



To: Ambassadors at Permanent Representations to the European Union
cc: Climate, International Development Attachés

Friday 15 January 2021, Brussels

Dear Ambassador,

During the meeting of COREPER II on 20 January you will discuss Council Conclusions on Climate and Energy Diplomacy ahead of Foreign Affairs Council on 25 January 2021.

We appreciate efforts to develop a comprehensive set of conclusions on Climate and Energy Diplomacy. The ambition of the European Green Deal is to put climate action at the centre of the EU's economic development. These conclusions should make clear that accelerating the transition to a climate safe world for all is equally central to European foreign policy.

Moreover the global economic, health and climate crises have exacerbated systemic inequalities within and between countries. To support a resilient global recovery the EU's foreign policy and diplomacy must take an integrated approach, and support equitable international policies which build synergies between biodiversity, climate and Agenda 2030 as the framework for recovery.

We hope that you will consider the following key points while preparing for the meeting.

Strengthening green diplomacy and building alliances

Having now put forward its enhanced nationally determined contribution, which is insufficient in contributing its fair share to limiting global warming to 1.5°C, in 2021 the EU needs to go further by leveraging and supporting commitments from other countries.

Alliances should be built with countries who make strong commitments to the 1.5°C temperature goal and adaptation goal of the Paris Agreement, and reflect principles of global equity and common but differentiated responsibilities and respective capabilities. Entry points should be commitments to ambitious enhanced nationally determined contributions, to adaptation goals, and to biodiversity. Climate policy must be gender responsive, participatory, rights-based, and deliver on Agenda 2030.

With the incoming Biden administration the G7 will soon be a net-zero club. EU diplomacy should use this shift to engage the rest of the G7, and the G20, on translating net-zero commitments into 1.5°C aligned 2030 targets before COP26.

Climate vulnerable countries are valuable allies on ambitious action. Alliances with these countries should support partner country-led development of policies and initiatives to enable and implement climate commitments and bring about transformational change. The EU should align development cooperation, policy dialogue, technological support and all the tools at its disposal to unlock barriers to investment in adaptation or to support the just transition out of fossil fuels. As well as addressing systemic barriers to climate action, such alliances will strengthen the multilateral climate system.

Unlocking a resilient global recovery

Now that the EU has agreed its own recovery package, it needs to take further action in multilateral spaces to support a global green recovery. Putting the world on a 1.5 pathway requires meaningful movement on debt relief, fixing the fiscal crisis facing developing countries, and enabling them to access capital to facilitate green recovery and to meet climate and Agenda 2030 commitments.

The EU should work with the G7, G20, the Paris Club and multilateral development banks to find avenues to achieve this, including Special Drawing Rights to support climate action from the IMF. Action is also needed in these spaces to address barriers to adaptation and resilience investment.

This should be informed by the Climate Adaptation Summit and the COP26 Presidency's Climate and Development event in March.

The EU should also work through the Coalition of Finance Ministers for Climate Action to foment discussion of new approaches to meeting the needs of developing countries.

Delivering on international climate finance commitments

European countries need to set out significant new announcements to increase post-2020 climate finance, without compromising non-climate ODA. An international process proposed by Germany at the Climate Ambition Summit, alongside the UK COP26 Presidency's Climate and Development event in March, can inform and drive this forward. This should contribute to a significant scaling up of climate finance beyond the annual \$100 billion goal over the period 2021-25, ahead of setting a new international climate finance goal in 2025. The EU should scale up public grants for adaptation finance in their commitments, to achieve a balance between adaptation and mitigation finance.

There should also be support for new and additional finance and financing solutions for addressing loss and damage linked to worsening climate impacts. Advancing a strong position on loss and damage finance will build trust in the COP26 negotiations as well as, through eventual implementation, support longer term stability and resilience in partner countries.

To address structural inequalities in partner countries, climate finance should be provided predominantly in the form of grants, respect country and local ownership, support gender equality and build synergies between climate and social dimensions. This needs to be reflected in programming the new EU budget instruments and the EIB Climate Bank Roadmap, with a focus on building resilience through ensuring adaptation and just transitions. Support should be given to country- and locally- led initiatives under the EU Africa Strategy.

A global phaseout of fossil fuel finance

This year needs to be the year we end fossil fuel finance. The EU should take decisive action to phase out all fossil fuel finance and leverage similar action from other big emitters. The EU has showed leadership in this area through the EIB decision to end fossil fuel finance by the end of 2021. A recent UK decision to end all overseas public finance for fossil fuel finance is another real game changer. The EU must build on this and Biden's "no dirty energy finance" campaign promise, utilise its role on the boards of MDBs and DFIs, and at the G7 and G20, to leverage additional commitments to end fossil fuel finance and deliver just transition plans from government coalitions.

G7 and G20 countries must commit to developing clear national roadmaps to phase out all fossil fuel subsidies (including tax concessions, direct budgetary support, export credits and funds through bilateral and domestic DFIs and MDBs) by 2025 at the latest, and align investments with the long-term goals of the Paris Agreement.

The EU must also ensure action on EU budget funds, delivering on 'do no harm' by ensuring no support goes to fossil gas or any other fossil fuel projects and associated infrastructure, in both its external action and domestic programmes.

Yours sincerely,

Wendel Trio

Director, Climate Action Network Europe

