

## **“Climate Finance: Towards carbon neutrality 2050”**

Speech Frank Elderson at the One Planet Summit

**Saturday December 12, 2020**

Merci monsieur le president for the invitation to speak today at the 5th anniversary of the Paris Agreement. Dear honourable guests,

Governor Villeroy spoke about what the NGFS has achieved in the three years since its inception.

Let me now say a few words on the way ahead.

Because, as you know, our job is far from finished.

Financial firms wield leverage over their clients and hence over the real economy.

Central banks and supervisors on their turn wield enormous leverage over their respective financial sectors.

Therefore, central banks and supervisors have double leverage.

And the NGFS adds a triple layer of leverage:

by pushing our now almost 80 member central banks and supervisors around the world into a Paris Agreement compatible exercise of their mandates.

With great leverage comes great power and  
with great power comes great responsibility.

We will continue to push as hard as we can on our triple lever.

In the coming years, the NGFS will continue to provide a platform for its members to exchange experiences and best practices. Constantly encouraging, supporting and propelling those behind to catch up with those at the forefront.

We will focus on gaining a deeper understanding of how climate change and biodiversity loss affect our own balance sheets and the balance sheets of the financial institutions we supervise. This will boost the quality of the management of the financial risks caused by climate change and biodiversity loss.

I say: climate change and biodiversity loss because it is high time to go beyond climate: the world cannot afford to focus on climate change for the next decades and then turn its attention to biodiversity loss. By then there will be no biodiversity left to save. And the financial risks caused by such loss will have manifested themselves much earlier.

So what do we need?

**Better and comparable data** are imperative, as well as the further improvement of **future-looking risk management tools** such as **stress testing** based on climate and environmental **scenario's**.

We will also continue to practice what we preach by showing how **Central Banks' reserves** can be invested in more sustainable and responsible ways and we are looking further into how climate risks affect our **monetary policy**.

Yet we cannot do this alone.

Governments need to further develop taxonomies and clear transition paths, so that companies, households and financial firms know what to expect and can make better investment plans.

Standard-setters must set global reporting frameworks.

Financial and non-financial firms must improve their disclosures.

Crucially, CO2 emissions must be priced in such a way as to enforce a Paris compatible transition to a net-zero economy.

Five years ago, governments from nearly 200 countries made a promise. To keep the earth safe and inhabitable for future generations. Today, we must face the fact that we are running behind schedule to deliver on that promise. The tragedy is that the tragedy is no longer at the horizon. The tragedy is now. The famine, the floods, the fires and the refugees are now.

COVID-19, however dreadful in itself, provides us with a unique opportunity to regain the lost ground in the battle against climate change and biodiversity loss.

Governments worldwide are investing trillions of euro to help our economies recover from the COVID-19 crisis.

Let those trillions be green trillions.

The task before us is big and complex. But we have the money, we have the technology, it is clear what we have to do. The only thing we further need is the will and determination to do it **now**. *Nous avons perdu une bataille, mais nous n'avons pas perdu la guerre! Il faut la gagner!*