

# »»» Green recovery – a historic opportunity and a necessary methodology

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The impacts of COVID-19 are affecting all nations – but emerging markets and developing countries are affected disproportionately. Not only are the local healthcare systems reaching their limits in many cases; emerging markets and developing countries are also experiencing substantial struggles with the economic impacts of the COVID-19 crisis: tax revenue and foreign direct investments have taken a nosedive. The pandemic is threatening development successes previously achieved in development cooperation, and realising the 2030 Agenda and the Nationally Determined Contributions (NDCs) is being further hampered.

## The development trajectories of tomorrow are decided today

Funds were mobilised at a historic scale around the world as a reaction to the crisis. These financial flows will shape development trajectories over the long term for decades to come. In the short term – during the immediate “rescue phase” – we are seeing continued investment in climate-damaging development trajectories, which serves to solidify them. However, prioritising use of funds for economic growth alone contains the inherent risk that climate and sustainability aspects will not sufficiently be taken into account. So the emerging recovery process needs to be perceived as an opportunity to rethink our economic and social systems and promote a greener model for prosperity over the long term.

## Green recovery – the green response to coronavirus

“Green recovery” refers to measures that not only aim to manage the economic and social impacts of the coronavirus crisis but also reduce greenhouse gases and increase resilience with re-

gard to the future impacts of climate change. The pandemic can thus be viewed as a unique historic opportunity: ideally, all economic recovery measures should take aspects of climate neutrality, resilience and sustainability into account. National economies could thus position themselves to be future-oriented in line with the Paris Climate Agreement and the 2030 Agenda. Green recovery transforms the crisis into an opportunity and can prove that economic and climate targets do not need to be in conflict with each other.

*“The crux of the matter is that the pandemic-induced financial decisions made over the next 12 months will shape the global economy for the next decade, just when we must halve our emissions.”*

Christiana Figueres (Former Executive Secretary of UNFCCC) and Benjamin Zycher (Senior Fellow, Pacific Research Institute)  
Source: Financial Times

## Why green recovery?

- The pandemic highlights the importance of investing in the resilience of our social and economic systems. Investments in climate-resilient infrastructure and economic systems can better prepare us for the natural disasters that will become more frequent and intense in future, and help to cushion their impacts.
- The public debt resulting from necessary investments will limit future expenditures in many countries to the extent that there will not be sufficient public funds for further investments in climate measures.
- Operationalisation of green recovery is particularly necessary for Financial Cooperation. The level of ambition must match that of the partner coun-

tries. NDCs offer frameworks defined by the partner countries which can be used as orientation for green recovery measures. One example of a suitable benchmark is the EU Taxonomy Regulation for sustainable investments.

- Funds can be spent in historic dimensions on developing sustainable technologies and solutions.
- Sustainable and green investments pay off: sustainable/green economic stimulus packages generally offer higher economic return opportunities than conventional packages. Several studies estimate that the economic benefits would add up to at least USD 26 trillion if the international community were to invest in low-carbon development by 2030. Other sectors also promise attractive returns: intelligent urban development could lead to savings amounting to USD 17 trillion by 2050. Together, sustainable agriculture and forest conservation could yield economic benefits of over USD 2 trillion per year<sup>1</sup>.

## Recognising the crisis as a transformation

The sum of stimulus programmes is taking on unknown proportions – this is simultaneously a historic opportunity and a necessary methodology. Green recovery facilitates thinking about the economy and the climate as systems that work hand in hand and not as opposing forces. The urgency of climate targets means that the international community cannot afford to continue following conventional development trajectories. ■

<sup>1</sup> <https://newclimateeconomy.report/2018/executive-summary/>