Climate Transparency

COMPARING G20 CLIMATE ACTION: FINANCE

PARIS AGREEMENT

Make finance flows consistent with a pathway towards low-GHG emissions and climate-resilient development.

G20 MEMBERS HAVE THE TOOLS TO ALIGN FINANCE WITH CLIMATE GOALS

FINANCIAL POLICIES & REGULATIONS

Includes: green finance principles, risk disclosure, climate stress tests, enhanced capital liquidity requirements.

FISCAL POLICIES

Includes: ending fossil fuel subsidies, subsidising low-carbon technology, carbon pricing.

PUBLIC FINANCE

Includes: domestic and international public finance and investment, climate finance.

THE G20 IS MAKING PROGRESS ON MITIGATING CLIMATE-RELATED RISKS

Principles to align prudential and climate change objectives

17 G20 COUNTRIES initiated discussions or are already implementing some form of green finance principles (India, Saudi Arabia, and South Korea are the exceptions).

Disclosing climate-related risks to financial institutions

13 G20 COUNTRIES have implemented or are discussing climate risk disclosure requirements. In Brazil, China and France such disclosures are already mandatory.

Evaluating the resilience of the finance system to climate shocks

7 G20 COUNTRIES introduced climate-related risk assessment and climate stress-test, only in Indonesia are these mandatory.

Limiting commercial banks' exposure to climate-related risks and incentivising low-carbon lending

5 G20 COUNTRIES use some form of enhanced capital and liquidity requirements (China, India, Indonesia, Japan, and South Korea).

CARBON PRICING SCHEMES ARE COMING INTO PLAY, BUT PRICES AND COVERAGE MUST BE INCREASED TO PARIS COMPATIBLE LEVELS

18 G20 COUNTRIES are implementing explicit carbon-pricing schemes, such as carbon taxes and emission trading schemes (ETS) – India and Australia are the exceptions.

HIGHEST CARBON TAX (USD/tCO_2e)

France (48.6), South Korea (31.2), and the EU (27.9)

HIGHEST % OF EMISSIONS COVERED BY CARBON TAX

South Africa (80%), South Korea (70%), and Japan (68%)

TOP CARBON REVENUES IN 2019 (USD)

EU 17.5bn, France 10.1bn, Canada 5.6bn, Germany 3.6bn, USA 3.1bn, Japan 2.4bn, Italy 1.5bn, UK 1.2bn

G20 MEMBERS ARE STILL SUPPORTING FOSSIL FUELS WITH PUBLIC FINANCE AND SUBSIDIES

Public finance for fossil fuels:

USD 65BN PER YEAR (2016-2018)

China 24.8bn, Canada 10.6bn, Japan 9.5bn, and South Korea 6.4bn

Fossil Fuel Subsidies:

USD 130BN (2019)

Subsidies to petroleum, fossil fuel electrcity, gas, and coal (excluding Saudi Arabia, Turkey, and the UK)

KEY OPPORTUNITIES FOR ALIGNING CLIMATE FINANCE WITH CLIMATE GOALS

- GREEN THE FINANCIAL SYSTEM
- PHASE OUT FOSSIL FUEL SUBSIDIES BY 2025
- HIGH-COVERAGE CARBON PRICING: USD 40-80 by 2020 & USD 50-100 by 2030
- END PUBLIC FINANCE FOR FOSSIL FUELS
- SUFFICIENT & PREDICTABLE CLIMATE FINANCE