



Paris, June 8th 2020

Statement on the need for a green recovery out of the Covid-19 crisis

The Covid-19 pandemic has led to a devastating global health and economic crisis. Governments and central banks have rightly responded with unprecedented financial measures and stimulus packages to bridge economies through to a recovery.

Under these challenging circumstances we should not lose sight of the fact that climate change and environmental issues remain as urgent and vital as ever. The systemic risk posed by climate change to our economies and the financial system has not reduced. Indeed the pandemic has reinforced this point. The sweeping disruption to our daily lives and huge swathes of our economies from lockdown measures is a real-life stress test of what we could potentially experience in an increasingly unstable climate or disorderly transition shock.

The IEA's Global Energy Report estimates that as a consequence of the lockdown measures and reduction in economic activity, CO₂ emissions will decline approximately 8% by the end of this year. And yet to meet the Paris Agreement, we must reduce emissions by a similar order of magnitude every year for the next decade. It is clear we cannot afford to repeat this experience. The economic response to the pandemic should therefore not be to re-build the old economy with the climate risks it presents, but to act now to lay the groundwork for an orderly transition to a more sustainable economy and climate-resilient financial system – a 'green' recovery.

Just as Covid-19, the financial risks from climate change do not respect national borders and so it is imperative we work together. The NGFS is a global organization and our members and observers remain committed to play our part: we continue working together to improve the analysis and management of climate-related and environmental risks, work with other key stakeholders to share best practices and assist the development of green recoveries to support an orderly transition.