessary to facilitate common understanding on what counts as climate finance for enhanced transparency, accountability, and reporting of climate financial flows.

Climate finance provided and mobilized should respond to the needs of developing countries, demonstrate progression beyond previous efforts, be predictable, and accessible to developing countries. Financing the needs of these countries through means that enhance delivery of finance based on conditions and terms that do not hinder access by developing nations is imperative.

An operational definition of climate finance should make clear distinction between finance provided and mobilized. Kenya views the former as public finance provided by developed countries in fulfillment of their mandate to provide finance to developing countries within the Convention and Paris Agreement. Climate finance mobilized through public intervention refers to finance from other sources including private finance leveraged through public interventions. Kenya notes that within such a mobilized finance setting, causality and attribution of such finance are important features in ascertaining what counts as mobilized climate finance.

Kenya submits that the operational definition of climate finance should constitute the following elements:

2.1: Purpose:

Kenya views climate finance as financial resources provided and mobilized by developed countries to support mitigation, adaptation, loss and damage actions, implementation of response measures and efforts to justly transition to low greenhouse gas emission pathways and resilient development. Its application shouldn't compromise on food security and poverty eradication efforts or put additional debt burden on developing country parties.

2.2: Source:

Article 4.7 of the Convention and Articles 4.5, 9, 10, 11 of the Paris Agreement places the provision mandate of finance on developed countries. The Convention provides a similar mandate for other developed country parties included in Annex II. Article 9.2 places a voluntary mandate on any other parties. Public finance should be provided by developed countries to developing countries in line with the mandates of the Convention and Paris Agreement to enable ambitious climate action. In addition, Article 9.3 of the Paris Agreement mandates developed countries to lead mobilization of climate finance from wide variety of sources.

2.3: Scope:

Climate finance must be new and additional to Official Development Assistance (ODA) as climate change places additional burden on developing countries. It should therefore not be provided as part of ODA nor substitute or divert finance provided to other development needs and objectives in other sectors. The new and additional dimension should meet the full and incremental costs of climate change.

2.4: Needs of developing countries:

Climate finance must respond to needs of developing countries. Therefore, developing countries' specific needs and priorities should be the basis for providing, mobilizing, and channelling climate finance.

2.5: Channels:

Climate finance should be channeled directly, and or through intermediaries. These are bilateral and multilateral channels and through operating entities of the financial mechanism.

2.6: Instruments:

Climate finance should be provided as grants or on a concessional basis. Therefore, appropriate financial instruments that do not increase the debt burden of developing countries must be used. Instruments that would increase the debt burden of developing countries will exacerbate their vulnerabilities to climate change.

2.7: Mobilized finance:

Kenya views that mobilized climate finance is essentially the grant equivalent of financial resources from other sources including private sources delivered in developing countries for climate change actions. Various instruments can be used to mobilize such finance.

3.0 CONCLUSION

Kenya acknowledges the urgent need for a common operational definition and understanding of Climate Finance to enhance transparency, accountability and reporting of climate finance while supporting the needs of developing countries without increasing their debt burden.