REPUBLIC OF KENYA

KENYA'S SUBMISSION ON THE OBJECTIVE OF THE NEW COLLECTIVE QUANTIFIED GOAL ON CLIMATE FINANCE WITH RESPECT ARTICLE TWO OF THE PARIS AGREEMENT

1: Background

Kenya submits her response to the CMA3 Decision (*FCCC/PA/CMA/ 2021/L.17, Para. 17*) that *"Invited Parties, constituted bodies under the Convention and the Paris Agreement, the operating entities of the Financial Mechanism, climate finance institutions, observers and observer organizations, and other stakeholders, particularly from the private sector, to submit their views on the objective in line with paragraph 15 and on the elements referred to in paragraph 16 via the submission portal by February and August 2022."*

Kenya notes that the current climate crisis has a huge financial burden on Africa which needs to be met by increased financial commitments and pledges by developed countries. The Global Commission on Adaptation (GCA) estimates that an annual investment of US$180 billion is required to respond to the growing adaptation burden between 2020 and 2030. Over US$ 3 trillion by 2030 is required by Africa alone to implement their Nationally Determined Contributions (NDCs). This demonstrates the needed level of financing goes way beyond the US$100 billion a year.

The Government of Kenya estimates that USD 62 billion is required to implement Kenya's NDC (mitigation and adaptation actions) in 2020-2030. The resource requirement for mitigation actions is USD 17.7 billion, while the resources required for adaptation actions up to 2030 is USD 43.9 billion.

Kenya's Landscape of Climate Finance Report of 2021 indicates that about 79% of the climate finances in Kenya were directed to the implementation of climate mitigation measures in 2018, whereas adaptation accounted for only about 12%. This financing gap for adaptation actions demonstrates the urgent need to increase finances for adaptation in Kenya.

It is expected that, in the new collective quantified goal (NCQG), developed countries should commit to jointly mobilise significant finances with a balance between mitigation and adaptation being a paramount feature while taking into account the needs and priorities of developing countries and in particular, special circumstances of Africa.

2: Kenya's expectations of the new goal:

Experiences and lessons from the USD100B dollar per year commitment provide a premise on which robust discussions of the NCQG can be enhanced. Reflections on these experiences and lessons need to be taken into account in the setting up of the NCQG, which should be more responsive to the needs of developing countries.

Kenya notes that the USD 100B goal per year was conceptually mitigation centric, resulting in a high imbalance between mitigation and adaptation finance. Consequently, adaptation finance has over the years lagged behind mitigation finance.

The New Goal should be set through an inclusive process that facilitates transparency and builds trust. Similarly, its implementation must uphold the transparency principle with all developed countries delivering their fair share of finance to allow effective tracking, reporting and accountability underpinning the implementation of the NCQG. This demands that a burden sharing approach among developed countries be agreed within this goal.

Kenya emphasises that hurdles to effective accounting of climate finance, inter alia, lack of a common understanding on what climate finance is, double counting from source, what counts as new and additional, and lack of shared understanding on mobilized private finance through public intervention must be tackled to ensure clarity of the Post 2025 finance goal. Kenya therefore reiterates that Parties should reach a common definition and understanding of climate finance. Additionally, a clear distinction between finance provided and mobilized must be made as acknowledged in the Paris Agreement which upholds provision of finance by developed countries (Article 9.1) and separately mandates developed countries to lead mobilization efforts (Article 9.3).

Kenya, in line with Article 9.5 of the Paris Agreement, recognizes that both finance provided and mobilized must be accounted for hence notes the importance of differentiated approaches to allow for transparent and enhanced accounting due to the unique nature of both sets of finance and causal effect in the case of public finance mobilizing private finance.

Kenya anticipates that the NCQG will respond to the needs of developing countries hence the goal must acknowledge all needs determined through country-owned transparent processes. Strengthening the needs determination process at country level as indicated in the needs determination report for setting of a needs-based goal should be a constituent of the new goal.

Climate finance should be new and additional to official development assistance (ODA) as climate change places additional burden on Kenya and other developing countries. Therefore, climate finance should not be provided as a substitute to ODA as this diverts resources from other important development sectors. Kenya therefore expects that provision and channelling of finance under the new goal will not increase the debt burden of the country. Delivery of finance should be on a grant basis with clear grant targets for adaptation and loss and damage financing.

Strengthening national response to the threat of climate change is imperative in the attainment of Paris Agreement goals. National response must be underpinned on the principles of ownership and transformative actions. Kenya emphasises that the New Goal must deliver adequate, predictable and sustainable finance that is accessible to effectively respond to country needs, and be based on the financing obligations of developed countries in the Convention and Paris Agreement.

3: Kenya's views on the objective of the new collective goal on climate finance towards the achievement Article 2 of the Paris Agreement:

Kenya notes that climate finance is the key driver to the achievement of the goals of the Paris Agreement, and that the new collective goal on climate finance must contribute to accelerating the achievement of Article 2 of the Paris Agreement. The task at hand to transition to a low carbon climate resilient economy presents diverse costs for developing countries such as those related to reforming existing or developing new low carbon and resilient infrastructure, employing renewable energy at scale, building and enhancing adaptive capacities, tackling loss and damage needs, capacity building and public sensitization. As a principle, the NCQG must place within reach the possibility for advancing the economic and structural transition and transformation required in these countries.

Therefore, the new collective goal on climate finance must contribute to equitable and transformational actions that will result into achievement of Article 2 of the Paris Agreement. In this respect, Kenya wishes to share her views as relates:

1. The temperature goal
2. Adaptation, resilience and low emissions development goal
3. Finance flows goal

3.1: Temperature goal (Art 2 para 1a):

To ensure that the NCQG contributes to <u>accelerating the achievement</u> of Article 2 para 1(a) of the Paris Agreement of *"of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change*" Kenya submits that the NCQG should:

1. Trigger comparative advantage of low or zero emissions technologies over high emissions technologies and interventions in terms of cost, access and sustainability, considering national circumstances;

2. Support the implementation of the country led programmes, policies and interventions that are transformative, scalable and that can accelerate development in developing countries through a low emissions development pathway;
3. Trigger just transition for various institutions and sectors to address the impact of response measures; supporting assessment of the costs of the transition, and subsequent facilitation for shifting to low carbon sustainable pathways, and;
4. Support the development of green innovation technology hubs and capacity building programs for various sectors

3.2: Adaptation, resilience and low emissions development goal (Art 2 para 1b):

To ensure that the new collective quantified goal contributes to accelerating the achievement of Article 2 para 1(b) of the Paris Agreement of *"increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production",* Noting that:

1. Africa has special circumstances that exacerbate vulnerabilities of African states to climate change, and slowing down the much needed climate resilience development;
2. Adaptation needs and costs will increase with rising temperatures, necessitating periodic adaptation needs assessments and costing;

Kenya submits that the NCQG should be designed to take cognizance that:

1. Accelerated delivery and simplified access modalities for adaptation finance would enable appropriate and timely adaptation action, and that late response may result in both increased costs and mal-adaptation;
2. The goal should ensure balance in financing between mitigation and adaptation projects, hence affirmative action should be put on adaptation financing;
3. In order to avoid adding more burden to vulnerable communities and states, adaptation financing should be purely grants based, and not loans;
4. Deliberate attention should be paid to adaptation to trigger more innovative public and private finance approaches that respond to needs of vulnerable communities.
5. Food production systems as well as livelihoods are already threatened by climate change impacts in Africa, a situation that triggers climate induced conflicts as well as social and ecological insecurity.

3.3: Finance flows towards low greenhouse gas emissions and climate-resilient pathways (Art 2 para 1c):

To ensure that the new collective quantified goal contributes to accelerating the achievement of Article 2 para 1(c) of the Paris Agreement of *"Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development."* In this context:

1. Kenya views the Article 2.1c as a unique opportunity to channel global finance flows in a way that secures the climate system, builds resilience and delivers sustainability.
2. Kenya views that advancing work under Article 2.1.c must be appreciated as a distinct and separate process from provision and mobilization of climate finance as provided in Article 9 of the Paris Agreement.
3. Kenya notes that one of the UNFCCC multilateral process roles in Article 2.1.c is that of setting in place:
    a. the policy environment including determining what kind of public interventions at global and national level would deliver a global shift of finance flows to low carbon climate resilient development
    b. a framework to guide implementation and subsequent tracking and reporting on finance flows under 2.1c.

Kenya therefore submits that there is a need to build and finance a work program under the new goal.

4.0: Loss and Damage:
In line with Article 8 of the Paris Agreement, Kenya reiterates the importance of addressing Loss and Damage due to climate change impacts that impede resilience building or draw back development gains made by developing countries, especially in Africa.

To achieve this Kenya proposes that Loss and damage should be included in the NCQG as a crucial climate change need with elements such as a process to determine Loss and Damage needs and their effective financing being factored.

Conclusion

Kenya looks forward to making a second submission regarding **elements** of the New Collective Quantified Goal as provided for in para 16, CMA 3 agenda sub-item 8(e).