

Minister Of Finance Attends 8th V20 Ministerial Dialogue



On 21st April 2022, The V20 held its Eighth Ministerial Dialogue in the World Bank headquarters alongside the World Bank and IMF Spring Meetings.

Finance ministers from the V20 Group of climate-vulnerable economies which currently represents 1.4 billion people in 55 countries pushed for partnership with the G7 and G20 to improve the global financial system. V20 leaders called on the G7, the G20, and the IMF to act decisively on loss and damage while ensuring the inclusion of vulnerable economies in their decision-making processes. V20 ministers pointed to the InsuResilience Global Partnership as an example of collaboration deserving replication.

Intensifying climate change impacts, consistent with projections from the latest Intergovernmental Panel on Climate Change (IPCC) reports showing growing losses and damages due to inadequate adaptation responses and a prevailing 98% financial protection gap, which has today translated into a rapidly deteriorating macroeconomic burden for V20 members.

The V20 Group of Finance Ministers released a Communique calling for urgent inclusivity in decision-making processes and to include the V20 in G7, G20, and IMF deliberations covering global financial reform. V20 ministers remained critical of the sluggish effort by developed countries towards delivering finance with a greater sense of urgency and appropriate scale and quality. The V20 leaders cited:

The ongoing impact and recovery pace of the COVID-19 pandemic, could undermine climate action and trigger further instability in the world economy given the growing impacts of

climate change alongside a global energy price crisis driven by conflict in Ukraine. Growing contingent liabilities due to worsening extreme weather events combined with increasingly volatile, expensive, unreliable fossil fuels, are further harming their ability to power their economies.

The key concern is funding and liquidity to deal with crises of growing complexity. V20 ministers are painfully aware the liquidity crises that most are facing are not all of their makings. A global financial system unresponsive to climate change realities mean, more developing countries are forced into situations of fiscal distress or default, not because of long-term insolvency but due to a lack of cash on hand, hard currency, and exchange rate volatility and that shorter-term liquidity challenges are where the international public finance community and central banks can help.

Climate vulnerable economic managers nonetheless see new opportunities in building on COP26 outcomes from the UN climate summit in Glasgow. Decisions that keep the 1.5°C threshold target alive, including advances in international financing for loss and damage and the doubling of adaptation finance, need to be realized while taking advantage of the current surge in fossil fuel costs to crowd investments into renewable energy and storage while raising debt restructuring and credit enhancement as a climate resilience tool to safeguard creditors' assets and vulnerable economies and unlocking new climate resources and ambition.

In his statement, Honourable Mambury Njie, Minister of Finance and Economic Affairs of The Gambia representing the V20 as the Co-Chair in the InsuResilience Global Partnership indicated that the IPCC report confirms that Africa is the most vulnerable by all metrics, and The Gambia is one of the countries most vulnerable to the effects of climate change, owing to its low-lying topography. He added that to support climate action at such a scale and timeframe, international institutions are needed to play an important role in fostering an internationally resourced and orderly transition to a climate-resilient and low-carbon sustainable economy.

On behalf of the InsuResilience Global Partnership as a Co-chair, Honourable Njie stated that their goal is to reduce the financial protection gap by protecting 500 million poor and vulnerable people. He pointed out that this partnership can also support vital subsidization of premiums for promoting early-stage market growth for risk management and financing, and the creation of an adequately resourced and coordinated Global Shield.

He urged the forum to strive for a Global Shield as a centralized mechanism for adaptation and resilience that can build domestic, regional, and international markets in order to avert, minimize and address losses and damages.

Finally, the V20 Co-chair hopes that their joint efforts with G7 and G20 can make them all better off because they can build a market to handle these risks and drive adaptation investment in a highly effective way, and encourage a system that delivers the objective of resilience to economies and climate justice to communities.