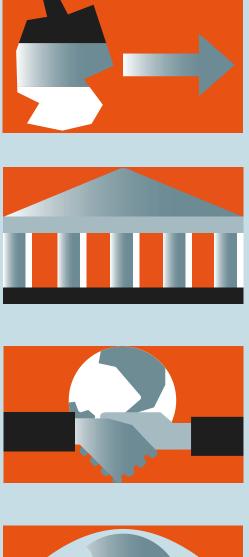
## Climate Audit of German Foreign Policy

Assessing the alignment of German international engagement with the objectives of the European Green Deal and the Paris Agreement







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## Climate Audit of German Foreign Diplomacy

### Assessing the alignment of German international engagement with the objectives of the European Green Deal and the Paris Agreement

### Authors

Lukas Kahlen Aki Kachi Marie-Jeanne Kurdziel Frauke Röser Niklas Höhne Imogen Outlaw Julie Emmrich

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### Design

Polina Korneeva

### Editing

Amandeep Gill-Lang

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## Summary

As we rapidly advance into this critical decade for climate action, international cooperation is essential to reaching the Paris Agreement's objectives. Germany's wealth, and know-how, along with its historical emissions means that it has the ability as well as the responsibility to help other countries with their green transition. Climate action must become the cornerstone of all countries' foreign policy.

Germany has not always lived up to its potential in this regard. In the past, Germany has failed to speak with one voice and punched well below its weight in terms of driving and supporting international climate action. The "traffic light" government that came to power at the end of 2021 set out to realign Germany's approach to climate diplomacy, make it a priority, and to mainstream climate a crosscutting theme across all government domestic -and international - work.

Approximately one year after taking power, early reform ambitions have now run into a variety of challenges, notably the energy crisis provoked by the Russian invasion of the Ukraine. Despite the setbacks, it is important that the "traffic light" government does not lose sight of the vision laid out in its coalition agreement. Further reforms are urgently necessary to ensure that Germany makes the most of all the options at its disposal to implement a coherent, consistent, and effective foreign climate policy. Much still remains in order to mainstream the vision into all relevant domestic and international government communication and diplomacy channels.

Four key elements are important for ambitious climate diplomacy:

- A clear overall **common vision** aligned with the Paris Agreement to provide the broad brushstrokes of the government's agenda and guide policymaking;
- Strong governance with clear institutional mandates, and coordination structures;
- Impactful international engagement with international partners and multilateral processes; and
- Ambitious efforts at home in order to **lead by** example.

Taking these elements into consideration, the current government has made a promising start in some respects and has announced plans for specific reforms that still need to be implemented. Still in others, there continues to be a large potential for improvement <u>(see ES Table 1)</u>.

The "traffic light" government's coalition agreement lays out a strong common vision. This represents a notable improvement from previous German governments, although the vision still needs to be translated into everyday domestic and international government activities and communication.

A number of the government's planned improvements are still pending. The re-shuffling of policy area responsibilities among ministries and the creation of a "Team Deutschland" coordination group between four key ministries has the potential to highlight the importance of climate diplomacy, although it remains to be seen whether these can influence the actions of the entire federal government. Notably, the government still needs clearer procedures to overcome instances of disagreements between ministries. Given the number of different German initiatives and partnerships with countries abroad (see ES Figure 1), a strong coordination role for "climate embassies" on the ground in partner country capitals is an important next step. The planned development of the government's foreign climate policy strategy and integrating climate in other forthcoming strategies will be fundamental to implementing the vision and make climate as a crucial cross-cutting issue affecting all ministries' work.

### ES Figure 1 Geographical focus of German ministries



Other key areas for improvement are not yet clearly on the government's agenda. Shifted ministerial responsibilities have not been fully reflected in their budget resources leading to potential un- or under-funded mandates. A growing number of climate, energy, sustainability and environment related review and advisory bodies primarily focus on domestic policy areas has given rise to a great deal of overlap. Along with streamlining and strengthening these bodies, expanding their mandate to include the international dimensions of German climate policy would be an important step to enhance transparency and improve their role as a control mechanism. Despite previous pledges, and a comparatively good track record internationally, international climate finance mobilisation has stagnated instead of growing to meet the needs or what many consider to be a fair share. Work still needs to be done to align all international public finance including export credits and development finance with the Paris Agreement. While the government is generally open to dialogue and exchange with academia and civil society, it lacks structures for formal consultations and dialogue, especially on issues related to foreign climate policy.

To strengthen international credibility and maximise climate diplomacy soft power, it is also essential to implement ambitious climate action "at home". Here, the current government's is sending mixed signals. While there is clear progress with regard to announcements of new measures to expand renewable energy; a dash for gas, including potentially oversized import infrastructure and a clear lack of ambition to meet climate targets in the transport sector undermine Germany's potential to serve as a role model for others.

### ES Table 1 Summary of trend analysis





### Common vision

Characteristic Tren	d analysis
Formulated and signed off at highest political level	/
Reflects magnitude of the challensge in both ambition and scale	/
Clear and un ambiguous communication	



### Strong governance

Clear roles and responsibilities	THEFT
Ambitious foreign climate policy strategy	trut
Sufficient resources	<b>→</b>
Independent review and feedback mechanism	$\rightarrow$
Multi-stakeholder dialogue	$\rightarrow$
Clear and transparent communication	
Impactful international engagement	







### Leading by example

Ambitious domestic climate targets	-
Effective policies to reach targets	<b>↓</b> ↑*
Compliance with international climate norms	-
Communicating domestic climate action	<b>→</b>

### **Key recommendations**

Based on the analysis carried out within the scope of this report, the following key recommendations could help reshape German climate diplomacy and live up to its high potential:

**Coherence and consistency among government agencies** is a basic prerequisite for effective and efficient foreign climate policy. This will require reforms and new structures at different levels from the ruling political parties agreeing on a unified and coordinated approach to realising the vision laid out in their coalition agreement, as well as mainstreaming the ambitious vision throughout domestic and foreign policy and government communication. The coalition should ensure that the federal government's international commitments and pledges, such as contributing to international climate finance or phasing out international support for fossil fuels, are met. Also, a clear decision-making and resolution procedure should be established for cases of conflict between ministries.

 Depending on sector – Regression (transport) and improvements implemented (energy) The development of a foreign climate policy strategy for the entire German Federal Government is a critical opportunity to further solidify the overall vision. In order to anchor climate change in German foreign policy, the strategy should be holistic and, in notably include the climate dimensions of security, economy, development and finance policy into consideration. The strategy should include concrete goals, timelines and measures that the ministries want to achieve together in important international institutions or processes, in foreign economic policy and in bilateral relations with other states. The achievement of targets should be regularly monitored by independent institutions and the government should be held accountable for reaching targets. The strategy should be developed in an inclusive and participatory process involving all relevant ministries, civil society, academia, the private sector and European and international partners, debated in the Bundestag and adopted by the Federal Cabinet. This can help establish structures to outlast the current legislative period.

In order to increase the credibility of self-imposed goals and measures and to make their compliance binding for future governments and decision-makers, it is important to **enable and promote third-party scrutiny and enforcement.** Measures that can contribute to this include reviewing the mandates of the growing number of government consultative and review bodies to include international German activities and merge or streamline them. New regular, formalised dialogue forums on foreign climate policy can be established to enable exchange between different German ministries, authorities, and civil society.

**Effective and transparent communication** on, for example, the government's vision, objectives, actions, and interests in the field of foreign climate policy is vital for both national and international audiences. To improve communication, the need for a foreign policy focused on mobilising international efforts to limit global warming to 1.5°C and build climate resilience should be made even clearer. Germany's national interest in engaging in its diplomatic efforts should be clearly defined and transparently communicated.

It is crucial to **institutionalise climate in foreign policy** by establishing and embedding regular coordination and consultative structures in government in such a way that they endure and are not reversed after a change in government. One such method would be to build on the recently established "Team Deutschland", whereby communication and coordination with other relevant ministries should be improved. A climate cabinet that includes foreign policy dimensions in addition to domestic climate policy could also play an important role here. Turning all German foreign diplomatic missions into climate embassies can help coordinate work on the ground and break down silos between different ministries initiatives. The government should also ensure that resources match (reallocated or planned) responsibilities within ministries and enable institutions to fulfil their mandates.

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## **Abbreviations**

AA	Foreign Office
AGE	German Working Group on Emissions Trading
BMBF	Federal Ministry for Education and Research
BMDV	Federal Ministry of Transport and Digital Infrastructure
BMU	Federal Ministry of Environment
BMUV	Federal Ministry for Environment and Consumer Protection
BMWK	Federal Ministry for Economic Affairs and Climate Action
BMZ	Federal Ministry for Economic Cooperation and Development
CAI	Climate Action Implementation
CAS	Climate Action Strategy
CAT	Climate Energy Tracker
CCC	Climate Change Committee
COP	Conference of Parties
CO2	Carbon Dioxide
CSO	Civil Society Organization
DEG	Green Investment and Development Company
DGAP	German Council of Foreign Relations
E3F	Export Finance for the Future
ECA	Export Credit Agency
ERK	Council of Experts on Climate Change
EU	European Union
FCDO	Foreign, Commonwealth, and Development Office
G7	Group of Seven
GIZ	German Agency for International Cooperation
GNI	Gross National Income
	Independent Commission for Aid and Impact
	International Climate Change Network
IDC	International Development Committee
IEA IFRS	International Energy Agency
IFRS	International Financial Reporting Standards International Climate Initiative
IPLC	Indigenous Peoples and Local Communities
IR	Integrated Review
ISSB	International Sustainability Standards Board
JET-P	Just Energy Transition Partnership
KfW	Reconstruction Credit Institute
L&D	Loss and Damage
LNG	Liquified natural gas
MDB	Multilateral Development Bank
NDC	Nationally Determined Contributions
NGO	Non-governmental Organization
NSC	National Security Council
NSIG	National Strategy Implementation Group
ODA	Official Development Assistance
PV	Photovoltaics
RNE	German Council for Sustainable Development
SDGs	Sustainable Development Goals
SEAD	Super-Efficient Equipment and Appliance Deployment
SMART	Specific Measurable Achievable Realistic Timely
SRU	Advisory Council on the Environment
SWP	Initiative for International and Security Affairs
UBA	Federal Environment Agency
UNFCCC	United Nations Framework Convention on Climate Change
V20	Vulnerable Twenty Group

# >>>> 1

## Introduction

Germany's potential in terms of wealth, technology, and know-how, along with its historical emissions means that it has the ability as well as the responsibility to help galvanize increased global ambition and mobilise partners towards a green transition. This calls for not only planning, implementing, and communicating decarbonisation "at home" but also by engaging with other countries and international actors to support them in increasing their climate ambition.

In the past, this potential has often not been realised. In many cases, Germany has failed to speak with one voice and punched well below its weight in terms of driving and supporting international climate action. The "traffic light" government that came to power at the end of 2021 set out to realign Germany's approach to climate diplomacy,<sup>1</sup> promising to make it a priority and a crosscutting theme across all government work. At the beginning of the legislative period, the new government redistributed climate portfolios among ministries and established new structures to improve coordination, including "Team Deutschland", a coordination approach among the main ministries related to international climate policy.

Early reform ambitions have however now run into a variety of challenges, notably the national and international response to the energy crisis provoked by the Russian invasion of the Ukraine. Political differences on how to address the energy crisis and increasing energy prices dominate the political debate while what are perceived to be medium- and longer-term climate objectives have been put into question with both domestic and international implications. Despite the geopolitical crisis on Europe's doorstep, the world is fast progressing into the critical decade where global emissions must be rapidly cut in half in order to reach the overall Paris temperature goals.

This report draws on academic and grey literature, government documents, extensive interviews and an in-person workshop bringing various civil servants and stakeholders together. It describes key elements that constitute a coherent, consistent and ambitious foreign climate policy (Chapter 2), assesses the German government's climate relevant foreign policy (Chapter 3) and gives recommendations on how German foreign relations and finance can better align with the objectives of the European Green Deal and the Paris Agreement and thereby leverage German diplomacy to increase climate ambition globally and in partner countries (Chapter 4).

The terms climate diplomacy and foreign climate policy are used synonymously in this report and, in our understanding, refer to the pursuit of climate policy goals at the international level and in relations with other states by all government agencies and ministries involved and encompasses all levels of action such as international negotiations multilateral initiatives as well as bilateral relations.

#### Climate Audit of German Foreign Policy

# } 2

## A blueprint for a Paris aligned foreign climate policy

Developing a coherent, consistent, and effective foreign climate policy is a multifaceted challenge involving many stakeholders. Although every country needs to come up with its own foreign climate policy approach based on its specific context, strengths, and opportunities to engage in the international arena, we propose four overarching key elements to inform an analysis of a country's foreign climate policy efforts: a common vision; strong governance; impactful international engagement; and leading by example. These elements have been derived from various expert interviews and discussions held during an in-person workshop on this topic with government official and civil society representatives. Each of these elements are described below with a selection of potential characteristics that form a basis of evaluation. <u>Table 1</u> below provides an overview of the blueprint for a Paris-aligned foreign climate policy.

### **Common vision**



For a successful foreign climate policy, it is essential that a government formulates a clear overall common vision to provide the broad brushstrokes of the government's agenda and guide policymaking. The vision should be in line with the goals of the Paris Agreement, reflect the country's role and global influence. As such, a common vision should also serve as a barometer against which to gauge the government's initiatives and achievements.

The vision should have the political weight to provide the needed guidance, it is therefore important that such a common vision is formulated and signed off at the highest level. Equally important is that such a vision document reflects the magnitude of the challenge of the climate crisis both in ambition and scale. Furthermore highlighting the threat it poses to the country itself as well as globally. A vision is only as powerful as its communication which needs to be clear and unambiguous to provide focus across the government and key stakeholders.

### **Strong governance**



Having a clear common vision for foreign climate policy is only as effective as the institutions and processes mobilised to implement it. Already on the eve of the Paris Agreement, a number of trends were starting to change foreign policy more generally - with important implications for foreign climate policy efforts. The 21st century and especially the challenge of climate change marks the emergence of a networked, less hierarchical world characterised by a number of emerging trends: new power structures and new actors in the foreign policy arena including civil society organisations and the private sector; a blurring of responsibility between foreign and domestic policies with the heads of state and other line ministries also playing important roles (Clüver, Sandhu and Leipprand, 2015). Considering the broad nature of climate change, the many sources of emissions, and the various impacts climate has on the world, responsibility for climate relevant policy areas – and indeed foreign climate policy areas is often shared between the ministries responsible for the environment, foreign affairs, finance, development, economics, trade, research, and transport.

Building on the common vision, an effective and coherent foreign climate policy calls for clear roles and responsibilities between ministries, agencies, and other government actors with sufficient resources to fulfil their mandates. The various actors need to come together around a clear strategy that expands on the common vision including specific measures and targets that are regularly monitored and assessed. An effective foreign climate policy also calls for independent review and feedback mechanism to monitor the alignment of government initiatives and activities, gauge their effectiveness considering the demands of the climate crisis, ensure accountability, and make recommendations for improvement. Strategy and policy development and implementation need to be accompanied by a multistakeholder dialogue process, and governments need to invest significant time and effort into clear communication with both domestic and international actors.

### Impactful international engagement



Considering the challenge of the worsening climate crisis, it is imperative that all countries commit to ambitious climate action. Industrialised countries like Germany, have however a special role to play, not only because of their historical responsibility, but also because of their wealth, international power, and technological know-how. It is not enough for these countries to have ambitious domestic climate policies. They bear a grave responsibility to help ratchet global climate ambition by supporting developing and emerging countries in their efforts to implement the Paris targets for climate change mitigation and adap¬tation as well as to address loss and damage from adverse climate impacts. Key characteristics of impactful international engagement include mobilising international climate finance commensurate with the country's fair share and bringing the country's international public finance in line with the Paris Agreement. In addition, all relevant foreign policy channels should be used to support and accelerate the global transformation. Furthermore, a government should coordinate and align its climate diplomacy efforts with international partners, support comprehensive transformation processes, and tailor support to the needs of partner countries.

### Leading by example



When it comes to effective diplomacy, credibility is essential. "Walking the talk", and providing sufficient transparency and communicating about action is essential in order to build trust (UNFCCC, 2021a). Appeals for increased climate ambition from others will fall on deaf ears if countries making those appeals are not decarbonising at home. Recent accusations of "hypocrisy" have complicated international negotiation processes (Harvey, 2022).

Important characteristics of domestic climate policies therefore are not only ambitious targets in line with a "fair share" contribution to keeping within the global carbon budget for 1.5C, but also clear and effective measures to reach those targets. Contributing to the development and strengthening of international climate norms around climate action such as joining international initiatives and following requisitions of the COP are also essential in order to encourage others to do so. These efforts must be accompanied by a clear communications strategy targeted at the diverse stakeholders involved in international climate diplomacy.

### Table 1 Blueprint for a Paris aligned foreign climate policy

### **Common vision**



government and beyond.

**Desired outcome:** To lay the foundations for a successful foreign climate policy, the government should agree on and communicate a clear, common vision. This vision ideally reflects the intention of the government to pursue an ambitious domestic and international climate policy agenda and to align its foreign policy with the targets of the Paris Agreement. The vision serves as a guiding principle for policy-making across ministries during the legislative period and provides a barometer against which the achievements of the government can be gauged.

speeches, government campaigns, etc.

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Characteristics	Evidence (non-exhaustive)
A common vision on foreign climate policy is <b>formu-</b> <b>lated and signed</b> off at the highest political level, demonstrating leadership and commitment.	Discussion in cabinet/ by government officials.
The vision is <b>ambitious</b> and in line with the Paris Agreement, reflecting capacity and historical responsibility.	Development together with different parts of the society, including academia, civil society, and the private sector ("whole-of-society-approach").
The vision is <b>clearly and unambiguously commu-</b> <b>nicated</b> to provide focus and direction across the	Reflection in law, coalition agreements, develop- ment plans, white papers, announcements, public

### Strong governance



**Desired outcome:** Starting from the common vision, the government should establish a governance framework which consists of strong institutions and actors with clear roles and responsibilities. Such a framework facilitates the collective planning and implementation of a coherent and effective foreign climate policy in line with the Paris Agreement, and actively avoids and corrects contradictions.

Characteristics	Evidence (non-exhaustive)
Dedicated <b>institutions</b> with clear roles and respon- sibilities engage in the coordination, planning, and implementation of foreign climate policy.	Reflection in institutional landscape, e.g., creation of climate ministry, special climate envoy, climate task force, climate focal points in ministries, etc.
	Planning and implementation of climate-relevant international activities is coordinated and aligned across ministries at national level with leadership from the highest level ('speaking with one voice').
A clear foreign climate policy <b>strategy</b> is set in place with specific measures and targets that are regularly monitored and assessed.	Development of climate diplomacy strategy with specific targets, measures, and monitoring mechanism.
	Development of clear guidelines for action within each ministry for engagement in foreign climate policy (e.g., consistent climate criteria for interna- tional finance or MDB voting guidance).
	Assessment of initiatives and activities is ensured through a climate check mechanism either within institutions or centrally.
••••••	
An independent <b>review and feedback</b> mechanism verifies the alignment of all international government initiatives and activities with the Paris Agreement and ensures accountability, transparency, and learning.	Existence and power of independent review body/ ies.
••••••	••••••
<b>Sufficient resources</b> are made available to institu- tions to effectively implement their climate diplomacy mandate.	Organisation chart (division of departments, size of departments, etc.).
	Public budget allocated to climate diplomacy efforts.
Multi-stakeholder consultations accompany the entire foreign climate policy planning and implementation processes.	Different formats and platforms facilitate regular exchange with a variety of actors and ensure that results of this exchange are fed into planning and implementation of foreign climate policy.

Characteristics	Evidence (non-exhaustive)
Effective <b>communication channels</b> facilitate dialogue between government institutions domestically and	Climate diplomacy is transparent and inclusive

### Impactful international engagement

internationally as well as with other actor groups.



**Desired outcome:** The government's action in the international context and the country's international public finance should be aligned with the government's responsibility, vision and the objectives of the Paris Agreement. Furthermore, the government should promote measures that are coordinated and aligned with international partners, support comprehensive transformation processes, and are adapted to the needs of the partner countries.

Characteristics	Evidence (non-exhaustive)
International public climate finance is mobilised in line with a country's "fair share" and used to catalyse private investments for climate action.	"Fair" contribution to the USD 100 billion climate finance goal and future higher goals. Reaching the Official Development Assistance (ODA) goal of 0.7% of Gross National Income (GNI). Strategic approach to the choice of financial instru- ment, mainly a rationale for grant, concessional or market rate financing.
All <b>international public finance is aligned</b> with the Paris Agreement.	Regular independent reviews / audits of all public international spending and its Paris compatibility. Earmarking of public funds to specific goals and initiatives.
All <b>relevant foreign policy channels</b> , including trade policy, scientific cooperation, humanitarian, and devel- opment aid are <b>mobilised to support and accelerate</b> <b>the global transformation</b> .	The government mainstreams climate considera- tions in all foreign policy action.
Planning and implementation of <b>climate-related</b> <b>international action with partners abroad</b> is coordi- nated and aligned.	Transparent demonstration of how specific actions are aligned and linked to international approaches.

Characteristics	Evidence (non-exhaustive)
The government launches and supports <b>transforma-</b> tive and impactful international initiatives.	The government participates in global innovative and ambitious climate initiatives, mobilises other actors (including the private sector) or takes the lead in initiating them.
	Regular and transparent reporting on the eval- uation and measurement of the impact of the initiatives / activities.
•••••••••••••••••••••••••••••••••••••••	••••••
Climate-related international action is based on cooperation on an equal footing with transparently defined interests of all stakeholders and responds to the needs of the partner countries.	Actions in recipient /partner countries take into account domestic priorities (mitigation, adapta- tion, L&D) and communication is adapted to the respective context.

### Leading by example



**Desired outcome:** The country is a role model in domestic climate policy in line with what is necessary to limit global warming to 1.5C. The country's ambitious domestic policies lend credibility and strengthen multilateral norms around the Paris Agreement.

Characteristics	Evidence (non-exhaustive)
<b>Ambitious domestic climate targets</b> demonstrate leadership in line with the Paris Agreement.	Domestic emission targets reflect historical responsibility.
Effective policies ensure that all climate targets are met on schedule.	Clear roadmaps for different sectors and their decarbonisation pathways.
The government strengthens and complies with <b>inter-</b> national climate norms such as those established under the UNFCCC, G7, amongst others.	Follows requests of COP (e.g., by updating NDC before end of 2022).
Domestic <b>success stories and good practices</b> are show- cased and promoted in the international community.	Good practices are distilled and actively commu- nicated / shared.

# >>>> 3

## Audit of German foreign climate policy

Although Germany is one of too few countries mobilising proportionally significant amounts of climate finance and overseas development aid, it has not yet integrated climate considerations into its external relations. Until recently there was a lack of overall common vision endorsed and shared by all government entities at the highest level. Blurred responsibilities for specific policy areas which have evolved over time have led to duplication, complex decision-making structures, and a lack of coordination. Different cultures within the ministries have led to silos among civil servants, creating challenges for overall policy formulation, implementation, as well as interactions with partners abroad.

In this chapter, we take stock of German foreign climate policy according to the four blueprint elements outlined above: common vision; strong governance, impactful international engagement, and leading by example. Examples of international good practice<sup>2</sup> are also cited to inform potential reform efforts.

International good practice examples cannot necessarily always be directly implemented in Germany. The characteristics of the German constitution and German parliamentary democracy may pose challenges adapting such examples to the German context. The German political landscape and the German electoral system mean that two or more political factions are generally necessary in the German Bundestag to form a government. As in most countries, political parties in Germany differ in their approach to climate and energy policy. In forming a coalition, different political parties negotiate for control of various climate-relevant ministries. Agreement on government posts often involves "ministerial" portfolios among the negotiating groups. Although the German constitution explicitly provides for ministries of defence, justice and finance, new governments have the power to create new ministries, disband existing ones, and reshuffle responsibility for various policy areas among existing ministries. Once a government is formed, generally on the basis of a coalition agreement and an agreed ministerial allocation among coalition partners, governing political parties often continue political debates amongst themselves. The division of climate relevant ministries among ministers of different parties pose significant challenges to effective coordination in climate relevant foreign relations.

Primarily, examples 2 from the United Kingdom are presented, as they show progressive coordination and implementation approaches in the field of foreign climate policy. However, it remains to be seen to what extent the established institutions and processes prove to be suitable and reliable, especially in times when political actors and parties do not show the greatest climate ambition.

### 3.1 Common vision



## Formulated and signed off at the highest political level

The current German "traffic light" government's coalition agreement provides the general outline for a common vision for its foreign climate policy and specifically refers to the governments future "foreign climate policy". The agreement specifically calls for aligning climate, energy, and economic policies with 1.5°C on the national, European, and international policy levels (SPD/ DIE GRÜNEN/ FDP, 2021, pg. 43).

Though not a legally binding document, coalition agreements serve to set out broad priorities for participating political parties. The agreement is signed by political party leaders at the highest political level, including the Chancellor, and government ministers. In practice German governments have historically not always implemented everything that they have set out in their coalition agreements (Verkamp, 2021; Wiese, 2021). To accomplish the relatively high level and vague formulations in the vision, the government plans to develop a foreign climate strategy, which could include clearer targets and actions.

Compared to previous governments, however, the formulation of a common foreign climate policy vision in the coalition agreement is a considerable improvement. The phrasing and goals stand in stark contrast to the previous Merkel IV government (Merkel IV 2018 -2021) which took a less ambitious, more disconnected piecemeal approach. The Merkel IV coalition agreement did not mainstream climate as an issue in all foreign policy areas. Instead, the agreement primarily set out domestic climate priorities; called on the EU to take on a stronger leadership role in international climate policy; mentioned the role that climate policy can help avoid a repetition of the 2015 refugee crisis and contribute to peace and security; and named climate policy as one of a number of international engagement areas - implicitly separate from trade and energy policy (CDU, CSU and SPD, 2018).

## Reflects magnitude of the challenge in both ambition and scale

The overall alignment of climate, energy, and economic policies with 1.5°C on the national, European, and international policy levels is promising. While all coalition Parties agreed to this phrase, they have fundamentally different views on what this means in practice leading to compromises and "constructive ambiguity" throughout the document. For example, since some parties wanted faster emission reductions and others not, the new government kept the climate targets of the previous government, which have been criticised as not being aligned with Germanys fair contribution to the 1.5°C goal. Some parts of the coalition now want to "overachieve" these targets without naming an exact quantitative target.

The coalition agreement further specifies that the governing parties agree to advocate for a "joint, coherent and consistent foreign climate policy and climate justice in line with the European Green Deal, the 2030 Agenda and the Paris Agreement" (SPD/ DIE GRÜNEN/ FDP, 2021, pg. 114). The agreement lays out a number of specific focus areas for foreign climate policy, including:

- a strengthening of multilateral cooperation;
  use of the G7 Presidency for an initiative to
- > use of the G7 Presidency for an initiative to initiate international climate partnerships;
- > the creation of an "international climate club" open to all countries; and
- fulfil commitments for the German share of the USD 100 billion climate finance target with a perspective increase.

Objectives of this foreign climate policy include climate neutrality; the massive expansion of renewable energy and associated infrastructure; hydrogen production; and advocating for the creation of a global emissions trading system which should lead to a uniform CO<sub>2</sub> price in the medium term (SPD/ DIE GRÜNEN/ FDP, 2021, pg. 49). The ambition narrative should, however, be further mainstreamed in all national policy statements.

### **Clear and unambiguous communication strategy**

Communication of the common vision is largely limited to the coalition agreement and was focussed on a domestic audience. There was no official translation of the coalition agreement into other languages neither in general nor specifically with regard to foreign climate policy. Further communication of the coalition agreement was left to the individual political parties for their own domestic constituencies. Various other speeches, for example the inaugural speech of Foreign Minister Baerbock reflected elements of the coalition agreement and were translated into a number of foreign languages (Federal Foreign Office, 2021). Several of the main elements were also taken up in the German programme for the G7 Presidency (Germany, 2022), also translated into various foreign languages and widely covered in the international press. The common vision should be further mainstreamed in all relevant government communication, including statements, white papers, announcements, public speeches, or government campaigns to further build and reinforce this narrative.

### Table 2 Summary trend analysis: Common vision

•••••••••••••••••••••••••••••••••••••••		
Characteristic	Current landscape	
Formulated and signed off at highest political level	A common vision on foreign climate policy was outlined in coalition negotiations and is reflected in the coalition agreement.	
Reflects magnitude of the challenge in both ambition and scale	The coalition treaty indicates ambition as it highlights the alignment of all cli- mate, energy and economic policies at the national and international level with a 1.5°C compatible pathway. Yet, it falls short when it comes to exactly defining its national ambition and outlining Germany's role in international climate policy considering its capability and historical responsibility.	
Clear and unambiguous communication	Communication of the common vision is largely limited to the coalition agree- ment and initial statements of individual ministers but is not yet reflected in the action and documentation of all ministries and institutions or in international fora.	

#### Climate Audit of German Foreign Policy



### **Trend** analysis

#### Recommendation

. . . . . . . . . . . . . . . . . . .

- Governing parties should ensure that the government is held accountable for adherence to and implementation of the announcements made in the coalition agreement by, for instance, developing a strategy.
  - Mainstream the ambition narrative, including Germany's capability, historical responsibility, and national interest, in all national policy.
- Elements of the vision that refer to climate ambition and foreign climate policy should be included in all relevant domestic and international government communication and diplomacy channels.

### 3.2 Strong governance



- 3 The Austrian "Climate Austrian Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation, and Technology (BMK), so renamed after 2020 to reflect responsibility for climate action.
- 4 The UK Department for Business, Energy and Industrial Strategy (BEIS) was formed in 2016 by a merger between the Department for Business, Innovation and Skill (BIS) and the Department of Energy and Climate Change (DECC).

### **Clear roles and responsibilities**

The "traffic light" government made a number of shifts of ministerial responsibility for climate relevant policy areas. While the Environment Ministry (BMU) was previously the lead ministry for both domestic and international climate change policy issues, the new government largely shifted responsibility for domestic climate policy to a new "super ministry", the Ministry for Economic Affairs and Climate Action (BMWK), following the Austrian<sup>3</sup> and UK precedents<sup>4</sup>. The Federal Foreign Office (AA) took over a new role leading on international climate policy including representing Germany in international climate negotiations, with a new "Department for Foreign Climate Policy, Economy and Technology" led by the newly created position of Special Envoy for International Climate Action, Jennifer Morgan, with the rank of State Secretary, following the practice of the USA. The Environment Ministry (BMUV, now with the added responsibility for consumer protection) continued to be the lead ministry for nature and biodiversity and some climate adaptation measures. The Ministry for Economic Cooperation and Development (BMZ) retained its responsibilities.

The new distribution of policy area responsibilities poses new questions for finance and coordination as well as retaining and building institutional strengths accumulated under previous governments. Although the Foreign Office now leads on international climate policy, around 80% of German climate finance for developing countries flows through the BMZ. The former Environment Ministry's responsibility for the International Climate Initiative (IKI), a special fund largely financed by a portion of revenues from the European Union's Emissions Trading System, was split between the BMWK, the AA, and the BMUV. Some interview partners speculated that ministries with ministers from the same party, such as the current AA, BMWK, BMUV, would find it easier to cooperate than ministries with ministers from different coalition parties. In an interview, Jochen Flasbarth, BMZ State Secretary expressed a preference for a "Red-Green" approach in environmental policy (Ehlerding and Zaremba, 2022). Other interview partners cited conflicts between both different units in ministries and conflicts between different ministries led by ministries of the same party were also common, for example historical conflicts including different social democrat Ministers sending opposing policy signals to the EU (Handelsblatt, 2017).

According to a response from the previous government to a question posed by parliament, the coordination processes between different ministries and government agencies on various issues, such as climate-related foreign policy issues, are often relatively informal and ad hoc at the working level (Bundesregierung, 2021a). The previous government's formalised inter-ministerial coordination on climate issues focused on domestic policy with the creation of a "Climate Cabinet" in 2019, which did not include the AA or BMZ as permanent members (Bundesregierung, 2019). Flachsland et al. (2021) found that the "governance" of German politics up until the end of the last Merkel IV government lacked a clear division of responsibilities and adequate competences to address the challenges of climate change as well as a general lack of process coordination. In response, Flachsland et al. (2021) propose a set of "governance" options (see Table 3). Although these relate to German climate policy in general and not specifically to foreign climate policy, these findings and possible reforms are equally relevant to all climate-relevant areas of foreign policy.

### Table 3 German "climate governance" options:

-1	Central coordination by the Federal Chancellery
•	Central coordination by the rederal Charlenery
2	A strong climate ministry
3	Continuation of the status quo (as of Merkel IV)
4	"Climate Cabinet" upgrade, including the estab- lishment of inter-ministerial working groups
5	Stocktaking and reform discussion on shifting implementation responsibilities to subordinate organisations

Source: (Flachsland et al., 2021)al, 2021

The "traffic light" coalition explicitly recognises challenges in the implementation of climate policy in Germany, and one of the largest changes in portfolio allocation was the shift of significant domestic climate change policy competence to a new strengthened "Federal Ministry for Economic Affairs and Climate Action" (BMWK) at the expense of the Ministry for the Environment (BMU) – Option 2 from Table 3. Formal responsibility for international climate policy was shifted from the BMU to the AA, although this was not accompanied by a shift of several climate relevant foreign policy responsibilities.

The "traffic light" coalition further specifically calls for increased coherence and a strengthening of foreign climate policy in various ways including through the "climate cabinet" (Option 3 above), although as of June 2022, interviewees were unclear on its current status and mentioned that to their knowledge, it had not yet met under the new government. There has also not been any formal communication regarding a possible expansion of the cabinet to also cover the foreign policy dimension and include other relevant ministries with ongoing international activities such as the AA or the BMZ. In the UK similar coordination structures exist through the Cabinet Office which could serve as an example also to German coordination efforts (see Box 1). While the UK Climate Cabinet Committees provide a potential model, it should be noted that in line with parliamentary precedent they do not operate in the public domain and do not release information about their specific responsibilities or outcomes. The lack of transparency can hinder the critical participation of public and civil actors and affect their ability to communicate their climate strategy clearly.

Although not at cabinet level, an important measure to improve coordination for foreign climate policy is the creation of a new "Klima-Team Deutschland" coordination group with regular meetings between State Secretaries from the AA, BMWK, BMUV and BMZ (Morgan, 2022b). It is not clear how this group will coordinate with other climate-relevant ministries, in particular Transport, Agriculture, Research and Finance. Stronger coordination across all climate-relevant ministries would be desirable not only from a content perspective but also in terms of financial and human resources. It remains to be seen whether this group, led by the Foreign Office and in particular the "Special Climate Envoy" will succeed in improving the inter-ministerial coordination of international climate-related action.

A further measure to break down silos could be to encourage civil servants to transfer between ministries more often. Interviewees mentioned that civil service careers in the UK, the US, and the European Commission often span various different ministries which leads to personal relationships and improved communication and coordination among ministries. Comparatively, it is usual for German civil servants to spend most of their career in one ministry.

In the United States, the White House plays a clear centralised coordinating role by mandating the National Security Council or National Economic Council to establish "Interagency Working Groups" for specific topics. Unlike in the US, the German Federal Chancellery does not play a major role in foreign climate policy, neither in terms of content nor coordination (Option 1 above). However, especially in a governing coalition where views on climate policy differ, it is important to have a clear authority with decision-making power. In Germany, the Chancellery could play such a role thanks to its authority to issue directives (Richtlinienkompetenz). Interview partners mentioned however, that, it is unclear whether the Chancellery could or should play such a role in Germany at present, given the Chancellor's positions on climate change mitigation and his relative power in a three-party coalition.

German representation in international organisations is also an important area which could benefit from better coordination, in particular considering the coalition agreement's call for increased engagement in multilateral institutions. Germany is represented by different ministries in different international institutions which, combined with a lack of common talking points, may result in different positions on similar issues in the different fora. According to a response to a request under the German freedom of information law, the Chancellery has no comprehensive list of which German government bodies are responsible for representing Germany abroad in international negotiations (Bundeskanzleramt, 2022).

### Box 1 The UK' Climate Cabinet

The UK government established two climate focused Cabinet Committees in 2020 which centre climate in cross-cutting decision-making. Both Committees have senior ministerial buy-in – implying climate action is a political priority. The first is the Climate Action Strategy (CAS) Committee chaired by the Prime Minister and responsible for steering the UK's domestic and international climate strategy. The second is the Climate Action Implementation (CAI) Committee chaired by the COP President Designate and tasked with the execution and delivery of the overarching climate strategy, including action towards net zero, delivering on the Glasgow Climate Pact, and building UK climate resilience.<sup>5</sup>

The Committees are empowered to identify and utilize interdependencies within and between net zero and other priorities. CAS and CAI explicitly promote inter-departmental coordination and recognize the need for a multifaceted approach to domestic and international climate policy. Standing members differ by Committee but include among others:

- Secretary of State for Foreign, Commonwealth, and Development Affairs
- Secretary of State for Business, Energy, and Industrial Strategy
- Secretary of State for Environment, Food and Rural Affairs
- Secretary of State for International Trade
- Chancellor of the Exchequer (Finance Minister)
- Minister for Intergovernmental Relations

The UK additionally established the climate change National Strategy Implementation Group (NSIG) to work in tandem with the Committees to further diffuse domestic and foreign climate policy from the highest levels of government to top officials in respective agencies (CITATION). This cross-cutting approach breaks silos and promote coordination at all levels. Fundamentally, the Climate Committees and NSIG create a coordinated platform to disseminate a common vision under the guidance and direction of the Prime Minister and top cabinet officials.

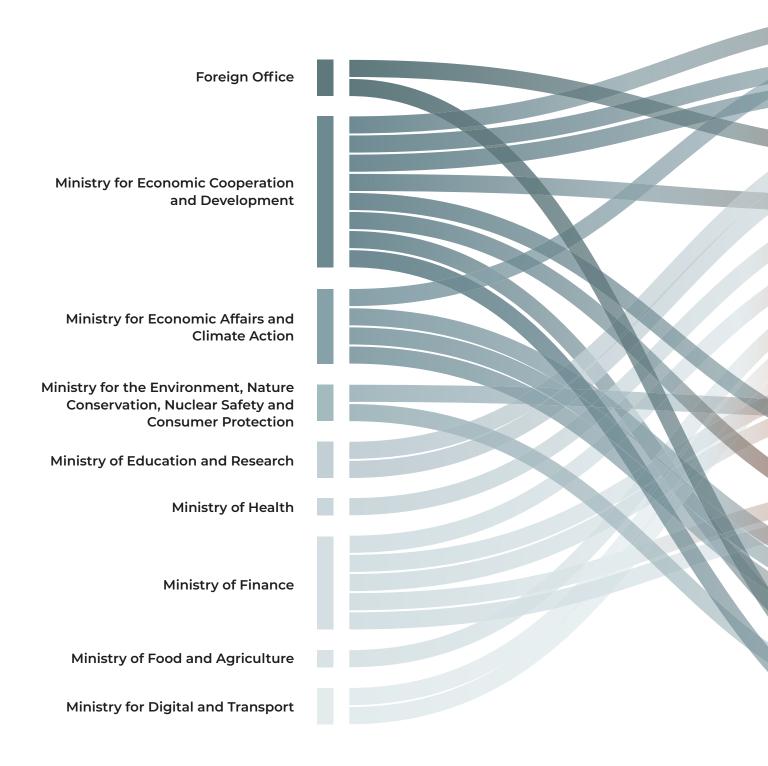
Source: (National Audit Office, 2020; GOV.UK, 2021; EAC, 2022)

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The new Prime Minister, Elizabeth Truss, will choose her own Cabinet Committee structure, meaning the current structure could be superseded by a new arrangement.

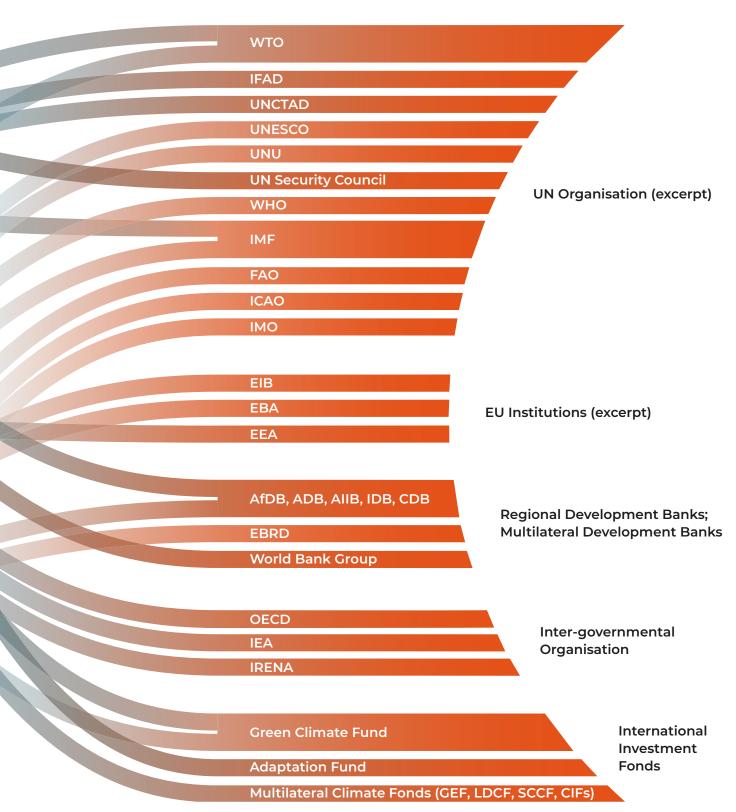
### Figure 1 Representation of German government in:

### **German Government Representative Affiliation**



Source: Produced by authors based on information available on the websites of ministries or international institutions.

### stitutions in international organisations



### **International Institution**

### Ambitious foreign climate policy strategy

Previous German governments have not developed a comprehensive national foreign climate strategy. The current federal government has set itself the goal of creating a "unified" German foreign policy for which joint strategies are to be developed across all ministries to increase the coherence of international action (SPD/ DIE GRÜNEN/ FDP, 2021). While the coalition agreement outlines concrete new approaches in foreign policy - such as feminist foreign policy or digitalisation foreign policy - the statements on climate foreign policy are less concrete and detailed. (SPD/ DIE GRÜNEN/ FDP, 2021). Both the upcoming National Security Strategy and the China Strategy will include a section on climate. In addition, the government recently announced that it will publish a foreign climate policy strategy in 2023, which will be developed under the guidance of the Foreign Office. The development of a holistic climate foreign policy strategy for the government as a whole, can be seen as an important prerequisite for anchoring climate change in German foreign policy and thus further cementing one of the guiding principles of the coalition agreement. The strategy should thus go beyond directly climate-related issues and serve as a compass that guides decision making in areas such as foreign policy in general, security, development, among others. A participative process to develop the strategy and broad consensus on the final contents and objectives will help to create structures that can outlast the current legislative period. The UK's five-year Integrated Review can serve as an example to lay the basis of a holistic foreign policy strategy for the entire government (see Box 2).

### **Sufficient resources**

Although Germany mobilises significant financial resources to support international engagement on a wide variety of climate relevant policy areas (see Impactful international engagement), the human resources managing those initiatives and financial flows are distributed between a number of ministries. Interviewees cited the availability of finance for activities abroad, but a general lack of human resource capacity to manage and oversee spending. Interviewees also cited the reallocation of responsibilities for various policy areas among ministries as a complicated process that created a great deal of uncertainty among staff. A parliamentary question posed to the previous government outlines the lack of human resource capacity for environmental cooperation including climate in German embassies and other diplomatic missions abroad, especially if such foreign diplomatic missions are to take on the role of being "climate embassies" as Foreign Minister Baerbock proposed. The number of climate attachés, at the moment include more than 200 German embassies worldwide has fluctuated in recent years between just 10 (2016) and 16 (2020) (Bundesregierung, 2021a). This suggests significant growth in human resource capacity is necessary to better coordinate both existing climate initiatives abroad as well as to manage the various bilateral initiatives with partner countries. Against this backdrop in particular, it is surprising that the 2022 federal budget for ministries such as the AA, responsible for embassies and which is to take over all climate

### Box 2 UK's Integrated Review of Security, Defence, Development and Foreign Policy

Since 2010, the UK government has conducted a strategic review, often referred to as Integrated Review (IR), at five-year intervals. The latest review titled as Global Britain in a Competitive Age: The Integrated Review of Security, Defence, Development and Foreign Policy was published in 2021 and describes the government's vision for the UK's role in the world over the next decade and the action it will take to 2025. What is special about this version is that it bundles topics such as security or defence, which were previously published separately, into one comprehensive review. The review's objectives are to:

- 1 Outline the UK's strategic global position and its long-term objectives for national security and foreign policy
- **2** Lay out how the UK will build more effective partnerships with allies and contribute to "burden-sharing"
- **3** Address the capacities required to meet outlined objectives and discuss prominent risks and threats faced by the UK
- 4 Communicate necessary Government reforms to achieve outlined objectives
- **5** Set out a path towards implementation and define evaluation criteria

The Integrated Review identifies climate change as a transnational challenge and the UK's highest international priority. The IR was released in tandem with the launch of a Performance and Planning Framework which outlines aligned priority outcomes and brings policies closer to implementation. Government departments are tasked with developing Outcome Delivery Plans which operationalize policy ambitions and provide specific monitoring mechanisms to track the delivery of programmes, outcomes, and benefits. The IR outlines the creation of an Evaluation Taskforce which, along with relevant ministers, will receive regular monitoring updates. In essence, the Integrated Review creates an overarching mandate for individual ministries with a mechanism for evaluating progress and holding ministries to account.

Source: (HM Government, 2021b; Strachan, 2021)

negotiations at the international level, only provides for a slight increase in capacity funding compared to the previous year (Bundesregierung, 2022a).

### Independent review and feedback mechanism

Despite the German Green Party calling for a climate ministry with a right to veto legislative proposals that undermine climate objectives in its election campaign (Carstens, 2021), the final coalition agreement only provided for a "climate check" which each individual ministry must perform when drafting legislation (Steppat, 2021). The effectiveness of such a check remains to be seen, which makes the relevance of an independent review and feedback mechanism increasingly important both for domestic measures as well as international initiatives.

The German government has formed several independent review bodies which, however, primarily concentrate on domestic policy efforts but could be expanded to include climate relevant foreign policy. The German Council

### Figure 2 German Government Independent Review and Adivsory Bodies



#### **Climate & Energy Advisory Bodies**

#### Environment & Sustainability Advisory Bodies



**Other Thematically Relevant** 

**Advisory Bodies** 

of Experts on Climate Change (ERK) which has a legal mandate based on the 2019 Federal Climate Protection Act, plays a key role in reviewing national climate policy. In addition, there are other bodies such as the Energy Transition Monitoring Commission, the Scientific Platform for Climate Protection, as well as the German Advisory Council on the Environment (SRU), and the German Council for Sustainable Development (RNE), among others. The proliferation of such advisory councils leads to confusion in the general public and means that, to a great extent, they compete for media coverage and influence with regard to oversight of government policies and their climate impact. Notably, only the ERK's evaluation can force ministries to draw up "immediate action programmes" as it has recently done for the transport and construction sectors. With regard to their climate oversight role and mandate, these bodies could be merged into a single review body along the lines of the UK Climate Change Committee (see Box 3) and could specifically include international German activities within their oversight mandate.

Further, the German Parliament and specifically the new sub-committee for international climate and energy policy can take on an important and active new oversight role. In addition, competence and expertise at the Federal Court of Auditors (Bundesrechnungshof) has started to take on a review role with respect to climate policy which could similarly be extended to auditing German government international activities and spending including the implementation of international commitments and pledges, such as the Glasgow pledge to phase out international support for fossil fuels. Increased transparency of German engagement would facilitate such reviews, the US for example publishes how its representatives vote on multilateral development bank (MDB) projects (US Treasury, 2022).

Multi-stakeholder dialogue: The "traffic light" coalition has shown an increased openness towards multi-stakeholder dialogues notably through the Special Climate Envoy who has gone to multiple dialogue forums, which are not always open to the general public, answering questions, and engaging with academia and civil society. Senior ministry officials, such as state secretaries, have been attending events and workshops held by thinktanks such as the German Institute for International and Security Affairs (SWP), or the German Council on Foreign Relations (DGAP), and are also in exchange with climate-related advisory councils or other expert groups.

The tradition of Government "Open Door Days" when government ministries and agencies invite the public to informational events and where individuals can ask ministers questions is an important tradition that continues including among climate relevant ministries (BPA, 2022). During German G7 and G20 Presidencies, institutionalised structures also convene civil society and the private sector and provide an opportunity to give input on the presidency programmes (Venro, 2021), although interview partners commented that previous governments took more time to exchange with civil society and business in the run up to large global summits (taking into account that the COVID-19 pandemic has severely affected the face-to-face meetings in recent years).

### Box 3 Independent oversight of the UK's Climate Policy and Action

The Climate Change Committee (CCC) was established by the UK Climate Change Act in 2008 as an independent and impartial oversight body. The CCC's role is to advise the Government and report to Parliament on progress towards emissions targets and adapting to climate change. It engages with over 20 global climate councils through the International Climate Councils Network (ICCN) to share knowledge about effective climate policy and promote evidence-based decision making and independent review.

The Committee is structured into two subcommittees – mitigation and adaptation – addressing both the UK's emission contributions and its vulnerability to climate change as an island nation. Its responsibilities include:

- Advising Her/His Majesty's Government on the appropriate level of the UK's carbon budgets and steps required to meet them;
- Monitoring carbon budgets and recommending action to keep budgets on track;
- Advising on the preparation of climate change risk assessments;
- > Evaluating progress towards the National Adaptation Programme;
- Analysing the impact of government action on the 2050 target;
- > Engaging with stakeholders to support evidence-based decision making and increase public awareness.

The CCC produces an annual assessment of progress towards meeting the carbon budgets set under the Climate Change Act and a biennial assessment of progress towards delivering the Government's National Adaptation Program (England only) and of climate risks and opportunities, which are presented to and debated in Parliament. The reports provide a comprehensive overview of the UK government's progress to date, offer recommendations for each Government department, and highlight policy gaps. The 2021 Progress Report to Parliament accessed the Government's progress in reducing emissions and adapting to climate change. It recommended publishing a new strategy for international climate policy after the COP26 to guide the UK in implementing the initiatives of its presidency, such as the strengthening of national emissions targets.. The Government is legally obliged to publish a response to each annual report within six months.

Ahead of important decisions, the Government tends to ask the CCC for advice (e.g., on setting its NDC in 2021 and on the future of carbon pricing in 2019). While its recommendations are non-binding, the CCC acts as a watchdog for Government action and consolidates the oversight of various departments under one independent committee. A positive example of a structured forum for exchange which could be expanded to climate diplomacy more broadly is the German Working Group on Emissions Trading (AGE). Originally created by the Environment Ministry in 2000, the AGE holds regular meetings in Berlin and online which allows representatives from various German government bodies to meet and discuss specific topics on the political agenda with representatives from civil society, the private sector, and parliament. An interesting international example is the "Tuesday Group" forum so called because it generally meets on the first Tuesday of each month. The forum was created by the US Treasury to foster dialogue with non-governmental organisations on environmental issues related to World Bank projects and to the US' voice and vote on the World Bank board. According to the US Government Accountability Office, "Treasury regulations require the Treasury to consider all public comments made from any member of the public during the period meetings [...] and present summaries to other U.S. government agencies participating in an interagency working group led by Treasury<sup>6</sup>" (GAO, 2008). Similar dialogue forums could also be established for climate diplomacy issues as well and provide not only an opportunity for exchange among non-government stakeholders, but also among various German government ministries and agencies.

### **Clear and transparent communication**

Under previous governments, there was no significant and institutionalised approach to communicating German foreign climate policy between government institutions at home and abroad and with other groups of actors. Under the "traffic light" coalition, communication about German foreign climate policy - both in terms of content and governance has improved somewhat, but currently does not go much beyond what is communicated through the four ministries forming "Team Deutschland" and some ministry officials, such as the Foreign Minister or the Special Climate Envoy. Consequently, there is still no clear picture of Germany's foreign climate policy among the general public and the general impression is that the various government agencies do not coordinate or act uniformly on this issue.

6

31 C.F.R. § 26.4(a)(2)

### Table 3 Summary trend analysis: Strong governance

Characteristic	Current landscape	
Clear roles and responsibilities	Responsibilities for (foreign) climate policy have been redistributed and suppos- edly upgraded through measures such as the creation of a "super ministry" for economics and climate or the appointment of a Special Climate Envoy in the Foreign Office, tasked to lead on foreign climate policy. The creation of Team Deutschland can also ease coordination among ministries, although there is yet little coordination with other climate-relevant ministries.	
Ambitious foreign climate policy strategy	Previous governments did not develop a foreign climate policy strategy. While the coalition agreement of the current government remains vague about for- eign climate policy, the government has more recently announced its intention to develop a foreign climate policy strategy. However, the process has limited transparency, especially regarding the participation of non-governmental organisations.	
Sufficient resources	Even though the German government mobilises considerable resources on cli- mate policy, it is not apparent that the new tasks of the ministries are reflected in corresponding budget adjustments.	
Independent review and feed- back mechanism	There are a number of independent review advisory bodies, which does not strengthen the power of individual bodies to critically assess the government. Foreign policy dimensions are not a specific part of the bodies mandate.	
Multi-stakeholder dialogue	The government is generally open to dialogue and exchange with academia and civil society but lacks structures for formal consultations and dialogue, especially on issues related to foreign climate policy.	
Clear and transparent communication	Communication around the German climate diplomacy has improved but is still limited to few ministries or ministry officials, such as "Team Deutschland" and the Special Climate Envoy. As a consequence, there is still a general perception of a lack of coordination between government ministries.	

#### Climate Audit of German Foreign Policy



#### Trend analysis

#### Recommendation

ministries do not agree.

transfer between ministries more often.

reviewed and updated at regular intervals.

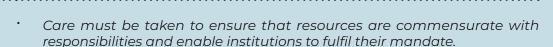
climate as a cross-cutting area.

ministries.









Increase coordination of foreign climate policy with other climate relevant

Ensuring unifying power in the event that coalition partners or different

Break down internal ministry cultures by e.g. encouraging civil servants to

Develop a holistic foreign policy strategy for the entire federal government that covers topics such as security, defence and development and includes

The strategy should be developed with the involvement of relevant governmental and non-governmental institutions, endorsed by parliament and

- Review strengths and mandates of review bodies, consider restructuring, merging and inclusion of foreign policy dimension.
- Strengthen parliamentary oversight.
- Potential larger (enforcement) role for German Court of Auditors or the Expertenrat für Klimafragen.



- Regular consultations with stakeholders and broader public, not only through Berlin thinktanks
- Build on positive domestic dialogue platforms (e.g. AGE) for other policy areas or international examples like the Tuesday group in the US.
  - .....



Establish Government wide talking points, including for all embassies, on key current issues in climate change, energy, and geopolitics.



## **3.3 Impactful international engagement**



## Mobilising its fair share of international climate finance<sup>7</sup>

Germany's share of the global climate finance target of USD 100 billion amounted to around EUR 4.3 billion in 2020 and around EUR 5 billion in 2021 (Oxfam, 2022a). At the G7 Leaders' Summit in 2021, Angela Merkel announced that Germany would increase its international climate finance contribution to EUR 6 billion per year by 2025 at the latest (Oxfam, 2021a). Even though this would represent a considerable increase, this amount is far below the "fair share" of EUR 8 billion per year proposed by various civil society actors such as Oxfam and Germanwatch, given Germany's economic strength and its historical responsibility for climate change (Oxfam, 2021b), not to mention that some consider the USD 100 billion target itself far too low. In its coalition agreement, the current government committed to "fulfilling the pledges for the German share of the USD 100 billion of international climate finance and to increase it in the future", without clearly specifying a target (SPD/ DIE GRÜNEN/ FDP, 2021). At the Petersberg Climate Dialogue in July 2022, Chancellor Scholz confirmed for the first time in the international arena Germany's goal of increasing its contribution to international climate finance to EUR 6 billion by 2025 (Tagesschau, 2022a). However, Germany's contribution has stagnated at around EUR 4.3 billion in 2022 and was even slightly reduced in the preliminary 2023 federal budget (Oxfam, 2022b). This makes it unlikely that the EUR 6 billion per year promised by the government will be reached by 2025. If Germany were to renege on its pledges, this would amount to a breach of trust vis-à-vis the poorer and most vulnerable countries and would be a heavy burden for German climate diplomacy efforts.

To support financing of climate action at the domestic level and beyond, the government made an application to further develop the Energy and Climate Fund (created in 2010) into a "Climate and Transformation Fund" which, in the future, will support not only the implementation of climate action in Germany but also measures for international climate protection and related environmental measures (Deutscher Bundestag, 2022).

### International public finance aligned with the objectives of the Paris Agreement

A prerequisite for the systematic assessment of Paris compatibility is a corresponding classification of budget items. The German government has, however, not yet started assessing or applying climate or Paris compatibility criteria for international finance flows in the federal budget and there is no sign that it is planning to (OECD, 2021).

The evidence suggests that both the current and previous German governments, have not consistently aligned its international public finances with the Paris targets. These include, for example, the support for Nord Stream 2 under Merkel as well as the government's current plans to invest in gas infrastructure in Senegal.

7 In Copenhagen in 2009, developed countries committed to jointly mobilise USD 100 billion a year by 2020 to address the needs of developing countries. However, the climate accords rely on pledging and do not include any formulae for determining how responsibility for this target should be apportioned among developed countries. This makes it difficult to hold individual countries to account. There are different approaches to determine the fair share. Some of the measures used include gross national income, cumulative carbon dioxide emissions and population. (ODI, 2021).

While Germany, together with other industrialised nations, committed at COP26 in Glasgow to end public financing for fossil fuel projects abroad by the end of 2022, this promise was weakened at the G7 Summit in 2022 taking place under the German presidency (Reuters, 2021; G7 Germany, 2022a). In order to reduce dependency on Russian gas, the leaders of the G7 countries decided that 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" (ARGUS media, 2022; G7 Germany, 2022a). Although this is a reaction to Russia's war in Ukraine and supposed to be temporary, it is a setback for the move away from fossil fuels, risks locking-in high emission capital stock, and undermines credibility relating to emerging and developing countries and other major emitters. This also contradicts the current government's objective stipulated in the coalition agreement of gradually reducing its public financial investments that undermine the goal of climate neutrality by 2045 (SPD/ DIE GRÜNEN/ FDP, 2021). Further, the German mandated export credit agency (ECA) Euler Hermes – now renamed Allianz Trade is a significant funder of fossil fuels abroad with no exclusion or restriction policy for gas or coal, oil, and gas value chains (Darouich, Censkowsky and Shishlov, 2021).

Development aid also accounts for an important share of international public finance. Germany plays an important role in international development cooperation and is one of only five OECD-DAC countries that have reached the self-imposed target of providing ODA amounting to 0.7% of gross national income (GNI). This makes Germany the second largest ODA donor in terms of GNI (UNECE, 2021). While there are a variety of approaches to assessing the sustainability of German development assistance, both within implementing organisations and for ODA in general, there is a lack of a unified approach to reviewing Germany's aid alignment with the Paris Agreement. There is however a recognition that there is a need for change, and the KfW has started to introduce Paris-compatible sector guidelines and to develop GHG accounting as part of the TranSForm project (KfW, 2021). Details of the KfW's proposal have not yet been made public, no public consultation has been held, and the process remains highly vague.

The UK's Independent Commission for Aid Impact's review of the UK's aid alignment with the Paris Agreement can serve as an example (see Box 4).

## Mobilise all relevant foreign policy channels to support and accelerate the global transformation

Under the previous government, important foreign policy channels, such as foreign trade promotion or trade policy, were not stringently used to support global transformation, rather the opposite was the case, as the examples presented above have shown.

The current government's coalition agreement contains several announcements that provide some signals for improvement in this area. For example,

## Box 4 UK's aid alignment with the Paris Agreement

In mid-2019, the UK government made a commitment to align UK ODA with the Paris Agreement. Whilst the alignment of official development assistance (ODA) is not an obligation, the government's commitment takes steps towards the third long term goal of the Paris Agreement of "making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development". The Independent Commission for Aid Impact (ICAI) is tasked to scrutinise UK aid spending. ICAI operates independently of government and reports to Parliament through the House of Commons International Development Committee (IDC) or their ICAI Sub-Committee. ICAI carries out a range of different reviews, from full reviews, including country portfolio and results reviews and rapid reviews of emerging issues. A rapid review has been conducted that examines how the UK government is aligning its ODA with the Paris Agreement. The procedure provides that the review, including the analysis and recommendations, must be followed by a government response and parliamentary scrutiny. ICAI concluded that the commitment to align all UK development assistance with the Paris Agreement reflects the urgency of the climate crisis, and a more ambitious approach is needed to achieve the transformative impact required for low-carbon and climate-resilient development. The four key recommendations to the government are as follows:

- **1** Incorporate a commitment to align ODA with the Paris Agreement into the UK's International Development Strategy and set timebound milestones for implementation
- **2** Build cross-department reporting and accountability processes to facilitate public scrutiny of ODA alignment with the Paris Agreement
- **3** Develop the capacity of ODA spending teams to design and implement UK ODA alignment
- **4** Work with country partners to develop best practice and share knowledge about ODA alignment

Source: (ICAI, 2021)

the agreement mentions the objective of bringing German and EU trade policy in line with the goals of the Paris Agreement and the SDGs. Further, the aim is to support the EU proposal for deforestation-free supply chains and the proposal for an effective supply chain law (SPD/ DIE GRÜNEN/ FDP, 2021). However, according to the non-governmental organisation Germanwatch, the first draft of the supply chain law, which EU member states are currently negotiating, contains only insufficient environmental requirements and lacks clear obligations for companies to draw up 1.5°C compatible plans with short- and medium-term milestones for reducing emissions in their value chain (Germanwatch, 2022a). The German government should therefore use its soft power to strengthen this law and to increase its climate ambition.

With regard to free trade agreements, it remains to be seen whether the German government will attach conditions to ratification, as it intends to do in the case of the Mercosur agreement, where partner countries must commit to forest protection measures. In the case of foreign trade promotion, specifically with regard to credit guarantees for exports, the coalition agreement states that these should not contradict climate policy goals, but there is no mention of achieving Paris compatibility (SPD/ DIE GRÜNEN/ FDP, 2021). However, the latter should be the goal, and would also be in line with the goals of the "Export Finance for the Future" (E3F) coalition to use public export finance as an important driver in the fight against climate change, of which Germany is a founding member (Tresor, 2021). Already under the previous government, the German Economy Ministry had announced reform measures to improve the export credit guarantees for renewable energy technology (BMWK, 2020).

German government representatives should also use their influence in international organisations to support the transformation. One way to ensure that the various representatives act in a consistent manner in this sense is to develop speaking points for German government representatives abroad, including voting guidance for German board members of multilateral development banks. Here, the US Executive Order on Tackling the Climate Crisis (White House, 2021) and corresponding US Treasury guidance on fossil fuel energy to MDBs (US Treasury, 2021) can serve as examples for German versions of similar policies (See Box 5). The US Treasury guidance, for instance, can serve as a reference for Germany to implement the commitment it made in the scope of the Glasgow "Statement on International Public Support for the Clean Energy Transition".<sup>8</sup> Guidance should be consistent not only for MDBs but also for the KfW / DEG, trade promotion, and research funding. In MDBs, German representatives could show more ambition by moving beyond abstaining from projects that are not aligned with the Paris objectives and work to find new solutions and revise proposals before they come up for board approval. Clear criteria for any exceptions should be outlined and include expiration dates in the near future for a full phase out.

8 <u>Statement on</u> International Public. Support for the Clean. Energy Transition - UN. Climate Change. Conference (COP26) at. the SEC – Glasgow 2021 (ukcop26.org)

## Box 5 US Executive Order on climate change and fossil fuel guidance to MBDs

President Biden enacted the Executive Order on Tackling the Climate Crisis at Home and Abroad in January 2021. The Executive Order centres climate considerations in US foreign policy and national security and represents US leadership in promoting global climate ambition. The order created a new position in the Administration, the Special Presidential Envoy for Climate. The Special Envoy is given authority over climate and energy policy within the Executive Branch, and additionally serves as a member of the United States National Security Council (NSC). The inclusion of the Special Envoy in NSC meetings acknowledges climate change concerns as national security concerns.

The Executive Order includes directives for action by US agencies. For example, the development of a climate finance strategy, detailing specific actors and agencies involvement and the responsibilities of the Secretary of the Treasury. Additionally, the Executive Order stipulates that all agencies engaged in international work are required to submit strategies and implementation plans that address climate considerations. Detailed information on what the strategies should include and assess are outlined in the Executive Order. A National Climate Task Force and Climate Policy Office were also created and are outlined in the Executive Order.

In response to the Executive Order, the US Department of the Treasury issued guidance on fossil fuel energy for MDBs. The directive advocates for investments in clean, energy efficient, and innovative projects that are in line with the goals of the Paris Agreement – with the caveat that carbon-intensive options can be considered in exceptional circumstances to fund projects deemed critical to development objectives. Guidance given to MDB staff for decisions on direct investment projects includes:

- Opposition to new coal-based projects and projects that expand the capacity or life of a plant.
- Opposition to oil-based energy projects, with some exceptions.
- Opposition to upstream natural gas projects and criteria for narrow support of midstream and downstream natural gas projects.
- > Open to support for Carbon Capture, Use & Storage and methane abatement projects.
- Open to support for natural gas and oil for household heat generation if no clean alternative is feasible.

The guidance is a significant step towards shifting investment flows away from carbon intensive projects as the US is the largest or one of the largest shareholders in multiple MDBs.

## Coordination and alignment of climate-related international action

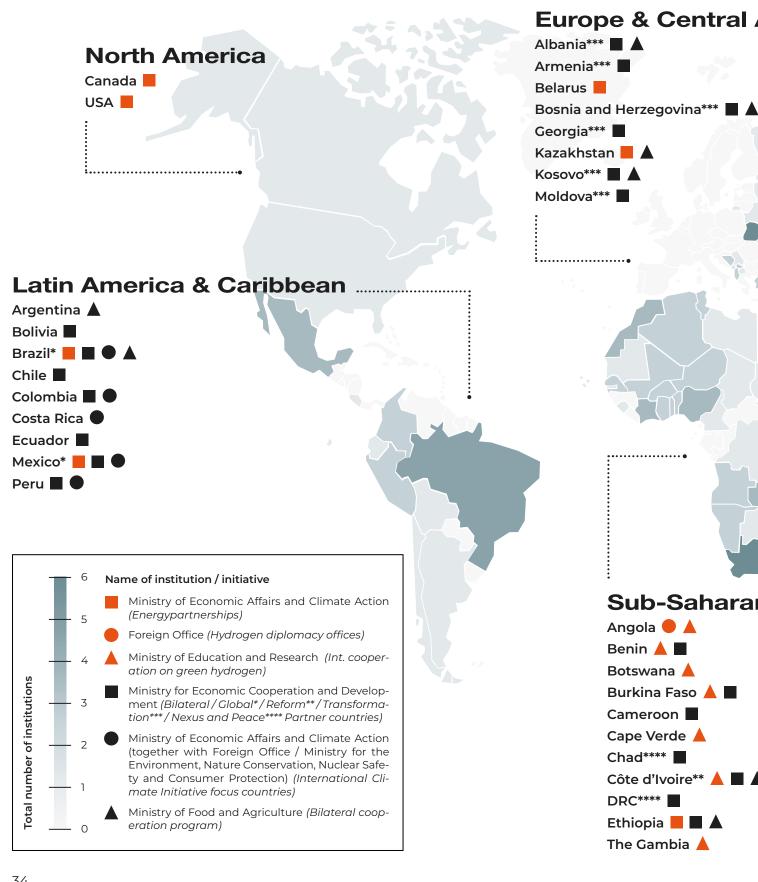
Under previous governments, there was a clear lack of a coherent and inter-ministerial approach or an overall strategy for a German foreign climate policy to implement the Paris Agreement. The individual ministries largely acted independently in the field of international climate action, set their own substantive and regional priorities and pursued different levels of climate ambition (Weischer et al., 2021).

Over the last few years, various German ministries have established bilateral partnerships with countries with a climate relevant issue (see Figure 3). The Ministry for Economic Affairs, for instance, has existing "energy partnerships" with 24 countries (BMWi, 2021). The Ministry for Economic Cooperation and Development has 59 partner countries (BMZ, 2022b). The Ministry of Food and Agriculture has bilateral cooperation programmes with 22 countries and regions often with a land use and sustainability focus (BMEL, 2022). The International Climate Initiative, for which the Environment Ministry was primarily responsible, supports projects in a large number of countries but has a focus on 15 countries (BMWK, 2022a). One topic that illustrates lack of coordination and can serve as an example of various ministries taking action in the partner countries is green hydrogen. The Federal Foreign Office opened four hydrogen diplomacy offices,<sup>9</sup> while the Federal Ministry for Education and Research (BMBF) has strategic hydrogen partnerships with Australia and various West and Southern African countries (BMBF, 2022). There is a regional overlap of these hydrogen initiatives in Angola and Nigeria. According to interviewees there was no unified approach to selecting partner countries or coordination in the activities in countries where German cooperation efforts overlapped – notably in Brazil, China, India, Mexico, South Africa, and Ukraine. Interview partners said, it was common that each ministry or implementing agency sought out and built relationships with their own counterparts in a country, sometimes on very similar issue areas, which led to duplication and confusion among foreign counterparts.

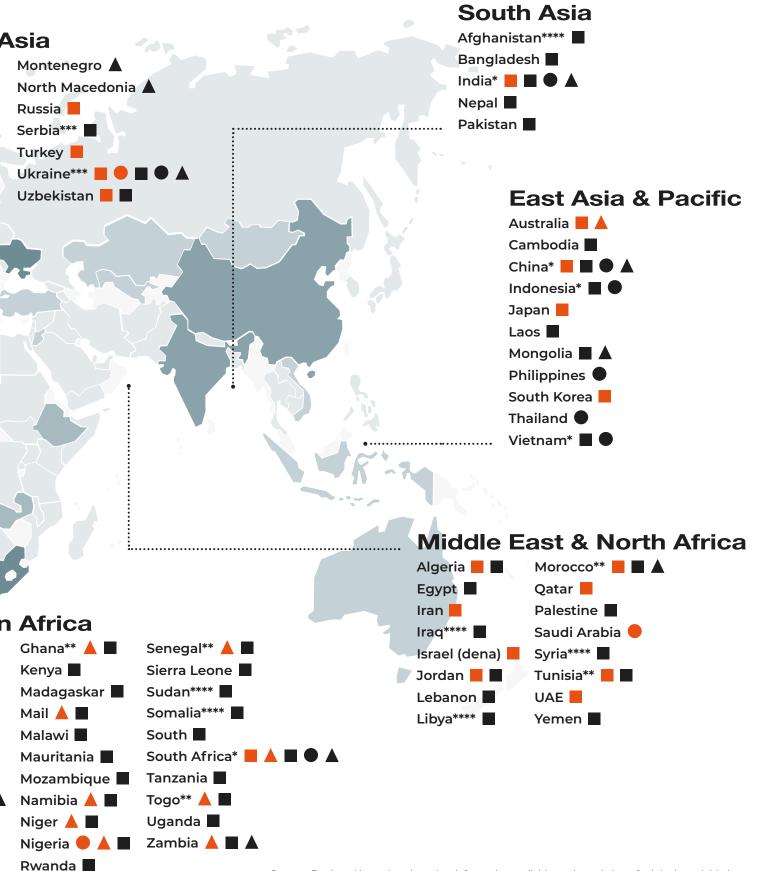
9

The current status of the hydrogen office in Russia is unclear.

## Figure 3 **Geographical focus of selected initiatives**



## of the German government



Sources: Produced by authors based on information available on the websites of ministries or initiatives.

It seems that the current government has recognised this problem, as the coalition agreement calls for increasing the coherence of international action. The government has also taken first steps to improve coordination among ministries, including the creation of "Klima-Team Deutschland", which seeks to more closely coordinate the work of four climate-relevant ministries (AA, BMWK, BMZ and BMUV) (Morgan, 2022b).

Another important measure to help align multiple parallel German activities in partner countries is Foreign Minister Baerbock's plan to mainstream climate in all bilateral and multilateral relations with partner countries, by, among others, turning all 226 German diplomatic missions abroad into "climate embassies" (Wettengel, 2022). This approach could be a good addition to the already very extensive presence of German institutions abroad. This includes the extensive network of offices of the German Agency for International Cooperation (GIZ), chambers of commerce, and political foundations. The large institutional infrastructure abroad increases the coordination challenge but can also be very effective and impactful. In the UK and France, this is all integrated into the embassies, which is easier to coordinate. Nevertheless, the UK precedent of having climate attachés in embassies (see Box 6) could also be a model for Germany, among other things, to better coordinate the various German institutions on the ground.

As the largest EU member state, coordination with the EU and the efforts of other EU member states is equally important. In interviews, Germany was cited as a strong supporter of Team Europe<sup>10</sup> and is committed to strengthening joint programming and implementation. However, the translation to country-level activities and the linking of its region or country-specific initiatives with those of the European Union still have room for improvement.

## Supporting transformative and impactful international initiatives

Germany supports important international initiatives and has launched a number of its own. Important examples include the Just Energy Transition Partnerships (JET-P) or the NDC Partnership. However, there are also some initiatives where Germany is notable for not participating, such as commitments to support a rapid global transition to zero emission vehicles and another to support ambitious climate measures in international aviation. Table 5 uses the example of the Race to Zero Campaign to show which initiatives are supported by Germany and which are not.

One important priority of the current German government and, in particular of Chancellor Olaf Scholz, is the formation of an international "climate club". The German government had said it would use its G7 presidency in 2022 to form an "open, inclusive and ambitious climate alliance" (Bundesregierung, 2022b). However, many questions remain with regard to the implementation of this initiative. It is not yet clear how and whether it has the potential to make a significant contribution to global emissions reduction and climate justice. In the worst case, the project can also achieve the opposite of what

10 The foreign climate policy of the EU in interaction with its member states is the focus of the follow-up report.

## Box 6 UK Climate Attaches and Climate Guidance for Embassies

The UK was one of the first governments to position climate diplomacy at the forefront of its foreign policy and appoint climate attachés in embassies. The Foreign, Commonwealth, and Development Office (FCDO) employs an engagement strategy to regularly communicate government climate priorities and offer guidance to embassies. Heads of Mission and climate attachés regularly receive guidance on engagement priorities, lobbying efforts, and long-term objectives and goals. Larger embassies tend to have a team of attachés who share the climate and energy portfolio. Attachés are expected to promote the UK's climate objectives and identify opportunities for mutual learning. They are also expected to work closely with trade, economics, financial and foreign policy attachés in order to mainstream climate policy objectives into the wider work of the embassy. To support their work, attachés can bid into various sources of funding. Cooperation across various embassies is particularly supported.

The effectiveness of UK climate diplomacy was on display during the UK Presidency of COP26, hosted in November 2021 in Glasgow. Guidance was streamlined through the FCDO and distributed to embassy staff in a variety of mediums. The FCDO issued quarterly written guidance to Heads of Mission outlining diplomatic priorities in line with the COP Presidency goals. Diplomats received support from the Foreign Secretary's Special Representative for Climate Change and the COP26 Regional Ambassadors who engaged with government, private sector, and civil actors. Additionally, the FCDO issued a weekly bulletin with action points and developed a series of seminars to develop the capacity of diplomats to push forward climate priorities and goals. The COP26 engagement strategy coordinated and streamlined communication between Westminster and embassies and gave clear instructions about what deliverables were required and the measurements of success. This overall strategic approach served to convey a unified message and allowed for an effective global campaign to bring as many countries as possible on board with COP26 goals. Strategic alliances with key partner countries underpinned this approach.

Source: (HM Government, 2021a)

## Table 5

## **Overview of Germany's participation** in selected Race to Zero initiatives

Initiatives	German participation
Glasgow Leaders' Declaration on Forests and Land Use	<b>~</b>
Global Forest Finance Pledge	<b>~</b>
COP26 Congo Basin Joint Donor Statement	<b>~</b>
COP26 IPLC Forest Tenure Joint Donor Statement	(Endorsed)
Forests, Agriculture and Commodity Trade. A Roadmap for Action	<b>~</b>
Global Methane Pledge	<b>~</b>
COP26 World Leaders Summit Statement on the Breakthrough Agenda	<b>~</b>
Political Declaration on the Just Energy Transition in South Africa	<b>~</b>
Green Grids Initiative – One Sun One World One Grid: One Sun Declaration	(Endorsed)
Statement welcoming the establishment of the IFRS Foundation's new International Sustainability Standards Board (ISSB) at COP26	v v
Statement on International public support for the clean energy transition	<b>~</b>
Global Coal to Clean Power Transition Statement	<b>~</b>
Joint Statement in Support of the UK-IEA Product Efficiency Call to Action to Raise Global Ambition through the SEAD Initiative	•
Supporting the Conditions for a Just Transition Internationally	<b>~</b>
Clydebank Declaration for Green Shipping Corridors	<b>~</b>
COP26 declaration on accelerating the transition to 100% zero emission car and vans	s 🗙
COP 26 declaration: International Aviation Climate Ambition Coalition	X

it intends - for example, if it is perceived as an exclusive, western-led initiative or excludes important countries by focusing too much on CO2 prices (Germanwatch, 2022c).

The German government should take care that it does not exceed its capacity limits with the multitude of initiatives, which would impair the successful implementation of individual measures. Especially in view of the multiple crises, focus should be on implementing the most transformative and ambitious initiatives. For example, it will be very important for the German government to become more involved in the final negotiations on the largest climate package in history, the Fit-for-55 package.<sup>11</sup> German NGOs and other civil society observers noted that the German government should contribute to ensuring that the climate package is strengthened and not watered down (Germanwatch, 2022b).

Cooperation on an equal footing and responding to needs of partners: While the focus of partner countries, especially from the Global South, has increasingly been on adaptation and Loss and Damage (L&D), the focus of German international climate finance and climate development cooperation has been more on climate mitigation. For example, the focus of the International Climate Initiative, one of the largest German initiatives in this field, has focussed to a large extent on climate mitigation although the balance has recently improved with a growing number of projects on adaptation and biodiversity.

Recently, the German government has, however, increasingly extended its support to issues such as L&D. For example, under the German presidency, the G7 have decided this year to jointly develop existing approaches to climate risk financing and to create the Global Shield against Climate Risks. This global climate risk shield, an alliance of donor countries, insurers, and development banks, aims to make resources available to countries at risk of climate risk protection is the InsuResilience Global Partnership, to which Germany makes the largest financial contribution. It was founded in close partnership with the V20 (Vulnerable Twenty Group) with the goal to insure 500 million people against climate risks by 2025 (BMZ, 2022a).

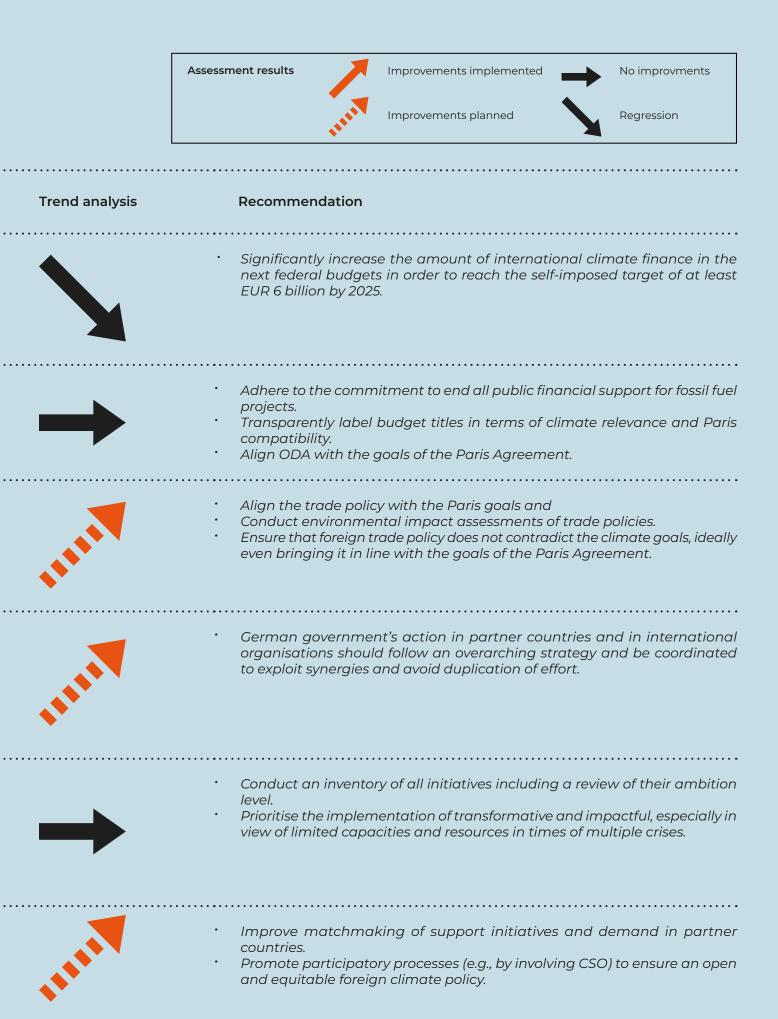
The German government's activities, in particular the active work of the BMZ around adaptation and resilience, has earned recognition among international partners but could still be strengthened to respond to the needs of the countries most affected by climate change. Regardless of the thematic focus of the support projects. It would be important for the cooperation with the partner countries to improve the overview of the different support possibilities and to make clearer what the interests of the German government and its individual ministries in the scope of the bi- and multi-lateral cooperation are.

 Fit for 55 is a reform and policy package from European Union to reduce greenhouse gas emissions in the European Union by 55% by 2030. The package was proposed by the European Commission in July 2021. It includes, among other things, measures to promote clean transport, and renewable energy.

## Table 6 Summary trend analysis: Impactful international engagement

•••••••••••••	
Characteristic	Current landscape
Mobilise public climate finance ("fair share") and catalyse	German international climate financing was reduced compared to previous years and is currently stagnating at around EUR 4 billion. A significant increase is not in sight for the next few years, making it very unlikely that the self-imposed target of EUR 6 billion in annual international climate finance will be reached by 2025, let alone the EUR 8 billion proposed by various NGOs or higher levels needed under new global targets.
International public finance is aligned with Paris Agreement	Even if the conditions have changed due to the energy crisis resulting from Russia's war in Ukraine, Germany is not aligning its international public finance with the objectives of the Paris Agreement, contrary to earlier announcements.
All foreign policy channels used to support global transformation	The German government has not yet mobilised all foreign policy channels such as foreign trade promotion or trade policy to support global transformation. Improvement might be in sight: the current government plans to bring trade policy in line with the goals of the Paris Agreement and the SDGs and to ensure that export credits do not contradict climate goals. It remains to be seen whether the words will be followed by deeds.
Climate-related international action is coordi- nated and aligned	German ministries coordinate their climate-related activities abroad only very inadequately and often pursue their own political goals. There is hope that this will improve with the current government through better coordination between the four core climate ministries (see for instance Klima-Team Deutschland). It remains to be seen whether this approach will bear fruit, which will also depend on whether, or to what extent, other relevant ministries will be involved in this coordination process.
Transformative and impactful international actions initiated or supported	Germany continues to be an active donor and supporter of international efforts to mitigate climate change. Thus, some of the most important, though not all, international initiatives are supported by Germany. With the Climate Club, Germany is also launching a supposedly ambitious initiative, although important questions of feasibility, effectiveness and added value are still open. In view of the multiple crises, it will be important to use the available resources as efficiently as possible to implement initiatives successfully.
Cooperation on an equal footing and responding to needs of partners	The focus of German climate development cooperation has far been more on climate mitigation and less on adaptation and L&D. The more recent work, in particular of the BMZ, around adaptation and resilience, has earned rec- ognition among international partners but can and must be significantly strengthened.

#### Climate Audit of German Foreign Policy



## 3.4 Leading by example



### **Ambitious domestic climate targets**

Although the "traffic light" government's coalition agreement calls for aligning climate, energy, and economic policies with 1.5°C on the national, European, and international policy levels (SPD/ DIE GRÜNEN/ FDP, 2021, pg. 43) it is not quantified. A previous reduction target of 55% by 2030 and climate neutrality by 2050 was found to be unconstitutional by the German Constitutional Court in light of obligations to future generations (BVerfG, 2021). This led the Merkel IV government to update the target in June 2021 settling with an amendment to the German Climate Change Act to reduce emissions by 65% by 2030, and to reach climate neutrality by 2045 (Bundesregierung, 2021b). According to the Climate Action Tracker (CAT), the updated 65% target is only "almost sufficient" based on least cost models and is "insufficient" when taking Germany's historical responsibility into consideration. Considering its historical responsibility CAT finds that Germany's fare share would require a reduction of at least 69% (CAT, 2022). The German Federal Environment Agency (UBA) has called for a reduction target of at least 70% by 2030 and at least 90% by 2040 on the way to climate neutrality by 2045 (Purr et al., 2021).

### Effective policies to reach targets

Current policies and actions however are insufficient for the country's 65% target, let alone for a more ambitious 69-70% target for 2030 (CAT, 2022). CAT analysis finds that the current government's plans could get close to the 65% target depending on how they are implemented, but not overachieve it. Already some sectors are falling behind their targets. Specifically, the German Council of Experts on Climate Change (ERK) notes that in 2021, the industry sector barely reached its target, the buildings sector missed its target by 2,5 Mt CO<sub>2</sub>e, and the transport sector failed to meet its target by 3,1 Mt CO<sub>2</sub>e (Expertenrat für Klimafragen, 2022). According to the German Climate Law<sup>12</sup> these missed targets require the government to present an "immediate action programme" within three months.

The "immediate action programme" presented by the German Ministry for Buildings and Urban Development called a number of measures including the increased use of renewable energy for heating for new buildings starting on 1 January 2024, which in most cases implies a ban on new oil and gas heating, new stringency for energy efficiency standards, support for large scale building renovation, and a new initiative for public buildings (BMWSB and BMWK, 2022). In its separate "immediate action programme", the Federal Ministry of Transport and Digital Infrastructure (BMDV), calls for an expansion of electric vehicle charging, an expansion of cycle infrastructure, and an expansion and improvement of public transport. The German Council of Experts on Climate Change (ERK) however did not complete its review of this plan, because it was "without ambition from the outset".

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§ 8 Abs. 1 Bundes-Klimaschutzgesetz Notably missing was the introduction of a general speed limit on German highways which, according to some calculations, would have in and of itself closed a significant portion of the gap (UBA, 2021). Contrary to the goal of reducing transport sector emissions, the German Finance Minister, Christian Linder publicly opposed EU legislation to phase out internal combustion engines in the EU by 2035 (Miller and Hancock, 2022).

Germany historically used its domestic energy transition (Energiewende) to promote a narrative around international climate cooperation and development aid. Starting with a decision to phase out nuclear power after the Fukushima Daiichi nuclear disaster in 2011, and later coming up with an approach to phase out coal, the government announced that it intended to shift electricity generation to 100% renewable by 2035 (Wacket and Szymanska, 2022). In the wake of the Russian invasion of Ukraine and a corresponding shock to gas supplies, it has since stepped away from that target as part of a compromise to implement other policy measures to mobilise investment in renewable energy in the short term (see Box 7) (Appunn, 2022b).

#### **Compliance with international climate norms**

Germany, as part of the EU, has historically "sought to play a leadership role" and complied with most international climate norms such as reporting requirements and requests of the UNFCCC (Riemer and Zarzo, 2018; Schwarte, 2021). Further, a clear request of COP26 however was to revisit and strengthen 2030 targets in their NDCs<sup>13</sup> (UNFCCC, 2021b). Currently, neither the EU nor Germany is likely to submit new targets or commitments before COP27 (Dröge and Geden, 2022).

Considering that international treaties are often "soft law" and depend on mutual respect, principles, codes of conduct, good will, and peer pressure for compliance (Guruparan and Zerk, 2021; Schwarte, 2021), the success of the Paris Agreement is an important example of how compliance, especially by developed countries, is critical to strengthening the regime. Despite and perhaps especially in light of the current energy crisis and Russian invasion of Ukraine, it is important that Germany takes the opportunity to ramp up energy conservation and decarbonisation efforts and reflects those efforts in some kind of increased commitment to 2030 in the run-up to COP27, an issue recognized by Jennifer Morgan, Special German Climate Envoy for International Climate Action in a recent tweet (Morgan, 2022a).

Although the G7, and other international groupings of countries have made several commitments to fossil fuel subsidy reform since at least 2016 (G7 Japan, 2016), the German government does not list this as a priority in its coalition agreement. Despite not making any clear progress on the issue, the G7 leader's communiqué again reiterated a commitment that has been repeated in various G7 formats since then, most recently in the leader's communiqué of the G7 Summit 2022 under German presidency (G7 Germany, 2022b). The international donor community has also failed to deliver on its

Glasgow Climate Pact paragraph 29, decision 1/CMA.3.

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## Box 7 Germany's response to the energy crisis prompted by the Russian invasion of Ukraine

The Russian invasion of Ukraine prompted an energy crisis that highlights the weaknesses of a long-term German policy of increasing dependence on fossil fuel imports from Russia. A legacy of stop-and-go in the expansion of renewable energy, stalled progress with energy efficiency retrofits and building electrification efforts, as well as lack of incentives for industry to transition away from cheap gas use has recently and will likely continue to have a major impact on the German economy. The hurried reaction to find alternative supplies shows the interdependency of domestic and international energy and climate policy action. While recent announcements have brought forward efforts to wean Germany off fossil fuels in general, other measures undermine German climate diplomacy narratives and objectives.

One significant change in German planning for renewable energy expansion is an amended Renewable Energy Act which sets new targets for onshore wind, an expansion of photovoltaics (PV), and the establishment of a principle that renewable energy expansion is in the overriding public interest and should have priority over other considerations. Other changes also affect the amount of land set aside for wind energy, and an accelerated grid expansion (Appunn, 2022a). Specifically with regard to buildings, Germany belatedly followed other jurisdictions such as California (Slattery, 2016; Amsterdam, 2021; St. John, 2021) in shifting away from gas for heat (Huber, 2022).

At the same time, the reaction to the energy crisis runs a high-risk risk undermining the legitimacy of German climate diplomacy and policy proposals for accelerated international mitigation efforts. Ignoring international geopolitical concerns and to the protest of civil society actors, the German government long supported an expansion of fossil fuel import infrastructure directly from Russia considering projects like Nord Stream 2 as a private sector business issue (dpa, 2021). The race to quickly find alternative sources of energy prompted Germany to seek alternative gas supplies. International press reports Germany making "long-term" energy supply deals" with Qatar in March 2022 (Miller, Kazmin and Sciorilli Borrelli, 2022) and a large-scale expansion of liquified natural gas (LNG) terminal capacity (Beer, 2022). These actions do not marry up with what was announced in the Easter package a few days later where Minister Habeck was quoted as saying "how important it is to exit from fossil fuels and consistently press ahead with the expansion of renewables" (BMWK, 2022b). Other German policies that rhetorically undermine German efforts to encourage other countries to embark on an energy transition include: Finance Minister Lindner's support for the classification of gas power as "green" (Roßbach, 2022), announcements that Chancellor Scholz intends to work closely with Senegal for new gas extraction projects (Tagesschau, 2022b) and increased imports of hard coal from Colombia, which is produced using very questionable methods that harm people and the environment (Coco, 2022).

promise to provide USD 100 billion in climate finance annually by 2020. A detailed analysis of the German contribution to international climate finance can be found in the section on Impactful International Engagement.

## **Communicating domestic climate action**

In addition to setting targets, implementing measures to reach them, and strengthening and complying with international climate norms, it is equally important to have a clear communications strategy on domestic climate action targeted at the diverse stakeholders involved in international climate policy. Here, Germany has a mixed record. While the central website of the federal government<sup>14</sup> has translations of important press releases in German, English, and French many details are found only in German on individual ministry websites.

Individual ministry websites perform unevenly in efforts to communicate their climate change policies and initiatives, to an international audience. Few provide translation of press releases and other information to English or other relevant languages. Where this is the case, the information is often not up-to-date.

<u>www.bundesregierung.</u> <u>de</u>

## Table 7 Summary trend analysis: Leading by example

••••••••••	
Characteristic	Manifestation in Germany
Ambitious domes- tic climate targets	2030 target, set by the previous government, insufficient considering historical responsibility, technological capacity, and resources.
Effective policies to reach targets	The German Climate Change Law sets out process and requirements for the government to implement new policies in the event that sectors do not meet pre-set targets. Current policies for transport and buildings are still insufficient. It is also still unclear extent to what new policies will bring sector emission pathways into compliance. There is also a mixed record in response to energy crisis caused by Russian invasion of Ukraine.
Compliance with international cli- mate norms	In general Germany has a good track record of compliance and support of inter- national norms. However, it will be important to update 2030 targets in some form. Examples of non-fulfilment of promises abound: the announced but not implemented increase in international public climate finance, non- compliance of the commitment to phase out fossil fuel subsidies and backtracking on com- mitment to stop financing fossil fuels abroad.
Communicating domestic climate action	The official webpage of the Federal Government has most materials translated and is relatively up to date. Individual ministries, however, perform less well and government lacks common speaking points on specific issues for all ministers.

#### Climate Audit of German Foreign Policy



#### **Trend analysis**

#### Recommendations

• Adjust targets corresponding to urgency and as there is progress implementation of policies.

Align ministries to implement policies sufficient to meet their targets.

- - Regression(transport) Positive implemented (energy)

- Redouble efforts and transparency of efforts to analyse and report on fossil fuel subsidy reform.
- Mobilise EU to submit more ambitious 2030 target.
- EExpand efforts to translate press releases/social media presence at least into English and French, ideally also into Spanish and Chinese
  Establish Government wide talking points on domestic climate action.

# >>>> 4

# Conclusions

This chapter summarises the current status of the German government's efforts to make climate a central issue in German foreign policy, one of the key promises of the governments' coalition agreement.



## Government announcements on improvements have been implemented into practice

The coalition agreement lays out an ambitious common vision for climate diplomacy. It is formulated and signed off at highest political level, although interpretation varies widely between coalition partners, which is reflected in press briefings of various ministries. Elements of the vision that refer to climate ambition and foreign climate policy could further be included in all relevant domestic and international government communication and diplomacy channels.



# Government announcements indicate that improvements are planned

The change of government brought about a reorganisation and redistribution of climate relevant responsibilities among ministries, although it remains to be seen if this can effectively coordinate all relevant federal government workstreams (in the case of the Team Deutschland for instance) or how these will be implemented (in the case of the climate embassies). It also remains unclear which body/institution has the mandate or authority to coordinate or guide when there are disagreements between ministries.

While coordination of climate-related activities abroad among ministries remains challenging, **the announced "Klima-Team Deutschland" could help to improve communication** between the AA, BMWK, BMZ, and BMUV. Success will depend on the extent other ministries will be involved in this coordination process and on the existence on a unifying power in cases of conflicts between ministries.

While the coalition agreement remains vague about foreign climate policy, **the government recently announced its intention to develop a foreign climate policy strategy** and to make climate an important part of the forthcoming National Security Strategy and the China Strategy. It remains to be seen to what extent the planned foreign climate policy strategy addresses climate as a crucial cross-cutting issue affecting the work of all ministries. The current government plans to make progress in using all relevant foreign policy channels to support the global transition, especially in terms of its trade policy and use of export credits. Whereby the former should be brought in line with the Paris Agreement and the latter should not contradict climate goals.

The work of the current government, in particular BMZ, indicates **improvements in addressing country partners' needs** when designing support initiatives by focusing on issues such as resilience or Loss and Damage (L&D) alongside the traditional focus on mitigation.



# There has been no improvement compared to the previous government

There are a number of independent review advisory bodies, which lead to overlaps in mandates and prevents individual bodies from reaching their full potential to critically assess the government. Also, foreign policy considerations are not a specific part of the bodies mandate.

Even though the German government as a whole mobilises considerable resources on climate policy, it is **not apparent that the redistributed tasks and responsibilities** of the ministries, including for climate diplomacy, **are reflected in corresponding budget.** 

Also under the current government, **Germany is not consistently aligning its international public finance with the goals of the Paris Agreement,** contrary to earlier announcements.

As the previous government, the current **German government is ambitious in its efforts to support and launches important international initiatives.** Projects like the "Climate Club" as put forth on the recent G7 Agenda have, however, yet to prove that they are transformative and not at the expense of implementing other initiatives/commitments.

While the government is generally open to dialogue and exchange with academia and civil society, it could improve structures for formal consultations and dialogue.



# **Regression compared to the previous government**

German government international climate finance falls behind commitments and what various civil society actors would call a fair share. Worryingly, instead of increasing, the German governments appropriation for climate finance has stagnated or even declined.

To strengthen credibility internationally it is also **essential that the German government implement ambitious climate action "at home".** The analysis has shown that the current government's action is sending mixed signals, ranging from progress in the expansion of renewable energy to a complete block in climate action in the transport sector.

# >>>> 5

## **Key recommendations**

Based on the analysis carried out within the framework of this report, the following key recommendations for action are derived to anchor climate as a central issue in German foreign policy in a lasting and effective manner:

## #1

# Improve government coherence and consistency

Coherence and consistency within government is a basic prerequisite for effective and efficient foreign climate policy. All different levels of government need to align themselves with other, in particular in terms of the following:

- Align coalition partners with the ambitious vision including a unified and coordinated approach to achieving the vision. This vision and approach should be mainstreamed in all domestic and foreign policy and government communication.
- > Ensure that the German government's international commitments and pledges are met. This notably includes the German contribution to international climate finance or phasing-out public support for international fossil fuels.
- Create clear decision making and resolution procedures for instances of conflict between ministries. The Federal Chancellery could play an important role here considering its directive competence (Richtlinienkompetenz).
- > Develop and stick to government-wide talking points on current key issues in climate change, energy, geopolitics for all ministries, government agencies and embassies.
- Conduct a review including a mapping of climate-relevant international government activities to identify synergies and avoid duplication of efforts.
- Break down silos between ministries through increased career mobility for civil servants moving between ministries and enhance inter-ministerial cooperation including with implementing agencies.

## #2 Develop a whole-of-government climate foreign policy strategy

Coming up with a foreign climate policy strategy for the entire German Federal Government is a critical opportunity to further solidify the overall vision reflected in the coalition agreement. In order to anchor climate change in German foreign policy, the strategy should:

Be holistic and take into account aspects such as security, trade, development and finance in addition to the issue of climate change, and thus apply to all ministries. Include measurable SMART<sup>15</sup> objectives and concrete goals that the ministries should achieve together in important international institutions or processes, in foreign economic policy, and in bilateral relations with other states. Progress towards targets should be monitored regularly by independent institutions and designated lead ministries should be held accountable if objectives are not met.

> Be developed in an inclusive and participatory process involving all relevant ministries, civil society, academia, the private sector as well as European and international partners. The proposal should be subject to debate in the Bundestag and adopted by the Federal Cabinet. A participative process already in the development of the strategy and broad consensus on the final contents and objectives, will help to establish lasting structures that outlast the current legislative period.

## #3 Enabling and fostering third party scrutiny and enforcement

In order to increase the credibility of self-imposed goals and measures and to make their compliance binding for future governments and decision-makers, it is important to enable and promote third-party scrutiny and enforcement. The following measures can contribute to this:

- Review strengths and mandates of review bodies and consider restructuring and merging them to avoid proliferation of such advisory councils.
- Expand and strengthen the oversight mandate of the German Council of Experts on Climate Change (ERK) to also include international German activities in addition to its key role in reviewing national climate policy and to be able to demand the enforcement of the required measures.
- Strengthen control bodies such as the Bundestag Subcommittee on International Climate Policy (parliamentary oversight) or the Federal

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Specific, Measurable, Achievable, Realistic, Timely Court of Auditors in enforcing necessary measures (e.g. announced within "immediate action programmes" by individual ministries) and extend its auditing role to German government activities and spending abroad, including the implementation of international commitments and pledges, such as the Glasgow pledge to phase out international support for fossil fuels, or ODA.

Establish regular dialogue forums for foreign climate policy to provide opportunity for exchange among non-governmental stakeholders, but also among various German government ministries and agencies.

## #4 Communicate effectively and transparently

Communication is a cross-cutting issue. Clear and consistent communication of the government's vision, objectives, actions, and interests in the field of foreign climate policy is important at various levels, including within the government but also national and international audiences. To improve effectiveness and transparency of communication, the following should be considered:

- Further develop the narrative around the necessity for a foreign policy centred around mobilising the international effort to limiting global warming to 1.5°C and building climate resiliency.
- Clearly define and transparently communicate Germany's national interest to engage in climate diplomacy, both domestically and internationally.
- Expand information availability on the German government's climate efforts both domestic and abroad in a minimum of both English and French, and ideally selected material also in Spanish, Chinese, and other relevant languages.
- Transparently label budget titles in the federal budget in terms of climate relevance and Paris compatibility.
- Report regularly to the international community in general, and the UNFCCC in particular, to show German progress and lessons learned in implementing climate policy.

## #5 Institutionalise climate in foreign policy

It is crucial to establish and embed lasting government coordination structures that outlast single legislative periods. The following measures could help to do so:

- Strengthen coordination of foreign climate policy involving all relevant ministries. This can build on announced "Team Deutschland", whereby communication and coordination with other relevant ministries such as the ministries responsible for transport, finance, education and research, health, agriculture, and the Federal Chancellery should be improved and expanded. A climate cabinet that includes foreign policy issues (in addition to its current domestic mandate) also improve coordination efforts. Regardless of the format for coordination between ministries, smooth and effective coordination with the EU-level should always be central and ensured.
- Empower embassies to act as a mouthpiece for climate diplomacy and take on a new convening role in foreign climate policy on the ground in partner countries. The embassies could help break down silos between ministries and improve coordination between German government-sponsored initiatives and the work of other German actors, such as the GIZ, Foreign Chambers of Commerce, political party foundations, in order to avoid duplication of efforts and exploit synergies.
- > Ensure that, in addition to hiring new staff specially trained in climate issues, existing staff in ministries or embassies are trained for this new field of activity.
- > Ensure that resources are commensurate with (newly assigned or envisioned) responsibilities (as per points above) and enable institutions to fulfil their mandate.

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NewClimate – Institute for Climate Policy and Global Sustainability gCmbH

Cologne Office Waidmarkt 11a 50676 Cologne, Germany Berlin Office Schönhauser Allee 10-11 10119 Berlin, Germany

Phone: +49 221 999 83 300 (19) Email: info@newclimate.org Website: <u>www.newclimate.org</u>

