

11 October 2023
Commonwealth Finance Ministers Meeting

**Opening Remarks by The Rt Hon Patricia Scotland KC,
Secretary-General of the Commonwealth**

Honourable Ministers and Heads of Delegation,

Excellencies,

Distinguished guests,

Commonwealth Friends and Colleagues.

Honourable Chair, **Professor Biman Chand Prasad**, Deputy Prime Minister and Minister for Finance, Strategic Planning, National Development and Statistics, for the Government of Fiji.

I am delighted to open this 2023 Commonwealth Finance Ministers Meeting here in the magnificent city of Marrakesh.

Before we begin, let us take a moment to reflect on the devastation wrought by last month's awful earthquake 75kms from here.

We are all saddened by the loss of life, we send our sympathy to all those affected, and we send our solidarity to the Government and people of Morocco - along with our gratitude to them for such a warm welcome, even in this most challenging period.

I also place on record our gratitude to the IMF the World Bank Group - along with our own team at the Commonwealth Secretariat - for their work to enable these meetings to go ahead, whilst ensuring our safety, and without disrupting ongoing relief and reconstruction efforts.

Honourable Ministers, we meet at a critical time, with a range of entrenched and overlapping crises creating a deeply challenging context.

Throughout the quick sequence of Commonwealth Ministerial Meetings in recent weeks - Youth Ministers, Women's Affairs Ministers, Foreign Affairs Ministers, Climate & Environment Ministers - there has been a clear and compelling consensus:

The storms we face are real and serious.

But together, as one Commonwealth, we can weather the.

Honourable Ministers, our Commonwealth values of justice, fairness and solidarity; our shared aspiration to eliminate poverty and achieve sustainable development; and our common commitment to broaden economic opportunities for all, have sustained us for more than seven decades.

They will continue to sustain us for many more.

They are especially important in the face of the fragile and uncertain economic outlook you, as Finance Ministers, are faced with.

The IMF's World Economic Outlook Update shows stubbornly low global growth - around 3% for both 2023 and 2024 - which is low by historical standards.

Geopolitical tensions have created inflationary pressures, and the monetary response to inflation has seen interest rates rise, which weighs heavily on economic activity.

Public debt, which has tripled since the mid-1970s, rapidly accelerated during the pandemic. Globally, it reached USD 92 trillion in 2022.

Both fragility and debt are exacerbated by the increasing frequency and severity of climate change impacts, with some

Small Island Developing States attributing more than 40% of their existing debt stock to climate change.

This is a huge challenge. Some Commonwealth member states are in debt distress right now.

Others are at a moderate or high risk of debt distress.

And across the board, the global burden of public debt - at 93% of GDP - is not sustainable.

In order to achieve greater sustainability, and greater resilience, for Commonwealth economies - especially the most vulnerable economies - we need to summon all our unity, and all our strength, to push for global reform.

This means reforming the ability to manage debt.

- Some of our members have successfully restructured their debt under the Common Framework for Debt Treatments, but achieving this has been far from straightforward. It is essential that the process is simplified, to make debt treatments under the Common Framework clearer and more coordinated.
- We need to address the limitations in international commitments on debt pauses for climate related disasters. They only apply to newly issued debt, so it could take years before benefits are felt, which does not help in emergency situations.
- We need to ensure that climate vulnerability is factored into debt sustainability assessments, and recognise the positive impact of climate-related investments. Countries need the fiscal space to invest in the climate resilient infrastructure which can ensure their survival and growth, irrespective of historical debt stocks. It is neither just nor sensible to prevent vulnerable countries from accessing the support they need because of debts they incur from a problem they have not caused, but which they are disproportionately affected by.

It also means reform to increase access to finance - concessional and non-concessional, while increasing our systemic capability to make every penny count.

Developing and vulnerable countries need cheaper development finance with longer maturity which is easily accessible.

Yet the financial divide is widening, in part, because the current financial system prevents countries with genuine vulnerability from accessing the support they need.

The system is ingrained with conditionalities and heavy-handed eligibility criteria, rendering the financing landscape complex and loading the dice against countries in need of development finance.

The case for reform of the global financial architecture is clear, urgent, and gathering widespread support.

Our meeting today builds on the Paris Summit in June - and the outcomes of the first Commonwealth Climate and Environment Ministers Meetings at UNGA last month - to add further momentum.

The system needs a deeper, more realistic, and more data-driven understanding of vulnerability - and the Commonwealth's Universal Vulnerability Index has been foundational in the UN's Multidimensional Vulnerability Index, which is has been launched this morning here in Marrakesh.

And climate mitigation and adaptation must become a core part of the mandate of Multilateral Development Banks, creating framework and increasing the incentives for sound climate investments.

Commonwealth Finance Ministers - indeed, all Commonwealth Ministerial Meetings - have a long history of combining a

strong, united voice for global change with the pursuit of practical progress.

And in this, the Commonwealth Secretariat is at your side, and at your service.

Because reforms must be accompanied by an expansion of the tools we have at our disposal.

Our Climate Finance Access Hub, which has so far mobilised \$310 million for the countries which most need it, demonstrates what you can achieve with relatively small amounts of seed funding and some skilful technical assistance.

We are helping members develop pipelines of bankable climate investments, to make the best use of current and future climate finance.

Our Meridian Debt Management system is being used by Central Banks and Finance Ministries across the

Commonwealth, helping them to monitor transactions and conduct in-depth debt analysis for more informed decisions.

We are helping members think through ways to mobilise domestic revenues and enhance investments to accelerate the transition to net zero - indeed, your officials have just been briefed on our new model for carbon tax legislation, which we are in the process of publishing, and which we will share with all of you.

And we are developing a guiding framework for small states on debt-for-nature swaps: another innovative mechanism which can free up financial resources to build resilience against climate change while also enabling countries to focus on other development priorities.

These are just a handle of examples of the technical work being undertaken by the Secretariat, acting on the mandates of Heads of Government.

I hope all Honourable Ministers know that we will endeavour to provide you with whatever assistance you need, whenever you need it.

But these examples, and the call for global change, are driven by the same principle: business as usual is not an option.

Business as usual provides insufficient support for the countries which need it now.

It will not help us overcome the grave, entrenched challenges we all face.

And it is not enough to enable us to attain the Sustainable Development Goals.

I hold an unshakable belief in the value and power of our Family of Nations.

Despite the challenges we have faced together, that belief has only been strengthened by my experience as Secretary-General.

Ours is a Commonwealth not just of shared values, but of common purpose and joint action.

And I know that when our members can access the support and assistance they need, there is nothing they cannot achieve as independent nations - and there is nothing that we cannot achieve together.

The reality of the world today insists that we are dependent on each other, and the challenges we face - while daunting - are not a source of fear, they are fuel: to rise, to innovate, to deliver.

And I have no doubt that, if we continue to stand together, and strive together, in restless and practical pursuit of the

global common good, we can deliver future which is durable, sustainable, peaceful, prosperous - a future in which our near-boundless potential is fulfilled, and enjoyed, for generations to come.

It is now my great pleasure to hand over stewardship of this meeting to our esteemed Chair, Honourable Professor Biman Chand Prasad, Deputy Prime Minister and Minister for Finance, Strategic Planning, National Development and Statistics, for the Government of Fiji.