COUNCIL OF
THE EUROPEAN UNION

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Council conclusions on climate finance – fast start finance

3198th ECONOMIC and FINANCIAL AFFAIRS Council meeting
Brussels, 13 November 2012

The Council adopted the following conclusions:

"The Council:

1. REAFFIRMS the collective commitment by developed countries in the Copenhagen Accord and under the Cancun Agreements to provide new and additional resources, approaching USD 30 billion for the period 2010-2012; STRESSES the important role of fast start finance in supporting the swift implementation of the Cancun Agreements.

2. REAFFIRMS the EU and its Member States' commitment to provide EUR 7.2 billion cumulatively over the period 2010 – 2012 to fast start finance; UNDERLINES that despite the difficult economic situation and tight budgetary constraints, the EU and its Member States are on track towards meeting their commitment.

3. ENDORSES the preliminary report on finance provided by the EU and its Member States in 2012 for "fast-start measures" to be presented at the UNFCCC Conference of the Parties (COP 18) from 26 November till 7 December 2012 in Doha and the indicative list of individual actions funded; CONFIRMS that to date a total of € 7.1 billion[1] has been provided by the EU to meet its FSF commitment, with 40.5% of the total to fund mitigation action, 30.1% to support adaptation and 13.0% to support action to reduce deforestation and forest degradation in developing countries; NOTES that, 16.4% of the funding cannot be categorized due to the multipurpose nature of the activities supported; NOTES that disbursement will continue beyond 2012 in line with project cycles committed between 2010 and 2012.

[1] As of 5 November 2012.

P R E S S

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4. REQUESTS the Commission to update data in the Doha fast-start finance report as appropriate in order to reflect any further information received before UNFCCC COP18.

5. REAFFIRMS the importance for the EU together with other developed countries of continuing to provide support beyond 2012 for policies, programmes and initiatives that will deliver substantial results and value for money in the context of meaningful mitigation actions and transparency on implementation, and in helping to increase climate resilience and to narrow the ambition gap between current pledges and emissions reductions with special attention to avoiding duplication of initiatives, the efficient use of available funding, and the need for sustainable public finance and fiscal consolidation; RECALLS that the Durban platform noted the significant gap between mitigation pledges and emissions reduction necessary to achieve 2 degrees target and therefore calls on all parties to ensure the highest possible mitigation efforts; ENCOURAGES emerging economies to contribute to the financing of adaptation to and mitigation of climate change in line with their respective responsibilities and capabilities.

6. REITERATES that efficiency and effectiveness are paramount to the mitigation and REDD+ actions funded reaching their objective of limiting the emission of greenhouse gases and, thereby, limiting global warming to at most 2 degrees Celsius; STRESSES the need for climate finance to deliver on mitigation and adaptation taking into account the respective capabilities of developing countries and EMPHASIZES that climate finance beyond 2012, mobilized jointly by all developed countries, should be matched by measurable reportable and verifiable climate action in developing countries.

7. COMMITS to report regularly on climate finance in accordance with the relevant provisions of the UNFCCC and ENCOURAGES the other developed countries to follow the same approach.

8. REITERATES that in this respect the EU will continue to provide climate finance support after 2012 and should work in a constructive manner with other developed countries towards the identification of pathways for scaling up climate finance from 2013 to 2020 from a wide variety of sources, public finance and private sector finance, bilateral and multilateral, including alternative sources of finance, as needed to reach the international long term committed goal of mobilizing jointly US$100 billion per year by 2020 in the context of meaningful mitigation actions and transparency on implementation with a view to reducing global greenhouse gas emissions so as to keep the increase in global average temperature below 2 °C compared to preindustrial levels.

9. CONFIRMS that the EU in providing finance for adaptation will continue to take into account the needs of the particularly vulnerable developing countries, including the Small Islands Developing States, the Least Developed Countries and Africa.

10. RECALLS that the primary objective of carbon pricing measures is to contribute cost – effectively to mitigate in line with the 2 degree goal established under the UNFCCC; REITERATES that the market based instruments including in the area of global aviation and maritime transportation would generate the necessary price signal to efficiently achieve more emission reductions from these sectors and could generate large financial flows including for climate finance; In this context, REITERATES its call for tangible progress within ICAO and IMO towards global and effective carbon pricing schemes and TAKES NOTE of the options under consideration for global measures to address emissions in the aviation and maritime sectors; NOTES that finance available, including from auctions of aviation allowances in the EU ETS, could help to support climate action in developing countries while STRESSING that it will be up to each Member State to determine the use of public revenues in accordance with national budgetary rules and in consistency with a sound and sustainable public finances policy framework within Member States of the EU, without prejudging the ongoing negotiations at the IMO and ICAO.

11. ACKNOWLEDGES the important role of national, Bilateral and Multilateral Development Banks and other public financial institutions in facilitating the mobilisation of climate finance flows; HIGHLIGHTS that private sector finance will play an essential role in mobilising the investment flows required to meet the 2 C objective and therefore it needs to be encouraged, catalysed by all Parties and mobilised as part of the USD 100 billion commitment by 2020 by developed countries; WELCOMES the on-going work by the OECD in developing an appropriate and shared methodology to mobilise private climate finance and enable it to be better defined, recorded, monitored and reported; and ENCOURAGES contributions from the EU and it Member States to reaching a common understanding with other Parties on the definition of private climate finance; RECALLS that climate friendly private investment is central in achieving the paradigm shift towards low-emission and climate-resilient development pathways; EMPHASISES that developing countries need to have the right enabling policy frameworks in place in order to incentivise low carbon private investment domestically to attract private finance on the necessary scale; ACKNOWLEDGES that capacity building support can play an important role in this regard.

12. CONFIRMS that the EU and its Member States will continue efforts to develop and use instruments and approaches to mobilise private sector finance for climate measures; INVITES the EU and its Member States to complement the work of the OECD on identifying and mobilizing private finance as well as on tracking private finance flows.

13. NOTES the activities under the work programme on long term finance under the UNFCCC and the publication of the report by the co – chairs.

14. TAKES NOTE of the work of the G20 study group on ways to effectively mobilise resources for climate finance as a means to enhance dialogue and experience sharing between developed countries and emerging economies and provide valuable input to the work under the UNFCCC; TAKES NOTE of the welcoming of the progress report by the G20 Finance Ministers in November;

15. WELCOMES the initial work of the Board and the Interim Secretariat of the Green Climate Fund (GCF); LOOKS FORWARD to the report of the work of the GCF Board including the proposal from the GCF Board on the host country of the GCF, according to the governing instrument and decisions on the GCF agreed in Durban; ENCOURAGES the Board of the GCF to ensure the expeditious operationalization of the GCF as a cost effective and efficient fund that will strive to maximise the impact of its funding in order to support transformational change towards low – carbon and climate resilient development; REITERATES that the Fund is to make a significant and ambitious contribution to the global efforts towards achieving the goals set by the international community to mitigate and adapt to climate change, by supporting mitigation and adaption activities and supporting activities related to technology, REDD+ and capacity building; RECALLING ECOFIN Council Conclusions of 15 May 2012, STRESSES that the issue of the EU participation to the GCF Board should be resolved swiftly."