



# V20 VISION

# **2025**



MARCH 2021



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## Background

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The Vulnerable Group of Twenty (V20) Ministers of Finance was founded by then 20 inaugural member economies on 8 October 2015 in Lima, Peru, during the Annual Meetings of the World Bank Group and the International Monetary Fund. Our V20 has since continued to function as a dedicated dialogue and action platform of Ministers of Finance from now 48<sup>1</sup> developing economies systemically vulnerable to climate change from the Asia-Pacific, Africa, Middle East, Latin America and Caribbean regions, representing also 1.2 billion emerging consumers.

According to our 2015 charter document: “The V20 can promote alternative economic and financial visions to shape global debate and policy development in response to climate change and seek to drive global economic prosperity in harmony with the Earth’s climate and its most vulnerable communities.” Our V20 scope was also set as “a high-level policy dialogue pertaining to action on climate change and the promotion of climate resilient and low emission development with full competence for addressing economic and financial issues beyond the remit of any one organization”, while four key objectives were also outlined, as follows, to:

# 01

Act collectively to promote the mobilization of public and private climate finance and other sources of climate finance;

# 02

Share and exchange best practices on economic and financial aspects of climate action;

# 03

Develop improved and innovative approaches to climate finance;

# 04

Engage in joint advocacy and other collective actions.



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Since 2015, it has become clear that our growing exposure to climate risks creates instability in the world economy given the V20 are engines of global growth with consistently high average rates of economic expansion exceeding 5% per year. What affects the V20 will increasingly impact on the world economy, just as the V20 bears the brunt of the impact of climate change and concurrent global crises.

In light of the human and economic toll of the COVID-19 pandemic, we recognize that avoidance of future macro-catastrophe risks to ours and the global economy, chief among these climate risks, will require science to be at the core of our strategic and investment decisions. Working within the V20, and together with the G20, OECD, International Financial Institutions and the Multilateral Development Banks, it will be an urgent priority to recalibrate markets, technology, and finance towards more resilient and sustainable economic futures. Real economy progress to achieve a strong, resilient, inclusive and sustainable growth trajectory for the V20 should be achievable while accelerating efforts that diffuse climate- disruptive risks of all kinds, prioritizing climate resilient and low or zero carbon efforts while also maximizing economic growth, socio-economic benefits and galvanizing SDG progress.

This Vision 2025 is our collective strategy to underpin the direction of V20 efforts over the next five years.



<sup>1</sup> Formed in 2015, the V20 Group of Finance Ministers is a dedicated cooperation initiative of economies systematically vulnerable to climate change. It is currently chaired by the People's Republic of Bangladesh. 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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## Our Goals

We aim to catalyze economic transformation of our member economies to launch a decade of progress with 5-years of fast-tracked action aimed at ultimately achieving, by 2030, “climate prosperity”, or the reversal of our systemic climate vulnerability towards becoming systemically climate resilient economies.



**5-years of fast-tracked  
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prosperity.**

Our goal is to seek the improvement of our key socio-economic growth outcomes - national and disposable income, poverty reduction, investment, jobs, economic stability, trade balance, and other critical socio-economic results - by optimizing core economic and climate responses together within the real economy. V20 economies may seek to outline our country-led strategic investment strategies to achieve climate prosperity in these respects through decadal plans to 2030, commencing with the first such “Mujib” Climate Prosperity Plan being developed by the V20 presidency of Bangladesh in honour of the centenary of the Father of the Nation of Bangladesh, Sheikh Mujibur



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Rahman. In pursuing climate prosperity, we aim to meet, exceed or ensure early achievement of the 2030 Sustainable Development Goals and be well on track to emerge, at the latest by 2030-2050, as wealthy nations achieved through strongest possible economic growth, programmed climate-smart. To do so, we also need systems change to the global economy and parallel and supportive contributions of major economic actors, including IFIs, MDBs, and the development assistance and economic cooperation of the G20 and OECD.

## Specifically, within the V20, by 2025, we aim to:



### Leverage Trillions of New Investment

1. Leverage and scale-up the first of trillions in new economic investments needed by 2030 in critical infrastructure and services to deliver climate prosperity from international, regional and domestic sources, seeking optimized, high prosperity outcomes to deliver fast-paced economic, jobs, disposable income growth, positive welfare effects, improved trade and other critical socio-economic results, while also rapidly accelerating resilience to climate dangers, low and zero carbon deployment, and spurring SDG progress.



## Overcome Capital Cost Challenges

2. Achieve a sustainable trajectory to overcoming substantial cost of capital constraints to financing high-capital emphasis climate-smart investments alongside growing capital costs due to the impact of climate change, by directly unlocking at least USD 30 billion of private sector investments through more systematic and optimized financial de-risking for resilient infrastructure and renewable energy, working through MDBs and national financing institutions.



## Close the Financial Protection Gap

3. Cut the 98% prevailing V20 financial protection access gap for climate and disaster risks in half by supporting the development of the domestic disaster risk financing and insurance sector, focusing particularly on protection for micro, small and medium-sized enterprises (MSMEs).



## Boost Job Growth, Secure a Just Transition & Protect Workers

4. Create a net greater overall quantity of jobs and increase the share of quality jobs than would be possible through business-as-usual development, ensuring no workers are left behind in the transition to climate resilient, low-carbon economies through adequate and responsive wage-replacement support and worker re-skilling and employment programs, while also pursuing strategies to ensure adequate and effective protection for workers from rising climate risks in the workplace.



## Optimize Public Finance and Fiscal Practices

5. Leverage growing public support for tackling the global climate emergency to develop new sources of public revenue to finance climate prosperity actions, including through carbon pricing, climate pollution taxation, and/or





other public financing approaches, while ensuring no adverse impacts on the disposable income of the lowest socio-economic groups who are most affected by climate disruptions

6. Minimize distortionary subsidies, reform taxation practices and reform export credit agencies to progressively eliminate economic activity counteractive to climate prosperity.

7. Improve the tracking of public climate-related expenditure of all kinds to fully monitor and highlight the extent of growing public spending needs in response to climate challenges.

## Leverage Renewable Energy Wealth and Energy Efficiency for Economic Gains

8. Accelerate the exploitation of domestic wealth in the form of renewable energy resources of all kinds and promote investments in energy efficiency that benefit domestic businesses





9. Work to end especially off-grid energy poverty through decentralized renewable energy solutions and the improvement of energy affordability and disposable income for the lowest socio-economic groups that are most vulnerable to climate disruptions

10. Progressively shift reliance away from costly, price-volatile imported fossil fuels, thereby also reducing external inflationary pressures, improving the balance of trade, and resilience to global and regional price shocks (e.g., fuels, food) and other supply/demand shocks.



## What We Need

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In order to succeed with the above objectives, the V20 needs more robust support and synergistic engagement of the international economic community given our economies are least responsible for climate disruptions and most marginally equipped to tackle these as we strive towards leaving nobody behind in our efforts to fulfill the 2030 Sustainable Development Goals.

## As key priorities in international support for the V20, we call for:

01

Exceeding the low-bar target of US\$ 100 billion of international climate finance from developed economies in support of developing countries' climate action, given climate action support needs far exceed this level and such finance is indispensable to support ambitious and urgent actions commensurate with the scale and risks of a global climate emergency that has a disproportionate impact on V20 economies.

02

Ensuring, as soon after 2020, and well before 2025, a new climate finance target should enable a balanced outcome achieved using public finance to leverage private finance towards a balanced composition of resources ultimately delivered to resilience and low-carbon outcomes in international climate finance from public sources provided by developed countries. Investing in the resilience of the most vulnerable is not only an urgent humanitarian need but also a sensible strategy for building a more resilient global economy in today's highly interconnected world.



03

Greatly increased capitalization of key international, regional, and national funds by developed nations, the G20 and OECD, including the Green Climate Fund and Adaptation Fund, and a reduced emphasis on debt as an instrument of international climate finance., as well as reduced cost of capital.

04

Facilitated and streamlined access to key international climate finance funds to accelerate the speed and scale of climate action taken within most vulnerable economies.

05

The urgent alignment of development aid and international and regional concessional financing with a climate prosperity agenda, to facilitate investments in climate resilient and low to zero- carbon actions.

06

The equally urgent alignment of economic cooperation of partner economies to the V20 towards climate-smart, climate prosperity investment opportunities in order to best leverage mutual benefit economic opportunities for the V20 and partner economies alike, while helping to accelerate the achievement of V20 vision goals.

07

Dedicated international support for financial de-risking in order to reduce the cost of capital challenges to financing capital-intensive climate action in a situation where V20 economies' cost of capital have already risen due to the impact of climate change and are set to rise considerably in parallel with an accelerating global climate crisis.

08

Support for protecting workers from climate shocks and job displacement and employment restructuring linked to the energy transition and to address and compensate communities experiencing loss and damage.



09

International assistance for the subsidization of financial protection against climate and disaster risks, and specifically relating insurance premiums, to accelerate progress towards achieving sufficient market scale that demand for such financial protection could be sustained without subsidization.

10

More systemic universal treatment of climate risks by international financial institutions and strengthened and expanded dedicated emergency assistance and support channels to support most vulnerable economies with acute and chronic climate-related shocks to markets, public finances and the economy.

11

Technical assistance and capacity building for public financial practices and approaches to integrating climate risks, accounting for climate-related expenditures, and for implementing public revenue approaches linked to the response to climate change, including carbon pricing mechanisms and tax and subsidy reform.

12

Support for accessing and for the development of technology and technological solutions that are appropriate for application in V20 economic contexts, including to achieve breakthroughs and market scale for sustainable technological deployment over time.



# Our Guiding Principles

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Our strategic objectives to accelerate economic growth and sustainable development through ambitious action on climate change are guided by the following principles:



**01**

Recognition of the distinct challenges shared widely by V20 economies.



**02**

Ownership and country-driven processes that enhance efficiency, responsiveness and build in-country capacity;



**03**

Alignment of development priorities with climate change responses – at the nexus of optimal economic and environmental outcomes – to advance both socio-economic development while promoting climate action and resilience;



**04**

Mobilizing international support through scale, appropriately balanced support to adaptation and mitigation, predictability, debt sustainability, and accessibility;



**05**

Working with major economies for their responsible leadership and action in support of V20 efforts and the transformation needed to secure a climate resilient world economy;



**06**

Promoting South-South solutions by collaborating and exchanging expertise and innovative solutions in finance, technology and policy; and



**07**

Sustainability including the achievement of the 2030 Agenda and its Sustainable Development Goals.



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## Our Partners

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Our success depends on thriving collaboration, coordination, shared leadership and shared outcomes with various partners within the V20, G20, bilateral donors, international financial institutions, international organization, research and non-government institutions, the UN system and private sector.

