

Bringing central Bankers together

# NGFS Introduction

**T**he NGFS, launched at the Paris One Planet Summit on 12 December 2017, is a group of central banks and supervisors, which on a voluntary basis are willing to share best practices and contribute to the development of environment and climate risk management in the financial sector, and to mobilize mainstream finance to support the transition toward a sustainable economy. The NGFS brings together 114 central banks and supervisors and 18 observers.



# NGFS

Network for Greening the Financial System (NGFS) is an important initiative bringing together central banks and regulators to work on climate integration, and helping to spread best practices. It promotes collaboration and the sharing of expertise on climate risk among supervisory institutions.

The Network's purpose is to help strengthening the global response required to meet the goals of the Paris agreement and to enhance the role of the financial system to manage risks and to mobilize capital for green and low-carbon investments in the broader context of environmentally sustainable development. To this end, the Network defines and promotes best practices to be implemented within and outside of the Membership of the NGFS and conducts or commissions analytical work on green finance.

NGFS comes with several publications around the year which covers aspects of green finance, risk management practices and guidance for its member supervisors. It comes with NGFS Publications, NGFS Occasional Papers, interviews with leading personalities and NGFS climate finance research portal. One of the path breaking contributions from NGFS has been development of scenarios depicting peak emissions and net-zero emissions and its impact.

## **Scenarios from NGFS:**

### **Orderly Scenario**

Climate policies are introduced early and gradually tightened, leading to a steady fall in all greenhouse gas emissions. Warming is likely to be limited to below 2°C. It assumes peak emissions in 2020 and net-zero emissions to be achieved by 2060.

**Disorderly transition Scenario**

Climate policies are introduced later and more abruptly from 2030. Emissions reductions are sharper, leading to higher transition risk. It assumes peak emissions in 2030 and net-zero emissions to be achieved by 2050.

**Hothouse Earth Scenario**

Current policies are preserved, and Paris goals are not met. Emissions continue to grow until 2080, leading to more than 3°C of warming and significant physical risks. It assumes peak emissions in 2080 and assumes that net-zero emissions can never be achieved.

**Detailed analysis of NGFS scenarios and publications shall be presented in subsequent posts.**