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From:	General Secretariat of the Council
To:	Delegations
Subject:	Council conclusions on Climate Finance

On 7 November 2014, the Economic and Financial Affairs Council (ECOFIN) agreed on the conclusions on Climate Finance, as set out in the annex to the present note.

Council Conclusions on Climate Finance

ECONOMIC AND FINANCIAL AFFAIRS Council meeting

7 November 2014

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 and REITERATES its call for emerging economies to contribute to financing adaptation and mitigation of climate change in line with their respective capabilities and responsibilities.

2. HIGHLIGHTS that the EU and its Member States exceeded their Fast Start Finance Commitment to provide EUR 7.2bn between 2010 and 2012. HIGHLIGHTS the contribution of EUR 9.6bn[1] in climate finance from the EU and its Member States for the year 2013.

[1] This figure includes climate finance sources from public budgets and other development financial institutions.

3. EMPHASISES the potential of the Green Climate Fund to be an important channel for supporting transformational change to low GHG emission and climate resilient economies. 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 maximise the engagement with the private sector. WELCOMES the on-going process of initial resource mobilisation, in particular the early announcements by a number of countries. WELCOMES in particular contributions already put forward by some developing countries. HIGHLIGHTS that a substantial share of the early announcements so far comes from EU Member States. URGES all countries that are in a position to do so to contribute substantially to the Green Climate Fund. LOOKS forward to a successful first pledging conference on 19-20 November 2014. EMPHASISES the importance of further developing the policies and procedures for the Green Climate Fund so that it can effectively receive and disburse funds before the COP21 in order to deliver transformational change as soon as possible.

4. EMPHASISES that the most sustainable and effective strategies for scaling up climate finance draws on a wide variety of sources. HIGHLIGHTS the efforts of the EU and its Member States to scale up climate finance as set out in the submissions on the strategies and approaches. RECALLS that scaling up climate finance is an iterative process which goes hand in hand with national governments developing enabling environments investment strategies and projects which should all include the facilitation of private sector action.

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 and achieving low GHG, climate-resilient sustainable development. Public climate finance will continue to play an important role post 2020. It should be used in the most cost effective and efficient way that delivers the greatest possible impact whether in mitigation, adaption or capacity building. STRESSES the importance of the 2015 Agreement for shifting investment patterns towards low emission, climate resilient economies and societies. The Agreement needs also to reflect the importance of the private sector as a key source for climate finance and relevant investment flows, recognising that private sector finance is complementary to, but not a substitute for public sector finance, where public finance is needed. WELCOMES the positive announcements by the private sector at the UN Climate Summit on 23 September 2014.

6. HIGHLIGHTS that there is a role for all parties to implement a range of actions in line with evolving responsibilities and capabilities. Some actions should be taken by all Parties and others by the more capable. This diversity of roles and actions should be captured in the 2015 Agreement. Actions could range from improving domestic enabling environments for facilitating low GHG emission and climate-resilient sustainable investments, to mainstreaming climate considerations into public policies, to promoting the inclusion of climate issues in private investment decisions and to mobilising international climate finance. UNDERLINES that the 2015 Agreement's provisions on climate finance need to be dynamic and able to adapt to changing realities and needs by reflecting Parties evolving capabilities, and responsibilities.

7. RECOGNISES that it is important to support adaptation to make developing countries' development strategies and livelihoods climate-resilient. The EU and its Member States are making efforts to channel a substantial share of public climate finance towards adaptation, especially by addressing the needs of the particularly vulnerable developing countries In this regard, the Green Climate Fund will play a key role.

8. RECALLS that enabling environments to facilitate actions on both mitigation and adaption are essential to achieving low greenhouse gas emissions as well as climate resilient development, such as via domestic plans, climate strategies, policies, instruments and mechanisms and conducive regulatory frameworks. Carbon pricing is one of the key components of an enabling environment and can be achieved through a variety of tools. These can include for example the phasing down of high carbon investment and fossil fuel subsidies. In this respect, WELCOMES the World Bank Carbon Pricing Statement as announced at the UN Climate Summit on 23 September 2014. HIGHLIGHTS the intention of several EU Member States to limit the provision of aid financing for coal-related projects.

9. CALLS for contributions to ensure an adequate replenishment of the Montreal Protocol's Multilateral Fund that will facilitate multilateral support for an amendment to the Protocol to allow a phase down of the production and consumption of hydro fluorocarbons, which is one of the most cost effective ways of reducing GHG emissions in the short-term.

10. REITERATES that a robust and harmonized measuring, reporting and verification framework and the development of clear and common definitions to ensure the necessary transparency and trust are needed. SUPPORTS strengthened transparency and acceleration of the work towards such common internationally agreed frameworks for MRV of climate finance flows, and in particular welcomes the work of the OECD Research Collaborative on tracking private climate finance and the OECD DAC work stream on Rio markers review as well as the work of the Standing Committee on Finance on Biennial Assessment and overview of climate finance flows.

11. HIGHLIGHTS the importance of transparency with regards to climate finance, including private climate finance. A common understanding of private climate finance should be simple and flexible in order to keep the administrative burden of reporting at a minimum. It should also create the right incentives, encouraging countries to mobilise and use climate finance with the aim of promoting mitigation and adaptation in the most efficient way. Without prejudice to future international agreements, the EU will, in relation to the committed goal by developed countries to mobilise jointly USD 100bn per year by 2020 from a wide variety of sources in the context of meaningful mitigation action and transparency on implementation, as a starting point, apply an understanding of private climate finance, which specifies that these financial flows are: 1) mobilised by public finance, or by a public intervention, including in the sphere of policy and regulatory reform, and 2) climate relevant in accordance with criteria used by relevant international organisations such as the OECD and Multilateral Development Banks.

12. EMPHASISES that the EU is ready to engage in an active dialogue at the in-session high-level Ministerial Dialogue on climate finance in Lima.