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V20 Ministerial III Focus Group Statement on Climate Accounting

Madam
Honorable Chair,
Dear Colleagues, Friends

Good afternoon,

I am extremely honored to represent Costa Rica today as a member of the Vulnerable Twenty (V20) Group. Our Vice President and Minister of Finance, Helio Fallas, asked me to express his regrets at not being able to attend this important Ministerial Dialogue.

First of all, our sympathies & prayers to the Govt. and People of Haiti.

I am pleased to deliver this brief statement for the V20 Focus Group on climate accounting which we are co-leading together with our colleagues from Nepal. We plan to take forward together the work of this Focus Group in two areas:

Firstly: We understand the challenge of climate accounting to relate to the large-scale externality that climate change presents for the world economy, in particular for **economies systemically vulnerable to climate change like the V20 economies**. The situation exists because the **market, businesses and governments are not yet adequately or consciously pricing in the negative effects of climate change** as they weigh indirectly on the bottom line of us all. We need to change that by developing and improving financial accounting models and methodologies, internalizing externality costs into finance, and cost-benefit analysis weighing climate change costs and climate action co-benefits. A number of V20 countries have already taken steps with the **public budget** to more accurately identify climate expenditures and there are a number of private sector initiatives to integrate climate related costs into business accounting practices. We are also interested in designing, on a case-by-case basis, **criteria for climate-proof public investment**, including with external financing. Moreover, in April the V20 committed to working to implement **carbon pricing mechanisms** in the coming decade and to work with international partners and platforms—including the Carbon Pricing Leadership Coalition and Partnership for Market Readiness—to review options and best practices and to promote similar steps in other markets towards the goal of a greatly increased share of global emissions subject to pricing. We plan to direct our energy in this

Focus Group to build on all of these areas of work, and remain in close collaboration with our colleagues from Bangladesh and the Marshall Islands leading the Focus Group with regard to partnerships, in particular in areas such as carbon pricing.

In a second instance: A major facet of the climate accounting challenge relates to international, regional and national flows of climate finance, including as concerns progress towards the 2020 \$100 billion annual public private mobilization commitment of the developed countries under the UNFCCC. We plan to seek further inputs from our partners with expertise in this area and work towards presenting our own V20 viewpoint as a contribution to this important debate. Precise knowledge on financial flows is very critical because of the role this plays in signalling to the markets.

As V20 economies, we want to pass on to our national economic stakeholders as much information on the level of public and private foreign investment that can be expected. If we can demonstrate to the private sector that they can expect to count on rapidly increasing, reliable and sustainable flows of climate finance, then we will be able to build a level of confidence not yet seen throughout the economy. That would spur a whole range of new activity to help build climate resilience and make low emission initiatives far more widespread. Along these lines, we would benefit from capacity building for the financial sector, both for recognizing climate risk as financial risk in the areas of banking and insurance, and for identifying new investment opportunities.

We look forward to report back to the members and partners on progress following the upcoming first meeting of our Focus Group in Addis Ababa towards the end of this month.

Finally, and on a high note, I would like to share with all of you the good news that the Paris Agreement was ratified by Costa Rica's Congress just 3 days ago, on October 3rd. Our country now stands ready for the design and implementation of new sustainable and resilient development pathways, and look forward to a continued collaboration with this distinguished group.

Thank you very much.