



## Commonwealth Finance Ministers Meeting

Washington DC, 21 September 2011

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### **Chair's Summary**

1. Finance Ministers and Senior Officials of the 54 Commonwealth nations met in Washington DC in a meeting hosted by Commonwealth Secretary-General, Kamallesh Sharma and chaired by South Africa's Finance Minister, the Honourable Pravin Gordhan.
2. Ministers noted that the meeting was taking place in a period of significant global economic and financial uncertainty and substantial international regulatory reform. This environment presented acute challenges for all Commonwealth members, particularly the Associations' smallest, poorest and most vulnerable members. International macro-economic and financial policies since the global crisis were not securing broad-based global growth. Ministers noted that in an increasingly interdependent global environment this had resulted in significant adverse consequences for Commonwealth members, with a loss of trade, output and employment, particularly among the poorest, smallest and most vulnerable members of the Association. Ministers recognised that while these countries had not contributed to the causes of the crisis, they were experiencing disproportionately both the adverse consequences of the crisis and the inability to secure global recovery.
3. Ministers urged strengthened and more effective international macroeconomic policy coordination to sustain global economic recovery and stability, and noted that achieving this will require building both international and domestic resilience. We agreed on a number of measures to be taken forward within the Commonwealth and the wider international community, to strengthen resilience.

### **G20**

4. Ministers discussed the role of the G20 in contributing to accelerating global recovery. We noted that the G20, while representing a systemically important group of countries, did not possess all elements of a solution to global recovery. Many solutions were in fact to be found in other developing countries, and the G20 had a key responsibility to ensure that the voices of those not in the G20 are continuously heard. The Commonwealth was well placed to reflect the views of these countries, particularly the smallest and most vulnerable. The current uncertain economic environment also

offered the opportunity to re-examine approaches to sustainable growth and the G20 Development Working Group was well placed to do this.

5. Ministers noted the continued potential and effectiveness of the Commonwealth as a forum through which consensus on global policy issues can emerge. We commended recent initiatives to progressively strengthen the Commonwealth-G20 relationship, including the Secretary-General's annual consultations with the G20 Presidency and technical contributions to the G20 Development Working Group. Ministers supported the pursuit of a more systematic and effective interaction between Commonwealth members and non members of the G20 and considered options to further strengthen this collaboration, in order to improve the formulation, development and implementation of global economic policy. We urged the Secretariat to undertake continued work in pursuit of this and welcomed the close co-operation between the Commonwealth and the Organisation Internationale de la Francophonie (OIF) in strengthening relations with the G20.

6. Ministers welcomed the Commonwealth Secretary-Generals' forthcoming meeting, together with the Secretary-General of the Francophonie, with the President of the Republic of France in his capacity as 2011 G20 President and Chair of the forthcoming G20 Cannes Summit.

### **Aid Effectiveness**

7. Ministers considered how aid can be more effectively delivered within a cohesive system of development finance. We acknowledged that important progress had been achieved in strengthening aid effectiveness in recent years, which has contributed to better development results. At the same time, we pointed to the need for further substantial reform and in this regard recognised the importance of the forthcoming fourth High Level Forum (HLF-4) in Busan, Korea on Aid Effectiveness. We also agreed that it is crucial that developed countries meet their aid commitments. The Commonwealth has a unique depth and breadth of experience in aid, with a substantial number of aid recipients and a growing number of aid donors. Ministers agreed that this feature enables the Commonwealth to offer a number of valuable and detailed recommendations to the international community, for improving the effectiveness of aid, and in so doing, accelerating development.

8. Ministers discussed and endorsed a Commonwealth Statement on ***Accelerating Development with More Effective Aid***. The Statement identifies Commonwealth consensus and sets out Commonwealth recommendations on a selected number of aid effectiveness issues, which can contribute to the success of the HLF-4 meeting and to building a more effective international system of aid. Commonwealth recommendations focus on: transparency; increased use of country systems; risk management; climate finance; mutual accountability; non-DAC actors; and the post-Busan architecture.

9. Ministers commended these recommendations to Commonwealth Heads of Government for their attention at their forthcoming meeting in Perth, Australia. Ministers

requested the Commonwealth Secretary-General to promptly convey the Statement to the Chair of the Working Party on Aid Effectiveness and to other relevant international agencies involved in the preparation of the HLF-4. We agreed that Commonwealth members will press for the achievement of these core recommendations in the run-up to and at HLF-4.

10. Ministers emphasised the importance of ensuring that all efforts to support development are complementary and have a transformative impact on development outcomes within a more cohesive framework of development finance. We recognised that aid and other forms of development finance have become increasingly complex and more fragmented, pointing to the need for a more cohesive and “joined-up” approach to development. Ministers encouraged the Secretariat to pursue further examination of how these challenges are impacting effectiveness in our developing country members.

11. Ministers noted that a new approach to effective development partnerships is emerging, characterised by increased South-South cooperation, increased contribution to aid and development finance by emerging markets, and a greater sharing of responsibility by developing countries themselves in promoting their development, including through creating new investment opportunities and identifying new financing instruments for development. Ministers urged that this process continue and recognised that the Commonwealth had an important role to play in this regard.

### **Innovative Finance for Development**

12. Ministers shared their experiences in both providing and utilising existing sources of innovative finance for development. We recognised that securing additional, new and innovative finance for development (IFD) is crucial for the developing country members of the Commonwealth as they strive to achieve the MDG targets by 2015, secure adequate climate finance for adaptation and mitigation, and address their wide-ranging development challenges including infrastructure development. Ministers also recognised that the current global environment poses significant challenges in securing this outcome. Ministers offered a number of suggestions and recommendations – regarding content, principles for IFD, sharing of knowledge, information and best-practice, as well as on monitoring - for the Commonwealth in its advocacy to the broader international community.

13. Ministers urged the Secretariat to pursue a programme of work to widen the sharing of experience and knowledge within the Commonwealth, on current and potential future sources of innovative finance for development.

14. We welcomed a report from the Senior Officials meeting; endorsed recommendations for further Commonwealth work on aid effectiveness, South-South cooperation and mobilising domestic capital for investment; and agreed that future meetings of the Commonwealth Ministerial Debt Sustainability Forum would take place as required.

## **New Practical Commonwealth Initiatives**

15. Ministers welcomed the imminent operationalization of the “Commonwealth Connects” Internet gateway and recognised the opportunities this portal offers to a variety of actors and communities of practice in member states in transmitting knowledge and creating prospects of partnerships.

16. Ministers welcomed the initiatives to advance financial inclusion and entrepreneurship amongst women and the burgeoning population of youth in Commonwealth countries.

17. Ministers noted that this years’ meeting represented the second in an experimental sequence of three annual meetings to take place at the location of the Annual Bank/Fund meetings. We welcomed the Secretariat’s continued efforts to respond to Ministers’ calls for a focused and streamlined agenda. Ministers asked the Secretariat to evaluate members’ views on progress to date, and to provide a report at their 2012 meeting, setting out recommendations for the location, duration and content of future meetings.

18. Ministers wished Australia success in hosting the 2011 Commonwealth Heads of Government Meeting in Perth.

Hon Pravin Gordhan  
Minister of Finance, South Africa

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