



WE WHO ARE
MOSTLY POORER
COUNTRIES
HAVE DONE
OUR BIT TO HELP
SIMPLY BY
REMAINING POOR

BUT THIS
CANNOT GO ON

Mohamed Nasheed



OF ALL STATES
AND PEOPLES

THE FATE
OF THE MOST
VULNERABLE
WILL BE
THE FATE OF
THE WORLD

Climate Vulnerable Forum

Economic and Financial Impacts



Decreased GDP Per Capita

Lower income levels across all countries, up to **30% decrease** in growth potential for some (e.g. Central Asia). On average, across all continents, the additional 0.5°C of warming rising from 1.5°C to 2.0°C would lead to more than a doubling in the negative consequences of climate change on incomes.



Accelerating Inflation

Up to **66% higher** at 2°C than 1.5°C



Higher Interest Rates

Median interest rates could climb above **0.65%** in Asia and Europe.



Reduction in Annual GDP Growth Per Capita

Economic losses from climate change to exceed **10%** reductions to annual GDP per capita growth for entire regions (Asia, Europe) by end-of-century in a no climate action scenario. For example, Europe consistently sees the largest relative estimated losses to GDP per capita growth, with spillover effects globally..



Loss of Labor Hours

Highest loss projected in the warmest latitudes (Central Africa, West Africa, South Asia, and Southeast Asia)



Near-term Losses

Economic losses from climate change expand by **1-2%** in the near-term (2021-2040)

Food Security at Risk

Extreme Surface Temperatures

Temperatures are higher than they have ever been in the last **125 000 years**



Droughts

Drought events per 20 years to increase **4-8 fold** at 1.5°C, **8-12 fold** below 2.0°C, and **12-14 fold** for the no climate action scenario



Extreme Precipitation

Extreme precipitation projected to increase by **4%-8%** at 1.5°C, **3%-8%** below 2.0°C, and **4%-22%** for the no climate action scenario



Food Supply and Income

600 million farmers globally will be affected, **90%** of which are small-holder and subsistence farmers



Severe Food Insecurity

Will increase by **12.8%** globally if no climate action is taken, which is **10.9%** higher than the scenario under 2.0°C.



Drought Events in All Regions of the World

are between **5-11 times** more frequent in occurrence by 2050 in a below 2°C scenario compared with the recent past. But they would be **8-13 times** more frequent by the end of century in a no climate action scenario.



Heavier Rainfall for Tropical Cyclones

At the same time, a 4°C warming world will see **20%** heavier rainfall for all tropical cyclones, making less intense storms much more destructive than now.



Decreases in Crop Yield

1.5°C of warming results, for instance, in **5-10%** decreases in crop yields, compared to **20%** decreases in a below 2°C scenario, and over **40%** decreases in a high warming scenario



Supporting Climate Vulnerable Nations to Play a Pivotal Role in Averting Climate Chaos via an Enhanced Transition in this Critical Decade

- The latest IPCC report estimates that 1.5oC of warming will be reached by 2030
- The period until 2025 thus represents an extraordinary window of opportunity to secure the future of the planet and its inhabitants
- The V20 face wealth destruction of over half a trillion US dollars in the last decade.

Climate Impacts



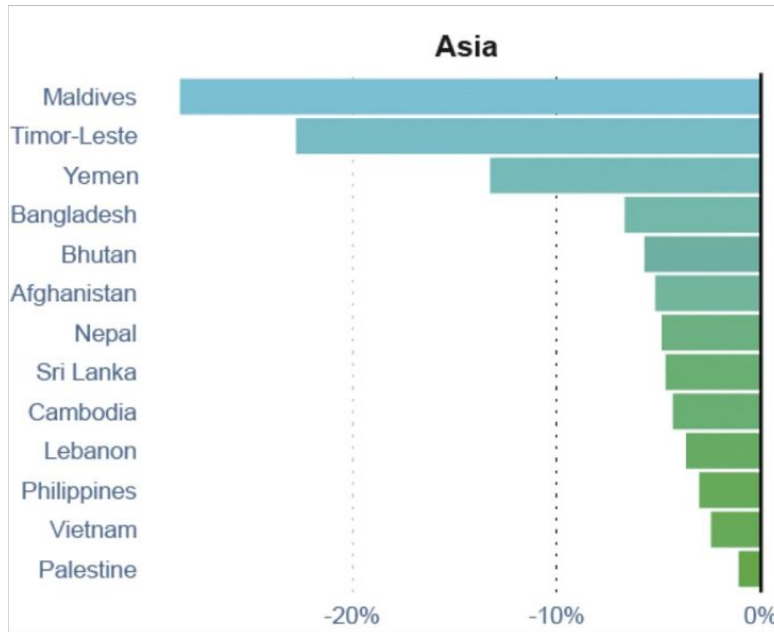
**55 climate vulnerable economies have lost 20% of wealth:
US\$ 525 Billion**

In aggregate dollar terms because of climate change impacts (2000-2019)
**The most at risk countries would be twice as wealthy today
were it not for climate change.**

Economic losses exceeded half (51%) of growth since 2000 for most at-risk countries

Climate vulnerable countries are contending with severe loss and damage.

Attributable Climate Change Economic Losses in V20 Countries



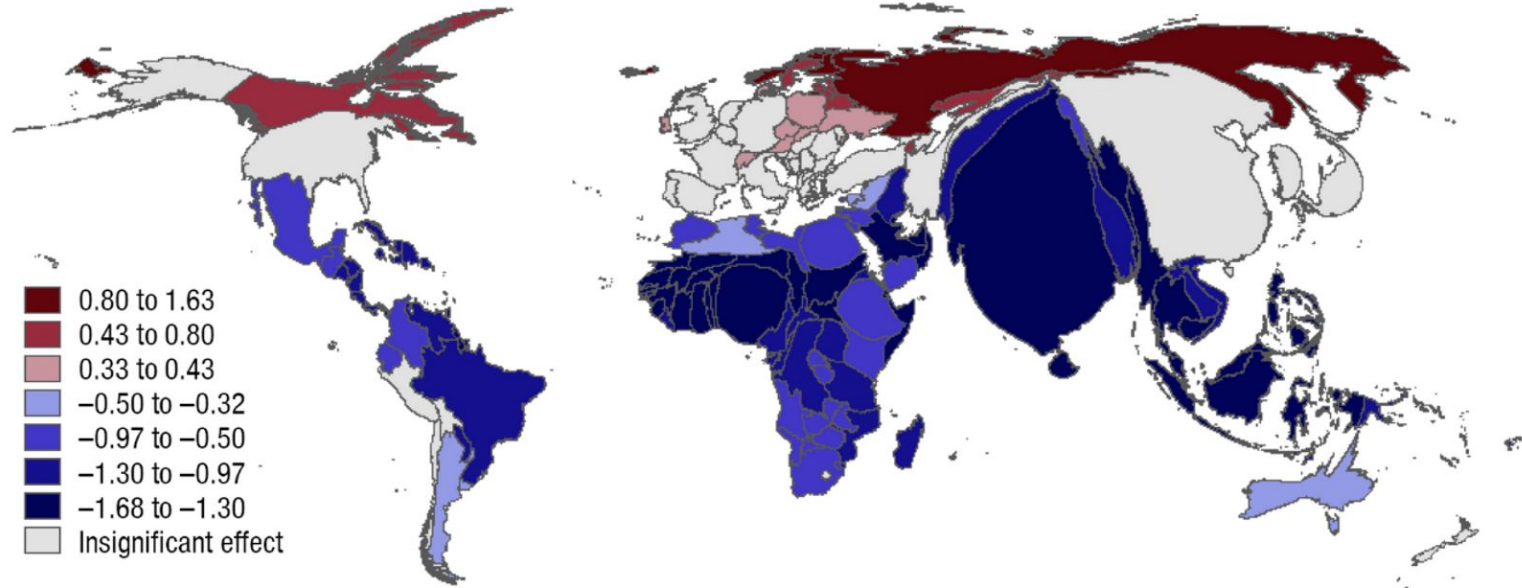
Effect on GDP per capita (in % of GDP in counterfactual)

\$525 billion

Total losses to V20 economies over the last two decades due to climate change

Source: Baarsch, Awal and Schaeffer 2022.

Effect of 1°C Increase in Temperature on Real per Capita Output at the Country Level, with Countries Rescaled in Proportion to their Population



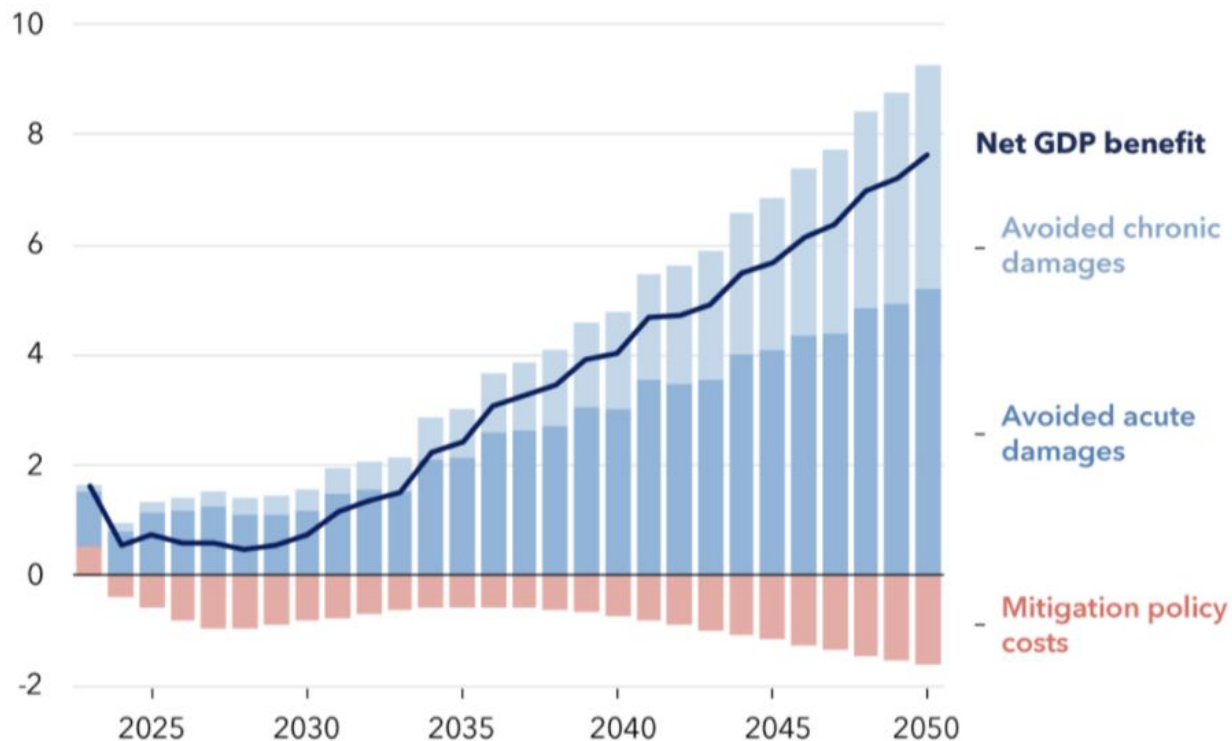
Data Source: IMF, 2017

A faint, light green world map is visible in the background, centered behind the text. The map shows the outlines of continents and oceans.

**Avoid tradeoffs between
development and climate
stability**

World potential GDP benefit under net zero carbon emissions by 2050

(percent deviation from reference scenario)



Sources: NGFS (2023), Scenarios Portal; IIASA (2023), NGFS Phase 4 Scenario Explorer; and IMF staff calculations. Note: NiGEM model with REMIND-MAgPIE inputs. The reference scenario is the Current Policies scenario with no transition but physical risk.

Key Outcomes of COP 28



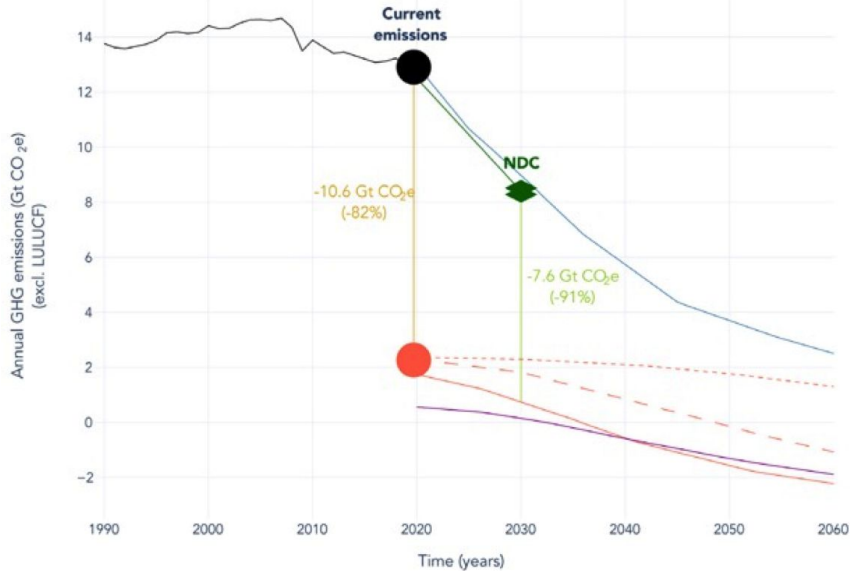
	Successes	Challenges
Loss and Damage Funding Arrangements	Agreement on the operationalization of the Loss and Damage arrangements was historic and the first pledges by Germany and European Union sent a strong signal.	Losses and Damages, raised funds are not enough
Adaptation Finance	Global Goal on Adaptation	Large gaps in adaptation finance remain , UNEP Adaptation Gap Report (2023) found the gap between developing countries' needs and available resources to be US\$194-366 billion per year
Mitigation and Fossil Fuel Phase Out	Historic agreement on transitioning away from fossil fuels	Loopholes and weak language in the outcome documents are putting the mitigation goals at risk to protect 1.5C limit Global Stocktake revealed weak country NDCs, inconsistent national legislation and policy-making
Global Shield against Climate Risks	<ul style="list-style-type: none"> - Additional contributions by Luxembourg and France - Joint event with Minister Svenja Schulze in Ghana Pavilion 	Diversifying donor base and support to all financing vehicles
Green Climate Fund	- USD 12.8 billion raised from 31 countries	Raised funds are not enough

Investment/spending needs for climate action per year by 2030

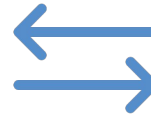


Source: Finance for climate action Scaling up investment for climate and development, Report of the Independent High-Level Expert Group on Climate Finance, November 2022

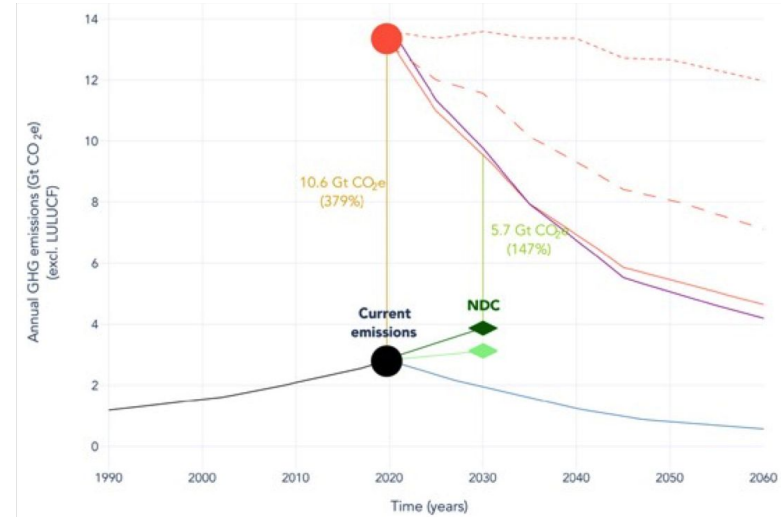
G7 Countries



ITMOs



Climate-Vulnerable Countries



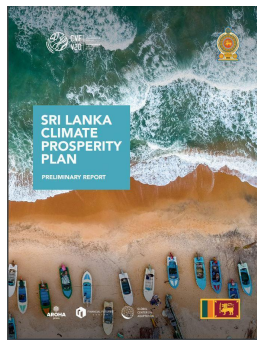
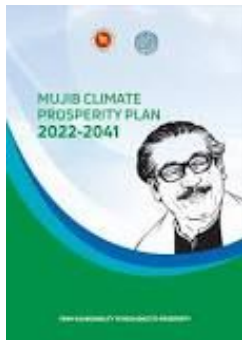
Mainly bilateral ITMOs with G7 and G20.

Source: CVF 2022

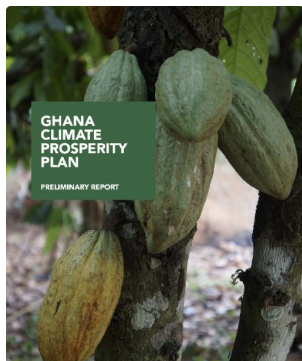
Private sector element: Given that the 1.5C limit of the Paris Agreement to be breached by 2030, the G7 agree for private actors in GFANZ/SMI be able to undertake Special Drawing for Net Zero through off-balance-sheet investments in exchange for returns on investment and ITMOs on a per annum basis which can be transferred to G7 countries.

Country Platform: Climate Prosperity Plans (CPPs)

Catalytic deals that unlock new long-term sources of capital or be crucial to changing market economics - limit risks, enable price discovery, and can support future system design.



1. Strategic investment plans to drive new investments in development-positive climate action*
2. Macro model that illustrates development-positive climate action
3. Drive critical cooperation and partnerships including with G7, G20, private sector and other organizations towards a fit-for-climate international financial system.



Bangladesh: USD 90 billion through to 2030

Ghana: USD 76 billion through to 2030

Sri Lanka: USD 26 billion through to 2030