



PRESS RELEASE

Vulnerable economies call for accelerated financial shift

V20 Group fears carbon-intensive energy systems could impair economic stability

Bali, 14 Oct 2018 – Finance Ministers from the V20 Group of climate vulnerable countries today sought large-scale changes to global finance flows, saying the funding shift needs to happen sooner, covering far larger amounts that can help protect economies from the worsening impacts of climate change. Convening at the World Bank-IMF Meetings in Bali, V20 countries said “the need to unlock investments for ambitious climate action is not only urgent but an absolute necessity given combined impacts from economic and climatic threats.”

In its official communique, the group expressed fear that continued over-reliance on carbon-intensive energy systems is building accumulated financial risks globally. It highlighted an Ernst and Young report which indicated that €86 billion in carbon-intensive utility assets were already written off in Europe between 2010 to 2014. Similar write-offs within V20 economies would severely impair economic stability and growth of their economies, it said.

The International Panel on Climate Change (IPCC) has recently prescribed USD\$2.4 trillion to fund societal changes that could help keep warming within 1.5C, a level consistent with the stability and continued economic progress among climate vulnerable economies. The IPCC's Special Report on 1.5C Degrees also confirmed limiting global warming to 1.5C would provide for higher global aggregated economic growth due to reduced risks. According to the scientific body, keeping global temperatures within the 1.5C level remains a possibility but would require drastic emission reductions of about 45%, and a 60-80% lower reliance on coal power by 2030 (based on 2010 levels).

“Industrialized countries and the global financial community must go beyond rhetoric and urgently tip the balance of global finance towards strong climate action that benefits the world economy. We are facing an existential threat, but we are hopeful the climate challenge will be met with bold ambitious action,” said **H.E. Brenson S. Wase**, Finance Minister of the Republic of the Marshall Islands, the new chair of V20. “We need to deepen international collaboration to hasten the world's transition to climate-resilient and low carbon development.”

While in Bali, the World Bank, G20 and V20 announced a joint USD\$145 million initiative to help vulnerable countries access risk financing and insurance solutions for climate and disaster shocks. This supports the Global InsuResilience Partnership, which was born out of close V20-G20 cooperation in 2017. The V20 is seeking further cooperation with the G20 in accelerating fossil fuel subsidy reform as well as support for V20 carbon pricing efforts.

The V20 said it further signaled its concern over delivery of USD\$100 billion pledged by industrialized countries for the Paris Agreement, in light of the US withdrawal from the global treaty.

The V20 is a grouping of Ministers of Finance within the Climate Vulnerable Forum and is a dedicated cooperation initiative of economies systemically vulnerable to climate change. It is currently chaired by the Republic of Marshall Islands.

V20 members include Afghanistan, Bangladesh, Barbados, Bhutan, Burkina Faso, Cambodia, Colombia, Comoros, Costa Rica, Democratic Republic of the Congo, Dominican Republic, Ethiopia, Fiji, The Gambia, Ghana, Grenada, Guatemala, Haïti, Honduras, Kenya, Kiribati, Lebanon, Madagascar, Malawi, Maldives, Marshall Islands, Mongolia, Morocco, Nepal, Niger, Palau, Palestine, Papua New Guinea, Philippines, Rwanda, Saint Lucia, Samoa, Senegal, South Sudan, Sri Lanka, Sudan, Tanzania, Timor-Leste, Tunisia, Tuvalu, Vanuatu, Viet Nam and Yemen.

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press@theCVF.org