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## Commonwealth Finance Ministers Statement on COVID-19

7 October 2020

We, the Commonwealth Finance Ministers align our statement on COVID-19 with that of Commonwealth Leaders, G20, ACP, CARICOM, PIFs and the AU. We also welcome the menu of options discussed by Heads of States and Governments, through the United Nations' (UN) Financing for Development in the Era of COVID-19 and Beyond process, to help navigate the current global development crisis and build forward better. We reaffirm that the COVID-19 pandemic is not only a health crisis but a major challenge for the global economy. We concur that combatting this pandemic requires multilateral partnerships and responses both in the short- medium and long-term to revive Commonwealth economies post COVID-19, to ensure achievement of the Sustainable Development Goals and the Paris Agreement. We therefore seek to enhance our efforts and collaborations for overcoming the severe socio-economic effects of COVID-19.

### *Policy responses and global coordination*

We support the use of adequate policy tools and funding mechanisms to minimize the economic and social damage from the pandemic, maintain economic and financial stability, safeguard jobs and strengthen resilience. In parallel we also recognise the need to focus our 'Commonwealth recovery' policy responses to combat the consequences of COVID-19, including the disproportionate social and economic impact on the more vulnerable segments of society, and ensure economic development for our common prosperity.

We welcome the G20 COVID-19 Action Plan, released in April, which includes the suspension of debt service payments by the poorest countries in 2020 through the Debt Service Suspension Initiative (DSSI). We call for an extension of the DSSI for additional liquidity, and welcome capacity building support from International Financial Institutions (IFIs) for all member countries in need. We support the rapid response of the IFIs to help members tackle the crisis and

encourage their policy flexibility, and call for the recognition of the special needs of small states given their particular vulnerabilities. We call on the G20 to work with the Paris Club of official creditors to develop a clear and coordinated process for delivering debt treatments for countries with debt vulnerabilities, working closely with the IMF. We call for existing debt reduction initiatives to include debt to private sector creditors. To this end we call on private sector creditors to join the G20 DSSI.

### ***Securing Fiscal Sustainability***

We recognise that COVID-19 fiscal stimulus although essential to reviving our economies exerts pressure on our fiscal solvency, at a time when there is uncertainty on the timeline for an effective vaccine. We are committed to maintaining jobs and businesses, securing the banking system and protecting economic growth. We are in tandem committed to fiscal solvency and debt transparency. We are resolute in our policy actions as guided by the advice of the IFIs and in our coordination and provision of required data and information.

We are however concerned that domestic policy efforts alone will not prevent the type of debt instability observed after the global financial crisis of 2008. We therefore look forward to working constructively with IFI's, and where needed, explore options and new tools to allow IFI's to assist countries in need, to help tackle the pandemic and consequences of prolonged fiscal stimulus.

We will work together and with others towards innovative development financing instruments, which could provide additional relief to countries with already high levels of debt to manoeuvre the twin threat of COVID-19 and natural disasters. We encourage the Secretariat, other multilateral organisations and countries piloting these instruments to advocate for their implementation and encourage the Paris Club members to consider their role in securing fiscal sustainability post COVID-19. We will work together to ensure that the unique and special needs of small states are brought to the fore and so that clear strategies can help overcome these.

Additionally, we encourage MDBs to consider how best to provide borrowing to countries based on assessment of need and risk and not strictly on the fixed country allocations, as an exemption for the COVID-19 pandemic.

### ***Driving Resilient Jobs and Growth***

The pandemic has increased the vulnerability of workers, especially women and girls and other marginalised groups working in the informal economy and migrant workers. It has led to combined supply and demand shocks and shrinking labour markets, increasing risks of modern slavery and human

trafficking. The opportunities for income and decent productive employment are essential. We should ensure that temporary shocks do not have long-lasting or permanent implications for poverty reduction and the ability of all workers to enjoy safe and decent work.

The impact of COVID-19 has been more acute in many Commonwealth Nations in tourism, manufacturing, global supply chains and trade industries, with more significant job losses and closure of small and medium enterprises (SMEs) with women more disproportionately affected. Tourism is a main source of revenue for a majority of our governments, necessitating the diversification of the sector to adapt to the post COVID-19 reality. Additionally, we recognise that there is untapped potential to expand agricultural output and employment, and increase food security through applying new technologies.

We will continue to come together to share our collective knowledge and to support each other for an expansion of the tourism industry with innovative solutions including 'green and blue tourism', working with the Secretariat and the UN World Tourism Council to devise effective support strategies, including provision of labour and skills, as well as support for SMEs. We commit to supporting our tourism ministries and the process for re-establishing safe and stable travel between our destinations.

We will focus on advancements in agro-tech and the application of digital solutions. We commit to exploring further how our countries could increase domestic food security and reduce our trade vulnerabilities, many of which were exposed in the immediate aftermath of COVID-19, including through supporting discussions on global agriculture trade reforms. We recognise women and girls leadership and contribution are essential to such recovery efforts. We endorse the call to support a reskilling and retraining of our labour force to fully utilise and to expand the opportunities presented by technology in agriculture. Lastly, we are committed to encouraging diversification of supply chains, commercialization and modernisation of agriculture.