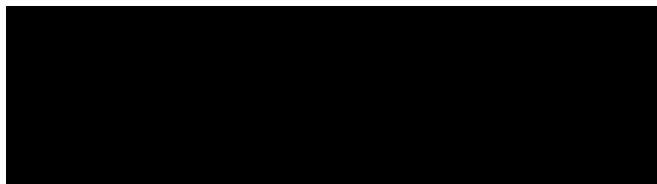


Annex A: Current and future international climate finance architecture: implications for Kenya's financing mechanism

Revised
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November 2011

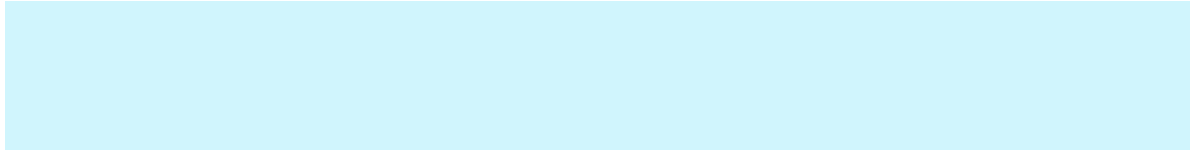


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The 2011 research phase consists of 8 tasks associated with the three key themes of the project

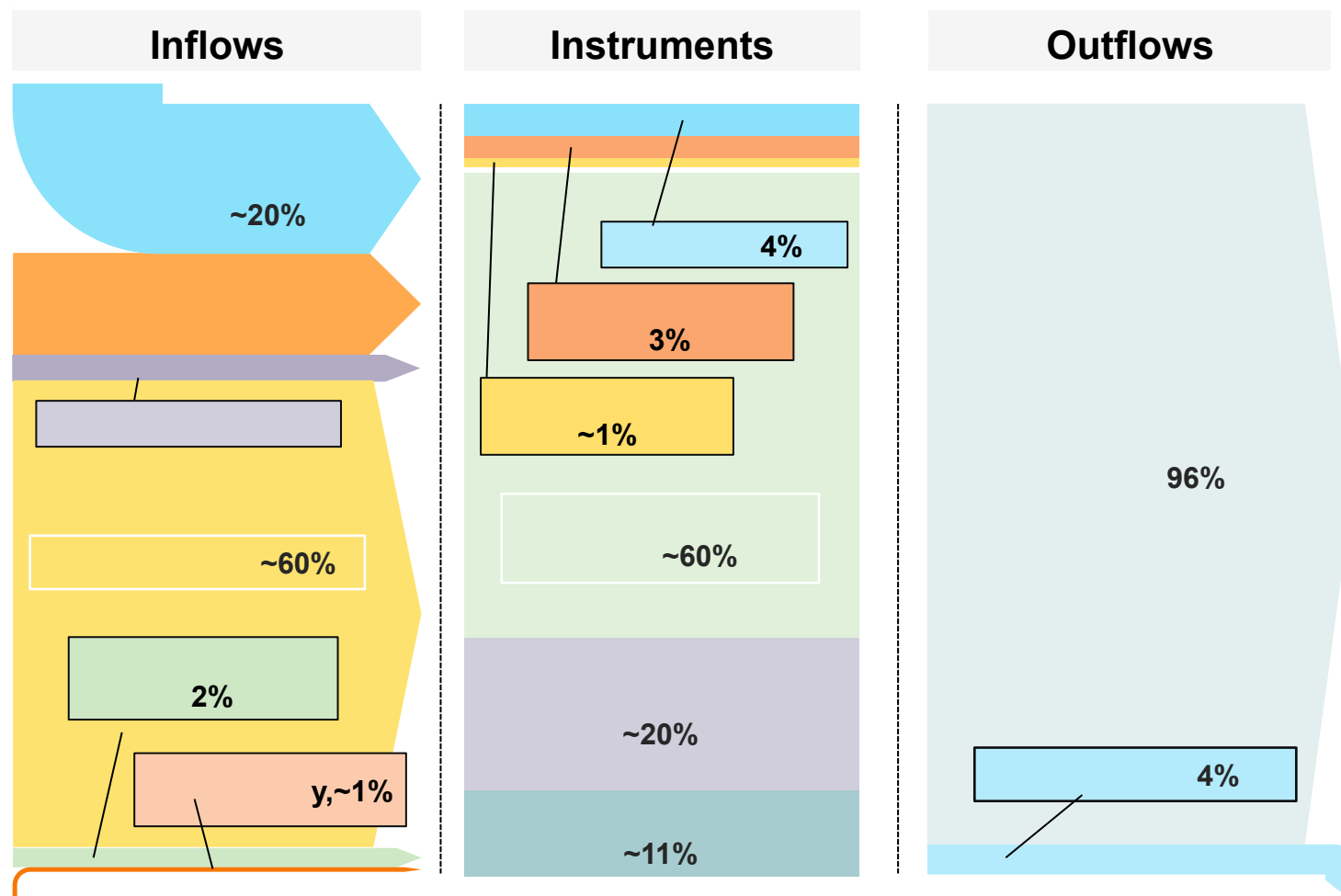


**Design of
climate finance
mechanism**



The current climate finance architecture is dominated by private capital investing in mitigation projects

Figure 1. Average disbursements of different forms of climate finance, 2009-10



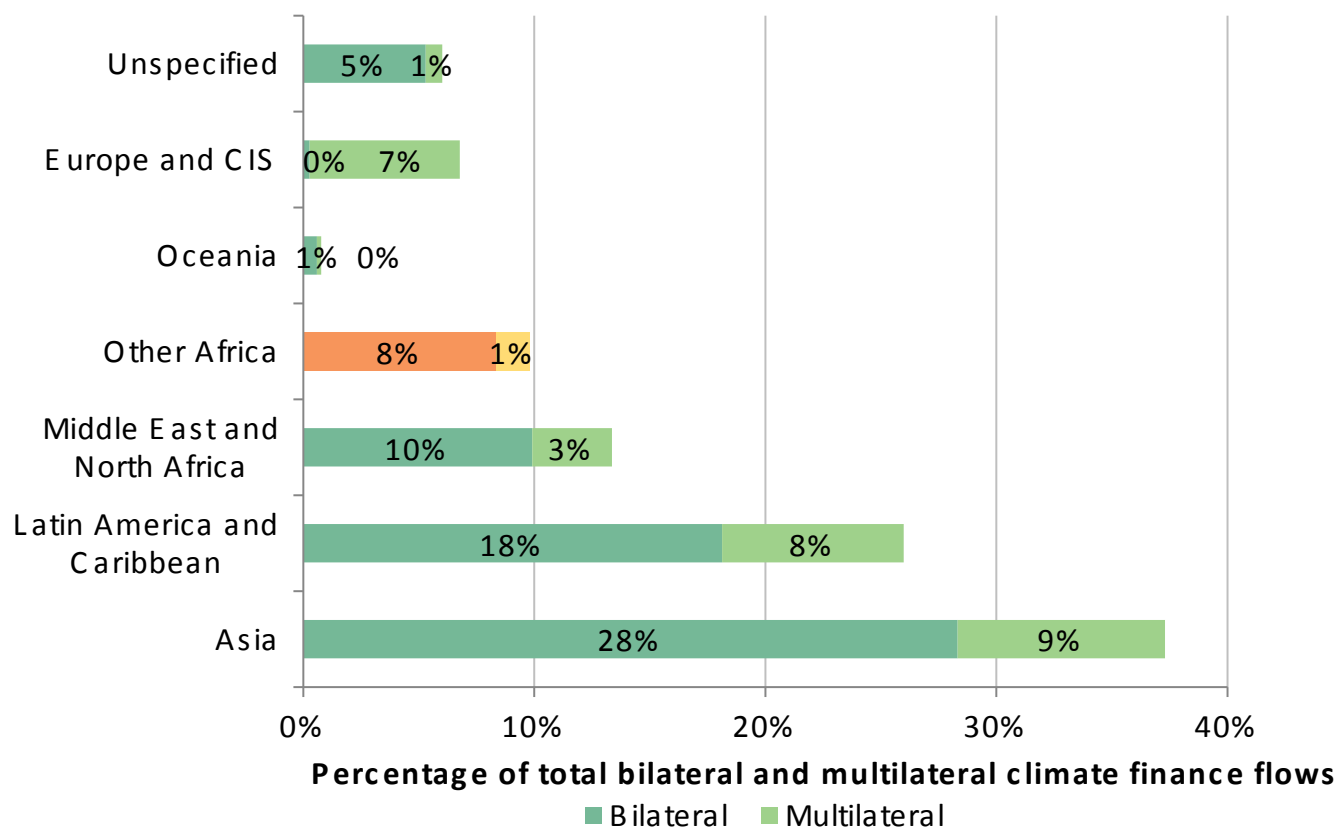
Note: see Annex slide for more information

Source: CPI (2011) adapted by Vivid Economics

Sub-Saharan Africa receives around 9% of climate finance disbursed by bilateral and multilateral agencies

B a e a a e e e c a a A f c a

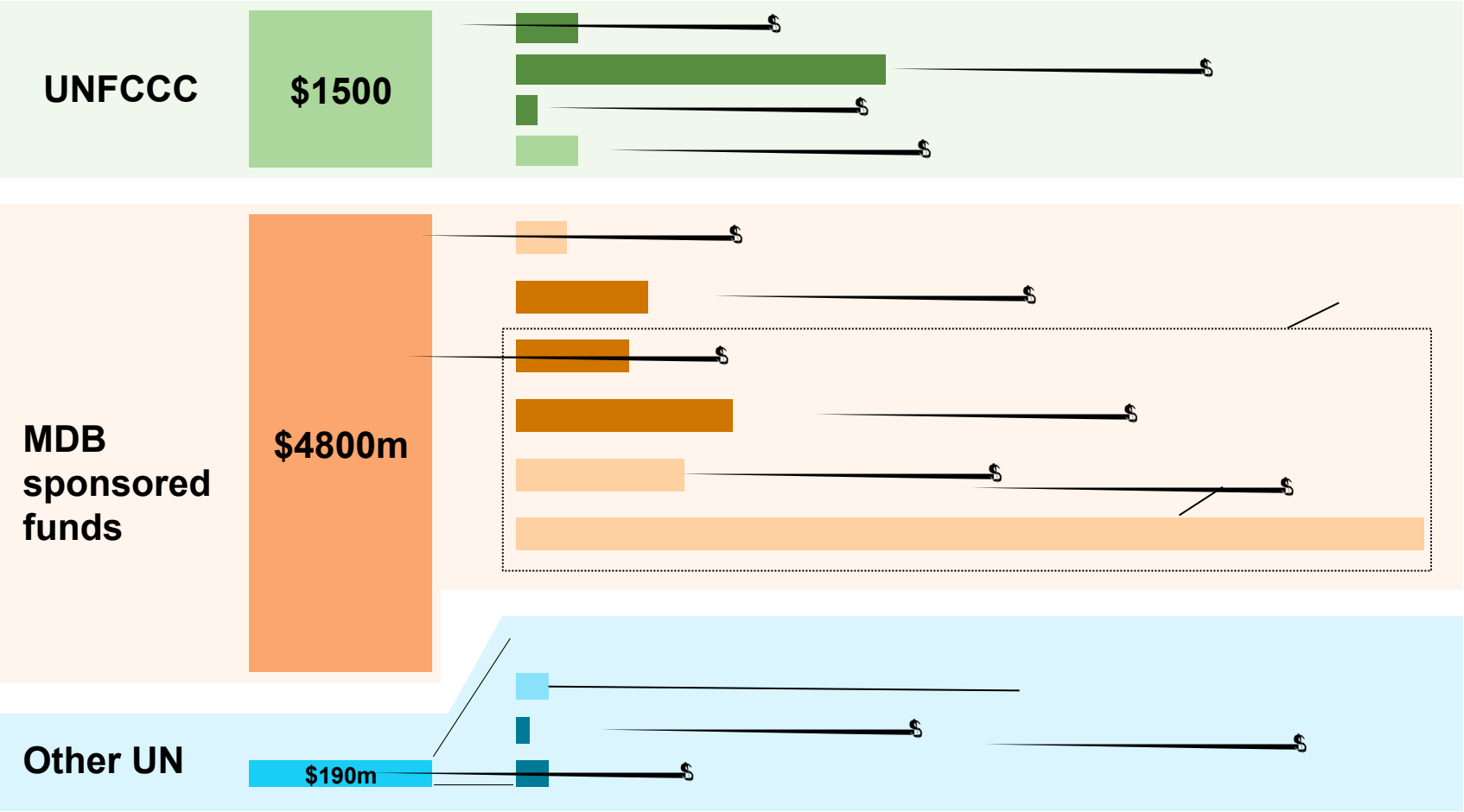
Figure 2. In Africa, bilateral climate finance flows exceed multilateral flows by a ratio of 8:1



Note: Other flows of finance excluded due to lack of information

Though dedicated climate funds comprise only a small amount of climate finance, there is considerable fragmentation (1/2)

Figure 3. Dedicated climate funds can be divided into 5 main categories (1/2)

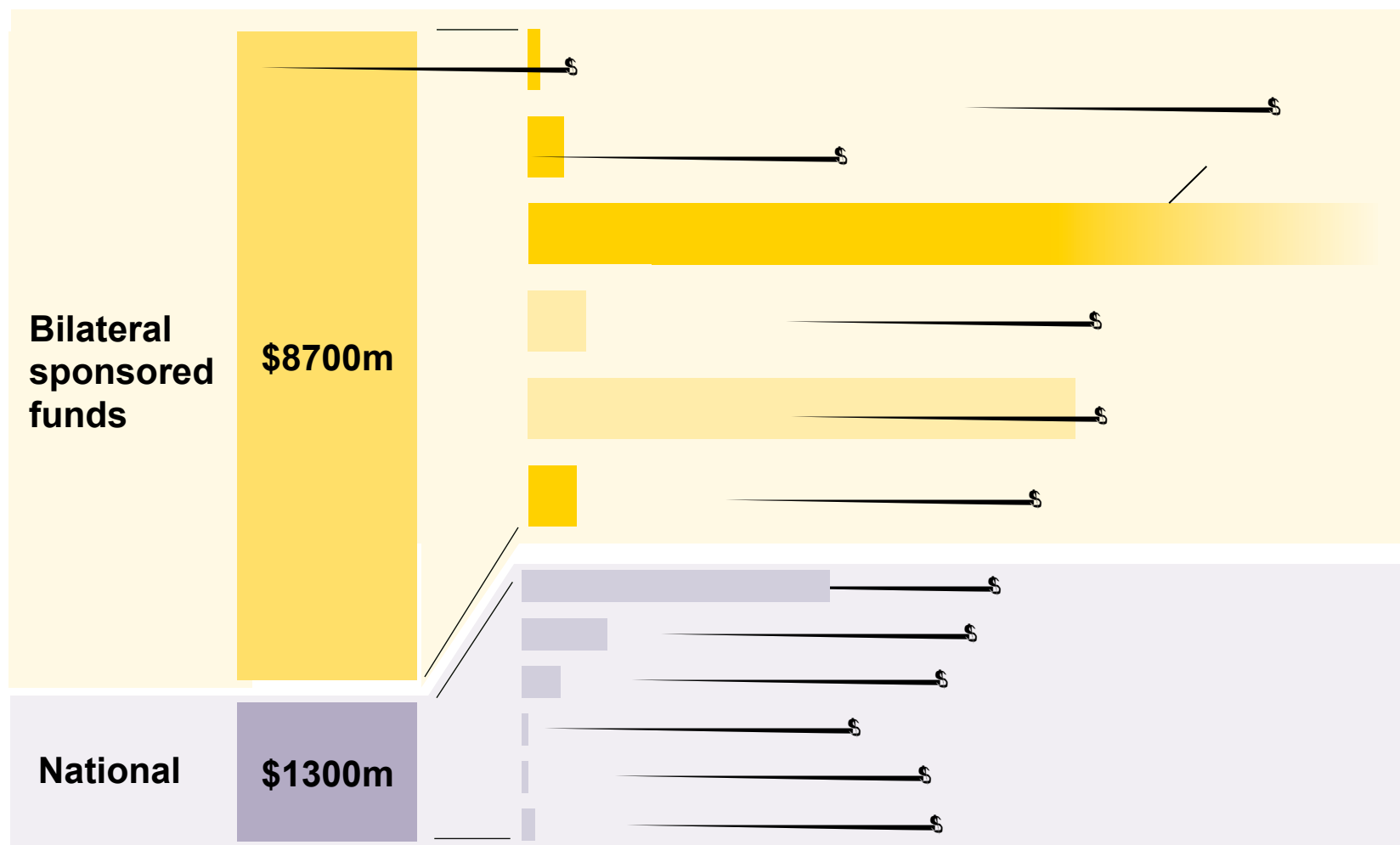


Note: values relate to total fund sizes (less committed funds) so differ from annual flows

Source: Vivid Economics based on climate funds update and others

Though dedicated climate funds comprise only a small of climate financing activity, there is considerable complexity (2/2)

Figure 3. Dedicated climate funds can be divided into 5 main categories (2/2)



Note: values relate to total fund sizes (less committed funds) so differ from annual flows in previous slide. Darker shading represents funds with greater relevance to Kenya

Source: Vivid Economics based on climate funds update and others

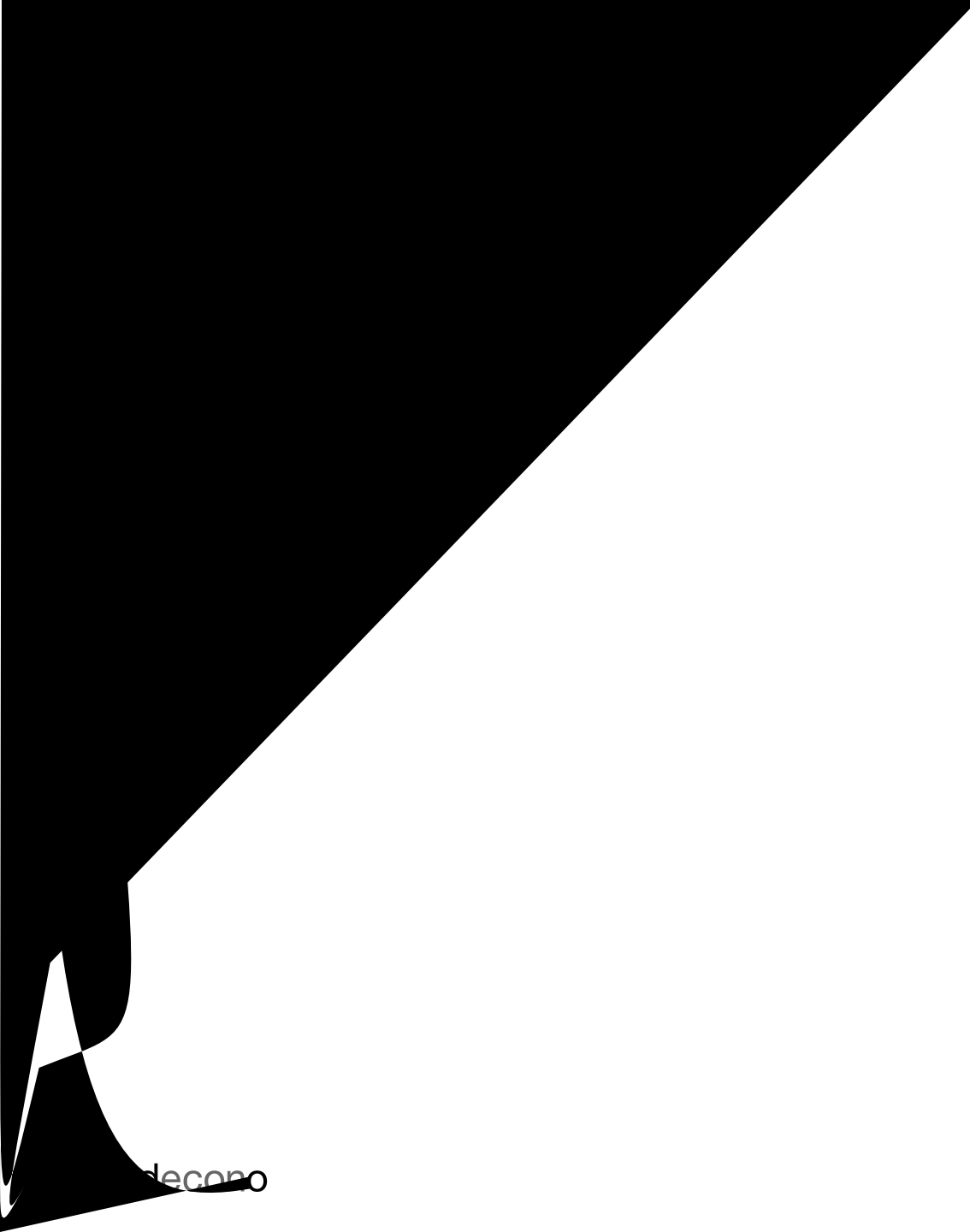
To date, 5 NIEs have been accredited, 3 of which are in Africa

Mee e acc ed a a da d a bee a c a e e f a

GEF-5

The GEF has set stringent criteria for new agencies (1 of 3)

Criterion	Questions for applicant	Scoring			
		4	3	2	1
Relevance to the GEF					
Environmental or climate change adaptation results					



decono

The GEF has set stringent criteria for new agencies (3 of 3)

Criterion	Questions for applicant	Scoring			
		4	3	2	1
Institutional efficiency					
Networks and contracts					

Some additional criteria/considerations apply for national institutions

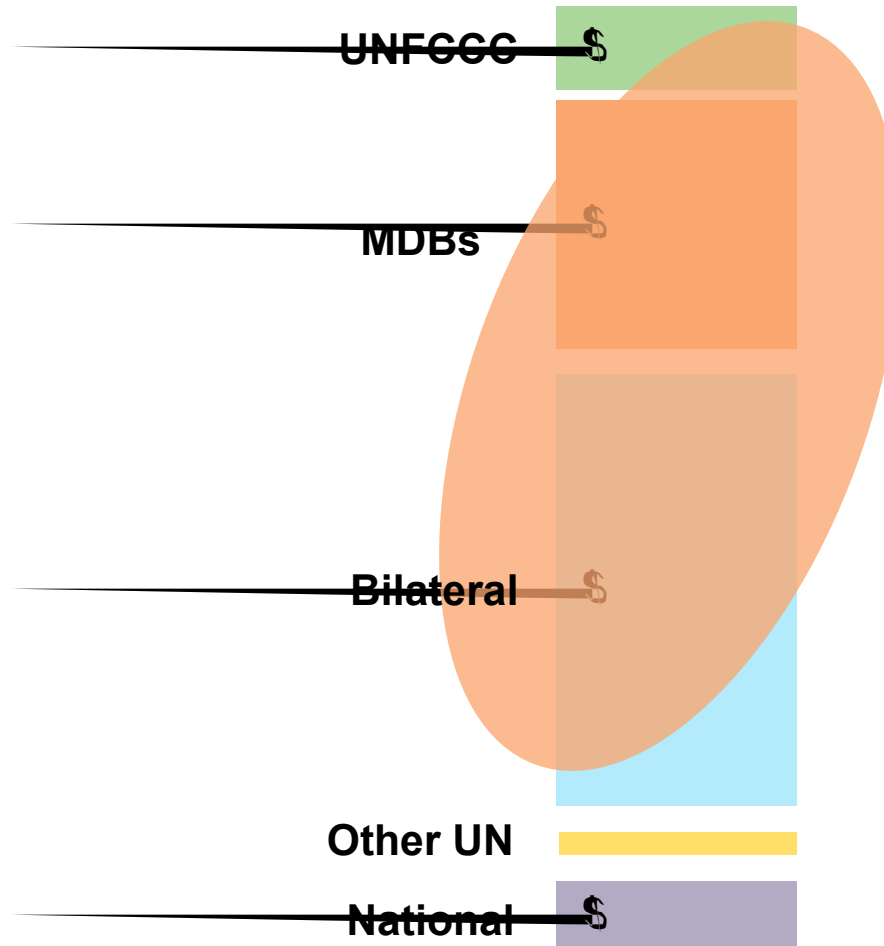
Additional criteria for national institutions

T
K



The Green Climate Fund (GCF)... evolving to become ‘the main global fund for climate change finance’ ?

Figure 4. The GCF could simplify the current structure of climate funds



Source: Vivid Economics

What might the Green Climate Fund imply for a Kenyan financing mechanism

1. **GCF provides project by project support to projects undertaken by 'NIEs'**
2. **GCF provides support to national funds**

*The Board will consider additional modalities that further enhance direct access,
with a view of enhancing
country ownership of projects and programme*

if Kenya can develop a financing mechanism that effectively taps resources in the current climate finance landscape then this may remain robust to the GCF

T A DB

A G F

*‘Strengthen national institutions
and support the use of country systems to ensure a sustained yearly increase in the
number of African countries that have the capacity for direct access to the Fund’*

A financial mechanism design that is ‘fit-for-purpose’ in the current climate finance landscape can be robust to the future

N a d e c e a e a ead

A :

‘The Landscape of Climate Finance’

