

# *Strategy on Climate Foreign Policy*

of the Government of the  
Federal Republic of Germany



The  
Federal Government



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# Summary

The climate crisis is changing our world in fundamental ways. It is endangering lives and threatening human rights, our environment and our resources, thereby jeopardising the chances for sustainable development. Swift, ambitious and cooperative action by the international community is vital if the Paris climate goals are to be delivered. Only together will we be able to achieve the necessary worldwide reduction of greenhouse gas emissions. Climate action requires closer international cooperation, for no country is in a position to protect itself from the impacts of climate change or curb the crisis on its own.

Our climate foreign policy is firmly European and multilateral, centred around the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. In order to overcome the impacts of climate change, we also need to take steps to tackle global biodiversity loss, overuse of resources and global environmental pollution. Together, we are therefore resolutely addressing the issues of climate change, biodiversity loss and environmental pollution as interconnected issues. The key points of reference for this are the Sustainable Development Goals and the Global Biodiversity Framework.

With this whole-of-government strategy on climate foreign policy, we as the German Government are aligning our structures and instruments so as to contribute to implementing the global transition to a climate-neutral future in a socially just and economically successful way, and are actively shaping it in line with our values and interests. This strategy will guide the German Government's international climate action and is coor-

inated amongst and implemented by the relevant ministries. A new format at State Secretary level will assist with coordination on central cross-cutting climate foreign policy issues and ensure strategic foresight.

## Ambitious climate policy as an opportunity

The 21<sup>st</sup> century must become the century of renewable energies. Many countries all over the world have recognised the vast economic and social potential of an ambitious, economically successful and pragmatic climate policy and are driving forward the shift to green energy, the increase in energy efficiency, the decarbonisation of their industry and the development of sustainable technologies. We are actively shaping this move towards a sustainable, resilient, resource-conserving global economy. In the coming years it will be crucial to set the course for accelerating the transition at German, European and international level, while also preventing the most serious consequences of climate change.



Bringing together prosperity and economic and social development across our efforts to combat the climate crisis is at the heart of German climate foreign policy. Because the just transition also offers vast potential for resilience and security, for our future prosperity and for globally sustainable development. Societal acceptance is vital if international climate and environmental efforts are to succeed. With our climate foreign policy, we also want to help strengthen Germany and Europe as hubs for the economy of the future, generating an impetus for growth and maintaining our competitiveness.

### The geopolitical framework of our climate foreign policy

The climate crisis is one of the greatest security risks of the 21st century. It fuels conflicts and is a factor in destabilising states. Today we are already seeing how development progress is unravelling, existing inequalities and conflicts over the distribution of resources are being exacerbated and people are being driven from their homes.

Climate action therefore requires joint engagement in a world of growing tensions and geo-economic shifts. Russia's war of aggression against Ukraine and its blatant violation of international law have shaken the foundations of the multilateral order and fuelled global systemic rivalry. The ensuing impact on the European security order marks a watershed with far-reaching consequences for Germany, Europe and beyond.

In this increasingly multipolar, fluid and conflict-ridden environment, some states are deliberately exploiting fossil fuel dependencies to pursue their power-political goals. This hampers the cooperation necessary to achieve common goals. However, in a multipolar world the transition towards climate neutrality also involves a reassessment of economic strength.

The division into industrialised and developing nations set down in the United Nations Framework Convention on Climate Change (UNFCCC) of 1992 no longer reflects today's reality and must not be allowed to become a barrier to swift and effective climate action. The G20 members, for example, which account for 80% of global economic output, generate around 80% of global emissions and



in many cases have been able to increase their wealth significantly in recent years, have a special responsibility to implement an ambitious climate policy. This includes making an appropriate contribution to international climate action and climate financing. Climate foreign policy thrives on global dialogue and exchange. Climate cooperation, even and particularly with partners that do not share all our values, can often form part of a positive agenda and build bridges. This engagement creates opportunities for us to intensify our relations with states, also on issues beyond climate, and thus strengthen our global partnerships as a whole. The transition also gives Germany and other importers of energy the chance to develop resilient, sustainable and diversified supply chains for future-oriented technologies and to reduce dependencies.

### Goals of our climate foreign policy

Germany is doing its utmost to drive forward the implementation of the Paris Agreement in cooperation with its European partners in order to keep the goal of limiting global warming to 1.5°C within reach and bolster climate-resilient development and adaptive capacity worldwide. Together with our partners, we are striving to ensure that investment and global financial flows are aligned with the goals of the 2030 Agenda for Sustainable Development, the Paris Agreement goals of climate neutrality and climate resilience and the global biodiversity targets. In the interests of climate justice we are placing a special focus on the states and communities that are especially affected by climate change, particularly in Africa and the small island developing states (SIDS).

The goal of our climate foreign policy is to anchor and drive forward climate action in all relevant policy fields and international forums, including the UN, the G7 and G20 and multilateral development banks, as well as international organisations such as the

International Renewable Energy Agency (IRENA) and the International Energy Agency (IEA). We are acting in cooperation with European partners on the basis of the EU climate goals and the European Green Deal.

The Climate Club launched by Germany and Chile as co-chairs serves as a pragmatic implementation alliance of industrialised countries, emerging economies and developing countries and will foster international cooperation in the area of climate policy. The aim is to gradually establish a framework for green products and lead markets with a focus on the decarbonisation of industry.

To implement our climate foreign policy we are making use of a broad toolkit incorporating bilateral and multilateral climate diplomacy and activities within the context of international climate financing, our partnerships and broader cooperation, as well as our contributions through pioneering initiatives such as the Climate Club and our foreign trade and investment promotion tools. We intend to evaluate the results of our bilateral partnerships by the end of 2024 and further develop our partnerships concept on this basis.

### Principles of our climate foreign policy

The engagement for peace, freedom, human rights, democracy, the rule of law, social and gender equality as well as sustainability, the protection of our country, the EU and our allies and the promotion of prosperity and social cohesion are indispensable aspects of an effective and credible climate foreign policy for Germany and Europe. We are committed to climate justice in the spirit of an economically successful and socially just transition towards climate neutrality and resilience to climate impacts at both national and international level. Our climate foreign policy is shaped by our values and is in our economic and security interests.



## Our climate foreign policy is participative

The German Government is committed to supporting the active and equal participation of all interested groups in climate foreign policy. To this end, we are systematically expanding opportunities for the whole of society to be involved. It is part of our fundamental understanding of climate foreign policy that it thrives on the active participation and pooled knowledge of everyone: civil society, business, unions, academia, culture, women, young people, indigenous peoples and marginalised groups. Subnational structures such as cities and municipalities likewise play a role in the effectiveness of our climate foreign policy. Transition processes designed to halve emissions by 2030 and strengthen climate resilience within this decade will only succeed with firm societal support.

## Priorities of our climate foreign policy

The German Government's climate foreign policy focuses on six areas:

### **1. Drastically reducing global greenhouse gas emissions by 2030, accelerating the global energy transition**

We will do our utmost and use all instruments available to us to drastically lower global emissions and to almost halve them by 2030 compared to 2019 levels. We want to encourage our partners to step up their climate targets for 2030 and to shape their future targets in such a way that the 1.5°C limit remains within reach. In particular, we will work towards ensuring that global renewable energy capacity is tripled and energy efficiency doubled by 2030. We are accelerating the global energy transition in order to phase out unabated fossil fuels in line with the 1.5°C pathways<sup>1</sup>. We will expand and further intensify our partnerships. Key instruments are the Just Energy Transition Partnerships (JETPs) as well as the bilateral Climate and Development Partnerships. We regard carbon pricing as one of the most efficient instruments for lowering greenhouse gas emissions while, at the same time, promoting innovation. We are therefore working towards a global emissions trading system, leading in the medium term to a CO<sub>2</sub> price which is as uniform and reasonable as possible.

### **2. Making the economy more competitive, fair and climate- and future-proof**

Robust climate action should give companies a competitive edge internationally. We support a more active and ambitious trade policy, which will enable the EU to make attractive offers to its partners. We are calling for ambitious chapters on trade and sustainable development. We are working to continue aligning the WTO with the Paris Agreement and the UN's Sustainable Development Goals. We are

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<sup>1</sup> (Please refer to chapter C1 "Drastically reducing greenhouse gas emissions by 2030, accelerating the global energy transition" / Priority no. 2 for the detailed government position).



also committed to facilitating trade in environmental goods and services. Particularly when it comes to the diversification of raw materials supply chains, we also support local value-added while upholding sustainability standards. In the relevant international forums, we are campaigning for ambitious climate targets and globally binding measures to reduce the greenhouse gas emissions in the aviation and maritime transport sectors. In addition, we are promoting the economical use of resources and expanding the circular economy. Through the open, cooperative and inclusive Climate Club, we want to help make ambition possible without market distortions and to establish decarbonised industrial production as the global norm.

### **3. Acting in solidarity with the most vulnerable: Protecting lives, livelihoods and health**

We stand in solidarity with the most vulnerable and remain a good and reliable partner in international climate finance. We are working to ensure that people and states in special need of the financial resources required for climate action have greater access to them. We are actively involved in the operationalisation of financial support mechanisms, including the new fund for overcoming the loss and damage caused by the climate crisis (Loss and Damage Fund) as a key element in the support for the most vulnerable. We are also further expanding the Global Shield against Climate Risks. We are promoting ecosystem-based and local approaches to climate change adaptation. At the same time, the climate crisis is one of the greatest threats to health, especially that of the most vulnerable. We therefore want to use health as a driver for transformation in the field of climate action and climate change adaptation.

### **4. Protecting, restoring and promoting the sustainable use of ecosystems**

We are strengthening our cooperation, especially with tropical forest countries, in order to halt deforestation by 2030, and are working to ensure the protection, sustainable use and restoration of all ecosystems on land and in the seas in line with

the Global Diversity Framework, taking into account the key role played by indigenous peoples and local communities. In our approaches, we prioritise Nature-based Solutions which simultaneously offer advantages for climate action and climate change adaptation, climate resilience, water management, biodiversity and other sustainability goals.

### **5. Strengthening resilience, peace and security**

The climate-security nexus is factored into our political strategies and we ensure that projects in the spheres of humanitarian assistance, stabilisation and development cooperation foster climate resilience and take climate needs into account. We are working to ensure that all international organisations, especially the UN, the EU, the OSCE and NATO, focus more on climate and security and we are integrating climate aspects into our geopolitical risk analysis. Furthermore, we are making sure that the Bundeswehr can fully comply with its mandate under the changing climatic conditions and that its operational readiness is guaranteed. Germany is playing an active part in the debate about the implications of climate change under international law.

### **6. Aligning international financial flows with a 1.5°C-compatible pathway and climate-resilient development**

Germany remains a reliable partner in international climate finance and is one of the largest contributors to the multilateral climate funds. We have honoured our climate finance pledges. We are working to gear our financial flows to our climate and biodiversity targets. We are fostering internationally sustainable investment and projects that are in line with the Paris Agreement and phasing out inefficient subsidies, which pose a threat to climate and biodiversity. We are actively involved in the discussion about reforming the international financial institutions. We are calling for the global framework for the necessary mobilisation of substantial private financial flows for climate action to be improved as well as for the base of contributors to be expanded.

A large, rectangular iceberg floats in the middle of a calm, teal-colored ocean. The iceberg is white and has a flat top. Its reflection is clearly visible in the still water below. The sky is a pale, hazy blue with some light, wispy clouds. The overall scene is serene but carries a heavy, symbolic message about climate change.

# A. The climate crisis as a challenge and opportunity

Curbing the climate crisis and coping with its effects is a key challenge facing humanity this century. The climate crisis is endangering lives and threatening human rights, our environment and our resources, thereby jeopardising the chances for sustainable development. Today we are already seeing how climate change is unravelling development progress, exacerbating existing inequalities and conflicts over the distribution of resources and driving people from their homes. It fuels conflicts and destabilises states – making it one of the greatest security risks of the 21st century.



Swift, ambitious and cooperative action by the international community is vital if the Paris climate goals are to be delivered. Only together will we be able to achieve the necessary worldwide reduction of greenhouse gas emissions. Climate action requires closer international cooperation: with the many countries with which Germany maintains strong diplomatic and economic relations, but also with countries where such relations are hampered by rivalry and differences. For no country is in a position to protect itself from the impacts of climate change or curb the crisis on its own.

The just transition to a climate-neutral future offers vast potential for strengthening our societies, for resilience and security, for our future prosperity and for sustainable development in Germany, Europe and worldwide. Investment in the transition to a climate-neutral economy is currently dwarfed by the economic damage which is foreseeable in the absence of this necessary investment. A climate-neutral economy must not only be more environmentally friendly and resource-efficient but can also help avoid conflicts. Working together effectively and efficiently on climate action, will unlock economic success for all of the cooperating countries. The fields of sustainability and climate action hold key future growth markets and the promise of new jobs. Many countries all over the world have recognised the vast economic potential of an ambitious and implementation-oriented climate policy and are driving forward the shift to green energy, the decarbonisation of their economies and the development of climate-friendly technologies. At the same time, we cannot allow an ambitious climate policy to be a competitive disadvantage which causes key industries to move elsewhere. It must be designed in such a way that it secures prosperity and impetus for growth, also in Germany.



We aim to play an active role in shaping the transition to a predominantly renewables-based, sustainable energy era and, with our climate foreign policy, help strengthen Germany and Europe as competitive business hubs. With the European Green Deal, the European Union (EU) and Germany have set out a strategy for long-term prosperity through the transition towards a climate-neutral and circular economy. A path that will spark new growth, secure prosperity and create the growth markets and jobs of the future.

Bringing together prosperity and economic and social development across our efforts to combat the climate crisis is at the heart of German climate foreign policy. As such, our international activities place a special focus on the social aspects of the transition. Societal acceptance is vital if international climate and environmental efforts are to succeed. In this context we have a special responsibility towards the most vulnerable countries and communities, which are particularly affected by the impacts of climate change. We aim to cooperate with countries worldwide in order to achieve a socially just transition. Because a just transition is at the heart of maintaining and building peace, stability and sustainable prosperity. This means constructively and proactively taking potential public opposition into account. As front-runners and bridge-builders we aim to set a positive example, including through navigating the transition in a way that is also economically successful, in order to encourage others to also pursue an ambitious climate policy. In this context, our climate foreign policy recognises the interrelated sustainability challenges which we collectively face: in order to overcome the impacts of climate change, we also need to take steps to tackle global biodiversity loss, overuse of resources and global environmental pollution.

### The geopolitical framework of our climate foreign policy

The climate crisis requires joint engagement in a world of growing tensions and geo-economic shifts. Russia's war of aggression against Ukraine and its blatant violation of international law have shaken the foundations of the multilateral order and fuelled global systemic rivalry. The ensuing impact on the European security order marks a watershed with far-reaching consequences for Germany, Europe and beyond. At the same time, it is not only the emerging economies which aspire to exert greater influence on the full range of global issues. In this increasingly multipolar, fluid and conflict-ridden environment, some states are deliberately exploiting fossil fuel dependencies to pursue their power-political goals. This hampers the cooperation necessary to achieve common goals. Nevertheless, climate foreign policy thrives on global dialogue and exchange.

Climate cooperation, even and particularly with partners that do not share all our values, can often form part of a positive agenda and build bridges. This engagement creates opportunities for us to intensify our relations with states, also on issues beyond climate, and thus strengthen our global partnerships as a whole. The strategic expansion of global partnerships and the implementation of our National Security Strategy will enable us to strengthen Germany's geopolitical positioning and help stabilise the international order. At the same time, a close transatlantic partnership with the United States and Canada, which includes our common commitment to climate action and sustainable development, is essential to global security and a stable international order.



In a multipolar world, the transition towards climate neutrality also involves a reassessment of economic strength. Countries which have not been energy exporters to date now have the opportunity to position themselves as shapers of global energy markets. On the other hand, today's fossil fuel exporters risk suffering a loss of economic clout and thus political influence if they do not adapt. The transition gives energy importers such as Germany the chance to develop resilient, sustainable and diversified supply chains and dependable partnerships and to reduce dependencies.

Our climate activities can only have maximum impact if pursued in concert with the EU and its member states. Multilaterally, we will cooperate with all partners and are aiming to create targeted incentives for the implementation of ambitious climate targets and acceleration of the global energy transition. This is the only way we can jointly secure the significant opportunities offered by this transformation. With our diplomatic weight and in cooperation with the EU, we will also continue to engage less ambitious countries to encourage all nations to meet their international climate obligations.

The United Nations Climate Change Conferences remain central to international climate policy. It is here that all parties can decide on universally agreed rules to tackle the climate crisis and where we enable comparability of targets and transparency on measures planned and taken. The conferences also provide an opportunity to build public attention and political pressure to close the ambition and implementation gap in international climate action. The climate conferences are also the venue where non-state actors – civil society, business, the scientific community and young people – come together to contribute solutions, while also making demands of their governments.





Further strengthening this knowledge exchange and comprehensive participation is a priority for us. The Paris Agreement recognises the special vulnerability of small island states and least developed countries. At the same time, the broader structures and groupings within climate negotiations no longer reflect the geopolitical and geo-economic shifts of recent decades. Many members of the G20, which accounts for 80% of the world's GDP and generates around 80% of global emissions, have been able to increase their wealth significantly in recent years. They therefore have a special responsibility to implement an ambitious climate policy and make an appropriate contribution to international climate financing. In order to prevent a free-rider problem and a resulting inadequate level of global ambition, the financing of the public good “climate” must be borne fairly by all. While industrialised nations have a special historical responsibility, all countries must

make a financial contribution – in particular the developing nations which are now among the largest emitters. The division into industrialised and developing nations captured in the United Nations Framework Convention on Climate Change (UNFCCC) of 1992 no longer reflects today's reality and must not be allowed to become a barrier to swift and effective climate action.

In the spirit of the Paris Agreement, there is also a need for more pragmatic implementation alliances to promote international climate cooperation and accelerate, in particular, mitigation efforts. This is why the G7, under Germany's Presidency, established the Climate Club in late 2022 to achieve closer international coordination with regard to the decarbonisation of the industrial sector, including through market-based investment incentives and common standards for climate-friendly industry. Bringing together industrialised nations, developing countries and emerging economies from all across the world, the set-up phase of the Climate Club was concluded at the end of 2023. We also continue to advocate internationally for the expansion of carbon pricing systems as an efficient and



technology-neutral instrument, as well as for clear and harmonised standards and globally compatible emissions trading and pricing systems which should, in the medium term, enable a uniform international carbon price. This ensures a fair environment for competition and efficient allocation of investments.

Ambitious climate policy, which goes hand in hand with research and development on green and sustainable technologies as well as the development of sustainable and (climate-) resilient supply chains, must be designed in such a way that it supports our competitiveness. Fair conditions for competition are coming under pressure worldwide due to fragmented standards as well as protectionist measures. Within the European Union we are working to promote rules-based, constructive cooperation and strong standards, so that global competition over raw materials and technologies promotes climate action without jeopardising prosperity or other sustainability goals. We want to build bilateral partnerships which address and incorporate climate, energy, raw materials, security and other foreign, economic and development policy needs and considerations as a whole. These partnerships are an important tool for shaping the just transition worldwide, for defining ambitious standards for sustainable technologies and fair competition and for mitigating supply risks for important raw materials and sustainable energy sources.

The geostrategic nature of our international climate foreign policy also means that we consider our efforts to address climate crisis in the context of our other foreign policy interests. These include maintaining peace and security, sustainable development and the preservation of natural ecosystems as an essential foundation for our livelihoods and our very existence, responding to humanitarian emergencies such as food crises, as well as our engagement for global healthcare, education and gender equality.

### What goals are we pursuing with our climate foreign policy strategy?

Germany is doing its utmost to drive forward the implementation of the Paris Agreement in cooperation with its European partners in order to keep the goal of limiting global warming to 1.5°C within reach and bolster climate-resilient development and adaptive capacity worldwide. We are striving to ensure that investment and global financial flows are aligned with the Sustainable Development Goals as well as the goals of climate neutrality and climate resilience. We are implementing global biodiversity goals and support a socially just transition, while also strengthening human rights. Through new and existing alliances and partnerships, we are injecting new impetus into the breadth of our bilateral relationships and multilateral cooperation. In the interests of climate justice we are placing a special focus on the states and communities that are especially affected by climate change, particularly in Africa and the small island developing states (SIDS).

The goal of our climate foreign policy is to anchor climate action in all relevant policy fields and international forums, including the UN, the G7 and the G20. We will actively promote the climate, peace and security nexus in the context of the UN Security Council and will once again make it a key element of Germany's candidacy for membership of the Security Council in 2027/2028.

At the same time, we will strengthen Europe's capacity to act. For this purpose, we are committed to strengthening European climate foreign policy and intensifying cooperation, both bilaterally and within EU processes. An EU Foreign Ministers "Group of Friends" founded in 2022 by Germany and Denmark aims to become a pacesetter for ambitious EU climate diplomacy. The goal is to enshrine climate foreign policy as a cross-cutting issue in all relevant EU policies and processes.

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### Forums of our climate foreign policy

- **Multilateral forums** include the UNFCCC, multilateral development banks and the United Nations Security Council, as well as international organisations such as NATO, the OSCE, the International Energy Agency (IEA), the International Renewable Energy Agency (IRENA), the World Trade Organization (WTO), the World Health Organization (WHO), the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO). We use multilateral forums to advance ambitious climate action and biodiversity protection and work together with partners on international climate policy. Climate, peace and security is a key element of Germany's candidacy for membership of the Security Council in 2027/2028.
  
- **EU climate foreign policy:** We are promoting an ambitious EU climate foreign policy, not least via the Group of Friends for Ambitious EU Climate Diplomacy, which Germany has jointly established with Denmark.
  
- **Pioneering alliances:** We are a member of the international High Ambition Coalition (HAC) in the international climate negotiations. Germany has been a champion of the climate, peace and security nexus for years – together with the island state of Nauru we co-chair a UN group of friends (see section C5).
  
- **G7/G20:** We will work within the G7 and G20 in order to agree ambitious climate, energy and environmental policy goals and implement them in a just manner.
  
- **Further plurilateral formats:** We will work with global partners in forums such as the Major Economies Forum, the Ministerial on Climate Action (MoCA) and the Coalition of Finance Ministers for Climate Action (CFMCA).

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This climate foreign policy strategy is a whole-of-government strategy, which lays out the German Government's international climate action, coordinated amongst and implemented by the relevant ministries. It is consistent with existing strategies, including but not limited to the National Security Strategy, the Global Health Strategy, Germany's Sustainable Development Strategy, the National Hydrogen Strategy, the Government's policy guidelines for the Indo-Pacific and its China Strategy. Through our climate foreign policy, we aim to strengthen the strategic coherence within and across German ministries. To this end, this strategy establishes a format at State Secretary level to assist with coordination on central cross-cutting climate foreign policy issues and ensure strategic foresight. We shall continue to take

the European dimension into account at all times. Germany's embassies and permanent missions play a key role in the dialogue with partner countries and international organisations.

We ensure the coherence of our international activities by identifying joint priorities (see section C). Our activities encompass the issues of mitigation, adaptation, loss and damage, disaster risk management, support needed for implementation, as well as natural climate protection and its nature-based solutions, including the protection and restoration of ecosystems. Measures relating to a just energy transition, industry decarbonisation, health, education and research and development, as well as climate, peace and security are also part of this strategy.



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### Our climate foreign policy toolkit

- **Climate diplomacy:** Climate is a topic of discussion for all of Germany's missions abroad, but our Core Climate Embassies have a particular responsibility to work closely with European partners to promote our positions on international climate action and policy, as well as to develop and strengthen dialogue and cooperation formats.
  - **German climate finance:** With our contribution to international climate finance, we are promoting climate action worldwide. Development cooperation is particularly important here. A further instrument is the German International Climate Initiative (IKI), through which we are supporting developing countries and emerging economies in implementing and further developing their climate targets, amongst other things.
  - **Bilateral partnerships and dialogues:** We work with partners worldwide within the framework of partnerships and dialogue formats covering climate, energy and environmental foreign policy issues.
  - **Multi-contributor partnerships:** We work with other contributors to pool our resources and together promote the transition toward climate neutrality in partner countries. The Just Energy Transition Partnerships (JETPs) with South Africa, Indonesia, Viet Nam and Senegal, which are accelerating the expansion of renewable energy and a just energy transition (see section D), are one such example.
  - **Climate Club and other pioneering initiatives:** We are committed to accelerating implementation efforts through pioneering alliances. We will forge ahead with the decarbonisation of industry via the Climate Club initiated by Germany. As a member of sectoral alliances and initiatives (e.g. Forest and Climate Leaders' Partnership, Methane Pledge, Powering Past Coal Alliance, ENACT Partnership), together with partners we will endeavour to follow through on ambitious commitments.
  - **Promotion of foreign trade and investment:** We make targeted use of our foreign trade promotion instruments to support the transition to climate neutrality in partner countries (see section C6). Germany's diplomatic missions and chambers of commerce abroad will play an important role here. We will support the involvement of the private sector in bilateral partnerships such as the JETPs and through Team Europe Initiatives as part of the European Global Gateway infrastructure investment programme.
  - **Carbon pricing and trading:** As part of our climate foreign policy, we specifically support the carbon pricing instrument as one of the most efficient instruments for lowering greenhouse gas emissions while, at the same time, promoting innovation. Moreover, we will pursue the goal of a global emissions trading system which, in the medium term, should enable a uniform and adequate carbon price. Accompanying social policies are an important prerequisite for the broad acceptance of carbon pricing instruments.
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Our climate foreign policy builds upon our extensive, cross-ministerial climate diplomacy activities and engagement in international climate politics. We will build upon the trust these have engendered in our international partners, and Germany's deserved reputation as a reliable climate partner. However, climate foreign policy goes well beyond our existing climate diplomacy: we intend to use all forums, instruments and levers of foreign, development and security policy, foreign trade and investment policy, trade and international finance policy, environmental, social and health policy, agricultural and forestry policy and research and education policy to drive forward the just transition to a climate-neutral future.

In the context of our feminist foreign and development policy, we will also work to promote the rights, resources and representation of women and marginalised groups through our climate foreign policy.

International climate policy cannot only be implemented between states. It also depends on the active commitment of society as a whole: women, young people, the business sector, civil society, trade unions, the culture sector, the scientific community and subnational actors such as towns, cities and municipalities. Germany's climate foreign policy aims to involve all of these actors in the necessary political dialogue (see section D).



# B. The foundations and principles of our climate foreign policy

## Based on science

The findings of the Intergovernmental Panel on Climate Change (IPCC) are clear: due to human-induced climate change, the global average temperature has already increased by 1.1°C compared to pre-industrial times. If the international community does not immediately and significantly reduce greenhouse gas emissions, global warming is expected to reach 1.5°C by the 2030s. The IPCC assumes that global warming will rise to around 3.2°C by the end of the century if countries' current climate efforts remain the same. According to the IPCC, our choices and actions in the next five to ten years will have decisive impacts on the climate now and for thousands of years to come.



Climate change is already causing serious and, in some cases, irreversible impacts. As the Earth warms, extreme weather events such as heavy rainfall, hurricanes, heatwaves and droughts are becoming more frequent. In an increasing number of areas and regions, the impacts of climate change are no longer manageable, even with preventive measures. According to the IPCC, 3.3 to 3.6 billion people live in contexts that are highly vulnerable to climate change. Half of the world's population already suffers from extreme water shortages for at least part of the year. Around 30% of the world's population is currently exposed to extreme heat, exceeding the temperature threshold which can be fatal, for at least 20 days per year, and this percentage is rising. These vulnerabilities are further increased by climate change and the continued destruction of ecosystems and the loss of biological diversity – including through deforestation and soil degradation. Climate action and biodiversity protection must therefore be considered in an integrated manner, since these twin crises – the loss of biological diversity and the climate crisis – are mutually reinforcing,

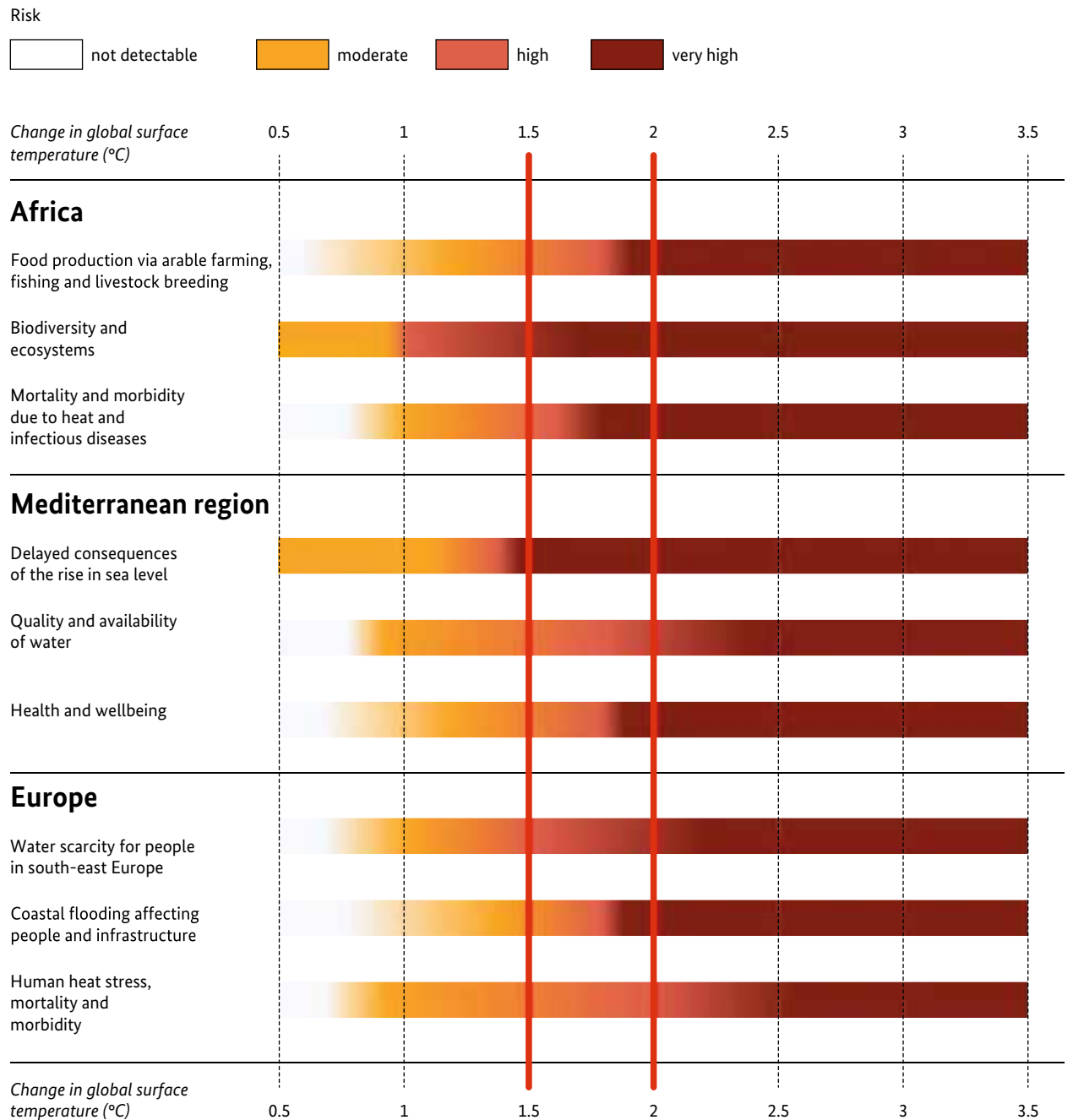
according to the IPCC and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). It is therefore necessary to develop measures which have positive impacts on both the climate and ecosystems. The IPBES calls, amongst other things, for further research into the links between the loss of biological diversity and climate change and concrete approaches for collaboration between the IPCC and the IPBES. Where climate change deprives people of their livelihoods and endangers their health, it also fuels crises and conflicts that can destabilise entire regions.

The difference in expected climate impacts between an average rate of global warming of 2°C and 1.5°C is enormous. According to the IPCC, each additional increment of warming also increases the risk of abrupt and irreversible changes to the climate system, including through the breaching of tipping points with consequences for millions of people. These looming tipping points include the loss of the coral reefs and the Amazon rainforest, the melting of the Greenland ice sheet and the thawing of permafrost soils.

A graphic of the IPCC logo, featuring the letters 'ipcc' in a large, lowercase, sans-serif font. Below it, the full name 'INTERGOVERNMENTAL PANEL ON climate change' is written in a smaller, uppercase, sans-serif font. The logo is set against a white background with a subtle grid pattern, all contained within a teal-bordered rounded rectangle. The background of the entire page is a blurred image of a globe.

ipcc  
INTERGOVERNMENTAL PANEL ON  
climate change

**Global and regional risks help guide action (adaptation and mitigation)  
... reduce risks by keeping global warming below 1.5°C**



**Source:** Based on IPCC, 2023: *Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*, Figure 3.3 (data). NB: The additional information in the original graphic regarding risk transitions and the confidence level has not been visualised here.



The above diagram shows that a global warming level of 1.5°C also constitutes a risk threshold in Europe and Africa. With warming below 1.5°C many risks are still moderate, while between 1.5° and 2°C climate risks increase to high or very high in most regions and impact categories.

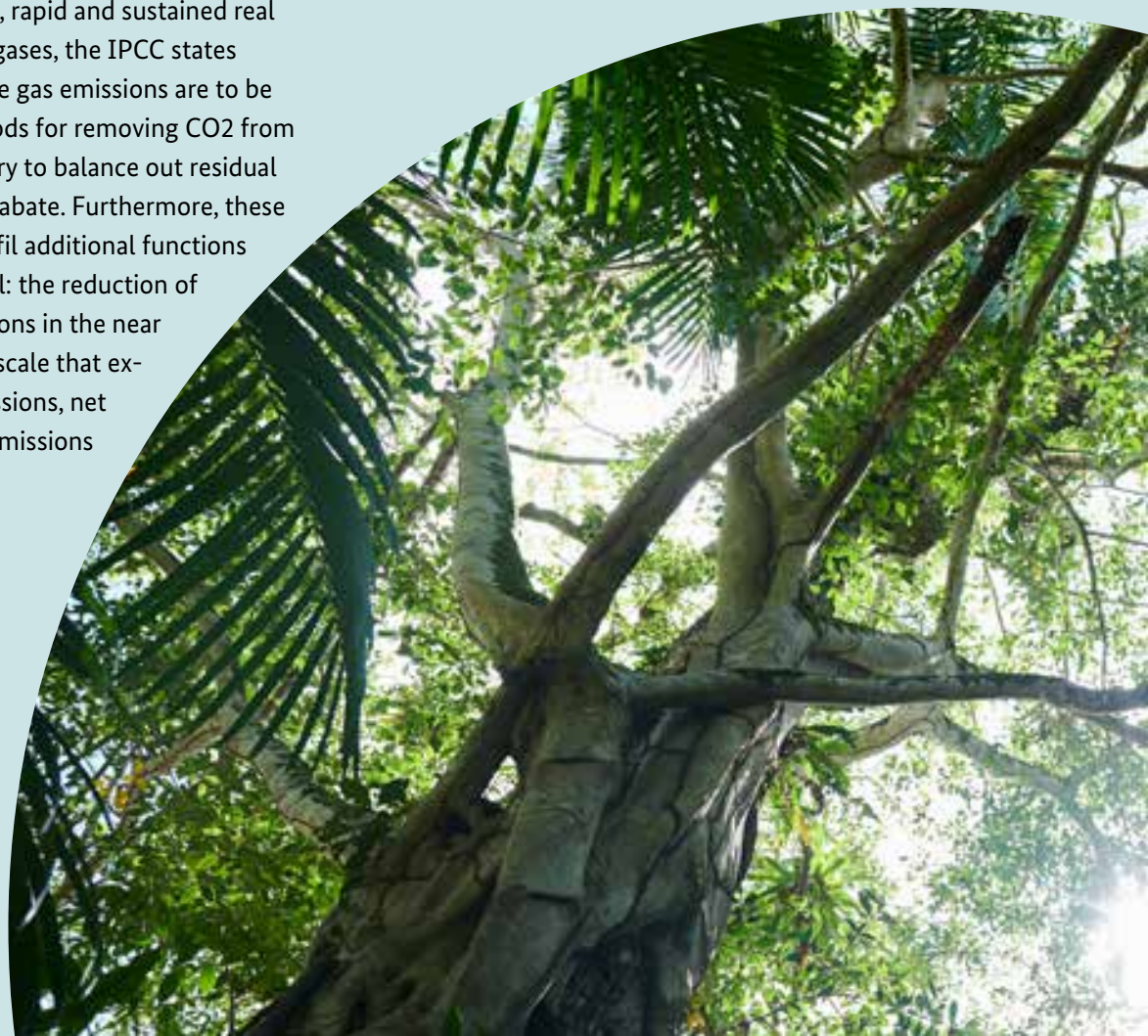
In the scenarios which, according to the IPCC, are consistent with global warming of 1.5°C, global greenhouse gas emissions must be reduced on average 43% by 2030, 60% by 2035 and 84% by 2050, in each case compared to 2019. They would have to fall steadily from 2025 at the latest.

To achieve this, we must substantially reduce global emissions and consistently align our economic and development models with a 1.5°C pathway. However, the IPCC also shows that affordable solutions to halve emissions by 2030 are already available in every sector – including energy, water, industry, mobility, construction and housing as well as agriculture, forestry and land use. The transformation of our energy systems has a decisive role to play: according to the IPCC, wind and solar energy hold the greatest potential to bring down global greenhouse gas emissions rapidly and affordably by 2030. In this context it is important to us to clearly and honestly identify and weigh up conflicting objectives in our own energy transition.

In addition to far-reaching, rapid and sustained real reductions in greenhouse gases, the IPCC states that, if net zero greenhouse gas emissions are to be achieved, the use of methods for removing CO<sub>2</sub> from the atmosphere is necessary to balance out residual emissions that are hard to abate. Furthermore, these negative emissions can fulfil additional functions globally or at national level: the reduction of net greenhouse gas emissions in the near term and, if deployed at a scale that exceeds annual residual emissions, net negative greenhouse gas emissions in the long term.

The IPCC also indicates that the land use sector contributes significantly to climate change mitigation both by reducing emissions from ecosystems and by sequestering (storing) CO<sub>2</sub> in ecosystems, in particular by protecting forests (halting deforestation), but also through their sustainable management and restoration, as well as the rewetting of wetlands. Intact ecosystems generate negative emissions by binding CO<sub>2</sub>, thereby contributing to the goal of greenhouse gas neutrality and even net negative emissions. In its sixth climate report, the IPCC also points much more strongly than before to the significant emissions reductions potential of resource conservation measures such as circular economy approaches and material efficiency.

The IPCC also shows that where governments, civil society and the private sector make inclusive decisions which prioritise risk reduction, equality and justice, climate-resilient development is made possible.





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## Carbon management strategy and long-term negative emissions strategy

### → Carbon management strategy

The Carbon Storage Law (KSpG) constitutes the main legal framework for carbon capture and storage (CCS) in Germany. On the basis of the KSpG evaluation report (2022), a carbon management strategy (CMS) is currently being prepared, as the climate neutrality studies assessed in the evaluation report indicate that carbon capture and utilisation/storage (CCU/S) will be required in order to achieve Germany's climate targets. This CMS is intended to highlight appropriate areas for the use of CCU/S and to develop legal and economic parameters for its ramp-up. It will focus on establishing the necessary legal framework for the use of CCS and for safe transport and storage of CO<sub>2</sub> within Germany.

### → Long-term negative emissions strategy for dealing with unavoidable residual emissions

In addition, a long-term negative emissions strategy (LTNES) for dealing with unavoidable residual emissions, is being prepared. The goal of this LTNES is to establish a joint understanding of the role which carbon sequestration has to play in climate action in Germany. The LTNES is to be aligned with further strategies of the German Government (including its National Biomass Strategy, the System Development Strategy, the National Bioeconomy Strategy, the Carbon Management Strategy, the Action Plan for Nature-Based Climate Action and the National Moorland Protection Strategy).

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## Principles of our climate foreign policy

The engagement for peace, freedom, human rights, democracy, the rule of law, social and gender equality as well as sustainability, the protection of our country, the EU and our allies and the promotion of prosperity and social cohesion are indispensable aspects of an effective and credible climate foreign policy for Germany and Europe. We are committed to climate justice in the spirit of an economically successful and socially just transition towards climate neutrality and resilience to climate impacts at both national and international level – in line with the European Green Deal, the Paris Agreement, the United Nations 2030 Agenda for Sustainable Development, the Global Biodiversity Framework and the Sendai Framework for Disaster Risk Reduction. Our climate foreign policy is shaped by our values and is in our economic and security interests. Its implementation is based upon the following nine principles:





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1. **Transformative and impact-oriented** – We prioritise measures and instruments which are effective and efficiently contribute to mitigation; we promote progress towards a just transition and, in the case of adaptation and loss and damage, provide support particularly to those who need it most. We aim to help promote global peace, stability and prosperity, while achieving these goals in a socially just manner.
  2. **Sustainable** – Climate action is a key component of the 2030 Agenda and its goals relating to sustainable development, prosperity, participation, gender equality, protection of the environment and preservation of biodiversity.
  3. **Justice- and human rights-oriented** – In the spirit of climate justice, we support structures and development models which promote a socially and intergenerationally just transition worldwide and protect human rights. This includes a commitment to equal participation in relation to climate policy and protection of the rights of all genders and marginalised groups, the human right to health and equal access to resources. Our climate foreign policy is feminist and inclusive.
  4. **Peace-building and security-minded** – Our climate foreign policy should also strengthen peace and security. We want to prevent climate-induced escalation of conflicts, to adapt to the security consequences of climate change, to develop alliances with countries with ambitious climate policy goals and, especially in a multipolar world, to use our common climate interest to strengthen an international order based upon binding rules and norms.
  5. **Firmly European and coherent** – We are building on the Paris Agreement and actively promoting an ambitious European climate foreign policy. Our climate foreign policy is coherent across ministries and closely intertwined with our European commitment. In order to be credible, our climate foreign policy only expects of others what we are doing ourselves in Europe and Germany.
  6. **Multilateral and collaborative** – Our climate foreign policy is rooted in multilateralism. We are working to build a multilateral system which is fit for the challenges of the 21st century. We engage with our partners respectfully and pursue equal partnerships.
  7. **Informed by science and technology-neutral** – Our climate foreign policy is based on the best available science. We continuously assess new technologies and solutions.
  8. **Interest-based** – It is in our fundamental interest to accelerate climate action worldwide. At the same time, a just transition offers huge opportunities for the German and European economies. We intend to secure these opportunities, develop markets for the technologies of the future and promote enabling conditions for diversified and sustainable trading relationships and supply chains. In this way, we want to forge ahead with innovation and prosperity and position Germany and Europe as locations for the business and investment of the future.
  9. **Cost-efficient and utilising market-based solutions** – We work to establish clear and harmonised international standards and globally compatible emissions trading and pricing systems.
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## Our climate foreign policy is based on the credible implementation of ambitious German and European climate targets.

Our climate foreign policy will only be credible if we deliver on ambitious targets in Germany and Europe. Moreover, Germany is constitutionally bound to pursue intergenerational climate action. In Germany, our commitment to become climate-neutral by 2045 is legally binding and we have defined interim targets along that path. By 2030, we will reduce our emissions by at least 65% compared to 1990. A binding target of at least 55% by 2030 has been set for the EU as a whole. Germany already produces around 50% of its electricity through renewable energy. We aim to increase this share to at least 80% by 2030. With the European Green Deal and its translation into concrete legal texts, the EU has embarked on a path to a climate-neutral future. With the Fit for 55 package, we have adopted concrete measures for

implementation. Once fully implemented, these will enable us not only to achieve but even to exceed Europe's climate target for 2030.

We will turn words into actions and show how socially just climate measures can help secure prosperity and resilience. In order for us to be credible, we must also recognise that the transition to climate neutrality will not always be straightforward and at times may suffer setbacks. The Russian war of aggression against Ukraine and its impact on the German and European energy supply has made this clear. At the same time, the war has shown us how dangerous critical dependency on fossil fuels can be, particularly those in the hands of autocratic regimes. We will therefore move forward with the energy transition even more decisively and diversify all of our energy imports, including sustainable energy imports.

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### Key German and European climate targets

#### → German climate targets:

- by 2030 at least 65% reduction of greenhouse gas emissions\*
- by 2040 at least 88% reduction of greenhouse gas emissions\*
- by 2045 greenhouse gas neutrality

#### → EU climate targets:

- by 2030 at least 55% reduction of greenhouse gas emissions\*
  - by 2050 greenhouse gas neutrality
- \*compared to 1990*
- 



The German Government presented the first German Strategy for Adaptation to Climate Change (DAS) back in 2008 and has continuously updated it ever since. It forms part of the Government's strategic framework for national climate adaptation policy and is implemented in the form of regular action plans. We are transforming the DAS into an adaptation strategy which plans for the future, with concrete, measurable targets, and establishing a legal framework via a climate adaptation law.

Sustainable finance is a key component of Germany's sustainability policy. The goal is to develop Germany into a leading sustainable finance centre. We will therefore implement a sustainable finance strategy with international elements.

Germany's missions abroad serve as an important conduit for communication of German and European climate policy. Pairing climate diplomacy with internal and external communication, which clearly conveys our goals and implementation instruments to different target audiences, which explains the links between national and international climate policy and makes them easy to understand, which showcases the entirety of our actions and establishes credibility, is a prerequisite for the successful implementation of our climate foreign policy.

We are therefore making climate foreign policy a priority issue at our missions abroad, which work closely with the EU delegations and international partners. We have expanded our network of Core Climate Embassies to over 50.



## Climate as an area of focus for our missions abroad: Core Climate Embassies







The above diagram shows our network of Core Climate Embassies. This network is updated according to our priorities and adapted where required.

# C. Priority action areas for our climate foreign policy

We have defined six joint priority action areas in this strategy. These also serve to implement the three goals of the Paris Agreement: 1.5°C-compatible greenhouse gas emissions reduction, strengthening climate resilience and aligning financial flows with these efforts. Where not already underpinned by dedicated budgetary resources, initiatives described in this climate foreign policy strategy will be funded through prioritisation within existing ministerial plans and budgets. Due to the significant current demands on our public budgets, we will implement this strategy within the scope of our existing budgets. The Federal Government will pursue a joined-up and coherent approach to international cooperation and move forward alongside progressive partners. In doing so, we will build on a broad portfolio of existing climate cooperation and multilateral engagement. It is a priority for us to implement these action areas in a transformative, socially just and gender-equitable manner.

- 1. Drastically reducing greenhouse gas emissions by 2030, accelerating the global energy transition**
- 2. Making the economy more competitive, fair and climate- and future-proof**
- 3. Acting in solidarity with the most vulnerable: Protecting lives, livelihoods and health**
- 4. Protecting, restoring and promoting the sustainable use of ecosystems**
- 5. Strengthening resilience, peace and security**
- 6. Aligning international financial flows with a 1.5°C-compatible pathway and climate-resilient development**

We already have a wide variety of partnerships across these areas (see section D).





## C1. Drastically reducing greenhouse gas emissions by 2030, accelerating the global energy transition

The nationally determined contributions (NDCs) put forward to date under the Paris Agreement are not compatible with a 1.5°C pathway, even if fully implemented. In fact, according to the United Nations Environment Programme (UNEP) they would lead to global warming of between 2.4 and 2.6°C by 2100. In keeping with the Paris Agreement, it is therefore crucial for all countries to adjust their NDCs continuously with a rising level of ambition, at least every five years, in order to make them consistent with the goals of the Agreement. Besides the formulation of sufficiently ambitious climate targets for all countries, Germany also advocates for more rapid implementation of these targets and supports implementation measures.

We are working to accelerate the energy transition at global level, in particular the expansion of and shift to renewable energy. We stand by our G7 commitment to achieve a phase-out of unabated fossil fuels in a global context and in line with the 1.5°C pathways (see Annex 2).

To achieve a global energy transition consistent with the climate targets, by 2030 renewable electricity must account for two-thirds of global electricity production. This is achievable, provided that we significantly expand the capacity of renewable energy sources worldwide – according to IRENA and IEA, from currently approx. 3 TW to more than 11 TW by 2030 – while also significantly increasing energy efficiency. This will provide new market opportunities for many, but will also require some countries to reevaluate their current economic strategies and policies. Building on the positive experiences with European emissions trading, we therefore continue to advocate effective CO<sub>2</sub> pricing – ideally with social compensation measures that foster social inclusion and build resilience, including by cushioning costs for low-income households. We also support a move towards a global emissions trading system with a uniform CO<sub>2</sub> price in the medium term.

The energy transition is leading to disruptive changes. Countries that previously did not have large energy resources now have the opportunity to position themselves as leaders in the technologies and markets of the future. Meanwhile, countries whose prosperity largely rested on the export of fossil fuels must adapt their business models. We intend to support and promote this transition through our climate foreign policy – through a cooperative framework of dialogue and new partnerships.



## Priority 1:

**We are working to support the 1.5°C-compatible, ambitious, inclusive update of the 2030 NDCs and corresponding long-term emissions reduction strategies by 2050.** With the Fit for 55 package, the EU has adopted a comprehensive set of climate policy measures which, according to estimates made by the Commission, may even enable the EU and its member states to exceed the EU's target of reducing greenhouse gas emissions within the EU by at least 55% by 2030, compared to 1990. Moreover, following completion of the first Global Stocktake under the Paris Agreement in 2023, which reviewed the progress that countries have made in implementing the Paris climate targets, the European Commission will also present an EU climate target for 2040, in line with the European climate protection law. This is also the basis for our 2035 NDC.

- **We are expanding our support for partner countries that are raising their climate ambition towards 1.5°C.** We are strengthening and focusing our bilateral and plurilateral support for more ambitious targets, based on the findings and decisions of the Global Stocktake, including within the context of the NDC Partnership (see box). The next round of NDCs should cover all greenhouse gases and sectors.
- **Through dialogue and engagement, we are encouraging all countries to pursue appropriate measures to implement their NDCs and enshrine these measures in their updated and new NDCs.** These measures may include market mechanisms such as emissions trading systems as well as targets for the expansion of renewable energy or for other sectors. At the same time, we encourage countries to support the growing number of sectoral implementation initiatives (such as the Alliance for Industry Decarbonization, the Forest and Climate Leaders' Partnership, the Breakthrough Agenda) – including those of non-state actors – and to use them and take them into account wherever possible when implementing the NDCs.

### **Strengthening the NDC Partnership**

The NDC Partnership was established in 2016 with Germany's support in order to assist developing countries and emerging economies with the development, implementation and updating of their national climate targets for implementing the Paris Agreement (NDCs). It connects the support needs of developing countries and emerging economies to the offers made by various contributor and implementing organisations. Within this framework, governments define priorities for the implementation of their climate targets and determine the type of support required. On this basis, the members of the Partnership offer a tailored package comprising specialist knowledge, technical assistance and financing.

## Priority 2:

**We will drive forward the global energy transition and accelerate the expansion of and shift to renewable energy. We aim to achieve a global energy sector predominantly free of fossil fuels well ahead of 2050. A socially just climate policy also means ensuring that all population groups have equal access to energy.**

- **In all relevant forums – in particular the UNFCCC, the G7 and the G20 – we are calling for an accelerated global energy transition, the global expansion of renewables and the global phase-out of unabated fossil fuels and a peak in their consumption in this decade.** Together with partners, we aim to work towards a fully or predominantly decarbonised global power system in the 2030s, leaving no room for new coal power, since cost-efficient zero-emissions technologies (in particular renewables) are already widely available in this sector and offer numerous benefits, including for sustainable development, human health, air quality, the creation of jobs and energy security. We intend to follow through on commitments already made in relation to the phase-out of coal and other fossil fuels. This includes diplomacy within the context of international alliances (such as the Powering Past Coal Alliance) and initiatives (e.g. the Global Methane Pledge).
- **Together with the EU and on the basis of the G20's commitment, Germany therefore calls for worldwide measures to triple installed renewable energy capacities to at least 11 TW and to double the rate of energy efficiency improvement by 2030.** It supports the G7's clear commitment to the rapid expansion of renewable energy and to bringing down costs by means of concrete joint deployment targets for offshore wind (an additional 150 GW) and photovoltaic capacities (to at least 1 TW) within the G7 by 2030. Together with the EU, we are working towards the adoption and implementation of corresponding 1.5°C-compatible goals and targets for rapidly increasing energy efficiency and accelerating renewables. These must go hand in hand with energy savings and the phase-out of fossil fuel energy production and consumption.
- **We will work with partner countries to accelerate a sustainable and just energy transition, while also improving access to energy for all population groups.** Specifically, we aim, for instance, to improve access to energy, to drive forward the expansion of renewable energy and to promote improvement in energy efficiency, the expansion of smart electricity grids and the development of energy storage capacities as well as professional skills and vocational training and energy transition-related retraining measures for skilled employees, particularly women and marginalised population groups. In so doing, we will ensure that measures help foster a pollution-free environment and the protection of biodiversity. Of key concern to us is that the energy transition is just and that requirements for the preservation and restoration of ecosystems and their function as natural carbon sinks and for climate adaptation are systematically taken into consideration. The European Commission, multilateral development banks and United Nations organisations are key partners in promoting synergies and achieving a systemic impact. We will continue to support the G7's goal of increasing the share of official development assistance (ODA) aimed at promoting employment in climate- and environment-related economic sectors by 2025.

- **We will step up dialogue with fossil fuels exporters and strengthen cooperation formats for a progressive transition to an energy sector predominantly free of fossil fuels:** We have a foreign and security policy interest in these countries adapting to an expected decline in demand from Germany, the EU and worldwide well ahead of time and constructively and proactively shaping the necessary transition. In the future, fossil fuels should only be used where no viable alternatives are available and if the related greenhouse gas emissions are reduced as much as possible. For as long as fossil fuels continue to be used, the associated methane emissions must be drastically reduced. Germany is therefore also supporting this goal, in cooperation with the EU.
- **Together with partners, we will work for the transparent and responsible use of carbon capture and storage and negative emissions technologies:** We will be guided in our international efforts by our planned carbon management strategy and long-term negative emissions strategy. The common EU position is that emission abatement technologies which do not significantly harm the environment exist at limited scale and are to be used to reduce emissions mainly from hard to abate sectors. Such removal technologies are to contribute to negative emissions worldwide. It is important to us in this context that these technologies are not used to delay climate action in sectors where feasible, effective and cost-efficient mitigation alternatives are available, particularly in this critical decade for the climate crisis.
- **We will consult even more closely with traditional and new contributor countries, with the involvement of the development finance institutions and the local and international private sector, and will provide more coherent support offers for an accelerated just energy transition in developing countries and emerging economies.** The Just Energy Transition Partnerships (see also section D) are an important instrument here.

#### **Just Energy Transition Partnerships**

JETPs are a new and innovative form of international climate cooperation which reflect the urgency of the climate crisis: for the first time, the G7 and other contributor countries are pooling their political and financial resources in order to provide ambitious partner countries – in particular, major emitters in the Global South – with joint offers of assistance to facilitate a comprehensive and just energy transition. For their part, under the JETPs the partner countries (South Africa, Viet Nam, Indonesia, Senegal) are committed to clearly and measurably raising their level of climate policy ambition (e.g. in terms of emissions reduction, expansion of renewables) and, together with all of the relevant stakeholders, are preparing investment and reform plans leading to a comprehensive and just energy transition. These include measures cushioning the negative socio-economic effects on vulnerable population groups. Not only states, but also multilateral development banks and international organisations, private banks and investors, trade unions and other civil-society actors are working together on the implementation of JETPs.



### Priority 3:

We support the development and expansion of effective carbon pricing and emissions trading systems, ideally with social compensation measures.

- **In order to achieve greater international coherence, we work at an international level to promote greater acceptance and expansion of carbon pricing, including through the Climate Club, the G7, the G20 and the OECD and in close dialogue with international trade partners.** We intend to support the development of carbon measurement and pricing instruments in developing countries and emerging economies.
- **We aim to establish internationally compatible emissions trading and pricing systems which will, in the medium term, ensure an appropriate carbon price which is as uniform as possible.** Alongside our bilateral cooperation, through the Climate Club, at the OECD and in the Coalition of Finance Ministers for Climate Action we will also work towards a gradual convergence of the various national and regional approaches.
- **We support sustainable and socially just pricing systems.** We do so on the basis of our own experience: through the European Emissions Trading System the EU has assumed a frontrunner role. The EU and its member states are using the revenue generated by the auction proceeds to drive climate action and balance out social impacts and thus to support the transition. The Social Climate Fund, which from 2026 to 2032 will balance out the introduction of carbon pricing on motor and heating fuels in 2027 across Europe, obliges the member states to use at least 62.5% of the resources for target group-specific investment measures (i.e. for lower-income households). A maximum of 37.5% may be used for temporary direct income support.
- **At EU level, we are committed to ensuring that the opportunities for international climate cooperation under Article 6 of the Paris Agreement can be realised, noting that we do so without thereby reducing our own climate efforts.** Care must be taken to prevent international double-counting.



## C2. Making the economy more competitive, fair and climate- and future-proof

Decarbonisation of industry is one of the major systemic transformations required in order to bring our world onto a 1.5°C-compatible pathway. According to the IPCC, this will also require an economic model which does more to conserve resources, e.g. with an increased emphasis on the circular economy. At the same time, industry even more than other sectors is faced with a highly competitive international environment. Thanks to the European Green Deal, its Industrial Plan and national initiatives for decarbonising industry, we are well placed to achieve a successful transition in the EU and Germany and to obtain frontrunner advantages in markets for climate-friendly and resource-efficient products and technologies. By setting clear and harmonised international standards, we want to ensure fair competition in the transition to climate-neutral and resource-efficient processes, and establish green lead markets.

At the same time, we are committed to open, rules-based, diversified and more sustainable trade relations which ensure fair access to the raw materials we need for the socially just transformation towards climate neutrality and climate resilience. We want to build new partnerships without creating new dependencies. Through a more coherent use of our relations in the areas of diplomacy, research, investment and trade, we aim to be a shaper of the future of industry and sustainable trade at a global level. Through German development cooperation and the International Climate Initiative, we are also actively contributing to a just transition to a climate-friendly and sustainable economy in cooperation with our partner countries.

## Priority 1:

**Through the open and cooperative Climate Club, accompanying forums and collaboration on research and innovation, we strive for inclusive and just approaches to the decarbonisation of industry.**

→ **We are expanding the role of the Climate Club as a key format for the joint transformation of industry:**

The open, cooperative and inclusive Climate Club established under Germany's G7 Presidency is, as an intergovernmental forum, intended to contribute to the ambitious implementation of the Paris Agreement. Its aim is to accelerate climate action measures and, in particular, drive forward the decarbonisation of industry. To this end, cooperation is envisaged between all of the industrialised nations, developing countries and emerging economies which are pursuing an ambitious approach to climate action and are prepared to accelerate the decarbonisation of their economic sectors, especially industry, and to make globally decarbonised production the standard business case for future investments. The Climate Club offers an inclusive framework for the intergovernmental exchange of expertise and discussion. A first step is joint work on the convergence and harmonisation of methods, standards, sectoral strategies and milestones and the expansion of markets for climate-friendly industrial products and basic materials (e.g. cement, steel). An additional objective is to avoid the transfer of emissions to third countries (carbon leakage).

→ **We are also driving forward the decarbonisation of industry in other forums:** We aim to underpin our efforts in the Climate Club in other relevant forums – via the Industrial Decarbonisation Agenda, dialogue within the framework of the G7 and G20, the IEA, IRENA and the OECD, incl. the IFCMA, through the Clean Energy Ministerial (CEM) and Mission Innovation (MI) as well as other international initiatives and processes.

→ **Through collaboration on research and innovation at every level, we promote innovative technologies and assist German companies with their ongoing development and distribution of environmental technologies and services “Made in Germany”.** Via our promotion of international research, we also support joint projects to develop resource-conserving technologies which contribute to climate action as well as providing added economic value. Examples of this are the West African and the Southern African Science Service Centres on Climate Change (WASCAL and SASSCAL).



## Priority 2:

**We work with European partners in order to make the EU's trade and industry policy more climate-friendly, fairer and more sustainable.**

- **We are strengthening Europe as a sustainable centre of industry** – in accordance with the principles of open trade and fair competition as well as the rules of the World Trade Organization (WTO). Instead of moving to increasingly protectionist approaches, we are committed to preserving open and rules-based markets as well as strengthening and reforming the WTO. It is important to continue aligning the WTO with the Paris Agreement and the UN's Sustainable Development Goals. We are also committed to facilitating trade in environmental goods and services. This has the potential to increase global availability of environmental and climate technologies and thereby reduce procurement costs. Here, too, free trade can contribute to international climate action and protection of the environment. We support the EU initiative of the Coalition of Trade Ministers on Climate.
- **We support a more active and ambitious trade policy**, which will enable the EU to make attractive offers to its partners and deepen its economic relations worldwide. We advocate for ambitious chapters on trade and sustainable development in all of the EU's bilateral trade agreements with third countries. With the goal of ensuring rapid implementation of trade agreements, we are guided in our trade policy by the German Government's trade policy parameters. We welcome the European Commission's trade strategy as well as its new approach designed to strengthen and more effectively implement environmental, social and human rights protection, including through mechanisms for dialogue, mediation and response. The EU together with member states should offer partner countries assistance and incentives to implement sustainability standards effectively.
- **We support the development of the EU's Carbon Border Adjustment Mechanism (CBAM) as a WTO-compliant solution to establishing climate policy incentives in Europe and worldwide and countering the leakage of carbon emissions, which is caused by differences around the world in climate policy-induced cost burdens for industry operating in a competitive international environment.** Initially, reporting obligations for the CBAM, which was launched on 1 October 2023, must be met. From 2026, an obligation to submit emission certificates will apply. International enterprises will then be required when exporting certain carbon-intensive products from the electricity sector or the iron and steel, cement, aluminium, fertiliser and hydrogen sectors to the EU to prove that in their country of production they are subject to carbon pricing similar to that of the European Emissions Trading System – otherwise they must purchase CBAM certificates. To ensure that companies from developing countries are not disadvantaged or excluded from the EU market, we are working with the European Commission and other EU member states to help them fulfil the CBAM requirements and decarbonise their production, expand renewable energy and develop climate-neutral production plants, including via training initiatives for skilled employees, research cooperation and technology transfer.

## Priority 3:

**We promote diversified sustainable supply chains for technologies of the future and are expanding raw materials partnerships.**

- **We support the diversification of raw materials supply chains and the development of partnerships:** The energy transition requires a reliable supply of responsibly mined and safe raw materials. As part of this approach, we promote ambitious trade agreements as well as fair raw materials partnerships which provide mutual benefits. For this purpose, we also work to strengthen local value chains while maintaining sustainability standards. We likewise promote the equal involvement of all relevant actors, including indigenous peoples and women, who are frequently worst affected by non-compliance with sustainability standards.
  
- **We are moving forward with the market ramp-up of green and low-carbon hydrogen and hydrogen derivatives as a key technology for the decarbonisation of industry and transportation:** Hydrogen is a suitable alternative to fossil fuels in many carbon-intensive production processes, e.g. in the steel and chemicals industry and in the area of transportation, for use in a fuel cell, or as a renewable fuel. In global shipping and aviation, synthetic fuels based on green hydrogen and renewable energy are the most suitable alternative to fossil fuels. The German Government aims to ensure a reliable supply of green and permanently sustainable hydrogen for Germany. At an international level, we promote the production and use of hydrogen (also locally) via the H2Global funding mechanism, hydrogen diplomacy offices and energy partnerships. We limit direct financial support for hydrogen production to the production of green hydrogen. In order to ensure the rapid development and ramp-up of the hydrogen market and meet the expected level of demand, particularly during the transition phase, and thus facilitate the technological shift to hydrogen, at least until an adequate supply of green hydrogen is available, other hydrogen colours will also be used, in particular low-carbon hydrogen produced from waste (orange) or natural gas combined with CCS (blue). On the application side, we also intend to promote the use of green hydrogen and, where necessary during the market ramp-up phase, low-carbon blue, turquoise and orange hydrogen to a limited extent, taking account of ambitious greenhouse gas limits, including the emissions occurring in the upstream chain and compliance with the statutory goal of climate neutrality. A key point is that these projects must be consistent with international human rights, labour and environmental standards as well as standards covering businesses' due diligence obligations. One essential aspect is the avoidance of water scarcity and pollution. The requirements, rules and assessment procedures relating to water must also be developed for hydrogen production. In some cases, further research is required in this area. The goal is to assess and minimise the impacts on the water supply and aquatic ecology and to avoid competition with other forms of water use.

- **We are establishing or strengthening local Power-to-X (PtX) value chains:** We are providing significant support for the development of a green hydrogen economy via the PtX Development Fund (270 million euro). Investment in industrial-scale PtX projects will be funded by means of a combination of subsidies and other financing instruments provided by the KfW Bankengruppe (KfW banking group). This is contingent upon leveraging at least 1 billion euro of private capital.
- **We are pooling know-how for the development of sustainable hydrogen economies:** We promote projects in a European and an international context, such as strategic partnerships with Australia, Namibia and Brazil, in order to establish the foundations required for the development of international hydrogen supply chains. This is flanked by the Strategic Research and Innovation Agenda (SRIA) for the European hydrogen economy within the scope of the European Research Area (ERA).
- **We promote the regional production of nitrogen fertiliser with sustainable hydrogen technology and its application in Africa and South America within the context of integrated soil and nutrient management and thereby contribute to sustainable food security.** The expansion of hydrogen production capacities in our partner countries has been mainly export-oriented to date. By promoting the regional production of green hydrogen in accordance with sustainable water resources management for the production of nitrogen fertiliser and knowledge transfer in the area of sustainable agriculture, including sustainable soil management, we make an important contribution to industrial development and the reduction of greenhouse gas emissions produced by the agricultural sector, to the sustainable transformation of agricultural and food systems and to our partners' resilience to price volatility and supply chain interruptions.
- **We use resources sparingly and are expanding the circular economy:** An effective circular economy will make a significant contribution to climate action. A reduction in the volume of methane produced by the waste sector also has a key role to play here. At the European level, we support the European Commission's Circular Economy Action Plan as well as the EU Methane Strategy and the EU Methane Action Plan and, within the G7, will push forward with implementation of the Berlin Roadmap on resource efficiency and the circular economy which was adopted in 2022 during Germany's G7 Presidency. We support the Global Methane Pledge initiated by the United States and the EU and also work in cooperation with the Lifestyle for Environment (LiFE) initiative established by India. Together with international partners, we are establishing a network of states and institutions dedicated to making increased use of the potential for emissions reductions harboured by the conservation of resources.



## Priority 4:

**At an international level, we press for conditions which make it easier for businesses to meet their climate targets.**

- **We are strengthening reliable planning and investment frameworks:** Across the UN climate negotiations, the G7 and the G20 and through our bilateral and multilateral cooperation, we support the establishment of a climate-neutral and climate-resilient infrastructure which also enables the attainment of German businesses' climate targets in other countries.
- **We are strengthening the framework for credible climate targets on the part of enterprises:** We support companies which set and follow through on credible, science-based targets for their business and for their value chains, including through our engagement at international level. In so doing, we ensure that small and medium-sized enterprises are not overburdened. Alongside our Sustainable Finance Strategy efforts (see section C6), we support the transparency of businesses' climate targets. Our guiding principle is the implementation of the proposals of the UN Expert Group on the Net-Zero Emissions Commitments of Non-State Entities. At the same time, Germany supports international processes designed to ensure that businesses give adequate consideration to due diligence obligations relating to human rights and the environment along their supply chains – such as the recently revised OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the EU's draft Corporate Sustainability Due Diligence Directive. Germany will also push for an effective supply chain law at EU level which does not place excessive demands on small and medium-sized enterprises.



## Priority 5:

**We support ambitious international aviation and shipping measures in order to reduce greenhouse gas emissions.**

- **We aim to achieve greenhouse gas neutrality for international shipping:** We support the Strategy on the Reduction of GHG Emissions from Ships adopted by the International Maritime Organization (IMO) in 2023. This requires the sector to achieve climate neutrality at the latest around 2050, in accordance with an emissions reduction pathway which includes interim targets for 2030 and 2040. Germany is actively campaigning for the IMO's adoption of globally binding measures by 2025 which will ensure implementation of these climate targets. Besides a technical component regulating the intensity of greenhouse gases produced by shipping fuels, these measures are to include a pricing mechanism for greenhouse gas emissions and support a just and equitable transition.
  
- **We are also driving forward progress towards greenhouse gas neutrality in the field of international aviation:** Given the international nature of aviation, sustainable climate action solutions require coordinated global measures within the context of the ICAO. This organisation has produced a package of measures relating to environmental protection and climate action as well as four international standards regulating and reducing noise and emissions produced by international aviation. These are to be transposed into national and European law. Moreover, the ICAO has adopted a long-term climate target of net-zero carbon emissions by 2050. As well as market-based solutions (the ICAO's CORSIA offsetting scheme), measures include operational and medium- to long-term technological solutions (in the short- and medium-haul segments, electric and hybrid electric flying, fuel cells, hydrogen), in particular the use of sustainable renewable fuels. The German Government is very active on the ICAO's environmental committee. Within the ICAO, we support ambitious measures to achieve the ICAO's long-term climate target, in order to promote a climate-friendly transformation of international aviation. All of the sector's greenhouse gas emissions are to be addressed, including by stepping up the level of ambition regarding the reduction in the volume of greenhouse gases produced by CORSIA Eligible Fuels and, in particular, through global frameworks for the use of sustainable aviation fuels and related consideration of power-to-liquid (PtL) kerosene and its sustainability potential.

### C3. Acting in solidarity with the most vulnerable: Protecting lives, livelihoods and health

In the past years the global temperature rise and the impacts of climate change have become more evident, be it in the degradation of freshwater resources, soil salination, ocean acidification, rising sea levels, prolonged droughts or the loss of biological diversity. More frequent and more severe extreme weather events such as heatwaves and flooding are threatening the protection of human rights and thus human health and the natural resources that form the basis of countless livelihoods. Many small island states and the least developed countries are particularly negatively affected. The IPCC emphasises that in some cases the limits of adaptation have already been reached and that a large proportion of the world's population is already living in conditions which render them vulnerable to climate change, in particular already marginalised population groups whose human rights are seriously threatened by the impacts of climate change.

The countries and population groups least responsible for the climate crisis are often hit the hardest by loss and damage. The goal is to help these countries and groups in particular to adapt to climate change, but also in their efforts to reduce greenhouse gas emissions. As the largest contributor in the field of climate risk finance and the second-largest humanitarian donor, Germany is making a substantial contribution to relieving suffering. The decision to establish new financing arrangements, including a fund to tackle loss and damage, represents a milestone. We are calling for a broad contributor base, the use of innovative financing sources and a programmatic approach in order to

address the growing need for assistance on the part of the most vulnerable developing countries. We intend to remain a reliable partner in tackling loss and damage and to continue to provide comprehensive support for partner countries. We are also working to advance the implementation of the target adopted at COP26 in Glasgow to at least double international adaptation finance by 2025.

Protecting health is a strong argument in favour of more ambitious climate action and more rigorous measures to adapt to climate change, particularly internationally. We therefore want to use health as a driver for transformation in the field of climate action and climate change adaptation. At the same time, the healthcare sector is itself contributing to global warming. For this reason, we intend to develop ecologically sustainable and climate-neutral health systems by no later than 2050 and aim to support other countries in these efforts. We understand health in terms of the One Health concept. The impacts of climate change are not only threatening human health and putting a strain on people as they work, alongside other economic and social impacts, they are also adversely affecting the health of animals, plants and the various ecosystems.





## Priority 1:

**We support partner countries in strengthening adaptive capacities, increasing their resilience to climate change impacts and taking climate action.**

- **We are strengthening structures and capacities for systematic, forward-looking adaptation planning:** We promote the development and implementation of gender-responsive National Adaptation Plans (NAPs) and the embedding of risk management in national and regional development strategies and relevant sectoral policies. We thereby strengthen the structures for the monitoring, evaluation and sharing of best practices via the UNFCCC, other multilateral processes and the multilateral development banks as well as through our bilateral cooperation.
- **We promote the mainstreaming of climate adaptation:** Via interministerial and whole-of-government approaches, we advocate for the systemic inclusion of climate adaptation in all relevant policy areas and at every decision-making level. This includes the interfaces between climate and sustainable resource usage (see below), climate and water, climate and security (see section C5), climate and migration, climate and health, climate and education, and climate and social protection. For instance, the adaptation projects funded by the German Government in developing countries and emerging economies will also consider the health risks of vulnerable groups. In addition, building on its know-how and acquired expertise in the agriculture and food sectors, Germany is in a position to provide substantial support in the development and implementation of adapted and climate-resilient agriculture and food systems. This includes funding for relevant training measures.
- **We work to promote greater sustainable development through targeted resource-conserving and income-generating adaptation measures:** Our activities are based on the principle of avoiding maladaptation. Maladaptation occurs where adaptation measures inadvertently increase the level of vulnerability, have negative impacts on livelihoods and health or obstruct sustainable development. Instead, adaptation must have a transformative impact and aim to contribute to greater resilience, economic and social inclusion, quality of life and sustainability. Education, vocational training and higher education have a key role to play here. In addition, we help to make adaptation more effective by promoting the exchange of knowledge and mutual learning. In line with a comprehensive risk management approach, when implementing measures we consider the impacts on every policy area (e.g. security, health, water, agriculture and forestry, biodiversity) and the various actors within society, including marginalised groups.
- **We also help the most vulnerable countries to reduce their own emissions and to strengthen their economic resilience through green growth.** For example, the German Government is supporting the Accelerated Partnership for Renewables in Africa (APRA) created by African heads of state and government as well as the Africa-Europe Green Energy Initiative (AEGEI) established at the EU-AU summit in 2022. We are also supporting Pacific Island states to make progress with the decarbonisation of their energy systems.

## Priority 2:

**We are strengthening ecosystem-based and local climate adaptation approaches, including in the context of sustainable land and water use.**

- **We are strengthening approaches facilitating the climate-resilient and sustainable adaptation of agriculture, thereby improving food security:** We help our partners to develop sustainable, modern and climate-resilient agriculture and food systems, focusing on preserving and strengthening small-scale farming structures. In the Global Alliance for Food Security, established in 2022 during Germany's G7 Presidency, we bring together climate mitigation, adaptation and food security.
- **We leverage the synergies between climate change adaptation, mitigation and biodiversity and promote ecosystem-based adaptation:** Healthy ecosystems are more resilient to climate impacts and have a direct protective function. For example, mangroves protect against coastal erosion, mountain forests protect against soil erosion and wetlands play a role as water reservoirs. We support ecosystem-based adaptation measures as a component of Nature-based Solutions, which are often the most cost-effective and the most environmentally and climate-friendly options, bringing together two issues of importance to the Federal Government: climate change adaptation and protection of ecosystems.
- **We promote integrated management of water resources and improve transboundary water cooperation:** We assist our partners with the implementation of cross-sectoral approaches and the improvement of data and early warning systems in order to prevent disasters and to protect water resources. We call for international cooperation on water, global ratification of the Convention on the Protection and Use of Transboundary Watercourses and International Lakes and the establishment of an intergovernmental UN process on water. In March 2023, the German Government adopted its National Water Strategy. Its international component envisages cross-sectoral implementation of sustainable water resource management in order to achieve long-term global water security.
- **Strengthening local approaches:** Climate adaptation will only succeed if it addresses the needs of those affected locally and is supported across the board at all relevant policy levels. Women, children and marginalised groups are worst affected by the impacts of climate change. We therefore promote the equal participation of all relevant groups, thereby also strengthening the inclusion of marginalised groups and communities.
- **Advancing social protection worldwide:** During Germany's G7 Presidency in 2022, we emphasised the value of social protection, particularly during crises and in the context of climate change and the destruction of the environment. The excluded and most vulnerable people in any society are disproportionately affected by the impacts of climate change, which further aggravates poverty as well as economic, gender-specific and other social inequalities. In order to limit these impacts, the G7 heads of state and government are seeking to make progress with inclusive social protection for all by 2030, in accordance with the UN Secretary-General's Global Accelerator on Jobs and Social Protection for a Just Transition, which is designed to expand social protection.

## Priority 3:

**We support partners in preparing for climate change-related disasters and in building back better.**

- **We are expanding early warning systems coverage and providing access to raw and processed climate data (climate services) in partner countries:** We are contributing to the UN Secretary-General's initiative, which aims to secure universal coverage by early warning systems by 2027 in order to improve protection against extreme weather events. Through our research cooperation activities we also support countries, regions and communities to develop planning and analytical capacities in order to collect, process and make available weather and climate data, link them to sectoral data and create climate risk analyses for climate adaptation and disaster preparedness measures. We acknowledge the important role of the aerospace sector and the use of Earth-monitoring satellites in providing reliable data for the identification of climate risks and monitoring of biomass and intend to continue to drive forward data comparability and digitalisation.
- **We aim to address crisis prevention, anticipatory humanitarian assistance, development cooperation and long-term cooperation as a continuum** and, in the spirit of the nexus of humanitarian assistance, development cooperation and peace promotion (HDP nexus), overcome a silo mentality. To this end, we are strengthening the capacity of crisis relief organisations to integrate climate action and climate adaptation into their work. We are adopting a climate-resilient approach to our crisis prevention activities – with improved risk forecasting, climate data and vulnerability analyses incorporating humanitarian, security-related and climate data. We support the ongoing development of national systems in order to respond to climate events, particularly through adaptive social protection systems. We intend to share existing instruments and information with partner countries as appropriate depending on the context, and promote the international exchange of knowledge.
- **We advocate for a coherent approach to addressing loss and damage:** We are actively involved in the operationalisation of financial support mechanisms, including a fund for tackling loss and damage. Above and beyond this, we intend to successfully implement and further expand the Global Shield against Climate Risks initiated by the group of particularly vulnerable countries (V20) in close partnership with the G7 and other contributor countries (see box). We are engaging other major greenhouse gas emitters and all those able to do so in supporting particularly vulnerable countries in a spirit of solidarity. Our aim is for other major emitters such as China and the Gulf states to join the traditional donors in contributing to support (including financial support) for the most vulnerable in addressing loss and damage (see section C6).



### **The Global Shield against Climate Risks**

The Global Shield against Climate Risks was initiated by the V20, the group of most vulnerable developing countries (Vulnerable 20, currently 58 countries) and the G7 under Germany's 2022 G7 Presidency as well as other contributor countries. It was presented at COP27. It serves to provide financial protection against climate change-related loss and damage for people in poverty and vulnerable situations as well as marginalised and particularly vulnerable countries. It uses a broad range of protection instruments for this purpose and is intended to facilitate systematic, coherent and permanent protection. To this end, the shield mobilises a large number of partners from governments, international organisations, multilateral development banks, the private sector, the scientific community and civil society. The changeover from reactive ad hoc crisis management to ex ante planning will be supported by the joint preparation of country protection packages. The goal is to implement measures that enable the rapid deployment of funds in the immediate wake of a disaster, for example, via adaptive social protection. We will work for the successful implementation of country protection packages and transnational approaches, as well as the mobilisation of further financial resources in order to meet the growing need for assistance.

- **We are expanding our support for anticipatory humanitarian assistance** as an important instrument to minimise the humanitarian consequences of climate change and provide more efficient assistance for affected communities. Every year, we intend to commit at least 5% of the resources earmarked for humanitarian assistance to anticipatory humanitarian assistance, where we always take climate resilience into account. We are continuing to strengthen this approach in concert with our partners. The G7 pledged to do so under Germany's Presidency in 2022. We have also signed the Climate and Environment Charter for Humanitarian Organizations and the related contributor declaration and are working with our partners and other contributors to reduce the carbon footprint associated with humanitarian assistance. One such example is our support for the use of solar energy in refugee camps, which to date have mainly received power from diesel generators.
- **In our development-oriented transition aid, we particularly promote projects that increase climate resilience**, in order to enable vulnerable groups to adapt to climate change and, where necessary, transform their livelihoods. In many places, climate change is aggravating existing multidimensional crises. We are therefore integrating climate-sensitive activities into the multi-sectoral approach of capacity-building transitional assistance, in order to ensure the sustainability of investment in crisis management and reduce future humanitarian costs. The World Bank has calculated that a dollar invested in resilience will save at least four dollars in future humanitarian costs. We focus on climate change adaptation and disaster risk management measures in order to reduce potential climate- and weather-related loss and damage.

### **Anticipatory humanitarian assistance pays off**

According to various calculations, anticipatory humanitarian assistance has between twice and seven times the impact of the deployment of the same volume of funds only after a disaster has hit. Roughly 20% of all disasters can be precisely predicted. This means that anticipatory humanitarian assistance offers significant potential to assist more people through a more impactful use of contributors' funds. The Food and Agriculture Organization of the United Nations (FAO) has calculated that anticipatory measures in advance of a harsh winter in Mongolia (Dzud), e.g. cash assistance, allowed over 7 euros to be saved for each euro spent (FAO, 2018). The United Nations' World Food Programme (WFP) has determined that anticipatory measures in preparation for predicted flooding in Bangladesh and Nepal in 2022 reduced the costs of the necessary humanitarian assistance by 50% (WFP, April 2023).



## Priority 4:

**We are developing a joint understanding that health as defined by the One Health approach is a strong argument in favour of more ambitious climate action and adaptation to the unavoidable impacts of climate change, and are establishing health as a transformational factor driving climate action and climate adaptation.**

- **We are establishing the “health and climate crisis” nexus in climate foreign policy and international co-operation.** Protecting the climate means protecting health. We are focusing more strongly on integrating and dovetailing the issue of health with other areas of climate policy, in accordance with the One Health approach. We are thereby also aiming to contain the spread of germs (e.g. via contaminated water) and the risk of future pandemics. Besides pandemic prevention, we are also working to improve coordination of global pandemic preparedness and response.
- **We regard health protection as a catalyst for climate action and adaptation measures and will strengthen the protection of human health from the impacts of climate change.** This applies in equal measure to communicable and non-communicable diseases. When it comes to prevention, a sharper focus must also be placed on environment-related risks to human health. Protection and adaptation concepts are being developed to address growing climate-related pressures on workplaces, primarily for especially vulnerable groups. With this in mind, during Germany’s G7 Presidency the G7 agreed on a Roadmap towards Safe and Healthy Work in a Green Economy. We also give specific consideration to positive health impacts of climate action measures (spending money smarter).
- **We are stepping up our efforts to establish climate-resilient and climate-neutral health systems.** To this end, we cooperate with other countries by expanding international dialogue and encouraging cooperation on research and capacity-building in order to promote adaptation to climate change. Our activities are guided by the goals and approaches first formulated at COP26 within the context of ATACH (see box below). We seek to bring on board other international partner countries. We actively support ambitious goals in the ATACH process, e.g. in relation to monitoring our health systems’ greenhouse gas emissions.
- **In accordance with the One Health approach, we are expanding our efforts to safeguard natural resources.** We are thereby helping to reduce migration flows and conflicts, which will also bring down the incidence of related diseases, injuries and fatalities.

### **The Alliance for Transformative Action on Climate and Health (ATACH)**

The Alliance for Transformative Action on Climate and Health (ATACH) seeks to implement the climate change and health goals defined at COP26 by utilising the collective capacity of the WHO’s Member States and other stakeholders in order to achieve rapid and appropriate progress on these goals and by promoting integration of the climate change and health nexus in related national, regional and global plans.

The alliance’s work is based on the political commitments which more than 70 health ministries signed up to at COP26 and in which they pledged to develop sustainable climate-resilient and low-carbon health systems. ATACH represents the continuation of this initiative, which aims to put these commitments into practice.

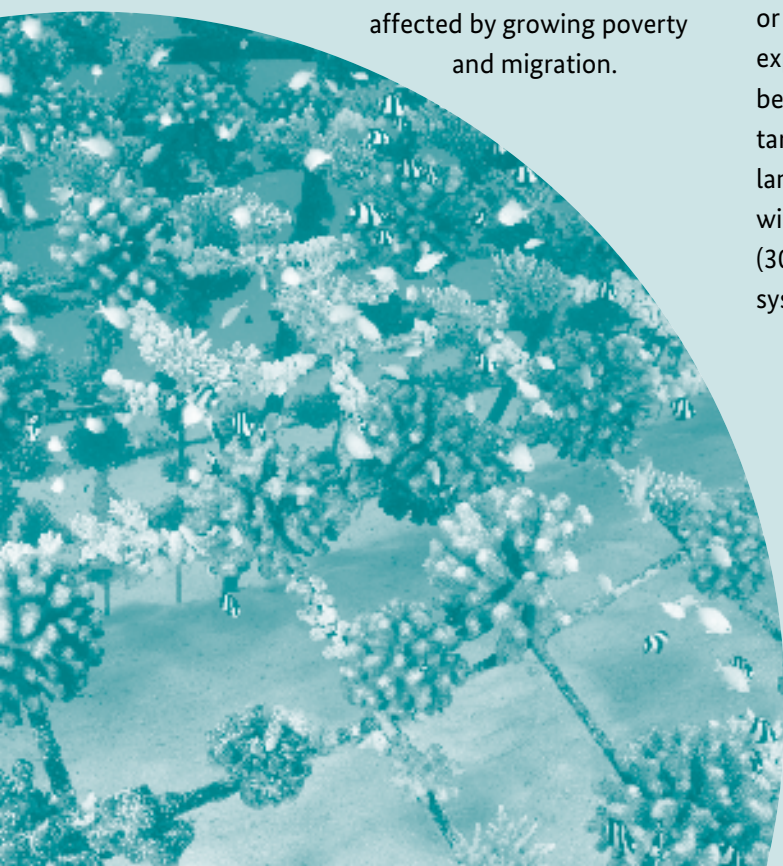


## C4. Protecting, restoring and promoting the sustainable use of ecosystems

Biological diversity underpins the functional capacity of ecosystems, the services of which play a vital role in our existence, the functioning of our societies and our economies. Women and indigenous peoples, in particular, frequently depend directly on access to natural resources and are therefore more severely affected by the loss of biodiversity and ecosystem services. Climate change is one of the key factors driving the loss of biodiversity. At the same time, the loss of biological diversity and the destruction of ecosystems are further driving climate change. The ongoing deforestation and degradation of forests, particularly in the three global tropical-forest regions – the Amazon, the Congo Basin and South-East Asia – is a cause for grave concern. We will be unable to stay within the 1.5°C limit without halting deforestation and substantially restoring degraded forests. At the same time, in some cases irreversible degradation processes are being set in motion, which will lead to the loss of valuable ecosystems such as wetlands and watercourses and adversely affect the future options of the countries concerned. Accordingly, rural areas in particular will be affected by growing poverty and migration.

Ecosystems also play an important role in adaptation to climate change. Intact ecosystems are crucial e.g. for water security and related goals such as the availability of drinking water, food security and energy supply. Sustainable use, protection and restoration of ecosystems on land, in fresh water and in the sea will strengthen natural carbon sinks such as forests, soils, peatlands and seagrass meadows and reduce emissions from degraded ecosystems.

Germany therefore consistently pursues climate action and the protection of biodiversity together – also in accordance with the Sustainable Development Goals (SDGs). At an international level, we press for the promotion and implementation of Nature-based Solutions (NbS) to address ecosystem degradation and the loss of biodiversity. By reducing emissions from degraded ecosystems and removing CO<sub>2</sub> and sequestering it in intact ecosystems, we contribute to climate mitigation and adaptation. We are driving forward the implementation of the Global Biodiversity Framework (GBF) which was adopted under the UN Convention on Biological Diversity in 2022. The framework's 23 goals address the factors driving the global loss of biodiversity, in order to turn the tide in relation to the extinction of species and the destruction of natural ecosystems by 2030. Moreover, several of the GBF's targets are directly or indirectly related to climate change. Target 8 is an explicit climate target, which reflects various links between biodiversity and climate change. Further targets of the GBF are to protect 30% of the global land and marine areas effectively and in accordance with the rights of indigenous and local communities (30x30 target) and to restore 30% of degraded ecosystems.



## Priority 1:

**We promote the implementation of the targets of the Global Biodiversity Framework and support initiatives advancing the implementation of its climate and biodiversity targets.**

- **We are calling for at least 30% of global land, coastal and marine areas to be placed under protection** as well as for 30% of degraded ecosystems to be restored. We want to end the global destruction of ecosystems, restore them and ensure their preservation. Since 2021, Germany has been a member of the High Ambition Coalition for Nature and People (HAC), an intergovernmental group which now includes more than 100 countries and champions the protection of at least 30% of global land and marine areas by 2030.
- **We help partner countries to align their national biodiversity strategies and action plans (NBSAPs) with the targets of the Global Biodiversity Framework.** The international targets of the GBF must be broken down to the respective national level in an appropriate and workable manner so that they can be effectively implemented. For this purpose, a solid monitoring and review system is required which, among other things, demonstrates the level of target achievement through global and national indicators. In addition, NBSAPs are to be strongly integrated with nationally determined contributions (NDCs) and national adaptation plans (NAPs) or strategies. In order to provide support for our partners, we have together with Colombia established the international NBSAP Accelerator Partnership and are also supporting partner countries at bilateral level.
- **We advocate an increase in funding for biodiversity from all sources and the alignment of financial flows with the targets of the Global Biodiversity Framework.** No later than 2025, the German Government plans to increase international biodiversity financing, as a proportion of climate finance, to 1.5 billion euro per year. We support the operationalisation of the new Global Biodiversity Framework Fund at the Global Environmental Facility (GEF).
- **We promote the protection of the oceans as a key ecosystem:** Germany is working on a National Marine Strategy. The promotion of climate action through marine protection will be a key action area in this strategy. We are working towards rapid implementation of the new global agreement on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction (BBNJ Agreement) and the designation of new marine protected areas – also through the Antarctic Treaty System. Protection of the still largely unexplored deep-sea ecosystems is important to us.
- **We advocate for responsible research on the role of the oceans (including the sea bed) in the absorption of CO<sub>2</sub>** and want to establish robust rules and scientific standards for environmental impact assessments in connection with potential technological storage of CO<sub>2</sub> in the ocean or under the sea bed.

- **We promote Nature-based Solutions at international level:** At bilateral and multilateral levels and in all relevant EU processes, we will continue to promote Nature-based Solutions and support their ambitious implementation. In particular, we aim to further strengthen Nature-based Solutions as a unifying element between the three Rio Conventions (UNFCCC, UN CBD, UNCCD).

### **Nature-based solutions (NbS)**

Nature-based solutions are measures to protect, restore, sustainably use and manage natural or modified terrestrial, freshwater, coastal and marine ecosystems. They address social, economic and environmental challenges effectively and adaptively, while simultaneously fostering human well-being, ecosystem services, resilience and biological diversity (see UNEA Resolution 5/5). Examples include agroforestry, the rewetting of wetlands and the restoration of forests.

We intend to more effectively pool activities relating to Nature-based Solutions and strengthen their global implementation. For this purpose, we promote progress with the Enhancing Nature-based Solutions for an Accelerated Climate Transformation initiative (ENACT), which was launched by Germany together with Egypt's COP27 Presidency and the International Union for the Conservation of Nature (IUCN) in 2022. The initiative is co-chaired by Germany. It aims to protect at least a billion vulnerable people – including at least 500 million women and girls – against the impacts of climate change and to strengthen their resilience, including by securing up to 2.4 billion hectares of healthy, natural and sustainable agricultural ecosystems and significantly increase global mitigation efforts.



## Priority 2:

**We are strengthening partnerships, initiatives, frameworks and regulations in order to halt the global loss of forests by 2030, protect forests, promote sustainable management of forests and restore forest landscapes.**

**We seek to achieve progress with the restoration of forests in particular.** We therefore support the UN Decade on Ecosystem Restoration 2021-2030 through programmes at national level (e.g. Germany's Action Plan on Nature-based Solutions for Climate and Biodiversity) as well as internationally, together with the Bonn Challenge initiated by Germany, with the goal of bringing at least 350 million hectares of degraded and deforested landscapes under restoration by 2030. The goal is to improve ecosystem services, resilience and biological diversity, to respect the knowledge and rights of indigenous peoples and local communities, to include them on an equal footing and to enable the broad involvement and cooperation of non-state actors, the scientific community and the private sector.

**We are strengthening cooperation with tropical-forest countries:** We are initiating and supporting forest protection projects in all of the major tropical-forest regions. We also seek to strengthen the land rights of indigenous peoples and local communities as the guardians of the forest, as well as initial and advanced training for local farmers relating to sustainable land use methods. We are stepping up our commitment through bilateral and plurilateral forestry and climate partnerships. Our goal is to end deforestation and to promote the protection, near-natural restoration and sustainable management of forests, in order to preserve the full range of ecosystem services. This will be done with the equal participation of marginalised population groups, particularly indigenous peoples.

**We promote progress with the implementation of forest-related international targets and international initiatives for forest protection:** Via the Forest and Climate Leaders' Partnership (FCLP), the UN Forum on Forests (UNFF), the UN Department of Economic and Social Affairs (DESA) and the Collaborative Partnership on Forests (CPF), we support heightened and synergetic measures leading to the implementation of the Global Forest Goals in the Strategic Plan for Forests as well as the forest-related sustainability goals, the forest-related decisions of the Global Biodiversity Framework and implementation of the Paris Agreement. This is complemented by the Global Forest Finance Pledge supported by Germany, with the collective promise to provide up to 12 billion US dollars for the protection of forests between 2021 and 2025. We aim to increase Germany's contribution from 1 billion euro to 2 billion euro (2021-2025). In addition to a more effective and pragmatic regulatory policy and the inclusion of stakeholders, the involvement of the private sector is also necessary. For this purpose, political and economic incentives must be established for the preservation of forests and for climate-positive land use which protects biodiversity.



→ **We are strengthening the sustainability of global value chains and deforestation-free agricultural supply chains:** Through the EU Regulation on deforestation-free products, we are tackling the key drivers of global deforestation. We promote global implementation of this Regulation by helping actors throughout the supply chain – in particular, small farmers – to develop sustainable and deforestation-free supply chains. For this purpose, we use bilateral and plurilateral formats such as the EU’s Team Europe initiatives and the Amsterdam Partnership. We aim to do so in dialogue with other key consumer countries in order to achieve a uniform approach and avoid leakage effects. Within the scope of our multilateral cooperation and in international organisations such as the Food and Agriculture Organization of the United Nations (FAO), we campaign for a policy of decoupling agricultural land use from deforestation. We also promote the implementation and (ongoing) development of sustainability standards and transparency systems in third countries (especially the OECD FAO guidelines on due diligence obligations to ensure deforestation-free supply chains). Through forestry and climate partnerships, we help partners to develop climate-friendly agricultural, financial and raw materials policies. We have already made an important contribution to the protection of human rights and the environment through our Supply Chain Due Diligence Act.





## C5. Strengthening resilience, peace and security

As one of our century's greatest challenges, the climate crisis increasingly has security implications. It threatens human security and is also jeopardising national and international security. On the one hand, climate-related extreme weather events with devastating consequences are occurring more frequently and with greater intensity – also in Germany. On the other hand, the effects of climate change are aggravating existing inequalities in many world regions and are fuelling conflicts over the distribution of ever scarcer resources, frequently accompanied by water shortages, famine and other humanitarian emergencies. Fragile states which are only capable of providing public services and resolving conflicts to a limited extent in any case are particularly badly affected by this. The climate change-related rise in sea levels is also threatening densely populated coastal regions and the existence of small island states.

The impacts of climate change will change our security environment and give rise to new geopolitical areas of conflict. On the basis of an integrated security policy, we are therefore aligning our climate foreign policy activities with the goals of saving human lives, minimising risks of conflict and contributing to peace and security. Together with our partners, we must therefore adapt not only our foreign policy but also our security and defence policies accordingly, so as to be better prepared for current and future impacts on our security. This means anticipating heightened or new security risks as well as adapting armed forces and capabilities in line with climate change.

We are ensuring that the Bundeswehr is fully capable of fulfilling its remit including in the context of evolving climate conditions, and that its operational readiness is guaranteed including on the basis of related conceptual documents.

Germany's National Security Strategy reflects the security-related significance of climate change. An entire chapter is devoted to addressing the climate, biodiversity and ecosystem crisis, as well as how to safeguard our natural resources, such as drinking water and food. In addition to the goals of "robustness" and "resilience", for the first time "sustainability" is explicitly included as an objective of German foreign and security policy. The German Government must therefore draw up security measures in a way that takes climate considerations into account and focus on the protection of individual human beings. Particular attention is devoted to women, children and vulnerable population groups who are frequently hit especially hard by the impacts of climate change.



## Priority 1:

**We are developing and expanding capacities and expertise for the prevention, containment and management of climate-related conflicts.**

- **Together with the island state of Nauru, as the co-chair of the United Nations' Group of Friends on Climate and Security we are moving the agenda forward and securing the support of an increasing number of countries.** We will again make climate, peace and security a priority in Germany's upcoming candidacy for UN Security Council membership in 2027-2028.
- **We promote the United Nations' Climate Security Mechanism (CSM),** which strengthens institutional cooperation at the intersection of climate and security between key UN organisations. We call for the consideration of the climate and security nexus in all relevant UN institutions. We work with UN funds to ensure that investments in crisis contexts are climate-sensitive, while climate projects are peace-building. Moreover, through the appointment of climate and security advisers within the scope of UN missions – such as in Somalia and at the Horn of Africa – we contribute to tackling conflict- and climate-related crises in a joined-up way.
- **We also advocate that all international organisations, in particular the UN, the EU, the OSCE and NATO, strengthen their understanding of climate and security interlinkages.** We call for greater consideration and operationalisation of climate and security as a cross-cutting issue in all relevant security organisations. In addition, we support training initiatives to strengthen the capacities of personnel in peace missions, such as climate and security modules at the Center for International Peace Operations as well as the European Defence College and the EU Centre of Excellence for Civilian Crisis Management in Berlin. Such modules must be integrated into all relevant security and military advanced training courses.
- **Building on the G7 Foreign Ministers' Climate, Environment, Peace and Security Declaration during Germany's G7 Presidency in 2022, we have established the Climate for Peace Initiative together with partner countries.** Here, 28 countries are sharing their experience and needs regarding climate, peace and security-related projects and addressing challenges on a multilateral basis.
- **We are strengthening our commitment to crisis prevention, stabilisation and peacebuilding in relation to climate risks, in order to lessen the conflict-exacerbating impacts of climate change.** Among other things, we are doing this through pilot projects in the Bay of Bengal, Iraq, Yemen, Nigeria and Somalia. These pilot projects are based on the Weathering Risk initiative initiated by Germany, which prepares data for climate modelling and conflict analyses. We want peace mediation activities to be increasingly carried out in a cooperative context when it comes to water, the environment and climate.

- **Through the United Nations Group of Friends on the environmental management of UN peacekeeping operations, we support the use of renewable energy and efforts to reduce the peacekeeping-related ecological footprint.** Within the peacekeeping reform process, we continue to advocate adaptation to the impacts of climate change and strengthening the operational readiness and resilience of UN peacekeeping missions and troops providers. Germany plays a key role in continuing to advance this issue at a political and technical level within the United Nations.

#### **How are climate change and conflict connected? The example of southern Iraq**

Climate change impacts such as extreme heat, droughts and the increasing salination of the Shatt Al-Arab due to the rising sea level are threatening the unique ecosystem of the marshes of southern Iraq. Sewage, mismanagement and a lack of cross-border cooperation on water are further jeopardising these “paradise-like marshes”. Many families who mainly live off agriculture, livestock breeding and fishing are being deprived of their livelihoods and forced to leave their homeland. They are frequently moving to urban centres in the Basra region, where local population groups with different traditions and customs come together and where jobs are either non-existent or precarious. There is a risk that a scarcity of resources, climate change-related migration, a lack of prospects and inadequate government services, will lead to conflicts at a local level as well as between the host communities and internally displaced persons. Climate change may therefore aggravate existing tensions and conflicts.





## Priority 2:

**We are more effectively preparing for the geopolitical and security risks associated with the climate crisis.**

- **Together with the Federal Intelligence Service, the German Government has commissioned an assessment by leading scientific institutions** in order to be able to more effectively evaluate the impacts of the climate crisis on our national security and make informed decisions on this basis.
- **We are participating in the debate over the implications of rising sea levels under international law** and are supporting the UN International Law Commission (ILC) by contributing opinion statements on the assessment and management of these implications, in particular on the contemporary legal interpretation of existing international law (e.g. UNCLOS). We also support the request for an advisory opinion from the International Court of Justice (ICJ) adopted by the UN General Assembly at the initiative of Vanuatu. Together with the EU and its member states, we have also contributed to the procedure for an advisory opinion on the protection of the seas before the International Tribunal for the Law of the Sea (ITLOS), which was initiated by a group of island states. These two courts will examine what obligations states have under international law in relation to climate change. Under the ICJ procedure, Germany will work together with the EU and other member states towards a strengthening of the Paris Agreement as a central reference system for global climate action. With a view to the future, we argue that the related legal framework needs to be further concretised. In addition, together with the island state of Tuvalu Germany is co-chairing the Coalition for Addressing Sea-level Rise & its Existential Threats (C-SET).
- **We advocate greater consideration of climate issues in the security and defence sector.** Through our contribution to the new NATO Climate Change and Security Centre of Excellence (CCASCOE) in Montreal, we are supporting the implementation of NATO's climate and security action plan and strengthening NATO's capacities to respond to the security and defence impacts of climate change. This centre will promote understanding of the security and defence-related impacts of climate change and support the necessary strategic orientation. In addition, by seconding experts we contribute to strengthening climate and security expertise in civilian missions within the scope of the EU's Common Security and Defence Policy (CSDP).
- **Due to the uncertainties, implications and risks, the German Government is not currently considering solar radiation management (SRM) as a climate policy option.** With a view to the international regulation of SRM, the German Government therefore supports Decision X/33 of 29 October 2010 within the scope of the Convention on Biological Diversity (CBD). The German Government does not currently intend to support SRM development and research activities aimed at developing such technologies and their potential use at scale. Nonetheless, in accordance with the precautionary principle we will continue to analyse and assess the extensive scientific, technological, political, social and ethical risks and implications of SRM, in the context of technology-neutral basic research as distinguished from technology development for use at scale.

### Priority 3:

**We help to protect the safety of people whose living environments and livelihoods are acutely threatened, thus further bolstering their resilience.**

- **We are working to bring together a coherent protection regime for climate change- and disaster-related displacement.** For this purpose, we are promoting a dialogue at UN level in order to supplement existing agreements under international law with complementary protection mechanisms where loopholes exist. Among other activities, we are involved as a member of the steering group of the Platform on Disaster Displacement.
- **We alleviate acute suffering and save human lives as one of the largest humanitarian assistance donors.** Support for women, children and other marginalised groups in displacement scenarios – including in the context of climate change – is a top priority.
- **We work to secure conditions that allow those affected to remain in their home regions or more easily return there.** For this purpose, we help affected regions and governments to further enhance their climate resilience, for instance, thus improving prospects for local people (see section C3).
- **We support affected partner countries including through projects on the sustainable management of human mobility in the context of climate change.** We do this by supporting regional dialogues as well as strengthening the work of regional organisations such as the Intergovernmental Authority on Development (IGAD) in eastern Africa. We are also an active participant in the Khartoum Process, a political platform for cooperation between Europe and countries in eastern and northern Africa covering refugee and migration issues. As the largest contributor to Education Cannot Wait (ECW), we support programmes which address climate-induced migration of families and enable children to continue to access education.

## C6. Aligning financial flows with a 1.5°C-compatible pathway and climate-resilient development

In this decade alone, measures to achieve national mitigation goals and adaptation to the impacts of climate change will require global funding amounting to several trillion euro (according to the Independent High Level Expert Group). The provision of public international climate finance alone cannot cover this financial need. However, it is necessary as direct support and in order to leverage private funds. At the same time, studies indicate that private and public funding around the world continues to finance many activities which are not compatible with the Paris targets.

Many low-income countries have a high debt risk or are already over-indebted. As a result – particularly in view of the social and economic consequences of potential sovereign defaults – the financing of mitigation and adaptation investment may take a back seat for the states concerned alongside spending to achieve the Sustainable Development Goals. For low-income countries, the G20 Common Framework for Debt Treatments is an important multilaterally coordinated instrument for addressing solvency problems (including where partly caused by climate risks) on the basis of an IMF programme. Since the processes in this framework still take too long, the German Government is working within the G20 for more effective implementation, improvement and expansion of the G20 Common Framework for Debt Treatments.

Under Article 2.1.c of the Paris Agreement, all parties agreed to align financial flows with a 1.5°C-compatible pathway as well as climate-resilient development. In this context, the German Government believes in the importance of enabling support and assistance for those countries, enterprises and individual activities which are advancing the transition but are not yet fully climate-neutral or climate-resilient, in accordance with the 1.5°C limit, while avoiding lock-in effects. For this reason, the German Government is, for example, supporting the G20 Transition Finance Framework. In addition, nature-based solutions are to be strengthened where possible.

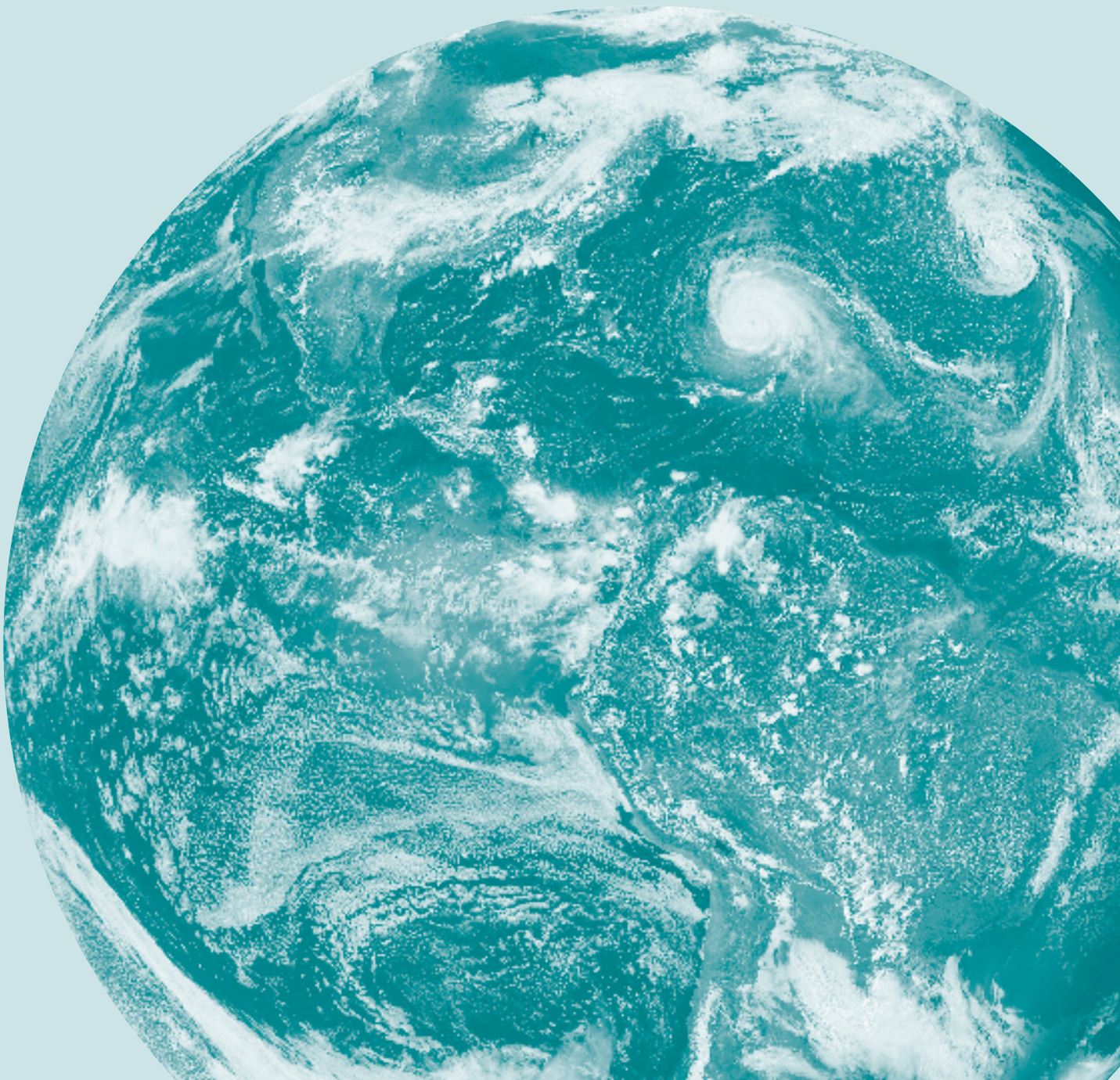
In 2009, the industrialised countries collectively pledged to mobilise an annual volume of 100 billion US dollars from various sources (public and private, bilateral and multilateral) by 2020 in order to support climate action in developing countries. In 2015, this annual obligation was extended until 2025. Germany is strongly committed to ensuring that this promise is fully implemented as soon as possible (according to estimates by the OECD, in 2020 just over 83 billion US dollars was mobilised). The contributor community is confident that the target of 100 billion US dollars was achieved in 2023 (see Climate Finance Delivery Plan, 2021).

Alongside the funding directly supported by the German Government – i.e. via direct budgetary funds, multilateral development banks, the KfW banking group and foreign trade and investment guarantees – it is crucial that climate-damaging subsidies are gradually phased out of national budgets in accordance with the commitments made in the G7/G20 context. At the same time, we need to improve the enabling conditions worldwide to increase private investment for climate action, even in cases without direct government support. After all, private investment and financing are crucial, not least in terms of volume. The German Government will therefore continue to advocate for the inclusion of sustainability considerations under the globally coordinated international financial market policy (sustainable finance).



**The island state of Dominica**

Tropical hurricane Maria made landfall on Dominica on 18 September 2017. At the time, the country was still trying to recover from the devastation wrought by tropical storm Erika in 2015. Maria was Dominica's worst natural disaster to date and caused damage amounting to 1.3 billion US dollars (226% of the country's GDP). The devastation resulted in a drop in government revenues and high reconstruction costs which led to a significant deterioration in the country's public finances and a substantial rise in its level of public debt. This vicious circle is narrowing Dominica's fiscal space to prepare for the next storm on its own or invest in a climate-neutral future.





## Priority 1:

**We will remain a strong and reliable partner on international climate finance.**

- **Germany stands by its commitment to increase the funding it provides for international climate finance to 6 billion euro by 2025, drawn from budgetary and public funds. This goal was already achieved in 2022, three years early than pledged** (see box). We will do everything possible to maintain this level of 6 billion euro so as to continue to provide ambitious support for developing countries and emerging economies for climate action and in addressing climate change – including by increasing Germany’s commitment to the international protection of biodiversity to 1.5 billion euro per year by 2025. We will also contribute to the collective doubling of international adaptation finance which was decided at COP26 (collective increase from 20 billion US dollars in 2019 to 40 billion US dollars by no later than 2025). We are also endeavouring to significantly improve the mobilisation of private climate finance through the use of public funds (see below).
  
- **We are strengthening the key multilateral climate funds – the Green Climate Fund (GCF), the Global Environment Facility (GEF), the Least Developed Countries Fund (LDCF) and the Adaptation Fund:** We are calling for these funds to support a 1.5°C-compatible, climate-resilient transition in developing countries and equal representation on decision-making bodies. Our aim is for all of the international funds to make access to climate funding easier for the poorest and most vulnerable, i.e. in particular the least developed countries (LDCs) and small island developing states (SIDS). Good governance is a guiding principle for us, also in relation to multilateral funds. We also use our funding commitments to encourage other contributor countries to likewise make appropriate contributions.
  
- **We are ramping up the mobilisation of private funds for the purpose of climate and biodiversity finance:** We will leverage budgetary funds for international climate finance more strategically, in order to mobilise private funds with a transformational impact. This includes improving enabling conditions for private investment in developing countries and emerging economies and making greater use of instruments to mobilise domestic and foreign private capital, e.g. blended finance and innovative financial instruments. We are engaging multilateral development banks on this issue, as well as other contributors, in order to better address it in the delivery of the 100-billion annual target, on the basis of lessons learned to date. Within Germany, we will work across ministries to advance and support initiatives that can scale up and speed up effective approaches. This includes the use of international guarantee and protection instruments (improved use of the Multilateral Investment Guarantee Agency, protection against currency risks, investment guarantee instruments and other guarantee instruments of the international financial institutions (IFIs) and KfW, use of the instruments available to the climate funds) and support for national approaches and enabling conditions in developing countries.

- **Gaining new contributors for the provision of climate finance:** In relation to post-2025 climate finance (New Collective Quantified Goal, NCQG), we are seeking a new, more effective approach to future climate finance. We seek to ensure that, alongside the traditional contributor countries, countries whose national prosperity has greatly increased in recent years make bigger, more transparent and reliable contributions to multilateral funding moving forward, in line with their capabilities – in particular by contributing to multilateral funds. A broader base of contributor countries is a key prerequisite for an ambitious post-2025 target, which demonstrates solidarity and shared responsibilities while also dynamically reflecting countries' financial capabilities. Each state should contribute a fair share.

#### **An overview of German climate finance**

Germany stands by its commitment to increase the funding it provides for international climate finance to 6 billion euro by 2025. This goal was already achieved in 2022, three years earlier than pledged. By no later than 2025, the German Government intends to increase international biodiversity financing as a proportion of climate finance to 1.5 billion euro per year.

In 2022, German climate finance drawn from budgetary funds (including grant equivalents from KfW development loans) amounted to 6.39 billion euro. Overall, Germany's international climate finance in 2022, drawn from the full range of sources (i.e. including 3.09 billion euro of market funding publicly mobilised via KfW and DEG and 0.48 billion euro of mobilised private funding) amounted to 9.96 billion euro.

Together with our EU partners, we are the largest climate finance contributors worldwide. Germany is also the second-biggest contributor in the area of public development cooperation.

In future, we will continue to try and strike a balance between adaptation and mitigation finance (2022: 46% adaptation, 54% mitigation). In addition, in 2022 the German Government guaranteed climate projects amounting to around 226 million euro in developing countries and emerging economies in the form of export credits.

**Germany is currently the largest contributor to the Green Climate Fund** – one of the largest multilateral climate funds – providing 1.5 billion euro for the 2020-2023 period and 2 billion euro via the current replenishment, **the largest contributor to the Global Environment Facility (GEF) and the Least Developed Countries Fund (LDCF) and the largest contributor to the Adaptation Fund.**

## Priority 2:

**We promote and finance sustainable and Paris-compliant investments and projects internationally.**

- **We will live up to the commitment made in Glasgow in the COP26 statement on Public Support for the Clean Energy Transition, in accordance with the G7 resolutions (see Annex 2),** to end public international finance of unabated fossil fuels from the start of 2023, subject to limited, clearly defined exceptions in accordance with the 1.5°C limit. The G7 agreement will permit limited exceptions in accordance with the Paris Agreement and the 1.5°C limit. The German Government is continuously assessing how exemptions should be defined, taking into account energy policy challenges, including those resulting from the Russian war of aggression against Ukraine, as well as compliance with the Paris Agreement and the 1.5°C pathway.
- **Against this background, the German Government has developed climate strategies for the guarantee instruments used to promote foreign trade and investment.** These strategies are subject to continuous review and adjustment. The goal of these climate strategies is to reduce emissions arising due to foreign transactions underwritten by German Government guarantees to net zero by no later than 2050 (2045 for guarantees underwriting projects in industrialised nations) by aligning underwriting practice with a 1.5°C-compatible decarbonisation pathway on the basis of sectoral guidelines. Guidelines have been devised for key sectors covered by these instruments. These climate strategies stipulate simplified underwriting processes for especially climate-friendly projects and exclusions for climate-damaging projects, particularly those involving coal and oil. The guidelines will be updated in relation to CCS/CCU in accordance with the Carbon Management Strategy. For projects involving natural gas, supplementary exemptions can apply in exceptional cases, if these are necessary for national security or the geostrategic security of supply interests, while complying with the 1.5°C limit and avoiding lock-in effects. In this way, the Federal Government will strengthen the international competitiveness of promising climate-friendly technologies from Germany.
- **We aim to fulfil our G7 commitment to phase out inefficient (climate-damaging) subsidies by 2025** and will work to advance progress on the worldwide phase-out of inefficient climate-damaging subsidies, as agreed at COP27. According to several different estimates (World Bank, IEA), over 1 trillion US dollars in the form of direct climate-damaging subsidies are paid out every year. We also advocate for the phase-out of biodiversity-damaging subsidies by 2030 in accordance with the Global Biodiversity Framework and the G7's commitment.

### Priority 3:

**We support a sustainable finance approach for the financial sector in Europe and third countries, in close cooperation with European and G20 partners.**

- **We promote coherent sustainable finance policies within the G20 and worldwide:** The German Government is supporting the implementation of the G20 Sustainable Finance Roadmap, the G20 Transition Finance Framework and a German Sustainable Finance Strategy. Through the G20's sustainable finance activities, we advocate internationally coherent standards and policies. At an international level, we will strengthen the demand for and credibility of sustainability bonds and green bonds. We are continuing the success story of green German Government securities. The central banks' and supervisory authorities' Network for Greening the Financial System (NGFS) – which contributes to the development of environmental and climate risk management in the financial sector and supports the mobilisation of finance for the transition to a sustainable economy – is likewise a key format for this purpose.
- **We work to advance international sustainability standards for corporate reporting:** In all of the relevant committees, we promote progress with the international sustainability reporting standards of the International Sustainability Standards Board (ISSB) for the climate and, in future, also for biodiversity within the scope of corporate reporting.
- **We are strengthening international cooperation in the fight against environmental crime and money laundering:** Based on resolutions adopted by the G7, the G20 and COP26, we intend to increase awareness of the role of money laundering in connection with environmental crime and strengthen international cooperation in this area.





## Priority 4:

**We are building and strengthening alliances for the reform of the international financial and development institutions, to better anchor and implement climate action and biodiversity protection as well as climate resilience across the board.**

- **We are strengthening the alignment of multilateral development banks with the goals of the Paris Agreement, the Global Biodiversity Framework and the 2030 Agenda.** Together with our partners, we will continue to drive forward the conceptual development and implementation of the Paris Alignment of all multilateral development banks – i.e. the alignment of all activities with the 1.5°C limit, as well as the goals of the GBF and the 2030 Agenda. We likewise advocate the corresponding alignment of regional and national development banks.
- **We intend to mobilise additional climate and biodiversity finance, making efficient use of available funds:** We are encouraging the multilateral development banks to widen their financing scope now (without any capital increase) by implementing the recommendations of the G20 group of experts on the review of the Capital Adequacy Frameworks (CAF review) and, among other measures, more strongly focusing on climate- and biodiversity-related investment. We therefore call for the increased use of transformative finance instruments such as policy-based loans, partly in order to improve the enabling conditions for private-sector investment. We also aim to improve the quality of climate finance provided by multilateral development banks. In this respect, we advocate equal access to investment funding, in particular for women in all their diversity and for marginalised groups.
- **We are active in shaping the reform of the international financial architecture:** In the debates on reforming the international financial architecture (e.g. reform of the World Bank, G20 CAF Review (see above), the Bridgetown Initiative, the Paris Pact for the People and the Planet), we want to be bridge-builders and pioneers in more effectively tackling the multiple crises such as poverty, famine, the loss of biodiversity, the climate crisis and global pandemics. We will work to ensure that the multilateral development banks and financial institutions make greater use of their financial strength in order to enable climate investment and mobilise more private funding. The resolutions adopted at the World Bank’s annual meeting in Marrakech in October 2023 were an important step in this direction. We champion direct finance instruments in order to empower indigenous peoples and local communities. We want to find ways of preventing climate-related extreme weather events from leading to over-indebtedness in the worst-affected countries. We are positioning ourselves more coherently across ministries in order to actively engage across all relevant international processes and forums.

## D. Thinking globally – acting strategically and in a differentiated way

We aim to promote progress together with industrialised nations, emerging economies and the major emitters of the future in terms of ambitious mitigation efforts in all sectors as well as a just economic transition (see sections C1, C2, C4). We intend to help developing countries with rapidly rising emissions shift to the expansion of renewable energy instead of fossil fuels and thus achieve developmental leapfrogging. Our partnership models, our development cooperation, and cooperation within the scope of our International Climate Initiative – which provides targeted support for partner countries in relation to ambitious climate measures and policies – and our activities within multilateral forums and institutions such as the Climate Club, the G7 and the G20 and the multilateral development banks are of key significance here. We aim to commit to more binding mitigation measures with the historical major greenhouse gas emitters as well as the major emitters of the future.

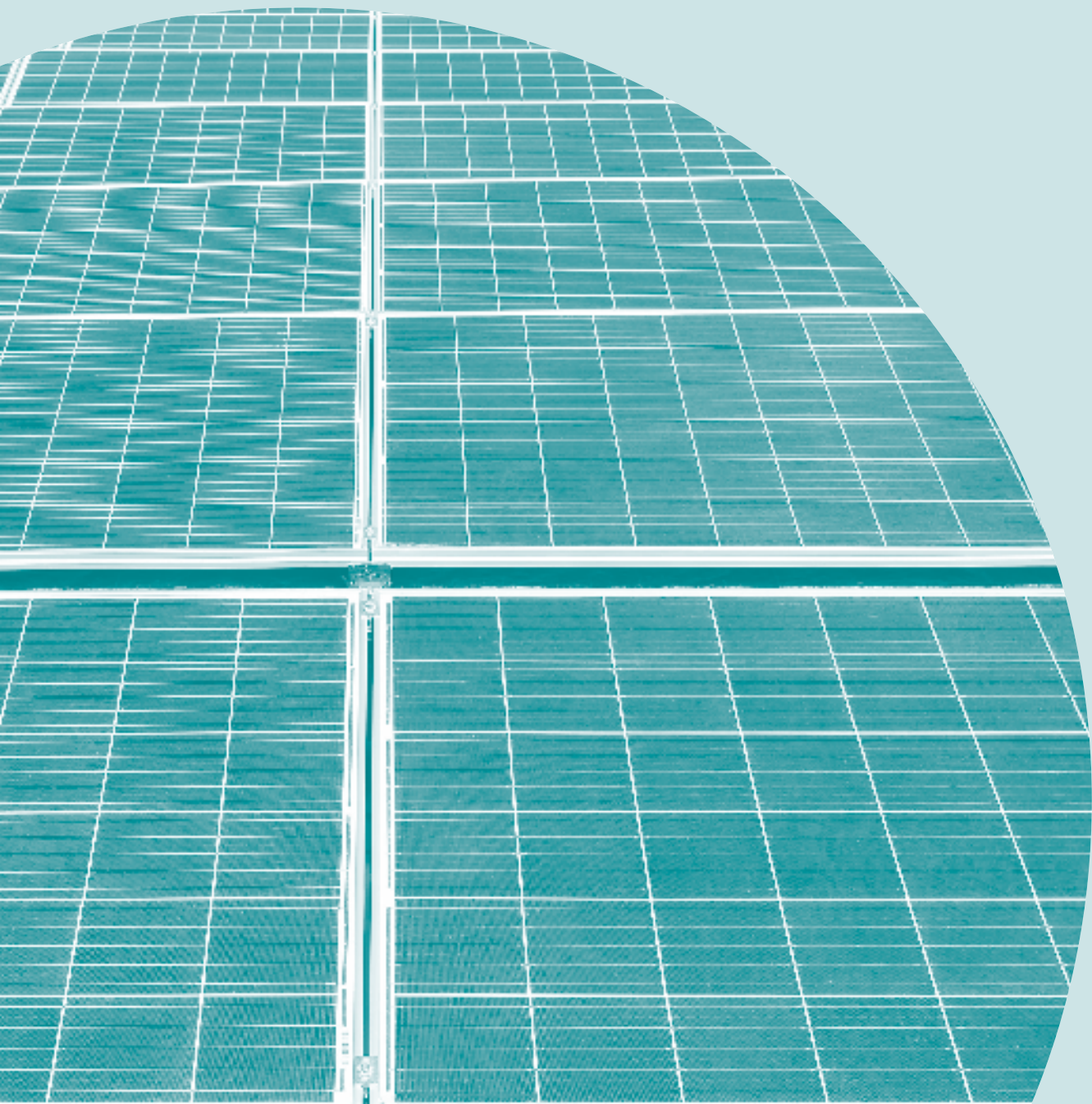




Together with other countries, we can achieve more rapid progress in the fight against the climate crisis, and we can build on innovations which have proven their worth elsewhere in order to make our economy and society fit for a climate-neutral and more just future. We specifically aim to work closely with countries demonstrating a particularly high level of ambition in international debates and in implementing their own just transition towards greenhouse gas neutrality. Via a close alliance with these countries, we aim to forge, strengthen and promote ambition-based alliances such as the Climate Club. We are thus seeking to accelerate the global transition,

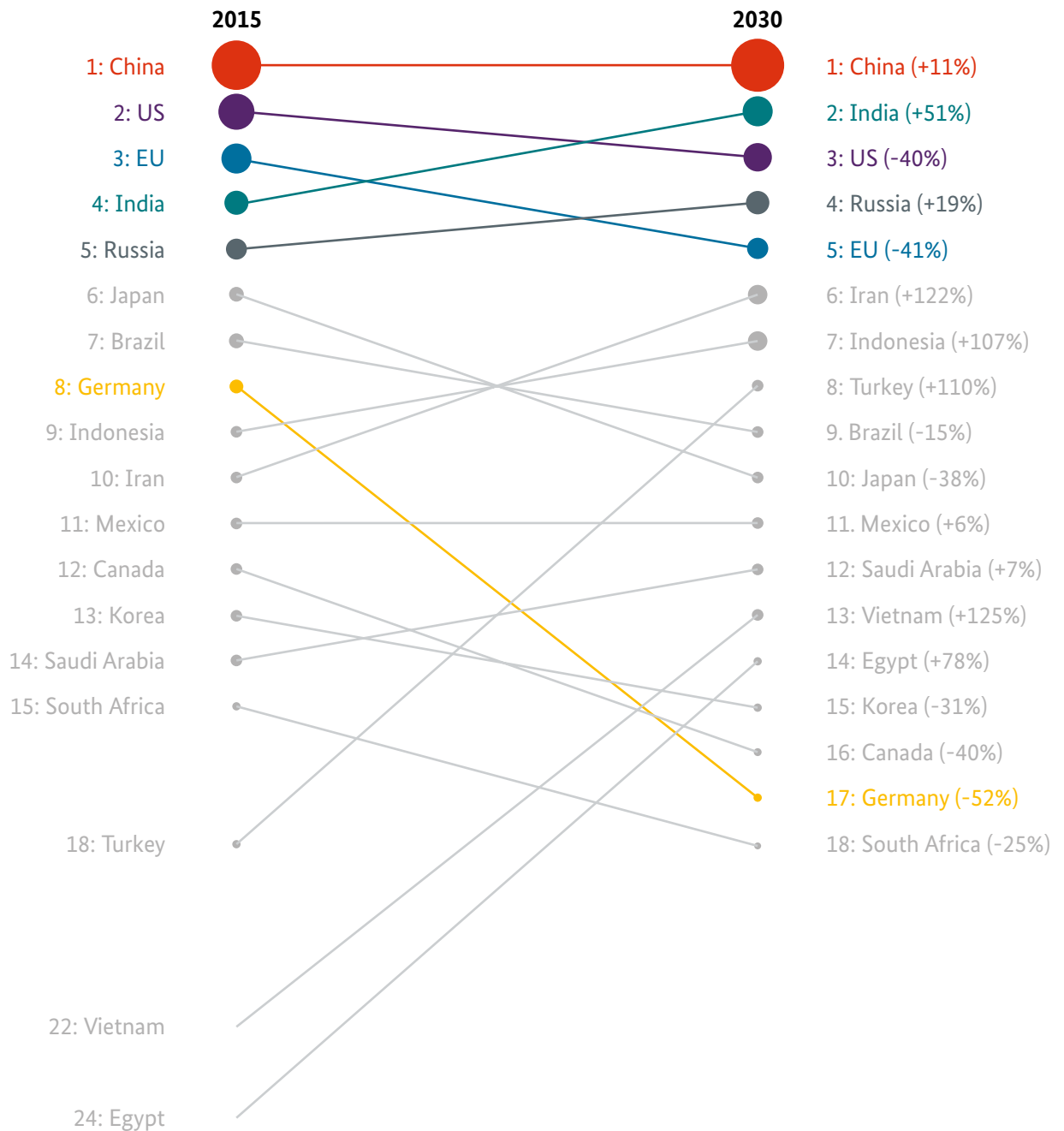
through progressive alliances within the scope of the international climate negotiations, but also through research cooperation, through working closely with the multilateral development banks / international financial institutions and through jointly advocating ambitious climate standards, as well as via sustainable raw materials partnerships and cooperation arrangements relating to green and low-carbon hydrogen.

At the same time, we are aware that climate policy cannot be isolated from geopolitical interests but is also shaped by them.



### Changes in the ranking of the world's largest carbon emitters

Size of points corresponds to absolute emissions,  
Value in brackets represents the relative change from 2015 to 2030



**Source:** Climate Action Tracker (CAT), PRIMAP-hist (provided by the Potsdam Institute for Climate Impact Research (PIK)), NDC | Where data are unavailable in CAT for 2021, data from PRIMAP-hist have been added. The figures for 2030 are based on quantification of the targets from the NDCs. Where countries have specified more than one target in their NDC, the average has been used. The land use sector (LULUCF) has not been included as no data are available.



The above diagram illustrates the expected changes in the ranking of the world's largest carbon emitters in the period from 2015 to 2030: the proportion of global carbon emissions accounted for by the EU and Germany will decrease in this period, while other states' share of carbon emissions will significantly increase.



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**We intend to further expand our climate cooperation – and thereby our climate partnerships – with the following countries and regions in particular:**

1. those which have major greenhouse gas reduction potential and are potential future contributors of international climate finance. In order to still limit global warming to 1.5°C, major emitters in particular must massively and rapidly step up climate action efforts.
  2. those where climate justice and the SDGs – in line with the “leave no one behind” principle – entreat us to support peoples and communities historically least responsible for climate change and worst affected by its impacts.
  3. those where our cooperation can have multiplier effects across the breadth of our bilateral relationships. One such example is our increased commitment in the Pacific region, where our new diplomatic mission in Fiji with its Special Envoy for the Pacific Island States will support regional engagement and more joined-up German climate capacities and projects in this region. We also intend to provide particular support for regions whose transition is of outstanding strategic interest to Germany and the EU.
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No country on Earth will escape the effects of climate change. However, it is precisely the countries least responsible for climate change which have the least capacity to deal with the devastating consequences. For least developed countries (LDCs) and countries especially vulnerable to climate impacts – such as the small island states in particular – reconciling economic development, resilience, sustainability, equality and social justice is the key challenge. In future, we will therefore work to consistently strengthen synergies between climate action and adaptation, humanitarian assistance, climate risk management and development cooperation (see also sections C2, C4, C5 and C6).

### **Ambitious and more coherent partnerships**

Over the next few years, we will establish a more coherent, denser and stronger network of partners. The implementation of our climate foreign policy is tailored to the needs and priorities of our partner countries: that is why there is simply no one model for our climate partnerships. What they all have in common is the goal of working together to step up efforts to achieve the Paris climate targets and the Sustainable Development Goals of the 2030 Agenda. We take our partners’ needs, interests and potential into account as much as our own interests and needs. We also intend to work together with states which do not fully share our principles or goals, in a focused and issue-based manner. The climate foreign policy activities of third countries and specific geopolitical conditions are also taken into account.

We adapt our climate partnerships to the circumstances in our partner countries and to their needs, in order to more rapidly achieve results in all fields of activity and work together to champion ambitious outcomes in international climate negotiations. In

particular, we intend to enter into climate partnerships with countries that can contribute to emissions reductions on a large scale and are prepared to accelerate the transition to climate neutrality in accordance with the 1.5°C target. Via tailored offers (bilateral or multiple-contributor partnerships, e.g. on the basis of the Just Energy Transition Partnerships (JETPs) model), we aim to provide ambitious countries with more targeted support for the transition processes beyond the project level. JETPs are beacons of international climate, energy and development cooperation, with a high level of ambition and international (financial and technological) support. They are dedicated to the goals of a just energy transition and follow the principle of not promoting fossil fuels and of accelerating the decarbonisation of the energy sector.

At the same time, we support smaller states which are particularly exposed to the effects of climate change, in particular in strengthening their resilience, including within the scope of existing partnership models (see Annex 1) – from development partnerships to raw materials partnerships – in which climate is playing an increasingly important role. We will make targeted use of our interministerial foreign-policy partnership formats such as binational commissions and strategic partnerships with intergovernmental consultations to centrally anchor climate action cooperation as a cross-cutting priority and strengthen interlinkages with other geopolitically important and strategic issues.

Moving forward, we want to ensure greater transparency with regard to the criteria for and modalities of partnerships, for our partners at governmental level, but also for other important stakeholders such as the private sector and civil society. Significantly improved coherence across our international engagement will be key. Alongside active and coherent external communication on all partnerships, this also includes a strong role for our diplomatic missions as a point of contact in partner countries.

As well as our bilateral partnerships, we are committed to plurilateral cooperation formats involving the EU or other partner countries (e.g. other contributor countries) with which we support progress in areas including the energy transition in third countries (e.g. JETPs, see box) and the protection of forests (e.g. within the scope of partnerships as part of the Forest and Climate Leaders' Partnership – see section C4).

As a complement to our bilateral partnerships, we intend to strengthen broader regional approaches and cooperation with regional institutions (e.g. with the OSCE, ASEAN, the Pacific Islands Forum, ECOWAS, CARICOM) in order to support regional cooperation and regional capacity-building. In terms of both energy and security policy, we have a particular strategic interest in advancing climate transitions in the countries of the Eastern Partnership, the Western Balkans, the Eastern Mediterranean and the MENA region. This is because of the connections with our own energy systems – as well as the aim to support accession candidates in the EU's neighbourhood in converging with Europe's climate neutrality pathway.

We are working towards improving access to lower-cost financing options via regional and multilateral development and investment banks (see section C6). At the same time, we aim to more strongly align instruments such as Global Gateway and the G7 Partnership for Global Infrastructure and Investment with climate action, in order to make sustainable (energy) infrastructure a reality.

At the end of 2024, we intend to evaluate the results of our bilateral partnerships and further develop our partnerships concept on this basis. We are seeking even greater strategic alignment of these partnerships in the context of our bilateral relations and to coordinate the ongoing development of our network of partners at the political level. In doing so, we are bearing in mind synergies with partnerships of the EU and its member states. We will therefore pursue this approach with a view to the greatest possible degree of coordination at European level.

Examples: there is no “one-size-fits-all” climate foreign policy

**United States – a key player in the field of green industrial policy**

As the world’s largest economy and second-largest greenhouse gas emitter, the United States plays a key role in international climate policy. Through the Inflation Reduction Act, the United States has launched the largest climate investment programme in its history and sent a clear signal that the markets of the future will be green and sustainable. Under the leadership of the European Commission – also within the framework of this strategy – we intend to work closely with our US partners in order to build upon each other’s strengths, avoid protectionism and jointly contribute to a new era of sustainable and circular production. In 2022, we deepened our bilateral climate cooperation by establishing a climate and energy partnership – with the goal of accelerating efforts to achieve climate neutrality in the United States, in Germany and worldwide. In order to place our climate cooperation on a broad footing, we are also supporting the involvement of stakeholders which play an active role in climate policy beyond national government level (e.g. federal states, the business sector, young people) via the Transatlantic Climate Bridge.

**Small island states – existentially threatened by climate change**

Within the scope of this strategy, the German Government will step up its cooperation with small and climate-vulnerable island states. In addition to adapting to climate change, the small island states also have to deal with unavoidable loss and damage. They are particularly at risk from extreme weather events which are occurring more frequently and with greater intensity. Moreover, rising sea levels are jeopardising access to resources for many, as well as their cultural heritage and, in the long term, their very existence. The German Government is therefore supporting island states through bilateral, multilateral and regional projects, such as reconstruction following extreme weather events that expands renewable energy while taking local conditions and needs into consideration. In doing so, we also intend to support small island states in strengthening their independence and resilience.

**Brazil – a potential Global Player in the climate-neutral economy**

Brazil plays a key role in global climate action as well as the protection of biodiversity and the environment and has the potential to become a global player in the green economy. Due to deforestation and further changes to vegetation in the Amazon biome, there is a risk of passing irreversible tipping points, with potentially massive global consequences for climate and food security. Within the scope of our climate foreign policy, we want to work closely with Brazil as a partner in the global transition to sustainability. Three major topics stand at the forefront of our cooperation on a socially just ecological transformation: the preservation of the Amazon rainforest, the promotion of sustainable agricultural and food systems and the expansion of renewable energy. We are also working to step up regional and multilateral cooperation with Brazil and intend to work together to include local indigenous communities to an even greater extent.



**China – the biggest emitter, but also the largest renewable energy producer**

Without China, it will be impossible to address the climate crisis. China is also the largest producer of renewable energy. The German Government is encouraging China to live up to its global responsibility, since the country's climate and environmental policy decisions affect the entire world. As two strong economies, Germany and China have a responsibility to make significant contributions to climate action globally. Given that China is currently responsible for around 25 to 30% of the world's greenhouse gas emissions, it has a particularly high level of global responsibility. The German Government intends to continue to work with China at the level of joint projects, where this is in both parties' interests and will yield concrete results. Germany is also engaging China on more ambitious targets to reduce greenhouse gases. Germany's climate-related engagement with China is, however, increasingly shaped by competition over green and sustainable markets and resources. As part of our climate foreign policy – embedded in the broader context of Germany's Strategy on China and the EU's China policy – we intend to pursue an even more active dialogue with China. A climate and transformation dialogue has been agreed for this purpose. The German Government will also call for increased contributions to multilateral climate finance and fair competition in the area of climate-friendly technologies.

**Indonesia – jointly accelerating a just energy transition**

Indonesia – the world's third-largest democracy – is already among the major emitters in the Global South and its energy demand is set to increase even further in future. Currently, more than half of its electricity demand is met using coal. Without an accelerated energy transition in countries such as Indonesia, we will be unable to achieve the Paris climate targets. In 2022, we therefore utilised the momentum of the coinciding Indonesian G20 Presidency and German G7 Presidency to agree on a multi-contributor partnership for a just energy transition (Just Energy Transition Partnership (JETP), see box above) with Indonesia and other G7 partners as well as Norway and Denmark. Within the scope of this partnership, among other goals Indonesia has committed to achieving net zero emissions in its electricity sector by 2050 – ten years earlier than without this JETP – and to achieving at least 34% renewables in its electricity mix by 2030. That means roughly doubling its expansion of renewables in the present decade compared to its previous plans. In return, the contributors have committed to mobilise 20 billion US dollars to support the attainment of these goals, of which 10 billion US dollars will be from the private sector. Indonesia is currently preparing a Comprehensive Investment and Policy Plan (CIPP) for its accelerated energy transition. This will spell out concrete activities for the next 3-5 years.

**Kenya – Africa's renewable energy champion**

One goal of our climate foreign policy is to accelerate the progress of the global energy transition and to help partners expand renewable energy and overcome energy poverty. One example of this is our cooperation with Kenya, the country emerging as Africa's renewable energy champion. Most of its electricity is already produced using renewable energy (> 90%), with a goal of reaching 100% by 2030. At the same time, in 2021 a quarter of the population lacked access to electricity, and the impacts of climate change are already being felt – as they are in many countries on the African continent. Together with Kenya, we can demonstrate that climate action and adaptation and sustainable development positively reinforce one another. We recently further deepened our long-standing cooperation by entering into a climate and development partnership focusing on renewable energy, sustainable hydrogen and adaptation in the agricultural sector. Moreover, Kenya is playing an increasingly active role in international climate negotiations and was the first African country to join the Climate Club. We intend to support Kenya to continue to lead the way in climate policy on the African continent.





## E. A participative climate foreign policy

Germany's climate foreign policy is participative. We are therefore systematically expanding opportunities for the whole of society to be involved in our climate foreign policy. It is part of our fundamental understanding of climate foreign policy that it thrives on the active participation and pooled knowledge of everyone: civil society, business, unions, academia, culture, women, young people, indigenous peoples and marginalised groups. Subnational structures such as cities and municipalities likewise play a role in the effectiveness of our climate foreign policy. Moreover, the German Government engages in regular dialogue with the German Bundestag on climate foreign policy issues. Transition processes designed to halve emissions by 2030 and strengthen climate resilience within this decade will only succeed with firm societal support. The German Government is committed to supporting the active and equal participation of all interested groups.



- We pursue close dialogue with civil society and enable the integration of civil-society dialogues in all of our partnership models.
- We actively seek dialogue with businesses, trade unions and stakeholder associations in order to reconcile transition processes with fair international competition and position Germany as a partner for ambitious climate action and the decarbonisation of industry. As bodies representing the interests of employees, trade unions are key actors in shaping just transitions. Within the scope of foreign trade promotion and climate diplomacy, we help German businesses to secure opportunities for climate-friendly technologies and markets in other countries.
- We also engage in regular dialogue with scientists, in order to ensure that our climate foreign policy approaches are based on the best available science. We work closely with the scientific community on projects such as the quantitative analysis of climate-conflict risks.
- All of Germany's Core Climate Embassies regularly provide platforms for dialogue with national and international experts, including via a "climate talks" format which has been newly established at our missions.
- Via the instruments of science diplomacy – such as scholarships, university cooperation arrangements and research centres – we enable researchers, teachers and students to make significant contributions to research into climate change (and its impacts) as well as solutions to address climate change.
- We continue to expressly support the ambitious implementation of the Gender Action Plan within the scope of the United Nations Framework Convention on Climate Change as well as gender-responsive climate finance. We implement our projects and initiatives in a gender-responsive and, where possible, gender-transformative manner. We supplement the gender strategy of the International Climate Initiative with a gender action plan. The just transition will also be a core aspect of the development action plan on gender equality which was due to be published in late 2023: with concrete measures empowering girls, women and marginalised groups as actors in the transition.
- We reach around 2000 schools worldwide via our network of partner schools. More than 15 million people are learning German through our networks. That also enables them to develop an understanding of issues of importance to Germany. This is an ideal way of gaining partners for a climate foreign policy with a social impact.
- As a member of UNESCO's Greening Education Partnership (GEP), we support the worldwide inclusion of climate education in teacher training.



- Via our Goethe-Institut and cultural activities, we involve people from every part of different societies in climate foreign policy. We use both of these instruments to establish spaces which promote mutual understanding of perspectives on climate change and its impacts. We are thus able to develop far-reaching social partnerships on the climate issue.
  - We continue to consistently call for access for observer groups (NGOs, the scientific community, the business sector, representatives of young people, women and girls, indigenous peoples etc.) at the UN and in multilateral formats.
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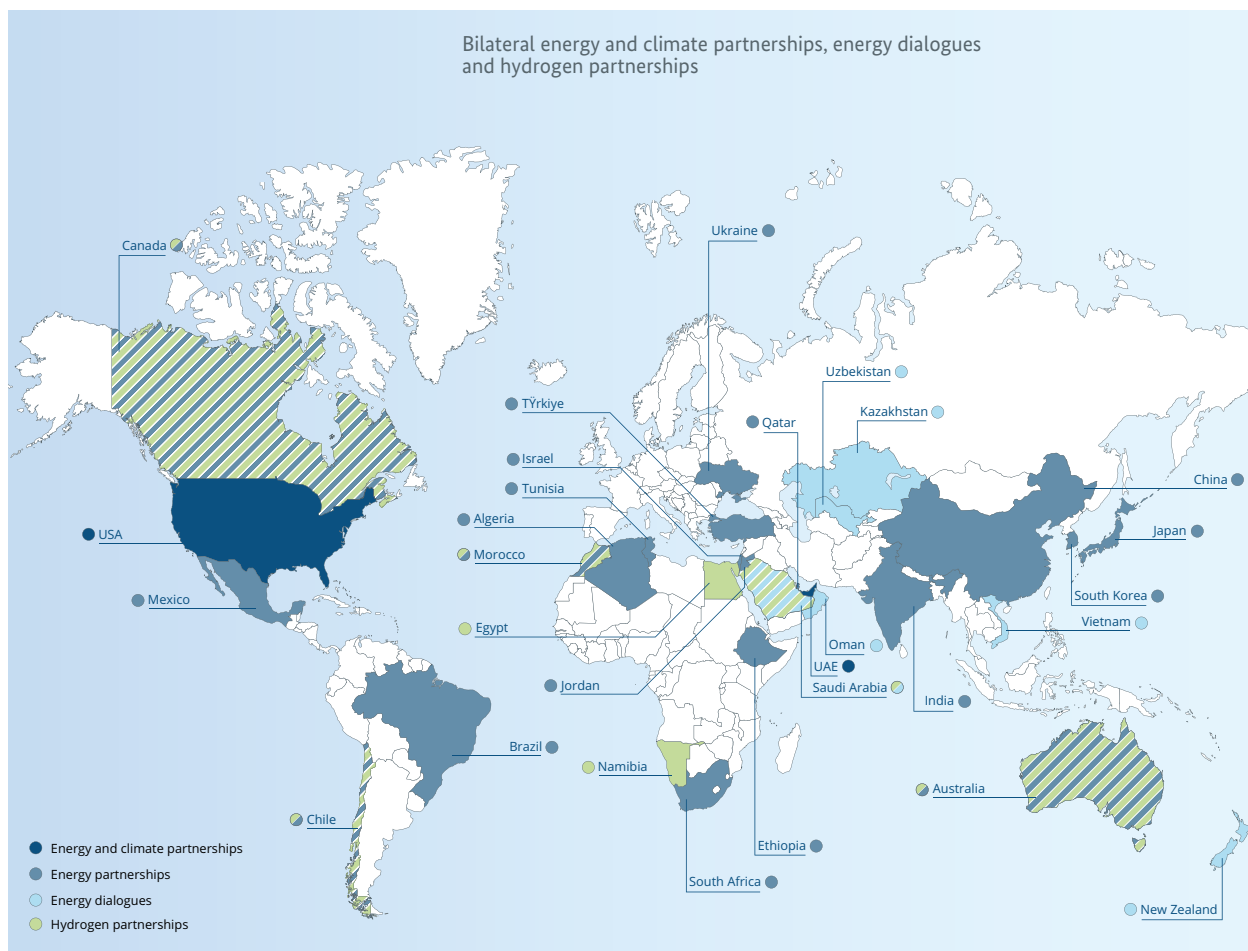


## Annex 1: Overview of current partnership approaches

### Climate and energy partnerships and dialogues, hydrogen partnerships

With more than 30 partner countries, Germany's bilateral energy and climate partnerships and dialogues – the latter being the precursor to a partnership – have served as key instruments of the German Government's climate and energy foreign policy for many years now. These partnerships enable a structured energy and climate policy dialogue at intergovernmental level with countries which are seeking to transform their energy systems. They also provide momentum for economic cooperation and innovation, on the path to a global energy transition.

Germany is also cooperating through hydrogen partnerships (partly as a component of existing energy and climate partnerships) with a growing number of countries in order to accelerate the production and market ramp-up of green and low-carbon hydrogen.



Source: 2022 annual report on energy and climate partnerships, German Federal Ministry for Economic Affairs and Climate Action

Orientation: Bilateral

Relevant for: Developing countries, emerging markets and industrialised nations which are seeking to pursue a process of transition for their energy systems.

Focus: Energy sector

Objective: In-depth energy policy dialogue at intergovernmental level (e.g. regarding grid and system rules, electricity market design, hydrogen strategies); drafting of joint and country-specific solutions.

Instruments: Working groups, workshops, high-level steering group meetings, bilateral discussions, delegation trips, high-profile events, market studies, pilot projects.

Example: Germany's bilateral energy partnership with Ukraine – includes promotion of the sustainable and climate-friendly transformation of the country's energy sector in connection with reconstruction; example: energy dialogues in Central Asia – advising states where fossil fuels are predominant (such as Kazakhstan and Uzbekistan) on the energy transition.

## Climate and development partnerships

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Bilateral climate and development partnerships are intended to provide increased support for developing countries and emerging economies seeking to become more ambitious about achieving the Paris climate targets, while also making progress with their implementation of the 2030 Agenda's Sustainable Development Goals. Bilateral climate partnerships combine sectoral and reform policy dialogue with approaches aimed at promoting development policy such as advisory services, investment and budget finance. Their bilateral character means that they are significantly smaller than the plurilateral JETPs (see below). They also do not focus on the energy sector. Instead, they cover climate action and adaptation in various sectors and combine these with the 2030 Agenda. In the past two years, Germany has entered into partnerships with Pakistan, Serbia, Rwanda, India, Peru, Kenya and Colombia as well as a regional partnership with the Western Balkans; further partnerships are in preparation, including with Morocco and Côte d'Ivoire.

Orientation: Bilateral

Relevant for: Developing countries and emerging economies which have stated their commitment to a heightened level of ambition with regard to the Paris climate targets, in accordance with the 2030 Agenda.

Focus: Climate action and adaptation in various sectors (e.g. energy transition, sustainable infrastructure, urban development, transport, waste management and agriculture, protection of natural sinks such as forests and moors, strengthening resilience, macro-fiscal transformation).

Objective: Support for developing countries and emerging economies in order for them to become more ambitious about achieving the Paris climate targets; involvement of civil society, the scientific community and the private sector as well as various levels of government (local and national).

Instruments: High-level climate and development policy dialogue, increased support in relation to development and climate policy collaboration and cooperation with the business sector, the scientific community and civil society.



## Just Energy Transition Partnerships

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The plurilateral Just Energy Transition Partnerships (JETPs) which we promoted during our G7 Presidency are an innovative form of climate partnership. The idea behind the JETPs is that various contributor countries (G7+) pool their political and financial resources and jointly enter into a dialogue with an ambitious partner country in the Global South – in particular, major emitters seeking to accelerate a just phase-out of coal and their expansion of renewables.

Ambitious partner countries receive an extensive offer of support enabling an accelerated energy transition, while committing to clear and measurable increases in their level of climate policy ambition. JETPs currently exist with South Africa, Indonesia, Viet Nam and Senegal.

Orientation: Plurilateral (multiple contributor countries for one partner country)

Relevant for: Developing countries and emerging economies, in particular major emitters which are committed to accelerating a just energy transition towards 1.5°C.

Focus: Energy transition in the partner country, especially the electricity sector

Objective: Support for a just transformation of the energy sector, with particular consideration of women, young people and marginalised groups, subject to concrete and quantifiable targets on the part of the contributors (financial and technical support) and the partner country (e.g. emissions ceiling for the electricity sector in 2030, renewables share in 2030).

Instruments: International group of partners (high level of coordination among contributors); secretariat as an interface between contributors and the partner country; comprehensive investment and reform plan as well as implementation plan for an accelerated energy transition through which specific implementation projects are identified and supported.

## Forestry partnerships

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Orientation: Bilateral or plurilateral

Relevant for: Tropical-forest countries (developing countries and emerging economies) which are pursuing ambitious goals in order to halt deforestation and restore ecosystems.

Focus: Forestry and land use sectors

Objective: Support for the implementation of country-specific strategies and measures with defined goals in order to preserve forests and transform the land use sector. Coordination of (increased) climate finance in line with ambitious national targets.

Instruments: Increased coordination among contributors via Germany's partnership with Norway, the United Kingdom, active role in shaping the country packages through the Forest and Climate Leaders' Partnership (FCLP), high-level climate and development policy dialogue and cooperation with the business sector, the scientific community and civil society.

Forestry partnerships with Viet Nam and Ecuador are envisaged via the GN2U framework (cooperation in the forestry sector between Germany, Norway, the United Kingdom and the United States). They are still at an early stage, but are being actively pursued.

## Raw materials partnerships

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Orientation: Bilateral or regional

Relevant for: Developing countries, emerging markets and industrialised nations which have raw materials for the energy transition.

Focus: Raw materials for the energy transition, in particular rare earths, lithium.

Objective: Safeguarding a sustainable and long-term supply of raw materials in order to diversify raw materials supply chains.

Instruments: Intergovernmental agreements, joint declarations; in this context, commercial contracts entered into by business enterprises. Besides deepening existing partnerships such as the one with Kazakhstan, the development and expansion of strategic cooperation arrangements (e.g. the Minerals Security Partnership with the United States, Japan, Canada, Australia, France, Finland) is envisaged. In addition, raw materials cooperation arrangements are planned with selected countries in Africa and South America (in particular, Chile).

## Annex 2: G7 communiqué and other reference documents

Hiroshima communiqué of the G7 heads of state and government, May 2023

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“We underline our commitment, in the context of a global effort, to accelerate the phase-out of unabated fossil fuels so as to achieve net zero in energy systems by 2050 at the latest in line with the trajectories required to limit global average temperatures to 1.5 °C above preindustrial levels, and call on others to join us in taking the same action.”

“We also highlight that we ended new direct public support for the international unabated fossil-fuel energy sector in 2022, except in limited circumstances clearly defined by each country consistent with a 1.5 °C warming limit and the goals of the Paris Agreement, recognising the importance of national security and geo-strategic interests. It is necessary to accelerate the phase out of our dependency on Russian energy, including through energy savings and gas demand reduction, in a manner consistent with our Paris commitments, and address the global impact of Russia’s war on energy supplies, gas prices and inflation, and people’s lives, recognising the primary need to accelerate the clean energy transition. In this context, we stress the important role that increased deliveries of LNG can play, and acknowledge that investment in the sector can be appropriate in response to the current crisis and to address potential gas market shortfalls provoked by the crisis. In the exceptional circumstance of accelerating the phase out of our dependency on Russian energy, publicly supported investment in the gas sector can be appropriate as a temporary response, subject to clearly defined national circumstances, if implemented in a manner consistent with our climate objectives without creating lock-in effects, for example by ensuring that projects are integrated into national strategies for the development of low-carbon and renewable hydrogen.”

Elmau communiqué of the G7 heads of state and government, June 2022

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“Recognising the importance of national security and geostrategic interests we commit to end new direct public support for the international unabated fossil fuel energy sector by the end of 2022, except in limited circumstances clearly defined by each country consistent with a 1.5°C warming limit and the goals of the Paris Agreement. In this context and with a view to accelerating the phase out of our dependency on Russian energy, we stress the important role increased deliveries of LNG can play, and acknowledge that investment in this sector is necessary in response to the current crisis. In these exceptional circumstances, publicly supported investment in the gas sector can be appropriate as a temporary response, subject to clearly defined national circumstances, and if implemented in a manner consistent with our climate objectives and without creating lock-in effects, for example by ensuring that projects are integrated into national strategies for the development of low-carbon and renewable hydrogen.”

Resolution adopted by Germany’s coalition committee (CC) on the protective shield on 29 September 2022

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The CC’s resolution on the protective shield of 29 September 2022 includes the statement that “in accordance with the obligations under the Paris Climate Agreement, we will work with countries which have the opportunity to develop new gas fields in order to replace Russian gas deliveries now no longer available with a new supply of LNG.”

## COP26 statement on “Public Support for the Clean Energy Transition”

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“Our joint action is necessary to ensure the world is on an ambitious, clearly defined pathway towards net zero emissions, that is consistent with the 1.5°C warming limit and goals of the Paris Agreement, as well as the best available science and technology. These measures will help stimulate sustainable, resilient and inclusive economic development globally, and support a just transition for affected communities:

1. We will prioritise our support fully towards the clean energy transition, using our resources to enhance what can be delivered by the private sector. This support should strive to “do no significant harm” to the goals of the Paris Agreement, local communities and local environments.
2. Further, we will end new direct public support for the international unabated fossil fuel energy sector within one year of signing this statement\*, except in limited and clearly defined circumstances that are consistent with a 1.5°C warming limit and the goals of the Paris Agreement.
3. We will encourage further governments, their official export credit agencies and public finance institutions to implement similar commitments into COP27 and beyond. This includes driving multilateral negotiations in international bodies, in particular in the OECD, to review, update and strengthen their governance frameworks to align with the Paris Agreement goals. For government signatories, this will also guide our approach on the boards of multilateral development banks.

In committing to the above, we furthermore recognise:

1. the findings of the Intergovernmental Panel on Climate Change (IPCC) and IEA net-zero analysis show that in the pathways consistent with a 1.5°C warming limit and the goals of the Paris Agreement, the global production and use of unabated fossil fuels must decrease significantly by 2030;
2. that the accelerated alignment of international public and private sector financial flows is critical to driving energy transitions, energy access and supporting the development of both emerging and existing clean technologies, improving livelihoods and employment prospects worldwide;
3. the progress, driven in part by enabling public finance investments, in reducing the costs of clean energy alternatives such as solar and wind power to become cheaper than unabated fossil fuels in almost every region of the world, revolutionising and transforming energy options and access;
4. that investing in unabated fossil-related energy projects increasingly entails both social and economic risks, especially through the form of stranded assets, and has ensuing negative impacts on government revenue, local employment, taxpayers, utility ratepayers and public health;
5. the devastating impacts of the COVID-19 pandemic and the need to recover better and greener for a sustainable economic recovery that saves lives and improves livelihoods.”



Upon signing the statement, Germany submitted the following side letter:

“Germany supports the ambition of aligning international public support with the goals of the Paris Agreement. It is key to accelerate the support for renewable energy and energy efficiency measures and solutions, while phasing out direct public support for fossil fuels and supporting the transition. At the same time, fossil fuel projects will still be needed to enable the transition to climate neutrality, while simultaneously avoiding lock-ins is indispensable. Thus, targeted support should be possible during the transition period. For Germany, this specifically concerns natural gas and the gradual transition towards the production and use of clean hydrogen. Germany underlines that any of those projects have to be in line with global and national pathways towards climate neutrality. Therefore, Germany intends to introduce clearly defined conditions for bilateral and multilateral public support. To this end, Germany is committed to advance the discussions around Paris-aligned export credits and insurance within the EU, partners in the E3F Coalition and others.”

## Annex 3: Glossary

AEGEI	Africa-Europe Green Energy Initiative
ASEAN	Association of Southeast Asian Nations
ATACH	Alliance for Transformative Action on Climate and Health
BBNJ	Biodiversity Beyond National Jurisdiction
CAF	Capital Adequacy Frameworks
CARICOM	Caribbean Community and Common Market
CBAM	Carbon Border Adjustment Mechanism
CBD	Convention on Biological Diversity
CC	Coalition committee
CCASCOE	Climate Change and Security Centre of Excellence
CCS	Carbon capture and storage
CCU	Carbon capture and utilisation
CEM	Clean Energy Ministerial
CIPP	Comprehensive Investment and Policy Plan
CMS	Carbon management strategy
CPF	Collaborative Partnership on Forests
CSDP	Common Security and Defence Policy
C-SET	Coalition for Addressing Sea-level Rise & its Existential Threats
CSM	Climate Security Mechanism
DAS	German Strategy for Adaptation to Climate Change
DEG	German Investment and Development Company
DESA	Department of Economic and Social Affairs
E3F	Export Finance for Future
ECOWAS	Economic Community of West African States
ENACT	Enhancing Nature-based Solutions for an Accelerated Climate Transformation
ERA	European Research Area
FAO	Food and Agriculture Organization of the United Nations
FCLP	Forest and Climate Leaders' Partnership
G20	Group of 20
G7	Group of 7
GBF	Kunming-Montreal Global Biodiversity Framework
GCF	Green Climate Fund
GEF	Global Environment Facility
GEP	Greening Education Partnership
GN2U	Cooperation in the forestry sector between Germany, Norway, the United Kingdom and the USA
GW	Gigawatt
HAC	High Ambition Coalition for Nature and People
HDP	Humanitarian assistance/development cooperation/peace promotion
ICAO	International Civil Aviation Organization
ICJ	International Court of Justice
IEA	International Energy Agency

IFCMA	Inclusive Forum on Carbon Mitigation Approaches
IFIs	International financial institutions
IGAD	Intergovernmental Authority on Development
IKI	International Climate Initiative
ILC	International Law Commission
IMF	International Monetary Fund
IMO	International Maritime Organization
IPBES	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services
IPCC	Intergovernmental Panel on Climate Change
IRENA	International Renewable Energy Agency
ISSB	International Sustainability Standards Board
ITLOS	International Tribunal for the Law of the Sea
IUCN	International Union for Conservation of Nature
JETP	Just Energy Transition Partnership
KfW	Kreditanstalt für Wiederaufbau bank
KSpG	Carbon Dioxide Storage Law
LDCF	Least Developed Countries Fund
LDC	Least Developed Country
LIFE	Lifestyle for Environment
LTNES	Long-term negative emissions strategy
LNG	Liquefied natural gas
MI	Mission Innovation
NAP	National Adaptation Plan
NATO	North Atlantic Treaty Organization
NbS	Nature-based Solutions
NBSAPs	National Biodiversity Strategies and Action Plans
NCQG	New Collective Quantified Goal
NDC	Nationally Determined Contribution
NGFS	Network for Greening the Financial System
OECD	Organisation for Economic Co-operation and Development
PtL	Power-to-Liquid
PtX	Power-to-X
SASSCAL	Southern African Science Service Centre for Climate Change and Adaptive Land Management
SDG	Sustainable Development Goal
SIDS	Small Island Developing States
SRIA	Strategic Research and Innovation Agenda
SRM	Solar Radiation Management
TW	Terawatt
UN	United Nations
UNCCD	United Nations Convention to Combat Desertification
UNCLOS	United Nations Convention on the Law of the Sea
UNEA	United Nations Environment Assembly
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFF	United Nations Forum on Forests

V20	Vulnerable Twenty Group
WASCAL	West African Science Service Centre on Climate Change and Adapted Land Use
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization

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