Council of the
European Union

Brussels, 11 October 2016
(OR. en)

13157/16

ECOFIN 893
ENV 653
CLIMA 139

OUTCOME OF PROCEEDINGS

From:	General Secretariat of the Council
To:	Delegations
Subject:	Climate Finance - Council Conclusions on Climate Finance (11 October 2016)

Delegations will find in the annex the Council conclusions on Climate Finance, adopted by the Council (ECOFIN) at its 3488th meeting held on 11 October 2016 in Luxembourg.

ECOFIN Council Conclusions

11 October 2016

1. WELCOMES the Paris Agreement's objective to make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development. REITERATES that this requires action by all parties individually and collectively.

2. REAFFIRMS that the EU and its Member States are committed to scaling up the mobilisation of climate finance, as part of a global effort, led by developed countries, in particular to assist developing countries with respect to mitigation and adaptation to implement their country driven strategies, notably the Nationally Determined Contributions. HIGHLIGHTS that the EU and some EU Member States, in Paris at the 21st Conference of the Parties to the UNFCCC, announced scaled up amounts of public climate finance foreseen in the coming years thereby also increasing predictability. HIGHLIGHTS that the EU and its Member States provide a substantial part of public climate finance and STRESSES the need for fair burden sharing amongst developed countries and the future participation of 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 mobilised.

3. WELCOMES the work by developed countries to prepare a concrete roadmap to achieve the goal of jointly mobilising USD 100 billion per year by 2020 for mitigation and adaptation from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance, in the context of meaningful mitigation actions and transparency of implementation. LOOKS FORWARD to the roadmap's finalisation ahead of the UNFCCC COP22.

4. AFFIRMS that the EU and its Member States are committed to mobilise their share of the developed countries' goal to jointly mobilise USD 100 billion per year by 2020 and through to 2025 for mitigation and adaptation, from a wide variety of sources, instruments and channels.

5. REITERATES that public climate finance will continue to play a significant role. CONFIRMS that the EU and its Member States will continue to provide public climate finance for mitigation and adaptation purposes.

6. REQUESTS the Commission to provide an overview on climate finance from the EU and its Member States for 2015 for the Council to endorse this contribution prior to the UNFCCC COP22.

7. STRESSES the importance of the scaling up of resources to support those developing countries that are particularly vulnerable to the adverse consequences of climate change and that have significant capacity constraints.

8. Also WELCOMES the commitments made by most multilateral development banks (MDBs) to strengthen the integration of climate mitigation, adaption and resilience considerations throughout their portfolios and within their mandates, including their commitments to scale up their climate related investments. ENCOURAGES international and regional financial institutions and UN agencies to provide information to Parties through the UNFCCC secretariat on how they mainstream climate objectives and incorporate climate resilience measures into their development assistance and climate finance programmes.

9. WELCOMES the important climate finance contributions by some emerging economies and developing countries. HIGHLIGHTS that the Paris Agreement encourages Parties other than those committed under the Convention to provide or continue to provide financial resources on a voluntary basis.

10. RECOGNISES the private sector as a key source for climate finance and other relevant investment flows. ACKNOWLEDGES that private sector finance is complementary to, but not a substitute for public sector finance, where public finance is needed. NOTES that the EU has 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.

11. WELCOMES that the Paris Agreement sends a strong signal to the private sector to re-orient financial flows to low-carbon, climate-resilient investments. NOTES ongoing efforts within the EU to align investment incentives to EU climate objectives e.g. through the Capital Markets Union and the Investment Plan for Europe; and in this context WELCOMES the work of the G20 and the Financial Stability Board, as important contributions to reorient private investment. UNDERLINES that carbon pricing is one of the key components of an enabling environment for shifting investments which 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 and inter alia the phasing down of financing for emission intensive projects.

12. HIGHLIGHTS the efforts of the EU and its Member States to scale up mobilised climate finance as set out in the 2016 submissions on strategies and approaches. RECALLS that scaling up climate finance is an iterative process which goes hand in hand with governments developing enabling environments, investment strategies, projects and programmes which should all include the engagement of private sector action. In this context WELCOMES the efforts undertaken by developing countries.

13. HIGHLIGHTS the importance of supporting adaptation to help mainstreaming climate objectives into developing countries' development strategies and to build more climate resilient livelihoods. UNDERLINES the importance of achieving 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 such as Least Developed Countries (LDCs) and Small Island Developing States (SIDS).

14. HIGHLIGHTS that the transparency framework will be key to the successful implementation of the Paris Agreement by improving and accountability of climate finance. STRESSES that this framework should provide clarity on support provided, mobilised and received, including on the actions to make financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development, also with a view to informing the global stocktake. The framework should be accompanied by clear and common methodologies, building on existing methodologies and progress achieved in the preparation of the OECD/CPI study. SUPPORTS the development of accounting modalities on financial resources provided and mobilised through public interventions to reflect Parties' efforts of all relevant sources in a credible manner. LOOKS FORWARD TO the Biennial Assessment and overview of climate finance flows of the Standing Committee on Finance to guide further work on Measurement, Reporting and Verification (MRV) of support.

15. STRESSES the importance of support for capacity building for mitigation and adaptation planning and efficient and effective implementation. Further STRESSES the need for development of a pipeline of attractive projects and programmes in order to maximise financial resources and effectiveness, as well as the importance of accessibility of available funds for developing countries and crowding in private finance. HIGHLIGHTS the EU and Member States' continued support for capacity building for developing countries in need, including in the field of technology cooperation. STRESSES the importance of ensuring efficient access to financial resources to support country-driven strategies through simplified approval procedures within the context of the Financial Mechanism and enhanced readiness support for developing countries, in particular LDCs and SIDS.

16. RECOGNISES and SUPPORTS the importance of ambitious global implementation of Nationally Determined Contributions. HIGHLIGHTS that EU and Member States' development cooperation with third countries should fully take into account the synergies between climate objectives and the sustainable development goals as adopted by the 2030 Agenda for Sustainable Development, the Addis Ababa action agenda for financing for development, and other international agenda. HIGHLIGHTS that co-ordination between stakeholders on financing in support of Nationally Determined Contribution implementation will be essential: each institution will need to act in partnership and coordination with the others to maximise impact on the ground.

17. WELCOMES that the Financial Mechanism of the Convention shall serve as the Financial Mechanism of the Paris Agreement. HIGHLIGHTS the role of the Green Climate Fund as a key multilateral vehicle to support developing countries in promoting the paradigm shift towards low carbon and climate resilient development pathways. WELCOMES the approval of further projects and programmes, and FURTHER WELCOMES the endorsement of the Green Climate Fund’s Strategic Plan and its ambition to enhance the Fund’s transformational impact. HIGHLIGHTS that a substantial share of the funds committed (47 per cent) and made available comes from EU Member States. WELCOMES contributions from developing countries to the Green Climate Fund and URGES all countries that are in a position to do so to contribute.