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From:	General Secretariat of the Council
On:	8 November 2019
To:	Delegations
Subject:	Climate Finance - Council Conclusions on Climate Finance (8 November 2019)

Delegations will find in the Annex the Council Conclusions on Climate Finance, adopted by the Council (ECOFIN) at its 3725th meeting held on 8 November 2019 in Brussels.

ANNEX

2019 ECOFIN Climate Finance Conclusions

THE COUNCIL OF THE EUROPEAN UNION:

1. EMPHASIZES the strong support of the EU and its Member States for the urgent and ambitious implementation of the Paris Agreement. WELCOMES the adoption of operational rules included in the Katowice Climate Package and the outcomes of the UN Financing for Development Forum 2019, and STRESSES the synergies between the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda and the Paris Agreement.

2. REITERATES the importance of making swift and ambitious progress on the long-term goals of the Paris Agreement, especially making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development in line with the findings of Intergovernmental Panel on Climate Change Special Report on 1.5°C. In this regard, WELCOMES international commitment to assess the collective progress through the global stocktake under the Paris Agreement whilst UNDERLINING that a more rapid advancement towards the long-term finance goal is necessary to meet the long-term mitigation and adaptation goals of the Paris Agreement together with the Sustainable Development Goals. HIGHLIGHTS the importance of increasing the efforts to enable sustainable investments through private finance mobilisation and WELCOMES the initiatives taken by the private sector regarding sustainable finance and carbon neutrality. EMPHASIZES that the EU and its Member States are taking steps to align financial flows with low carbon and climate-resilient development, including through the EU Action Plan on Financing Sustainable Growth. In this context, WELCOMES recent developments in the EU, in particular on the ongoing work on an EU taxonomy for environmentally sustainable economic activities, a voluntary standard for green bonds, new legislation on two new categories of low-carbon benchmarks (EU climate benchmarks) and on disclosures related to sustainable investments and sustainability risks. Furthermore, WELCOMES other initiatives at national and international level such as the recently launched Coalition of Finance Ministers for Climate Action and the International Platform for Sustainable Finance.

3. STRESSES that carbon pricing and phasing out environmentally harmful and economically inefficient subsidies are key components of an enabling environment for shifting financial flows towards climate-neutral and sustainable investments, for supporting a just transition towards climate neutrality and for promoting innovative climate-friendly solutions to tackle climate change. 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 harmful and economically inefficient subsidies and rapid phasing down of public and private financing for emission-intensive, environmentally-harmful projects and assets. HIGHLIGHTS in particular the benefits of putting a price on carbon and mainstreaming climate action in national budget and planning processes. Is COMMITTED to work with all parties to develop robust rules on international carbon markets (Article 6 of the Paris Agreement).

4. STRESSES the commitment to ambitious climate action in the next EU budget 2021-2027 across all areas, including external cooperation whilst taking into account the relevance of other EU policy objectives. UNDERLINES the need to use the funds in an effective and efficient manner to support the implementation of the Paris Agreement and the Nationally Determined Contributions established by the Parties of the UNFCCC together with the 2030 Agenda and its Sustainable Development Goals. STRESSES the importance to coordinate with similar actions by the Member States and other key international donors and to increase the mobilisation of climate finance from a range of sources.

5. EMPHASIZES the continued commitment of the EU and its Member States to scale up the mobilization of international climate finance as part of the collective developed countries' goal to jointly mobilise USD 100 billion per year by 2020 and through to 2025 from a wide variety of sources, instruments and channels in the context of meaningful mitigation actions and transparency on implementation. WELCOMES progress to date, with the EU's and its Member States' contributions having more than doubled since 2013 and exceeding EUR 20 billion annually, and HIGHLIGHTS that the EU and its Member States remain the largest contributor of public climate finance to developing countries, including to the multilateral climate funds, and have contributed EUR 21.7 billion in climate finance for 2018.[1] URGES

[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

other developed countries to continue to scale up the provision of climate finance. WELCOMES the outcome of the Green Climate Fund final replenishment conference in Paris and SUPPORTS a successful completion of the replenishment process.

6. REITERATES that public climate finance will continue to play an important role for climate action, while UNDERLINING that the bulk of financing to drive the shift to a climate-neutral and resilient global economy will need to come from domestic and private sources and that further efforts are required in this respect. UNDERLINES, in this context, the need to better target public finance to leverage more effectively and efficiently private sector funding to finance mitigation and adaptation action, as well as the need to ensure enabling environments.

7. NOTES the decision at COP 24 to initiate deliberations on setting prior to 2025, a new collective quantified goal from a floor of USD 100 billion per year, in accordance with Article 9, paragraph 3, of the Paris Agreement, in the context of meaningful mitigation actions and transparency of implementation and taking into account the needs and priorities of developing countries. REAFFIRMS the EU and its Member States' commitment to engage in these deliberations starting in November 2020. STRESSES the importance of the need for a wider variety of funding sources, a broader range of contributors, as well as setting the new goal in a context of making global financial flows consistent with the goals of the Paris Agreement while highlighting the linkages to the Addis Ababa Action Agenda on development finance. EMPHASIZES the importance of an outcome-oriented perspective on climate finance, ensuring the greatest possible impact of funds provided and mobilized.

8. URGES multilateral development banks (MDBs) as well as national and regional development banks to set out the measures they are undertaking to align their portfolios with the Paris Agreement and continue to scale up climate-related investments, building on the significant progress made in 2018, whilst using their resources more innovatively and effectively to further leverage private finance and to ensure compatibility of new projects with the Paris Agreement. WELCOMES the significant progress achieved by the MDBs in this direction since the adoption of the Paris Agreement, and ENCOURAGES those that have not yet done so to set ambitious post-2020 climate finance targets. WELCOMES the European Investment Bank Group’s ambition to increase its contribution to climate action and environmental sustainability. UNDERLINES the importance of supporting the

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Parliament and of the Council of 21 May 2013. It also includes EUR 2.65 billion climate finance from the EU Budget and the European Development Fund, and EUR 2.97 billion from the European Investment Bank.

implementation of long-term climate strategies in developing countries. WELCOMES the announcements by MDBs and national and regional development banks aiming at the alignment of their activities with the goals on the Paris Agreement, and LOOKS FORWARD to the MDBs reporting on progress on their joint approach at the UNFCCC COP25 in Madrid, Spain. In this regard, ENCOURAGES the MDBs to adopt responsible investment policies and to phase out financing of fossil fuel projects, in particular those using solid fossil fuels, taking into account the sustainable development, and energy needs, including energy security, of partner countries.

9. WELCOMES continued efforts to scale up adaptation finance and actions to enhance climate resilience and sustainable development and RECOGNIZES the need to make further progress in this regard. HIGHLIGHTS that the EU and its Member States are the biggest providers of, and will continue to scale up, public finance for adaptation purposes, especially in those countries that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints. In this context, RECOGNIZES the important role of public finance for adaptation and for support to particularly vulnerable countries, and those among their populations that are particularly vulnerable, especially to Least Developed Countries and Small Island Developing States. TAKES NOTE of the positive developments in private sector engagement in climate change adaptation and resilience, including the EU External Investment Plan. UNDERLINES that increased allocation of development finance for adaptation is facilitated by developing countries' prioritizing adaptation measures in their development dialogues with the donor community.

10. UNDERLINES that determination of needs should be elaborated in the wider context of implementing the Sustainable Development Goals and the Addis Ababa Action Agenda, and the link between ambitious action, alignment of finance flows, and increased private finance mobilisation from domestic and international sources. STRESSES that determination of developing countries' needs should take into account the differences between key methodologies, the wide number of variables and inherent uncertainties. CALLS on academia, the public and the private sector, including multilateral and bilateral development institutions, to engage in this work. LOOKS FORWARD to the presentation of a needs determination report by COP 26.