

Newsletter 2021



Vol.6

Apr. Edition

CICL CONNECTIONS

The official newsletter of Corp-EFF Insurance Company Ltd



Are Caribbean Islands impacted by Climate Change, and how are Credit Unions dealing with its impact?

Author: Hyacinth Durand-Bucreay

While no single country in the Caribbean stands out as the most vulnerable to climate change, collectively, all are expected to feel the impact and effects brought about by Climate Change.

‘On a global scale, scientific evidence indicates that human activities are continuing to contribute to global warming. Carbon dioxide and other greenhouse gases, which are byproducts of industrial production, have increased significantly in recent decades, resulting in an overall rise in air and sea temperatures.

Despite their small contribution to global greenhouse gas (GHG) emissions, all Caribbean countries face a significant challenge from climate change. Developing economies such as the Caribbean rely heavily on sectors vulnerable to climate patterns such as Tourism, Agriculture, and Fishing. The great impact of the rise in sea levels, changes in rain patterns, temperatures, and increasing intensity of natural disasters identified by the Intergovernmental Panel on Climate Change (IPCC), are significant challenges to overcome.

Over the last three decades, average temperatures in the region have risen from 0.1° to 0.2°C per decade, according to the IPCC.

The region's rainfall patterns have shifted, and the number of consecutive dry days is expected to rise. Furthermore, over the past 33 years, the sea level has risen at a rate of two to four centimeters per decade, posing a threat to the region's freshwater resources as well as the region's predominantly coastal population, which is reliant on Tourism and Agriculture.

The cost of inaction when it comes to addressing the challenge of climate change in the Caribbean is high says IPCC. Based on forecasts and annual losses, the financial hit could be \$22 billion by 2050, which equates to roughly 10% of the current Caribbean economy.

The question is, how can Caribbean countries respond to climate change and its negative impacts on the economy and population?

The first line of attack we are told is to adopt an attitude that is aligned with action to combat climate change and heal Mother Earth.



Are Caribbean Islands impacted by Climate Change, and how are Credit Unions dealing with its impact?

Government and policymakers are encouraged to acknowledge that climate change is real and that it is a global issue. Furthermore, they are encouraged to adopt various mechanisms to promote fundamental policies that support resilience and help reverse the root causes of Climate Change.

The general population is encouraged to take personal responsibility for everyday actions and acknowledge that this global issue impacts every human-being in their little corner of the globe.

What major actionable steps are required to combat the real issues of Climate Change?

In line with policy implementation, are investments in the recycling of human wastes, together with investments in renewable energy to reduce the overall dependency on fossil fuels.

Another actionable step would be to include all stakeholders from the private and public sectors to drive governmental policy implementation.

It has been proved that when the majority of people can benefit from something, people respond positively for the greater good.

Therefore, education must form an integral role, in communicating the benefits of climate change resilience policies and the cost for inaction. It is a conversation that is worthy of having in the life journey from childhood, all through adulthood.

How can financial institutions such as Credit Unions remain robust enough to withstand external shocks brought about by Climate Change?

According to the World Council of Credit Unions on the subject of Credit Unions readiness and its Operating Principles, *“Credit Unions have proved on countless occasions that they can be adapted to the special needs of different population groups, to different cultures, languages, and religions, as well as to different legal, political, and economic systems, without compromising basic credit union operating principles, like commitment to democratic structure and functioning, to the achievement of social goals, and especially to service to members. Credit Union services are directed to improve the economic and social well-being of all members. A safe place to save and fair remuneration of deposits, the provision of loans and other financial services, and the equitable distribution of surplus revenues are fundamental services of credit unions.”*

Are Caribbean Islands impacted by Climate Change, and how are Credit Unions dealing with its impact?



The World Council also said that *“A prime concern of the credit union is to build the financial strength, including adequate reserves and internal controls, that will ensure continued service to its membership.”*

Credit Unions are unique among financial institutions, in that they are not only run by their members but are also owned by them. This is an important distinction to make. Credit Unions have a long history of providing excellent service to their members. They've shown that even in the poorest of nations, there are significant amounts of savings that can be mobilized and monetized for the benefit of families, communities, and countries.

Since credit unions and the credit union system depend on growth to provide benefits to their members, credit union institutions and their external partners must continue to work to recognize and mitigate risk, including risks related to climate change, to encourage and accelerate growth.

It is however expected that Credit Unions and their current and future members in developing countries such as the Caribbean, will continue to benefit from the global experience of credit unions, by implementing policies and procedures that work and avoid those that do not.

Our food, water, energy, sources of income, and our way of life are at risk, and not enough is being done.

We require a multi-layered approach that involves all stakeholders to experience real and lasting change. This conversation needs to continue and expanded across all of our communities to bring the necessary awareness to promote a change of attitude to save Mother EARTH.

Corp-EFF Insurance remains committed to its partnership with Credit Unions in the Eastern Caribbean Region, in providing market-specific products to satisfy Credit Union's growing needs. Visit the website at www.corpeffinsurance.com to learn more about our suite of products.

*“We Take Away the Risk,
You are Insured”*

References

https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_118276.pdf

<https://www.iadb.org/en/ove/climate-change-caribbean-small-island-states>

<https://www.nationalgeographic.com/environment/article/greenhouse-gases>

<https://www.iea.org/data-and-statistics?country=WORLD&fuel=Energy%20supply&indicator=TPESbySource>