



**Commonwealth Finance Ministers Working  
Group  
14 April 2023**

**13:00hrs - 15:00hrs (EDT)**

**SECRETARY-GENERAL'S OPENING REMARKS**

Commonwealth Secretariat  
Marlborough House  
London  
SW1Y 5HX

## Opening Remarks of the Commonwealth Secretary-General

Your Excellencies,

Honourable Ministers and Heads of Delegation,

Commonwealth Colleagues and Friends

It is my pleasure to welcome you to the first meeting of the Commonwealth Finance Ministers Working Group.

This vital group emerged from the Commonwealth Finance Ministers in Washington DC on 12 October 2022, brought together to influence the global economic agenda towards a reformed and a renewed global financial architecture.

Our opportunity today is to join hands in a united Commonwealth Call for this reform.

Today's meeting builds on years of discussions about whether the current financial system is fit-for-purpose.

In 2021, at the height of the COVID-19 Pandemic, I joined the then chairperson of the Commonwealth Finance Ministers Meeting - His Excellency Gaston Browne, Prime Minister of Antigua and Barbuda - in highlighting the need for greater financial access for vulnerable countries.

This conversation has grown in urgency and significance. The need and appetite for ambitious, systemic change has never been greater.

The importance of this group is underlined by the testing times we are living through.

Our world faces overlapping, interlinked, and accelerating economic, security and environmental challenges.

The economic legacy of the pandemic, the pressure on the food system and global supply chains, the challenge of inflation and rising debt, and the intensifying impacts of climate change are seismic even on an individual basis - but as a combination they are devastating.

They entwine and accelerate to amplify existing social, political, and economic inequalities, threatening stability, resilience and development prospects.

They have the power to inflict acute bursts of pain, and gradually-but-decisively worsen our collective circumstances.

And there is no question - no question at all - that small states are hit first and hardest; and are more exposed to deeper long-term consequences.

Let me take just three examples: climate change, inflation, and debt.

For years, the shocks inflicted by climate change have been increasing in scale and frequency.

We witnessed the untold damage of Hurricane Ian, Hurricane Dorian, and Tropical Cyclone Harold, to name but a few.

In February, Cyclone Kevin hit Vanuatu directly after Cyclone Judy, causing massive devastation in the country.

These shocks carry huge costs. Recovery requires substantial fiscal relief, which places huge pressures on small states with limited fiscal space.

On inflation, we saw an average increase for all Commonwealth countries from 4.1 percent in 2021 to 6.6 percent in 2022.

The increase for our small states was much larger, with inflation doubling during the same period.

And the Food and Agriculture Organization's Food Prices Index are at their highest level since the series started in 1990, with a 7.9 per cent increase between 2021 to 2022.

These increases not only wreak havoc on the economies of affected small states; they threaten the livelihoods of the most vulnerable groups in society and derail our progress towards achieving SDGs.

And on debt, the challenge is equally grave.

Global debt levels are expected to remain elevated at over 94 per cent of GDP from 2022 through 2027, well above the pre-pandemic level of 83.6 per cent.

Public debt as a proportion of GDP spiked across the Commonwealth to 72 per cent in 2021, 13 percentage points higher than in 2019.

The average debt of Commonwealth small states has surpassed the 60% threshold, now standing at 64.7%.

This might be statistically lower than the whole-Commonwealth average, but the overlapping vulnerabilities faced by small states mean that the impact is much more significant.

The need to tackle climate change, to abate the impacts of inflationary pressure, and strengthen debt management systems, is very real. And I believe we are all united in these goals.

We are here in Washington because we know that accessing concessional financing remains a challenge for too many countries.

The limiting lending criteria employed by many major International Finance Institutions excludes some small states, which are rigidly classified as high-income countries, from obtaining financing on affordable terms.

We are here because the need to broaden and strengthen debt management systems is so apparent.

We are here because states threatened most by the impacts of climate change need access to climate finance, and because the operational modalities of the loss and damage fund need to be developed quickly and skilfully.

And we are here because International Finance Institutions need to include vulnerability as a key criteria in their decision-making.

To do that well, they need a more credible understanding of vulnerability, which includes the proper measurement of structural vulnerabilities, underpinned by quality data.

The Commonwealth's Universal Vulnerability Index, which complements the UN Multi-Dimensional Index, is an essential tool in this.

You will all be aware of the extensive support and assistance which the Secretariat makes available to Commonwealth Member States on these issues.

I believe our interventions are valuable, credible, and impactful - but we all know that on their own they are not enough.

Of course, I applaud the efforts of International Finance Institutions in providing debt relief through initiatives such as the DSSI.

The IMF's Resilience and Sustainability Trust is an important initiative. And the new Loss and Damage Fund (LDF) has the potential to unlock funds quickly and at scale where the need is greatest.

But we must make sure their design and operation are right for the real world - and we all know that reform is needed.

The Bridgetown Initiative, with its call for urgent and decisive action to reform the global financial architecture, can help to guide us.

It provides us with the basis for focused and meaningful dialogue towards a financial architecture which is multi-dimensional, fit for-purpose, flexible and adaptive to emerging and future economic challenges with a view to achieve resilient and sustainable development.

We will hear more about this from my dear sister, Prime Minister Mia Mottley of Barbados, and we need to push, together, for systemic change.

The reform of the global financial architecture: in its principles, its policies, and its operations is really important.

So many of the big decisions will be made here in Washington, so it is fitting that this group meets for the first time here, in the margins of the IMF & World Bank Spring Meetings.

It is clear that rising to the challenges we face will require a level of international political and economic cooperation which is unprecedented in this century.

Yet they are manifest at a time when the multilateral system is under immense pressure.

The world can sometimes feel as though it is fracturing, and in an increasingly polarised environment, people are anxious about the capacity of governments and international institutions to provide the leadership and action required.

It is in exactly this context that the Commonwealth can mobilise its greatest qualities: our values, our practical advantages, and our ability to provide global leadership.

We have done it before:

The 1989 Langkawi Declaration was the first major multilateral intervention on climate change.

The Commonwealth Charter helped to pave the way for the Sustainable Development Goals.

And the calls from our Heads of Government at CHOGM 2022 for more action on loss and damage was a vital catalyst for the new fund agreed at COP28 a few months later.

Now is the time for us to lead again.

And I know, in my head and my heart, that you - our Working Group Members - can help to shift the dial.

I hope you share my view that this Working Group can be a vital platform for us to collectively examine the challenges we face, to identify new and innovative solutions, and to advocate together for these solutions in a way that can galvanise the entire international community - and make a meaningful difference.

Our success could transform our collective prospects in achieving the SDGs and unlock a better, fairer, more sustainable, and more prosperous future for everyone, everywhere.

So I thank you for your willingness to chart this new course with us - and to join our Commonwealth Call for Reform.



You are doing a great service to your countries, to your Commonwealth, and to the world.

I wish you well for today's meeting and look forward to working closely with you in the days, weeks, months, and years ahead.

Thank you.