Council of the EU

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Climate finance: Council adopts conclusions ahead of COP24 conference

THE COUNCIL OF THE EUROPEAN UNION

1. REAFFIRMS the strong support of the EU and its Member States for the timely implementation of the Paris Agreement together with the 2030 Agenda for Sustainable Development and Addis Ababa Action Agenda. EMPHASISES the EU's commitment to develop a robust and fully functioning set of rules as the outcome of the Paris Agreement Work Programme at COP24, which is essential for laying the groundwork for enhanced ambition, support and investment to enable the achievement of the Paris Agreement's objectives.
2. REITERATES the importance of making swift and ambitious progress on making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development. UNDERLINES that progress towards this objective is necessary to meet the long-term mitigation and adaptation objectives of the Paris Agreement and that it should be given due consideration within the UNFCCC architecture. STRESSES the need to encourage and effectively assess collective progress towards the objective of Article 2.1c of the Paris Agreement, including, but not limited to, through the global stock-take, and to undertake further work to develop methods and modalities towards this end.
3. EMPHASISES that public finance alone can never be sufficient to finance the transition towards low greenhouse gas emissions and climate-resilient development. HIGHLIGHTS the need to ensure an enabling environment for sustainable investments and STRESSES the important role of public policy in this regard. WELCOMES recent developments in this area in the EU, including the ambitions of the European Commission's action plan on financing sustainable growth, and at national and international level.
4. STRESSES that carbon pricing is a key component of an enabling environment for shifting financial flows towards green and sustainable investments, for supporting the transition towards low greenhouse gas emissions and climate-resilient developments and for promoting innovative solutions to reduce emissions. In this context, WELCOMES and SUPPORTS: i) carbon pricing initiatives, including those that build capacity in developing countries; ii) the use of internal carbon prices by companies and financial institutions, including by multilateral and other development banks; and iii) initiatives promoting the phasing out of environmentally and economically harmful subsidies and rapid phasing down of financing for emission-intensive projects.
5. REAFFIRMS that the EU and its Member States are committed to scale up the mobilization of international climate finance, as part of the collective developed countries' goal to jointly mobilize USD 100 billion per year by 2020 through to 2025 for mitigation and adaptation purposes, from a wide variety of sources, instruments and channels. WELCOMES progress to date and HIGHLIGHTS that the EU and its Member States remain the largest provider of public climate finance, including to the multilateral climate funds, and have contributed EUR 20.4 billion[1] in climate finance for 2017. URGES other developed countries to continue to scale up the provision of climate finance. REITERATES that public climate finance will continue to play an important role. HIGHLIGHTS the importance of the private sector as a key source of climate finance. UNDERLINES the need to target public finance to leverage more effectively and efficiently private sector funding to finance mitigation and adaptation action.
6. REAFFIRMS the EU and its Member States' commitment to the global effort led by developed countries to mobilize climate finance from a wide variety of sources, and in this context to fulfilling the mandate from COP21 to decide, prior to 2025, on a new collective quantified goal from a floor of USD 100 billion per year. STRESSES the need for a wide variety of funding sources, as well as a broader range of contributors. EMPHASISES the importance of an outcome-oriented perspective on climate finance, ensuring the greatest possible impact of funds provided and mobilized.
7. WELCOMES the joint statement by the International Development Finance Club and the Multilateral Development Banks (MDBs) at the 2017 One Planet Summit, reaffirming their joint commitment to align their financial flows with the Paris Agreement. URGES MDBs to continue to scale up climate-related investments, building on the significant progress made in 2017, and to further mainstream climate aspects throughout their portfolios whilst using their resources more innovatively and effectively to further leverage private finance. Also ENCOURAGES the MDBs to adopt responsible investment policies and to phase-out the financing of coal power plants taking into account the sustainable development and energy needs of our partner countries. CALLS on MDBs to speed up the alignment of their activities with the objective of making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.
8. STRESSES that the future Enhanced Transparency Framework under the Paris Agreement will be a key factor for its successful implementation, including by effectively improving the tracking of climate finance through the agreement of robust modalities, procedures and guidelines for support provided, mobilized, needed and received. STRESSES the need to ensure balanced progress across all aspects of the transparency framework, and for the agreement of a robust reporting framework at COP 24, which incentivizes effective action, support and investment. SUPPORTS the need to further develop methodologies for tracking private finance mobilized through public interventions which enable aggregation while avoiding double counting.
9. HIGHLIGHTS efforts to improve predictability of climate finance, noting that ex-ante communications under the Paris Agreement are to be based on available information and have to be in line with national budget rules and procedures. UNDERLINES that under the current arrangements, the EU provides in its "Strategies and Approaches for scaling up climate finance from 2014 to 2020" submissions information on future finance flows as available. EMPHASISES the importance of building on existing processes, which will allow sharing of quantitative and qualitative information in a flexible manner. LOOKS FORWARD to taking the necessary decisions on this issue at COP24.
10. STRESSES the need to continue to improve the effectiveness and complementarity of the current institutional climate

finance architecture, including the effectiveness and efficiency of the operations of the financial mechanism of the UNFCCC. The EU and its Member States strongly supported the improvements and increased ambitions for the seventh replenishment of the Global Environment Facility (GEF) and ARE COMMITTED to work towards a timely, well-managed and successful replenishment process for the Green Climate Fund (GCF). ENCOURAGES the Green Climate Fund Board to aim for high standards in funding projects and internal governance and to close policy gaps.

11. HIGHLIGHTS that the EU and its Member States continue to seek a balance between the mobilization of finance for adaptation and mitigation purposes, especially in those countries that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints. In this context, RECOGNISES the important role of public finance for adaptation and for support to the most vulnerable countries, especially to Least Developed Countries (LDCs) and Small Island Developing States (SIDSs), and STRESSES the importance of the effectiveness and efficiency of such finance. RECOGNISES that the GCF is on track to meet its target of providing 50 percent of all its adaptation programming to LDCs, SIDSs and Africa. RECOGNISES the important contribution of the Adaptation Fund (AF) and the Least Developed Countries Fund (LDCF), to which the EU Member States are the largest donors, as part of the broader adaptation finance landscape.

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[1] This figure includes climate finance sources from public budgets and other development financial institutions, as reported by Member States in the context of the Article 16 of Regulation (EU) No 525/2013 of the European Parliament and of the Council of 21 May 2013. It also includes EUR 2.8 billion climate finance from the EU Budget and the European Development Fund, and EUR 2.6 billion from the EIB.

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