



## **Global Finance for People and Planet**

### **Recommendations for Action from Commonwealth Civil Society to Commonwealth Finance Ministers**

*Ahead of the 2023 Commonwealth Finance Ministers Meeting, the Commonwealth Foundation convened a roundtable discussion on Global Finance for People and Planet. The roundtable brought together over 200 leading policy experts, advocates and practitioners from across the Commonwealth working on global finance, debt justice, climate justice, and climate advocacy. Its aim was to address the urgent issues around development, debt and climate finance that are affecting Commonwealth countries on the frontline of the climate crisis. Through this interactive dialogue, a set of nine **Recommendations for Actions from Commonwealth Civil Society** were developed to inform discussions taking place at the Finance Ministers Meeting as well as the upcoming Commonwealth Heads of Government meeting (CHOGM) and Commonwealth People's Forum (CPF) in 2024.*

#### **ACTION 1**

#### **RECOGNISE THE CRITICAL ROLE THAT FINANCE MINISTERS PLAY IN UNLOCKING CLIMATE ACTION**

**Commonwealth Finance Ministers are uniquely situated to both understand and communicate the economic consequences of climate change; the financial risks of inaction and the opportunities that decisive climate action will provide to national economies.**

Finance Ministers must use their authority to alert government to the economic dimensions of the climate emergency and the impact of climate change on national prosperity and well-being. They must deploy the technical expertise of fiscal and economic policymakers to collaborate with stakeholders in unlocking investment and mobilising action to implement national and international climate goals.

#### **ACTION 2**

#### **REFORM POLICIES THAT COMPOUND UNSUSTAINABLE DEBT**

**The climate crisis is compromising economic development goals, especially in the Commonwealth's Small Island Developing States (SIDS), many of whom are trapped in an unsustainable cycle of debt.** Many countries that are on the frontline of the climate crisis are experiencing a compounded burden of cyclical borrowing, debt repayment and limited fiscal space that impedes development in critical areas including education and healthcare. These countries should be supported to adopt a whole of Government approach that merges the climate and development agendas to build systematic resilience. The Commonwealth community should actively engage with SIDS and other vulnerable member states to help

them achieve sustainable debt management that advances, rather than undermines development and climate goals.

### **ACTION 3**

#### **SECURE NEW AND ADDITIONAL CLIMATE FINANCE**

**The need for new and additional climate finance has never been more urgent.**

**Commonwealth Finance Ministers can play a leadership role in articulating what ‘new and additional’ finance should look like and communicating that message to the wider international community.** Global financial flows for climate action are woefully insufficient and are constraining fair and effective adaptation, particularly in Commonwealth developing countries. Commonwealth Finance Ministers are well-placed to advocate for innovative approaches to expanding climate finance, for example: i) increasing the engagement and flows of multilateral banks (MDBs) and international financial institutions (IFIs); ii) utilising the Special Drawing Rights of the International Monetary Fund; iii) using the tax regime to generate funds while reducing emission of greenhouse gases; and iv) committing to grant-based climate funding for loss and damage.

### **ACTION 4**

#### **ENSURE THAT FUNDING FOR CLIMATE ACTION DOES NOT EXACERBATE UNSUSTAINABLE DEBT**

**Most of the climate finance provided or mobilised by developed countries for climate action in developing countries is in the form of debt.** For the Commonwealth’s smallest and most vulnerable Member States, this exacerbates existing debt burdens, putting at risk vital government expenditure. Finance Ministers should unite in advocating for more grant-based climate finance within a broader loss and damage agenda.

### **ACTION 5**

#### **ENSURE FASTER AND EASIER ACCESS TO CLIMATE FINANCE FOR THE COMMONWEALTH’S SMALL AND VULNERABLE COUNTRIES**

**Multiple overlapping systems and processes are complicating access to urgently needed finance for those countries that need it most.** Commonwealth Finance Ministers should insist on clearer procedures and removal of bureaucratic hurdles that hinder access to climate funds. The Commonwealth as a whole should work to enhance coordination among different climate finance mechanisms; simplifying processes to access finance and offering technical support to ensure that finance is accessible and available to those countries most in need.

### **ACTION 6**

#### **WORK TO UNLOCK PRIVATE SECTOR INVESTMENT IN THE GREEN ECONOMY TO ACHIEVE CLIMATE GOALS**

**Commonwealth countries have demonstrated that private sector capital is critical to support the green transformation of developing economies.** The Commonwealth, its Member States and institutions should work to mobilise diverse, private finance by facilitating investments and supporting the development of regulatory frameworks that support private investment in ways that advance international climate commitments.

## **ACTION 7**

### **IMPROVE FISCAL MANAGEMENT TO ENSURE OPTIMAL USE OF RESOURCES AND ATTRACT INVESTMENT**

**There is a need for improved fiscal management to ensure that financial resources are utilised efficiently and directed towards development projects that will provide demonstrable benefits to the economy.** Commonwealth Finance Ministers should consider ways in which the national investment environment can be made attractive, including through reform or development of policies that promote accountability, transparency, investor protection, and that reduce bureaucratic hurdles to expand economic growth.

## **ACTION 8**

### **ADVOCATE FOR CONSTRUCTIVE REFORM OF INTERNATIONAL FINANCIAL INSTITUTIONS**

**Prudent and future-focused reform of international financial institutions will be required as part of a comprehensive global response to the climate crisis.** As currently configured and operating, our global financial institutions are struggling to fulfil their core mandate of promoting global economic stability and sustainable development in the face of multiple, complex challenges including climate change. Commonwealth Finance Ministers are well placed to engage, individually and collectively, with the growing reform movement including through the Bridgetown Initiative.

## **ACTION 9**

### **CHAMPION THE FUND FOR LOSS AND DAMAGE**

**The new Loss and Damage Fund, agreed at COP27, is crucial to helping frontline Commonwealth countries deal with inevitable impacts of climate change, including severe weather events.** The creation of the Fund recognises the injustice that underlies the disproportionate suffering of these countries. The Commonwealth's commitment to solidarity can be demonstrated through united support for the Fund. Commonwealth Finance Ministers are well placed to lead advocacy efforts aimed at ensuring the Fund is adequately resourced and that its governance and disbursement processes are fit for purpose.