Council of the EU

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Council conclusions on climate finance

The Council adopted the following conclusions:

1. REAFFIRMS that the EU and its Member States are committed to scaling up the mobilisation of climate finance in the context of meaningful mitigation actions and transparency of implementation, in order to contribute their share of the developed countries' goal to jointly mobilise USD 100bn per year by 2020 from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance. STRESSES the need for fair burden sharing amongst developed countries.

2. HIGHLIGHTS the contribution of EUR 14.5bn[1] in climate finance from the EU and its Member States for the year 2014, an increase compared to 2013. UNDERLINES that the EU and its Member States support both activities that reduce greenhouse gas emissions and activities that enable adaptation to the consequences of climate change. HIGHLIGHTS that the EU and some EU Member States have announced scaled up amounts of public climate finance foreseen in the coming years thereby also increasing predictability.

3. WELCOMES the report by the Organization for Economic Co-operation and Development (OECD) with the support of the Climate Policy Initiative (CPI), at the initiative of the French and Peruvian COP presidencies. WELCOMES the report's preliminary estimates of approximately USD 62bn in 2014 and USD 52bn in 2013 of public and private climate finance mobilised by developed countries, which indicates that substantial progress is being made. Yet further efforts are needed and developed countries need to continue to work together towards further scaling-up climate finance to fulfil the 2020 goal.

4. WELCOMES the important climate finance contributions by some emerging economies and a number of developing countries and REITERATES its call for emerging economies and other countries in a position to do so to contribute to financing adaptation and mitigation of climate change in line with their respective capabilities, circumstances and responsibilities. WELCOMES the recent commitments made by most multilateral development banks to strengthen the integration of climate mitigation and resilience considerations throughout their portfolios including their commitments to scale up their climate related investments.

5. RECOGNISES that climate finance will be an important part of the 2015 Agreement as a means to reaching the agreed goal of limiting the global average temperature increase to below 2°C above pre-industrial levels, achieving transformational change to climate resilient, low GHG emission, sustainable economies and supporting adaptation to deliver climate resilient sustainable development. PROPOSES provisions on climate finance in the Agreement that are dynamic, outcome-oriented and enable Parties to adapt their approaches to all relevant aspects, in particular future needs and changing economic, fiscal and environmental realities, ensuring that all Parties take action in accordance with their evolving capabilities and responsibilities. STRESSES that such a process should be collective by including all Parties and comprehensive by including all sources and all types of efforts that contribute to the mobilisation of climate finance and the transformation of investment flows supporting the overall objectives of the Paris Agreement. The process should encourage the effective and efficient use of public funds, include periodic reviews and should lead to a more predictable, collectively scaled up mobilisation of climate finance and progression of efforts, while it should not entail automatic public climate finance commitments. This dynamic process should build on the existing processes, institutional arrangements and experiences gained under the Convention with a view to promoting confidence, effective implementation and transparency.

6. REITERATES that public climate finance will continue to play an important role in the post 2020 period and CONFIRMS that the EU and its Member States will continue to provide public climate finance for mitigation and adaptation action in developing countries including a particular focus on support to the poorest, most vulnerable and those with the least ability to mobilize other resources. UNDERLINES that it should be used in the most cost-effective and efficient way in order to deliver the greatest possible impact whether through mitigation, adaptation or capacity building.

7. RECOGNISES the private sector as a key source for climate finance and other relevant investment flows and EMPHASIZES that the 2015 Agreement should send a strong signal to the private sector to reorient financial flows to low-carbon, climate resilient investments. ACKNOWLEDGES that private sector finance is complementary to, but not a substitute for public sector finance, where public finance is needed. UNDERSCORES that one role of public finance together with public policy measures is

to reorient and mobilise private finance, for example via carbon pricing, financial instruments such as Green Bonds and public-private partnerships. NOTES that the EU and its Member States have in place and will continue to develop a broad set of instruments to mobilise private sector finance for international climate actions including mobilised local private sector finance.

8. RESTATES that scaling up climate finance is an iterative process which goes hand in hand with national governments creating enabling environments via domestic development plans, climate strategies, policies, instruments and mechanisms and conducive regulatory frameworks which should contribute to the facilitation of private sector action. HIGHLIGHTS the need for increasing climate-resilient and low-GHG emission sustainable investments including by phasing down high carbon investments.

9. UNDERLINES that carbon pricing is one of the key components of an enabling environment and can be achieved through a variety of tools, including regulation, emission trading and taxes. In this context, SUPPORTS carbon pricing initiatives as well as initiatives promoting the phasing out of environmentally and economically harmful subsidies.

10. CONFIRMS the EU and its Member States' commitment to report on climate finance in a transparent manner via the UNFCCC reporting process. SUPPORTS strengthened transparency and acceleration of the work towards a robust, common internationally agreed framework for measuring, reporting and verification (MRV) of climate finance flows. WELCOMES the joint statement and methodology on tracking mobilised private climate finance presented by donor countries on 5-6 September 2015. LOOKS FORWARD to the continued improvement of methodologies for reporting over time. APPRECIATES the joint methodologies developed by the Multilateral Development Banks and the International Development Finance Club for reporting climate finance, the work of the OECD Research Collaborative on tracking private climate finance and the OECD Development Assistance Committee work stream on the Rio markers review. PROPOSES that the 2015 Paris outcome should include provisions for transparency on a broad range of flows (including those between developing countries) and on specific efforts that contribute to mobilising climate finance, developing enabling environments and mainstreaming.

11. HIGHLIGHTS the importance of supporting adaptation to help make developing countries' development strategies and livelihoods increasingly climate-resilient. UNDERLINES the importance of a balance between adaptation and mitigation finance in line with countries' own priorities and objectives, and HIGHLIGHTS that the EU and its Member States collectively are making, and will continue to make efforts to channel a substantial share of public climate finance towards adaptation, especially by addressing the needs of the poorest and particularly vulnerable developing countries.

12. STRESSES the importance of support for capacity building for mitigation and adaptation planning and efficient implementation. Further STRESSES the need for developing a pipeline of attractive projects and programs in order to crowd in financial resources and maximise effectiveness. HIGHLIGHTS the EU and Member States' continued support for capacity building for developing countries in need, including in the field of technology cooperation, in the context of Nationally Determined Contributions (NDCs), Low Emission Development Strategies (LEDS), Nationally Appropriate Mitigation Actions (NAMAs) and national adaptation planning processes, including where appropriate, National Adaptation Plans (NAPs).

13. WELCOMES the operationalisation of the Green Climate Fund, including the decisions to aim for a 50:50 balance between mitigation and adaption over time, and the first approval of projects and programmes. HIGHLIGHTS that a substantial share of the funds committed (46 per cent) and made available comes from EU Member States. UNDERLINES the importance of all countries finalising their contribution agreements. WELCOMES contributions from developing countries to the Green Climate Fund and URGES all countries that are in a position to do so to contribute. PROPOSES that the financial mechanism of the Convention should serve as the financial mechanism of the new Agreement.

14. WELCOMES the outcome of the Addis Ababa Conference, which strengthens the framework to finance sustainable low-carbon and climate resilient development in the universal 2030 Agenda, and clearly confirms that climate finance is an integral part of sustainable development. NOTES the EU and its Member States' determination to meet their commitment for the provision of Official Development Assistance; EMPHASISES that climate objectives and standards will continue to be important for the EU and its Member States in their Official Development Assistance by mainstreaming these objectives into development planning while focusing on the needs of the poorest and most vulnerable countries.

15. WELCOMES the adoption of the "Transforming Our World: 2030 Agenda for Sustainable Development" and its comprehensive and ambitious set of 17 Sustainable Development Goals, including the goals of taking urgent action to combat climate change and its impacts and the goal to strengthen all means of implementation (financial and non-financial, national, international, public and private) and revitalise the Global Partnership for Sustainable Development.

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[1] This figure includes climate finance sources from public budgets and other development financial institutions. The EU and its Member States contributed EUR 9.5bn in climate finance in 2013. The EU and its Member States have collectively scaled up their bilateral and multilateral climate finance from 2013 to 2014. The 2014 figure also includes climate finance from the EIB of EUR 2.1bn and a more complete set of figures based on OECD data on imputed multilateral contributions.

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