

UN Third Financing for Development Conference, Addis Ababa

Plenary Intervention by Commonwealth Deputy Secretary-General

Thursday 16 July 2015

- Mr President, Excellencies, Distinguished Ladies and Gentlemen.
- On behalf of the Commonwealth Secretariat, I would like to thank the Government and people of Ethiopia for the splendid arrangements and gracious hospitality provided in hosting this landmark Financing for Development Conference.

Importance to Commonwealth

- The global community has gathered in this historic capital and proud land, to agree on the financing framework that will define development ambitions over the next fifteen years.
- Building on the lessons from Monterrey, this is indeed an unprecedented opportunity to chart a fairer, more inclusive and sustainable future for all of humanity.
- We must bear in mind however, that a collective effort is crucial if this prospect is to become a reality. Particularly towards generating adequate financial resources and in ensuring the achievement of set targets through measurable and accountable means of implementation.
- The Commonwealth Secretariat has a keen interest in supporting a financing for development framework that enhances the effectiveness of existing resources, and helps to mobilize complementary forms of assistance to fill the financing gap both at the national and local levels.
- We support the emphasis on domestic revenue mobilisation which must take into account the special circumstances of small states and LDCs, whilst at the same time recognising the continued high importance of ODA. We also support and emphasis on innovative and alternative finance.

Key areas of concern for the Commonwealth

- Today, I wish to bring to your attention to five pressing areas of concern that, in the Commonwealth's view, a new financing framework must address to be responsive and meaningful to citizens across the globe.

1. The first has to do with risk and resilience in small states

- Despite many having middle income status, small states which comprise 31 of our members are highly fragile and continue to face massive challenges including their ability to manage unexpected and uncontrollable external events including climate change.
- Narrow resource bases and limited domestic markets have restricted export diversification leaving them highly vulnerable to global economic downturns and natural disasters.
- This year, for instance, Cyclone Pam devastated our member state, Vanuatu, wiping out a generation of development progress in a matter of hours.
- The Commonwealth is pioneering a program of work with development partners, to support resilience building in small states. However, much remains to be done, particularly in relation to the ability of small states to access affordable sources of development finance. Currently, high per capita income is taken as a yardstick for development progress, and small states find themselves excluded from much needed concessional assistance. **This approach needs to change so that vulnerability is also used as a criterion in accessing concessional financing.**

2. The second issue has to do with the debt challenge of small states

- The challenge of high and unsustainable debt burdens is a major component of the risk profile of small states.
- Despite significant debt restructuring operations undertaken by many indebted small states, including a large number within the Commonwealth, these economies remain among the most indebted in the world. At the end of 2014, 12 Commonwealth small states held gross debt to GDP ratios in excess of 60%. In the Caribbean region, debt represents the core impediment to dynamic macroeconomic performance.

- Unsustainable debt burdens are thus crippling already-weak growth prospects, exacerbating inherent structural vulnerabilities, and threatening the achievement of long-term and transformational development outcomes.
- This issue has received only peripheral international recognition and attention to date, and there is a clear opportunity to meaningfully address it within the new financing framework.
- The Commonwealth has undertaken a number of advocacy campaigns on small states' debt sustainability, in this regard, and has developed a set of proposals to help alleviate their debt problem, including multilateral debt swaps for climate change adaptation and mitigation, and counter-cyclical loans to mitigate against debt accumulation and growth challenges.
- We call on the international community to devote more attention to addressing this issue, so as to ensure that indeed no-one is left behind.

3. The third issue has to do with global economic governance

- For the new FfD framework to be truly transformational, it must be embedded in a new strengthened global partnership for development, which supports the development of conducive national, regional and international enabling environments, and which embodies concrete actions to address systemic international development issues.
- We have a duty to act collectively and undertake concrete actions to address key systemic bottlenecks in several areas, including trade, tax and global economic governance, where we must seek the development of a framework which is more inclusive and where everyone can participate effectively.

4. The fourth has to do with innovative finance

- The Commonwealth has a longstanding interest in financing for development, with financing for development policy issues featuring as a perennial discussion item in each of our Finance Ministers Meetings over the past 13 years.
- A central part of this effort will involve the mobilisation of innovative financial mechanisms at the local, national, regional and international levels.

- Traditional sources of finance, while important, are currently insufficient to meet the scale of the development challenge. We must turn our attention at all levels to innovative finance for development and be bold if we are to succeed.
- Innovative finance will play a critical role in helping to close immense financing gap, and reduce the vulnerabilities associated with traditional forms of development finance.
- In this regard, the Commonwealth has been undertaking substantive research on the need to tap new sources of innovative finance, as well as ways in which traditional finance can be delivered more effectively; and works closely with the Leading Group on Innovative Finance for Development..
- Just yesterday, we brought together leading industry figures to look at the development potential of crowdfunding and we will continue to explore how developing countries can leverage its potential. We are also researching innovative ways to more effectively leverage the development potential of remittances and the diaspora.

5. Youth

- The fifth issue has to do with young people, who based on their numbers, are not only the future but the present. In each of our interventions, it is imperative that we consider how to foster a spirit of inclusiveness, including strategies for galvanizing youth participation and promoting youth empowerment. Young people have a special capacity for leading and affecting change, and are invaluable assets and partners in national development. We call on the international community to invest strongly in youth development, as a gateway to intergenerational equity and truly transformational change.

- In closing, we in the Commonwealth recognise that this magnificent opportunity to end extreme poverty within our lifetime will be lost if we do not work in partnership with a range of actors. This is the Commonwealth way, and our presence here in Addis with members of our family - from the Commonwealth Education Trust, the Commonwealth Local Government Forum, the Commonwealth Foundation and the Commonwealth Association of Tax Administrators - is a testimony to our belief.

- We have a rare chance to lay the foundation blocks in support of a new paradigm to guide forward the path of development over the 15 years. We have the opportunity to implement a framework that is inclusive, transformative and universal. A framework that is responsive to the momentous challenges of countries that have often been marginalised in the past, and one that, above all, safeguards robustness and stability.

- This is a seminal moment that will not return. Let us seize the opportunity.

- Thank you.

ENDS