



PRESS RELEASE

## **Vulnerable countries and international partners announce collaboration to climate-proof economic growth**

**Washington DC, 11 April 2019** -- Finance Ministers from V20 Group of vulnerable economies today announced new financial instruments in collaboration with international partners at the Spring Meetings of the World Bank Group and International Monetary Fund to ensure continued global economic growth in the face of increasing threats from climate change. The group aims to lower the cost of capital and unlock large capital inflows to climate-proof the economic development of at least 1 billion people living in some of the fastest-growing regions, but are exposed to severe climate impacts.

“Shortfalls in decisive action persist despite the blueprint provided by the Paris Agreement. We must go far beyond rhetoric. The moment calls for a robust response to protect economic growth from the risks of climate change and secure continued progress,” said Minister Benson Wase, Finance Minister of the Republic of Marshall Islands and current chair of the V20.

“Climate change is one of the defining issues of our time, straining the global economy and threatening to reverse development gains and impede future progress,” said World Bank Chief Executive Officer, Kristalina Georgieva. “The World Bank is committed to supporting V20 countries as they take ambitious action to adopt a low-carbon, climate-resilient growth path.”

In the last ten years, climate vulnerability has cost V20 countries an additional US\$62 billion in interest payments alone, including US\$40 billion in additional interest payments on government debt, according to the [Climate Change and the Cost of Capital in Developing Countries](#) report of the UN Environment Programme. Future interest payments due to climate vulnerability are projected to increase to US\$168 billion over the next decade. These payments are separate from economic losses directly suffered from climate change, which compound the issue by reducing countries’ ability to invest in climate change mitigation and adaptation measures. For every US \$10 paid in interest by V20 countries, an additional dollar will be spent due to climate vulnerability, the report concludes.

“The need to accelerate adaptation to make the world more resilient to the realities of climate change is ever more urgent. There are solutions to tackle this global crisis, and there is concerted action taking place right now to prepare for our future climate reality. But these efforts must increase and accelerate, and key actors - governments, companies and institutions - must join forces to make a positive difference,” said Patrick Verkooijen, CEO of the Global Center on Adaptation and Managing Partner of the V20 and the Global Commission on Adaptation which is co-chaired by Bill Gates, Ban Ki-moon and Kristalina Georgieva to mobilize strengthened efforts to adapt to climate change.



## ***New Investment and Financial Instruments to protect against Climate Risks***

V20 economies consistently post among the highest economic growth rates worldwide. Yet they do not rank among the countries attracting substantial investment capital. V20 countries face considerable barriers such as higher costs of capital in financing that affect both resilience and renewable energy projects, as well as huge inefficiencies when attempting to access international climate finance.

Responding to the challenge, the V20 has proposed the ***Accelerated Financing Mechanism (AFM) for Maximal Resilience & a 100% Renewable Energy Transition*** to upscale existing risk mitigation tools, guarantees and blended finance facilities, and a new menu of instruments within MDBs and other development banks for adaptation, resilience and renewable energy projects.

Another V20 instrument, the ***Sustainable Insurance Facility (SIF)***, intends to promote private sector insurance uptake to address climate risks and promote low-carbon development. It seeks to support the provision of financial protection instruments that strengthen the resilience of micro, small and medium-sized enterprises (MSMEs), including of the various vulnerable groups along the supply chain. The V20 sees SIF as a tool that can crowd in investments in risk reduction, enhance credit access, and better manage public contingent liabilities related to infrastructure and social resilience.

In 2018, the V20 formed an initiative with the G20 on the InsuResilience Global Partnership. They introduced the Global Risk Financing Facility (GrIF) hosted in the World Bank to help vulnerable countries manage the financial impacts of climate change and natural hazard-induced shocks, and enable resilient debt management. Through highlighting the need for increased support and ambition for resilient infrastructure investments, the V20 seeks to advance the cost-effectiveness of integrated risk management and financing solutions, and to enhance coherence among the Paris Agreement, the Sendai Framework for Disaster Risk Reduction and the G20's efforts on adaptation.

*Formed in 2015, the V20 Group of Finance Ministers is a dedicated cooperation initiative of economies systemically vulnerable to climate change. It is currently chaired by the Republic of Marshall Islands. The V20 membership stands at 48 economies including 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, Haiti, 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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