



15th V20 MINISTERIAL DIALOGUE

The Debt-Growth Agenda: Unlocking Fiscal Space for Climate Prosperity and Resilience

18 October 2025 (Saturday) | 11:00 AM to 1:00 PM (EDT)

*Conference Hall 1, International Monetary Fund Headquarters 2 (IMF HQ2),
Washington D.C., United States of America*

Today we meet not merely to discuss policy, but to shape our shared future. We gather here because the climate crisis has become the most urgent development and financial challenge facing humanity.

Climate shocks, debt distress, food insecurity, and fragile health systems are all, my friends, converging at once. The global financial system was not built for this moment. We all know that. It was not designed to be able to succeed in today's reality, which is defined by polycrises in a multipolar world and characterized by deep uncertainty. In the current environment we experience overlapping shocks which collide with or are the result of fragmented and unfamiliar global leadership. Simply put, some sort of new world order is emerging and while its boundaries are yet undefined, it falls to us to shape it into the image that we want, one which reflects and delivers for the vast majority of our people.

The urgency and severity of this climate crisis have pushed the countries of the CVF onto the front lines of a rapidly escalating crisis. And yes, time is running out for all of us. Despite the cautions of scientists, the planet has already been at 1.5°C for an extended period, with continued emissions and, in some quarters, the denial of the very existence of the climate crisis, mocking our efforts to hold to the temperature limits set in Paris.

The real question for us in the CVF-V20 group is not what happens next, for what we know is that that would be to surrender our agency and capacity for change and to deny our power to shape our destiny. The real question, my friends, I suggest to you, is what do we do next? We know and live the impacts of this crisis. The numbers of climate-driven refugees are increasing and climate-caused diseases are now rampant. People, yes, have been dying in our countries from extreme heat.

Those who work outdoors are at extreme risk, as are our young people and the elderly. We need to start talking about the very habitability of our entire countries when extreme heat and humidity pass biological tolerance thresholds. Rising waters may submerge us, but rising heat makes living impossible. We all know that.

And for too many of our economies, fiscal space has collapsed under the weight of debt servicing costs and climate shocks. In 2023 alone, developing countries lost US\$68 billion in debt outflows, with more money leaving our economies through repayments and interest than flowed in through new financing. That's a staggering fact. And yet, concessional finance, the kind that gives us the breathing room, the space, as I say, amounted to barely US\$2 billion.

Permit me to make some suggestions. First, we have embarked on a journey of transformation to move current vulnerability to resilience and precarity to prosperity. We must accept that not everyone is committed to this process. And rather than lament that sad reality, we have to build coalitions of the willing to work towards this cause, accepting that we're not all on the same journey, but the responsibility for the transformation must lie with us, because the failure to transform will annihilate us.

The Board of the Fund for Responding to Loss and Damage has a pivotal role to play. Between its fourth and seventh meetings held in Bridgetown and Manila, respectively, the Board decided a number of things, one of which was the Bridgetown Implementation Modalities, abbreviated as BIM. This is a way for funding requests and access to be able to take place now, seamlessly. But, and yes, there is a but, after three years, the Fund has a capital base of a mere US\$738 million when we know the scale of need is in the trillions of dollars. We must push together, all of us in Belém, for the Fund to be properly capitalized. If not, this whole thing would be regarded as a farce. And yes, simply just a few people will benefit from what is there.

For too long, debt sustainability has been defined through a narrow lens of austerity rather than growth-generating investment that builds fiscal space. We know this from lived experience. Every hurricane that wipes out a school or a hospital, every drought that destroys livelihoods, we rebuild, we reborrow, we tighten, and we repeat the cycle. The Debt Sustainability Framework, which still governs international lending, underestimates the cost of the climate crisis and overlooks the long-term benefits of investing in resilience, low carbon, economic transformation, and human capital.

My friends, we can no longer build a future on such fiction. Austerity does not deliver resilience, investment does. Investment in adaptation, renewable energy, and resilient infrastructure is not reckless, it is responsible, it is rational, it is right. Debt sustainability cannot be built on austerity that erodes resilience. It must be anchored in investment that safeguards people and economies.

We must call for a fundamental reset, therefore, from austerity to adaptation, from fragility to climate prosperity. This is the fundamental underpinning of the Bridgetown Initiative 3.0, which is an agenda for the sustainable development of the most vulnerable and indeed our planet.

Advanced economies already recognize this truth. Many have expanded their fiscal capacity to finance defense, industrial policy, and, yes, green transitions. Yet when climate-vulnerable nations seek the same flexibility to defend themselves against the climate crisis, they are told to tighten their belts. The injustice being visited upon developing countries, my friends, particularly small island developing states and LDCs [Least Developing Countries], is why the Bridgetown Initiative exists. It is why we call for the rules of the game to change through more inclusive governance and decision-making. It is why we call for the building of shock-proofed economies through enhanced capacity, for increases to allow for investment in resilience. It is why we call for more favorable and just lending standards and rates to increase access to capital and fiscal space. It is why we call for increased financing for the SDGs and climate action to enable life-saving spending on social, economic, and environmental resilience. And it is why we call for the reform of the global financial architecture for greater equity and inclusion.

I also believe that without serious risk to any of our economies, we could buy ourselves more time by cutting methane emissions. In this regard, I will shortly be sending you some correspondence to share my vision and suggestions on this matter.

The task before us, my friends, is not simply to mobilize more resources, but to make them work more effectively, to align debt, growth, and climate action into a single coherent strategy that advances both prosperity and security. This task demands partnership. It calls on the G7, the G20, the BRICS countries, and all development partners to join us in reimagining financial cooperation around the principle of climate prosperity. Such could be the coalition of the willing of which I speak.

This partnership includes ensuring prearranged finances upscaled to 20% by 2035, and we must call on the MDBs [multilateral development banks] to lead by example, ensuring that at least 20% of the disastrous finance is pre-arranged by 2030. Partnership must also go hand-in-hand with inclusion.

Climate-vulnerable countries must have an equitable seat at the decision-making tables of the U.N. and of the IMF and the World Bank. And this is why the CVF-V20 has formally submitted its bid for permanent observer status. And our submission is now on the agenda of the Sixth Committee of the U.N. General Assembly.

As we begin today's dialogue, let us keep one question at the center: what actions and leadership at the national, regional, and global level are needed to move to a debt growth pathway that drives prosperity and resilience? Because when climate-vulnerable nations thrive, the world economy grows stronger. And when we invest in resilience, we invest in stability. And when we unlock fiscal space for climate prosperity, we secure a future that is safer, fairer, and more sustainable.

H.E. MIA AMOR MOTTLEY

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