

Headline: Disaster fund creation urged

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The Philippines has urged the global community to set up a worldwide disaster insurance fund to support reconstruction initiatives.

Under the proposal, which the Philippines intends to strongly push in international forums given the devastation caused by Supertyphoon Yolanda, insurance premiums to be paid by countries will be commensurate with their contributions to climate change.

This means highly industrialized countries with huge carbon emissions would pay the highest premiums.

Finance Secretary Cesar Purisima said it was high time such a financial mechanism was put in place in light of rising cases of disasters related to climate change.

"We [the Philippines] do not contribute much to climate change but we are one of those affected the most," Purisima told reporters Tuesday on the sidelines of the Asia Pacific Real Estate Investment Summit.

The finance chief said the International Monetary Fund could manage the global insurance fund.

Purisima said he first floated the proposal about three years ago in an international event following the disaster caused by Typhoon "Ondoy" that struck the country in 2009.

He said it was time to more strongly push for it given the worsening effects of climate change.

Typhoon Yolanda, which devastated mostly Western, Central, and Eastern Visayas Regions, is said to be one of the strongest typhoons to ever hit land.

The Philippine government has yet to come up with an estimate of the reconstruction cost, although the disaster is expected to cause affected regional economies to contract.

Based on rough government estimates, the regional economies of Western, Central, and Eastern Visayas could contract by as much as 8 percent next year as a result of the calamity.

In turn this could slow down growth of the overall Philippine economy by 0.5 to 1 percentage point.

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Although the effect on the overall economy is expected to be relatively modest, government officials admitted the social impact on affected families would be substantial.