

THE AMBITION CALL

The Ambition Call provides country recommendations for immediate climate action in response to the UN Secretary-General's request for countries to:

- present concrete, realistic plans that are compatible with the latest IPCC Special Report on global warming of 1.5°C
- enhance their NDCs by 2020 and
- reduce GHG emissions by 45% over the next decade, and to net zero by 2050.¹

The 2019 Summit in Osaka saw the G20 countries (with the exception of the USA) reaffirming their commitments to fully implement the Paris Agreement.² Many have already announced their willingness to increase their mitigation targets, aiming for net-zero emissions by 2050.

GERMANY

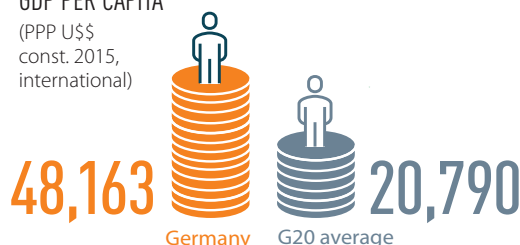


GREENHOUSE GAS (GHG) EMISSIONS
(INCL. FORESTRY) PER CAPITA
(tCO₂e/capita)



Data from 2015 | Source: PRIMAP 2018

GDP PER CAPITA
(PPP US\$
const. 2015,
international)



Source: World Bank 2017

HUMAN
DEVELOPMENT
INDEX



Data from 2017 | Source: UNDP 2018

RECOMMENDED ACTIONS

#1

Adopt a climate change act with a more ambitious 2030 target than -55%, coal phase-out by 2030 at the latest and other measures.

#2

Implement a CO₂ price of at least 50€ for transport and heating, with compensation to households.

#3

Introduce mandatory climate-related risks disclosure for assets in the finance and real economy no later than December 2020.



Climate Transparency is a global partnership with a shared mission to stimulate a 'race to the top' in G20 climate action and to shift investments towards zero carbon technologies through enhanced transparency. Climate Transparency is made possible through support from the Federal Ministry for Environment, Nature Conservation and Nuclear Safety (BMU), through the International Climate Initiative, ClimateWorks Foundation and the World Bank Group.

<https://www.climate-transparency.org/>



Since 1991 and under the motto of 'Observing, Analysing, Acting', Germanwatch has been committed to global equity and the preservation of livelihoods. The politics and economics of the North, with their global consequences, stand at the centre of our work.

<https://www.germanwatch.org>

Adopt a climate change act with a more ambitious 2030 target than -55%, coal phase-out by 2030 at the latest and other measures

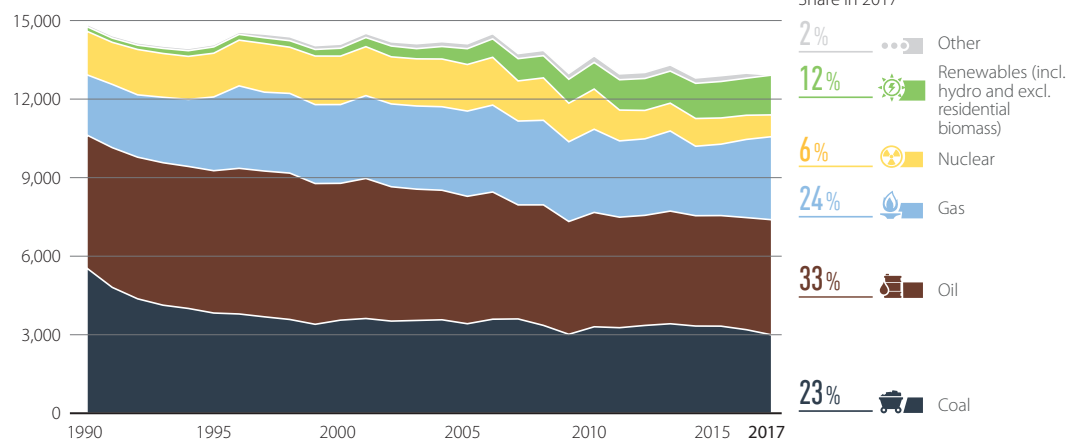
#1

As national-level climate policy in Germany is often based on non-binding cabinet decisions, the risk is high that climate targets are being missed. A Climate Change Act would legally strengthen these targets and create an institutional and procedural framework to ensure they are met in the future. This would immediately increase planning security for all actors and encourage climate-friendly investments. Accompanying the introduction of this act with immediate additional measures would further prove Germany's commitment to ambitious climate action and start closing the gap between climate targets and current emission trends.



ENERGY MIX

Total primary energy supply (PJ)



Source: Enerdata 2018

What does this mean?

Germany's Climate Change Act should update the country's unclear and Paris Agreement incompatible 80-95% 2050 emissions reduction target to 'at least -95%', protect its 'at least -55%' 2030 target and inscribe an upward revision clause for both these goals. For effective implementation, the framework should include regularly updated action plans and evaluation by a scientific council. The accompanying

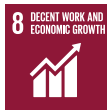
2030 target measures package would need to involve strong additional instruments to significantly reduce air and car traffic emissions and speed up building sector renovation rates. More action is also needed in assisting heavy industry and farmers to become carbon neutral over time.

Additional development benefits



SDG 3

Reducing coal consumption and shifting to renewables can reduce air pollution as well as associated diseases (e.g. respiratory problems).



SDG 8

Development of industry related to renewable energy and its supply chain can support full employment through creation of safe and decent jobs.



SDG 9

Development and integration of new clean technologies can support sustainable industrialisation and infrastructure upgrading.



SDG 11

When displacing coal fired power plants, renewables contribute to reducing the environmental impact of cities by reducing the amount of GHG and air pollutants from power generation.



SDG 15

Renewables help reduce degradation of natural habitats through reduced air and water pollution and reduced water consumption, especially when displacing more polluting or intensive alternatives, such as coal.

Good practice in other countries

Climate change law in the **UK** is a primary example of a stable governance system for climate policy with a clear long-term view and regular updated targets that take scientific commission advice into account.



By 2024, **Chile** will close eight of its oldest coal-fired power plants – currently equivalent to 20% of its coal electricity capacity and 40% of coal share in their electricity mix. Chile will phase out its remaining 20 coal plants by 2040.



Implement CO₂ price of at least 50€ for transport and heating with compensation to households

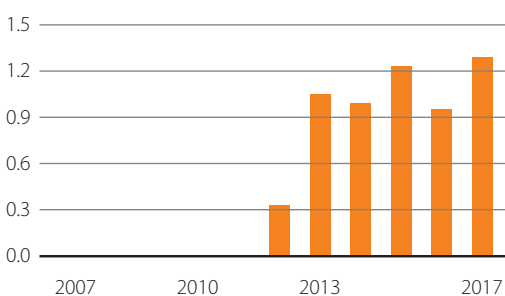
#2

The current price of CO₂ emissions does not reflect their true social and environmental costs. This creates a distorted price signal that leads to greater consumption of fossil fuels and higher emissions, both of which are incompatible with a 1.5° pathway. However, current responses to this are insufficient. The EU Emission Trading System, with its many excess CO₂ certificates and high long-term price volatility and insufficiently targeted national measures offer only weak incentives to invest in a low-carbon economy. Germany should raise the price of CO₂ emissions while compensating households to reduce them, increase innovation of low-carbon technologies, and ensure a just and socially accepted transition.



CARBON REVENUES

Carbon revenues (US\$ billions)



Estimates only available from 2012.

Source: IACE 2018

What does this mean?

To guarantee planning security for all actors and ensure social acceptance, Germany should introduce a price of 50€/t for CO₂ emissions in the transport and heating. This price should then sufficiently increase according to a long-term determined path. The majority of revenue from the CO₂ price must be redistributed to households to compensate them for resulting increased costs

and ensure those that are low-income are not negatively affected. Accompanying measures for particularly affected groups (e.g. commuters and tenants) should also be installed. Additionally, Germany should implement a carbon price floor for electricity generation together with a number of pioneer EU states.

Additional development benefits



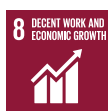
SDG 3

A price for CO₂ emissions can contribute to the shift towards electric mobility, reduce air pollution, and improve mental health and well-being by reducing noise.



SDG 7

A price for CO₂ emissions can lead to increased energy efficiency and make reduction in energy losses a priority, which could help increase energy security by reducing dependence on trade for energy supply.



SDG 8

Pricing CO₂ emissions can increase resource efficiency (reducing fossil fuel use) and decouple growth from environmental degradation. Shifting to a low-carbon economy aids technological/ infrastructure upgrading and economic diversification.



SDG 11

Implementing a price for CO₂ emissions can contribute to shifting to electric mobility, which increases access to safe, sustainable transport systems for all and significantly reduces air pollution in cities.



SDG 12

Pricing CO₂ emissions increases awareness of current use of fossil fuels, to address resource efficiency, air pollution and sustainable practices (e.g. increasing low-carbon mobility and higher efficiency standards for appliances).

Good practice in other countries

In 1991, **Sweden** established a carbon tax that has been gradually increased. The price of CO₂ in Sweden now reaches 114€/tCO₂e, making it the highest carbon tax rate in the world.



Switzerland introduced a carbon levy in 2008, which is now at the level of around 86€/tCO₂. Some revenue is paid back in an equal amount to each citizen.



Introduce mandatory climate-related risks disclosure for assets in the finance and real economy no later than December 2020

#3

Article 2.1.c of the Paris Climate Agreement asks all member states to align all financial flows with the goals of the agreement. There is an urgent need to develop solutions for this obligation and introduce mandatory sustainability risks disclosure as soon as possible. In line with disclosure provisions, all market actors should report in the

context of scenario analyses and state how they adapt to effective, raising CO₂-prices and plan to achieve middle- and long-term climate goals..

APPROACHES TO IMPLEMENTING THE RECOMMENDATIONS OF THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

This indicator establishes the degree of government engagement with the recommendations of the G20 Financial Stability Board's Task Force on Climate-Related Financial Disclosure.

No formal engagement with TCFD	Political and regulatory engagement	Formal engagement with private sector	Publication of guidance and action plans	Encoding into law

Source: CISL 2018

Germany's central bank, Deutsche Bundesbank, has endorsed the TCFD recommendations and is a founding member of the Central Banks and Supervisors Network for Greening the Financial System (NGFS). More broadly, Germany made sustainable finance a priority during their G20 presidency in 2017.

What does this mean?

Voluntary approaches have not sufficiently induced transformative change across large parts of the markets or at the scale needed. Therefore, it is not plausible for comprehensive disclosure, in terms of risks addressed and the degree of market actor coverage, to be achieved voluntarily. Only if all big companies and financial institutions disclose the climate-related risks and opportunities of a sustainable,

1.5°C compatible transformation, will meaningful and consistent information be available to drive sustainable investment and create a level playing field.



Additional development benefits



SDG 4

Increased transparency about climate-related financial risks can support mitigation actions and spread skills and knowledge about sustainable development.



SDG 8

Increased transparency about climate-related financial risks can encourage development and uptake of low carbon technologies.



SDG 9

Increased transparency about climate-related financial risks can increase accessibility to affordable credit finance for future-proof small and medium enterprises.



SDG 12

Increased transparency about climate-related financial risks can encourage mitigation actions, sustainability and spread information on the topic across society.

Good practice in other countries

In 2015, the **French** government passed a law introducing mandatory climate related risks disclosure for publicly listed companies, institutional investors and asset managers.



In 2019, the **Dutch** Central Bank released an analysis of the climate-related risks exposure of its financial sector and management guidelines. Water stress, biodiversity loss and resource scarcity were principal identified risks.



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REFERENCES (FOR GERMANY)

- 1 **United Nations (2019)**. Information Note on the 2019 Climate Action Summit of the Secretary-General. Retrieved from https://www.un.org/en/climatechange/assets/pdf/Information_Note_Climate%20Summit_20Mar2019.pdf
- 2 **Deutsche Welle (2019)**. G20 summit: World leaders agree on climate deal. Retrieved from <https://www.dw.com/en/g20-summit-world-leaders-agree-on-climate-deal/a-49408651>

