



# Commonwealth Ministerial Debt Sustainability Forum

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## CHAIRPERSON'S REPORT

BY

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### I. INTRODUCTION

1. I sincerely wish to thank Mr. Ransford Smith and the Commonwealth Secretariat for the support they have provided me during my stewardship of the forum. I also acknowledge the excellent dexterity provided to me in dealing with the issues of the forum, through my representative at the Secretariat and the reception during my call at the Secretariat last year. In the Akan language in Ghana, we say “**me da mo ase**”

2. Colleagues will recall that at the end of the 12<sup>th</sup> meeting of the Forum held in Georgetown, Guyana, we made important recommendations on the implementation of the HIPC and Multilateral Debt Relief Initiative (MDRI) and the strengthening of debt management capabilities in LICs with support from debt related capacity building institutions. We also reiterated our call for implementation of sound and prudent debt management policies, including putting in place adequate legal and institutional structures for debt recording and management systems and also to fully utilize the Commonwealth capacity building facilities.

3. The issues of finding a holistic approach to dealing with the domestic debt to reduce its constrain on fiscal space, and auditing the debt portfolio to identify odious debts to enable the forum take a decisive solution were also recommended for further actions.

4. We also agreed to begin the preparation to source other types of financing including accessing the international capital markets and a better facilitation and co-ordination of Public-Private Partnerships to supplement the traditional sources of financing.

5. You further mandated me as Chair of the Forum to follow-up on the implementation of some of these issues and report to you. In line with the mandates given me, I am pleased to present the following report to you on the action taken on your recommendations and also put forward my future considerations.

## **II. ACTIONS TAKEN**

### **A. Debt Litigation**

6. As you are already aware, the “one Stop referral legal Clinic” (debt clinic) is established in the Secretariat to assist members in dealing with debt litigations. In December last year, it held its second regional seminar in Accra, dubbed “debt negotiation and renegotiation” and was attended by delegates from nine African countries, which I opened. I hope the debt clinic will present their report to us today. The work of the debt clinic is crucial and I wish to urge member countries to continue to contact them in times of such special needs.

### **B. Odious Debt:**

7. At the last meetings I reiterated my call for us to audit our debt portfolios and report on any odious debt either paid or unpaid so that we can take a concerted effort to deal unanimously with it. At present, three of us have submitted the reports to the Secretariat, I wish to urge members to kindly respond. I have been informed that other countries outside the Commonwealth, such as Ecuador and Peru are being supported by Norway to undertake similar debt audits.

### **C. Domestic Debt**

8. As I indicated in our last meeting, I requested the IMF to grant their no objection to member countries who wish to reduce their domestic debt by applying portions of their external debt reliefs. Ghana adopted that solution and will be ready to share experience and results in that approach with members of the forum. It is indeed a fact that domestic debt problems are constraining fiscal space in our already stressed economies and, therefore, needed to be tackled from all fronts to brighten our prospects of attaining the MDGs and other development goals. I would be glad if the Secretariat could expand its study on the domestic debt in the emerging economies, to look at the prospects and the right mix of domestic and external debts portfolio and communicate the outcome to us.

### **D. Advocacy**

9. As part of continued advocacy and consensus building on debt relief issues, most of the issues raised at the 12<sup>th</sup> meeting of the Forum were presented to civil society organisations through the European Network on Debt and Development (Eurodad) Annual General Meeting held in October 2007, in Oslo, Norway, by my representative.

10. Further, some of the issues were included in the Secretary General’s various briefs for his meetings with the heads of other institutions such as the World Bank and IMF as well as Commonwealth Heads of Government.

### **E. Collaboration- Commonwealth Parliamentary Association**

11. Members of the Forum did mandate me to invite the Parliamentarians to observe our proceedings at the forum to give them the better insight in supporting our work. Through the Secretariat’s effort, their representative is here today to participate in our meeting and hope their presence and contributions will continue to be felt in future meetings.

## **F. Capital Market and the Policy Support Instrument (PSI) of the IMF**

12. As part of our preparatory work to accessing the international capital market, the Ghanaian capital market team and their partners, the Citibank group, will share their experiences in the first Eurobond issue. The Secretariat will also present their briefing on the PSI as requested by the forum at the last meeting.

## **III. Future Considerations**

13. I would be glad if the Secretariat could commission a study to look at domestic debt in the emerging economies, the prospects and the right mix of domestic and external debts portfolio and communicate the outcome to us.

14. Again, I wish to propose that we develop the grounds for senior officials of member countries to share in debt sustainability strategies adopted or implemented.

15. We could also look into a collaborative work with countries that are currently undertaking the odious debt audit, such as Ecuador and Peru.

16. At the end of CFMM last year, when the change of name of this forum was laid to the floor, a couple of Ministers proposed to join this forum since they have similar concerns that are being addressed here. Coupled with the current focus of the forum which embraces the aspirations of the emerging economies, I wish to propose that we invite the emerging small states with similar debt problems to our subsequent meetings. In this case, we could propose to the CFMM to recognize this forum as the main sub committee on debt and finance.

17. The debt problems is becoming more and more disturbing with regards to the recent continuous rise in the oil prices, some of us who are non-oil producing countries are hard hit by these developments. I hope we will devote some effort on these issues.

## **IV. Conclusion**

18. May I take this opportunity to sincerely thank the members of the Forum for according me the opportunity to serve the Forum during the past year. I do appreciate the support I have enjoyed during this period from the member states.

19. I once again wish to thank Mr. Ransford Smith and his staff at the Secretariat for the support and guidance given to me and my representative during my tenure in office. Without this assistance from the Secretariat, I would not have fulfilled the mandates given to me.

20. It is now my pleasure to handover the Chairmanship of the Forum to Honourable Ashni Singh, Minister of Finance, Guyana who will lead the Forum during the next year. I have no doubt that the Honourable Minister will effectively execute the mandates of the Forum with the utmost wisdom and diligence that I have always known him for.

**I thank you**