



**COUNCIL OF  
THE EUROPEAN UNION**



## **Council conclusions on climate finance - fast start finance**

*3167th ECONOMIC and FINANCIAL AFFAIRS Council meeting  
Brussels, 15 May 2012*

The Council adopted the following conclusions:

"The Council:

1. REAFFIRMS the EU and its Member States' commitment to provide EUR 7.2 billion cumulatively over the period 2010 – 2012 to fast start finance; **UNDERLINES** that despite the difficult economic situation and tight budgetary constraints, the EU and all 27 Member States have advanced notably in the implementation of this commitment;
2. ENDORSES the official report on fast-start financing by the EU and its Member States for 2011; CONFIRMS that in 2010 and 2011 a total of €4.59 billion has been mobilized by the EU to meet its FSF commitment, with 46% of the total to fund mitigation action, 32% to support adaptation efforts, 14% to support action to reduce deforestation and forest degradation in developing countries and 8% to cross sectoral activities and activities that can not be strictly categorized. REQUESTS the Commission to update the data in the Fast Start Finance report as appropriate in order to reflect any further information received before the submission to the UNFCCC.

# **P R E S S**

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3. REAFFIRMS the importance of continuing to provide support by developed countries beyond 2012 for activities to mitigate and adapt to climate change as set forth in the Durban decisions; in this context RECALLS that the Durban platform noted the significant gap between mitigation pledges and emissions reduction necessary to achieve the 2 °C target and therefore calls on all parties to ensure the highest possible mitigation efforts; REITERATES that in this respect the EU and other developed countries should work in a constructive manner towards the identification of a path for scaling up climate finance from 2013 to 2020 from a wide variety of sources, public finance and private sector finance, bilateral and multilateral, including alternative sources of finance, as needed to reach the international long term committed goal of mobilizing jointly US\$100 billion per year by 2020 in the context of meaningful mitigation actions and transparency on implementation with a view to reducing global greenhouse gas emissions so as to keep the increase in global average temperature below 2 °C compared to preindustrial levels;
4. REAFFIRMS the importance for the EU, together with other developed countries, to continue to contribute to climate finance after 2012 as set forth in the Durban decision to support initiatives that will deliver substantial results and value for money in the context of meaningful mitigation actions, and in helping increasing climate resilience and to narrow the ambition gap between current pledges and emission reductions with special attention to avoiding duplication of initiatives, the efficient use of available funding and the need for sustainable public finance and fiscal consolidation; ENCOURAGES domestic efforts by developing countries, including the phasing out of fossil fuel subsidies and other distortions as well as in providing good framework conditions for investments, as recipient action is crucial in ensuring ownership of supported action and the right identification of national priorities; RECOGNISES that substantial cost effective mitigation potential already exists in developing countries and UNDERLINES that increased information about efficient and cost effective available and meaningful National Appropriate Mitigation Action-proposals could further facilitate decision making and targeting of climate finance in terms of smart use of resources; RECALLS the collective nature of the financial commitments made and URGES a broader range of Parties to also significantly contribute and mobilise climate finance for that purpose reflecting evolving economic realities;
5. ACKNOWLEDGES the important role of Multilateral Development Banks and other public financial institutions, including the EIB in facilitating the mobilisation of these flows; REAFFIRMS the role of the private sector in providing finance for climate-related investments in developing countries and STRESSES that this role should be strengthened by further efforts to address regulatory barriers and to develop policy frameworks necessary to leverage private climate finance, including an efficient international carbon market; NOTES that currently no internationally agreed definition of private sector climate finance exists. RECOGNISES that further efforts are required to clarify the concept of private financing and its contribution to the 100 billion US;

6. RECALLS that a measure applied to aviation and maritime transport should have the primary goal to allow for the sector to contribute through mitigation to the 2 degree objective established by the UNFCCC; REITERATES that the carbon pricing of global aviation and maritime transportation would generate the necessary price signal to efficiently achieve more emission reductions from these sectors and could generate large financial flows, as highlighted in the AGF and the G20 reports; In this context, TAKES NOTE of the Commission's work on carbon pricing of international aviation and maritime transport and the options under consideration in the context of ICAO and IMO for global measures to address emissions in the aviation and maritime sectors; CONCLUDES that a majority of those have the potential to generate a carbon price which could potentially also generate significant revenues; NOTES that finance available, including from auctions of aviation allowances in the EU ETS, could help to support climate action in developing countries while STRESSING that it will be up to each Member State to determine the use of public revenues in accordance with national budgetary rules and in consistency with a sound and sustainable public finances policy framework of the EU, without prejudging the ongoing negotiations at the IMO; WELCOMES an acceleration of work by ICAO to further develop options for global market-based measures to address aviation emissions; ENCOURAGES the EU and its Member States to further engage effectively in negotiations in ICAO and IMO to support carbon pricing schemes which primarily incentivise mitigation and also have the potential to generate revenue; and URGES all Parties to IMO and ICAO to further increase their efforts to make progress on market based mechanisms to address emissions from global aviation and maritime transportation.
  
7. LOOKS FORWARD TO the establishment of the Board and the Interim Secretariat of the Green Climate Fund (GCF); and ENCOURAGES the future Board of the GCF to ensure that the GCF is a cost effective and efficient fund that will strive to provide value for money by maximizing the impact of its funding for adaptation and mitigation, including REDD+, while promoting environmental, social, economic and development co – benefits and taking a gender sensitive approach; REITERATES that the Fund is to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change and to support activities to adapt to climate change."

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