

G20 presidency: Progress in the fight against climate change - still a work in progress

Last year's Chinese G20 presidency made the sustainable finance community hopeful that subjects like green finance and sustainable investment are now pushed forward on the highest level by the 19 most important industrialized and developing countries and the EU.

China had initiated the [Green Finance Study Group \(GFSG\)](#), underlining the importance of ecologically oriented finance in the [official final communiqué 2016](#) which led to the implementation of a multitude of initiatives, directives and requirements on their part.

Not much of that positive trend was echoed during the German G20 presidency. Nevertheless, the key role of the financial industry in solving the many global social and environmental challenges remains undisputed. This was why Forum Nachhaltige Geldanlagen (FNG) called on the President of the Bundesbank, Jens Weidmann and the finance minister Wolfgang Schäuble in an open letter - to use Germany's G20 presidency to empower the financial industry to implement the Sustainable Development Goals (SDGs).

However, the subject of green or sustainable finance was neither mentioned in the [Communiqué](#) of the meeting of finance ministers and central bankers in March in Baden-Baden, nor in the [final communiqué](#) of the G20-summit in July in Hamburg. The effectiveness of the SDGs implementation would have certainly profited from clear signs from the G20 in this direction. On a positive note, supports remains for the Paris Agreement.

The [Hamburg Action plan](#) refers to the work of the GFSG as well as their 2016 report as part of the chapter "Implementing and Developing the FSB Agenda" and as well as the Climate and Energy action plan for Growth (CEAP) . Furthermore, there is a meaningful recall of the work of the Task Force on Climate-related Financial Disclosures (TCFD) and their recommendations for voluntary disclosure and climate related financial risks of companies.

Shortly before the G20 summit, the Chairman of the EU [High Level Group on Sustainable Finance](#), Christian Thimann, was [interviewed](#) on the eve of the publication of the TCFD recommendations. The German NGO Germanwatch concluded [on a positive note on the important positioning of climate change with finance](#). Germanwatch also referred to the creation of a "political and regulatory framework in support of the direction of all private and public investments towards the Paris climate goals" reinforcing the GFSG and TCFD recommendations as key action points in these plans.

Furthermore, the [G20 document on the SDGs](#), contains a section on "Collective Action" pointing out the commitment to identifying and overcoming the institutional barriers as well as the barriers to market access for green finance and private green investments. Germanwatch also praises the CEAP regarding it as the "the most comprehensive climate package which has ever been passed by a G20 Summit. This becomes all the more important in view of the US government's position in favour of the fossil lobby.

These positive conclusions are watered down by the lack of commitment on the SDGs as a necessary contribution of the financial industry. What is needed is a comprehensive strategy for a sustainable financial industry which not only addresses climate change, but also encompasses the three pillars of

sustainability - the economy, social issues and the environment. FNG has formulated concrete steps with other organizations in an open letter "[Empower finance for the SDGs](#)", which was supported by many other key actors in the industry.

The cry of civil society in favour of a sustainable financial sector has not been heard as it hardly features in the final document. The demands were in favour of further integration of sustainable finance as a core issue to define ESG risks as part of fiduciary duty, to render the TCFD recommendations mandatory and to put in place the GFSG as a permanent G20 working group.

In conclusion, the German G20 presidency has missed the opportunity to take decisive measures for the necessary reorientation of the financial industry. We can only hope that the successive Argentinian presidency will show more determination. We call for a continuation of the GFSG and its work as this would be - an important step to transforming it into a permanent G20 working group. Crucial to galvanising the input from civil society who are the key and relevant stakeholders in these issues.