

Institute for Climate and Sustainable Cities
PRESS RELEASE

Philippine, Ethiopian leaders preview Islamic-based V20 insurance facility

BONN, Germany, 13 November 2017 – Climate-vulnerable economies comprising the Vulnerable 20 Group of Finance Ministers (V20) previewed an Islamic finance-related insurance facility this afternoon (midnight Manila time) on the sidelines of the United Nations climate conference here, proving that investing in climate action is necessary and critical for inclusive development and economic growth.

Philippine senator and head of delegation Loren Legarda, Ethiopian state minister Kare Chawicha Dabessa for V20, and Institute for Climate and Sustainable Cities (ICSC) climate finance advisor Sara Jane Ahmed led the presentation of the Sustainable Insurance and Takaful Facility (SITF) in the event organized by ICSC, the Philippine government delegation, and the Bangladesh Centre for Advanced Studies.

Also part of the panel were Dr. Saleem Huq and Dr. Ainun Nishat from Bangladesh.

“The SITF integrates the fundamental principles of Islamic finance to close the insurance protection and the disaster risk reduction gaps. It is a vulnerable country-led initiative which seeks to fill gaps in the G7 Climate Risk Insurance Initiative (InsuResilience) and other risk transfer mechanisms,” according to Ahmed, who aClimate Smart Network

“We need more solutions such as the Sustainable Insurance and Takaful Facility to build resilient and sustainable communities and economies in our vulnerable countries,” stated Senator Legarda.

Just 14% of the one-billion population of the 48 CVF member countries had access to existing catastrophe risk mechanisms, or less than 10% of the GDP of member economies, according to a V20 study released last year.

“It is no secret that climate change affects development and adaptation brings about many additional costs that are a tremendous challenge for the vulnerable nations to bear,” said Debessa, Minister of Environment, Forest and Climate Change for Ethiopia. “Ethiopia as a chair of CVF/V20 therefore welcomes the initiative being put forward today to provide access to innovative climate and disaster risk finance to vulnerable countries including sustainable insurance scheme,” he added.

The CVF aims to extend insurance coverage against climate-related risks to every community in its member countries for the period 2030-2050 or sooner. The Forum has also announced they will strive to achieve 100% renewable energy production within the same timeframe during the Marrakech climate talks last year.

“Vulnerable countries deserve not only to survive, but thrive. People normally think of insurance in the ‘survive’ mode. What we are doing is rethinking insurance to enable the ‘thriving’ of our vulnerable countries,” said Ahmed. “We must use innovative financing and insurance to close the slow onset and fast onset event protection gap. We must incentivize adaptation and disaster risk reduction measures. And we must promote low carbon infrastructure investments,” Ahmed added.

NOTES TO THE EDITOR

The Institute for Climate and Sustainable Cities is a Philippine-based group working on climate and energy policies for climate vulnerable countries. <http://icsc.ngo>.

The V20, a sister initiative of the Climate Vulnerable Forum (CVF) composed of 48 countries, is aiming to mobilizing new and additional climate finance to meet the objectives of the vulnerable countries to keep warming below 1.5 degrees and build far greater resilience using innovative fiscal approaches and financial tools. The Group has set an initial target of raising at least 20 billion US dollars for V20 economies by 2020 from international, regional and domestic mobilizations. <http://www.v-20.org>

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