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From: General Secretariat of the Council
To: Delegations
Subject: Draft Council statement on International Climate Finance

Delegations will find attached the draft Council statement on International Climate Finance, endorsed by the Economic and Financial Committee on 13 November 2020.

Council Statement on international climate finance

While the COVID-19 pandemic has led to serious health, social and economic consequences with unknown long-term impacts, combatting climate change will remain a significant challenge in its own right. Therefore, we - the EU and its Member States - remain strongly committed to achieving the Paris Agreement's objectives. The European Council adopted the objective of a climate-neutral EU by 2050 and we are strongly enhancing our overall 2030 ambition.

Building on the continued scaling up of previous years, the EU and its Members States are committed to further scale up the mobilization of international climate finance. This will be done as part of the collective developed countries' goal to jointly mobilise 100 billion US dollars per year by 2020 and through to 2025 for mitigation and adaptation purposes (the "climate-financing goal") from a wide variety of sources, instruments and channels in the context of meaningful mitigation actions and transparency on implementation. The public contributions have been increasing constantly. We remain the largest contributor of public climate finance to developing countries, having contributed around 22 billion euros in 2019 and having more than doubled since 2013.¹ In this context, we acknowledge the importance of a successful delivery on the climate-financing goal in the preparation of COP 26. We urge other developed countries to scale up their provision of climate finance, and underline the importance of assessing the effectiveness of the funding provided.

¹ <https://www.consilium.europa.eu/en/press/press-releases/2020/10/29/climate-finance-eu-and-member-states-contributions-continued-to-increase-in-2019/> The UK provided 1.3 billion euros in climate finance in 2019.

The COVID-19 pandemic has led to severe health, financial and economic challenges. At the same time, recovery from the pandemic offers the opportunity to rebuild better and more sustainably by applying the “do no harm” principle, by embracing public policies favourable to climate action such as carbon pricing, by phasing out environmentally harmful and economically inefficient subsidies and by shifting towards sustainable investments. How well governments succeed in these endeavours will also determine the pace of the transition towards the goals of the Paris Agreement and the UN 2030 Agenda in line with countries’ economic and financial strategies and capabilities, while ensuring the continued commitment to deliver on climate finance.

We will remain at the forefront of efforts to enable and accelerate the green transition. This requires the alignment of all finance flows, including international support, recovery stimuli and private investment in accordance with a low-greenhouse gas, climate-resilient, resource-efficient and sustainable pathway. In this context, at least 37% of the Recovery and Resilience Facility as part of NextGenerationEU (NGEU) will be spent directly on climate-related objectives. An overall climate target of 30% will apply to the total amount of expenditure from the Multiannual Financial Framework and NGEU. This will be appropriately reflected through targets in the sectoral legislation, e.g. for the EU’s Neighbourhood, Development and International Cooperation Instrument.

We call for all national, regional and multilateral finance institutions to continue and enhance their support for global public goods and climate action and for sustainable development, especially during, and in the aftermath of, the COVID-19 crisis. In this regard, we encourage the multilateral development banks (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.

The European Investment Bank is committed to increase its share of finance for climate action and environmental sustainability to 50% by 2025 and beyond, aiming to support, together with the European Investment Fund, green investments worldwide worth over 1 trillion euros over the decade 2021-2030. We encourage other MDBs to adopt similar commitments and urge all countries to create strong enabling environments for green and sustainable investments to facilitate private finance mobilisation and ultimately to make all financial flows consistent with a pathway towards low greenhouse gas emission and climate-resilient development.
