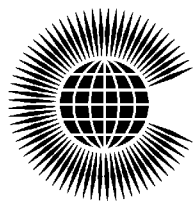


Commonwealth Secretariat



Commonwealth Finance Ministers Meeting

St Lucia, 6-8 October 2008

Provisional Agenda Item 7

FMM(08)12

COMMONWEALTH FINANCE MINISTERS MEETING, AGENDA AND THE WAY FORWARD

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September 2008

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COMMONWEALTH FINANCE MINISTERS MEETING, AGENDA AND THE WAY FORWARD

At the 2007 Commonwealth Finance Ministers Meeting (CFMM) in Georgetown Guyana, Ministers requested for the Secretariat to consider options for reform of the format, content, frequency, location and timing of future meetings.

2. This paper responds to that request and sets out:
 - The purpose of Commonwealth Finance Ministers Meetings.
 - The current structure of CFMM.
 - The concerns that have been expressed about the meetings.
 - Proposals for change in the light of the feedback received on the current process.

THE PURPOSE OF COMMONWEALTH FINANCE MINISTERS MEETINGS

3. CFMMs have been an established feature of the annual cycle of international financial meetings since the mid-1960s. The meetings continue to fulfil four broad purposes:

- **Sharing of knowledge and experience** across the diverse membership of the Commonwealth on issues of international importance.
- **Providing a particular focus on and input from a Commonwealth perspective in regard to issues of particular importance at the Annual Meetings of the World Bank and IMF.** The meetings provide an opportunity for the membership to thoroughly explore issues to be discussed at the Annual Meetings. It provides the opportunity for inter-regional comment and feedback. This is especially important for those countries not directly represented on either the IMFC or Development Committee;
- **Providing a forum for identifying and initiating discussion and action on issues that are important to the membership not only immediately but in the longer term.**
- **Providing strategic guidance to the work of the Commonwealth Secretariat** to ensure that it is responding to the concerns of the entire membership.

4. In meeting these purposes, Commonwealth Finance Ministers Meetings build on the strengths of the Commonwealth as a whole. The Commonwealth is a culturally, economically and geographically diverse grouping which shares a commitment to common values, notably to democracy, development and multilateralism. It is not a platform for negotiation but rather for consensus-building through dialogue and discussion. The Commonwealth provides a 'safe space' in which candid exchanges of opinion can take place. The result – at a minimum – is a richer understanding amongst the membership of different perspectives, which inevitably serve to inform national, regional and global policy positions. These discussions can lead to a consensus on international issues. When attained, this consensus can drive profound and lasting change. The successive stages of debt relief are a compelling example of this.

THE CURRENT POSITION

5. The format and length of the Commonwealth Finance Ministers Meeting has been fixed since the mid-1990s.

6. The Ministers meeting lasts for a day and a half. It is preceded by a half day senior officials meeting. Two relatively recent additions have been made: the meeting of the Commonwealth Ministerial Debt Sustainability Forum (CMDSF) held, since 2001, in the afternoon prior to the Ministers meeting and, since 2004, a meeting of Commonwealth Central Bank Governors.

7. The Ministerial meeting takes place in plenary for its entire length, with an opportunity for all to speak on all subjects. The outcome of the CMDSF, is communicated to the larger group. A Ministerial Communiqué contains the conclusions of the discussions.

8. The Commonwealth Foundation and Commonwealth Business Council each hold meetings with Ministers in the margins, and make presentations to the ministerial meeting during the discussion of the Special Theme.

9. The content of the agenda of the meeting has been largely fixed since 1994. There are five elements:

- A discussion of the world economic outlook with a particular focus on issues of concern to Commonwealth members.
- A discussion of issues on the IMF and World Bank agenda. In recent times this session has also dealt with matters relating to debt relief.
- A Special Theme – an annually chosen subject, usually medium term in nature, for discussion. The special theme has varied in focus. In recent times, this has included delivery of the MDGs; the trade talks; climate change and improving investment climate.
- Since 2000, a discussion of the challenges faced by small states, usually following the framework of the Small States Action Plan.
- A discussion of Commonwealth development co-operation, including a review of the various investment instruments of the Commonwealth Secretariat and a biennial review of gender responsive budgeting.

10. On venue, a clear pattern to the location of the Finance Ministers meeting has emerged. In the two successive years when the Annual Meetings of the World Bank and IMF are held in Washington, the CFMM have been in the western hemisphere (with the exception of 2002 when the meeting was held in London to mark Her Majesty's Golden Jubilee). In the third year of the cycle, when the Annual Meetings are not held in Washington, CFMM has taken place in a Commonwealth member country in the region where the Annual Meetings are taking place. A list of host countries since 1995 is shown in Table 1.

Table 1: Location of Commonwealth Finance Ministers Meetings: 1995 to date

Year	CFMM location	Annual Meetings location
1995	Jamaica	Washington
1996	Bermuda	Washington
1997	Mauritius	Hong Kong
1998	Canada	Washington
1999	Cayman Islands	Washington
2000	Malta	Prague
2001	Cancelled due to 09/11	
2002	London	Washington
2003	Brunei	Dubai
2004	St Kitts & Nevis	Washington
2005	Barbados	Washington
2006	Sri Lanka	Singapore
2007	Guyana	Washington
2008	St Lucia	Washington

THE CASE FOR REVIEW

11. The general structure of the Commonwealth Finance Ministers Meeting has remained unchanged for around a decade; it is appropriate to consider whether changes are necessary. At last year's meeting in Guyana, a number of interrelated concerns were identified:

- A need to strengthen the focus and coherence of the agenda. In particular, Ministers expressed preference for an agenda which concentrated on issues of strategic importance and was of direct interest to all Commonwealth members.
- A perceived need to increase the operational effectiveness of the forum to ensure follow-through on Ministerial discussions and decisions.
- The Ministerial meeting itself was too long. This was compounded in the eyes of some by the lengthy travel times required from the CFMM to the location of the Annual Meetings, a particularly relevant consideration since the reduction in 2001 in the length of the Annual Meetings.
- Whether as a result of these factors, or independently, attendance was felt to be in decline¹.

12. The remainder of this paper considers how the objectives of the meeting might best be achieved in the long-term.

¹ Ministerial attendance has been varied between 25 and 35 for the past decade. Attendance has only been significantly lower than 30 in 2004 when the intense hurricane season disrupted travel and 2006 when security concerns deterred some Ministers.

CONSIDERATIONS FOR CHANGE

13. The proposed elements for reform, which follow, are interdependent. However, each element is considered separately. A final section puts forward options for change for Ministers' consideration.

Timing

14. With the increasing pressures on the time of all Ministers, finding a time in the year which maximises attendance is challenging. The current arrangement of holding the meeting immediately before the Annual Meetings of the World Bank and IMF involves trade offs. From the perspective of individual ministers' needs, a balance has to be struck between the inconvenience of an extended period out of the country as a result of the Annual Meetings being held immediately after CFMM and the avoidance of a potentially more disruptive stand-alone Finance Ministers Meeting at a different time of year.

15. However, the case for holding the meeting immediately before the Annual Meetings is compelling. This is the only period in the year when majority of Ministers will be travelling simultaneously. As a result, hosting the meeting at another time of the year would almost certainly increase the time and resource costs for ministers to attend. Consequently, an alternative time would risk attendance being weakened, not strengthened.

Frequency

16. The linking of the timing of the CFMM to the Annual Meetings does not itself predetermine the frequency with which the CFMMs are held; there are different models within the Commonwealth. For example, Heads of Government Meetings and those of Sports Ministers take place every two years; Health Ministers meetings are annual and meetings of Law, Youth, Gender and Education Ministers are held every three years.

17. Finance Ministers meetings have, to date, been held annually. The case for less frequent meetings rests on whether increasing the time period between meetings would both encourage attendance and allow a strengthening of the agenda of the meeting to make it more attractive to all members. It is not clear that it would.

18. The subject matter and nature of the World Bank/IMF Annual Meetings provides a natural context to the exchange of views in the Finance Ministers Meeting. Since one of the core purposes of the meeting is to assist members in preparing for and engaging with each of those meetings, a yearly meeting seems appropriate. By providing a forum for input and exchange before the Annual Meetings, the Finance Ministers Meeting achieves a relevance it might otherwise lack. This responds to the Ministerial desire, expressed at Georgetown, to achieve the highest operational impact. While recognising the pressure on Ministers' diaries, it would seem that continuing to convene the Finance Ministers Meeting within the annual rhythm of the IMF/World Bank meetings has evident justification, more so than would a meeting held at a different time.

Format

19. A concern is that the plenary format and wide-ranging agenda mean that there is considerable disparity in the interest some items on the agenda may hold for some members. There are two broad ways of tackling this issue:

- To have a more focused agenda so as to maximise the overlap and interest to all members.
- To have not a single plenary, but to form subgroups (along the lines of the CMDSF) which might make the overall meeting more attractive to those members who may wish to focus on specific issues.

20. The future of the CMDSF is the subject of a separate paper, but its experience can be instructive. The Forum grew out of the shared experience of debt relief. Its usefulness derived from the fact that a subset of the membership faced common challenges and could learn from each other in the process. These issues are discussed by some members and the conclusions brought to the wider group.

21. This general approach might merit further exploration. Issues on the agenda could be identified which could benefit from more focussed discussion in smaller groups, which would then report back to a plenary meeting of the whole membership.

22. However, the risks inherent in this approach should be recognised. The Commonwealth's strength as a forum lies in its diversity of membership and the exchange that takes place across its membership on issues. The establishment of small standing groups should be the exception, when there is a compelling case, not the rule.

23. It is paramount to maintain the full and active participation of all in the Finance Ministers Meeting, while recognising, however, that there may be scope to consider exploiting the informal nature of the Commonwealth grouping by moving away from set speeches, and by utilising sparingly and, as necessary, breakout sessions. The remainder of this paper assumes that the issue of overall relevance will be tackled primarily through setting an agenda of sufficient coherence and focus for it to be of interest to all the membership.

Content

24. The content of the meeting should satisfy three key criteria. It should be:

- Consistent with the delivery of the objectives of the meeting.
- Internally coherent (to address concerns that existing agendas often lack an overall theme).
- Relevant to the whole membership.

25. Ministers are looking for greater operational relevance. It is important to ensure that relevance is achieved by the selection of topical issues and focus which is pertinent to the concerns of Ministers. In addition, future agendas should include, more explicitly, an element of continuity to ensure that conclusions reached by Ministers are pursued and reviewed.

26. This suggests that three broad elements should underpin the agenda for the Finance Ministers Meeting:

- Focus on the **issues for discussion at the immediately following Annual Meetings** to exchange views and promote consensus before the Meetings.
- Identification of a **long-term global topic of significance** to allow cross-regional learning and exchange.
- Opportunity for Ministers to provide **strategic input and guidance** to the Secretariat's work as well as a review of progress made in implementing previous ministerial mandates.

27. To take each of these three elements in more detail:

- The sessions dealing with the Annual Meetings should be more directly linked to the forthcoming discussions at the Annual Meetings. Supporting papers might be divided into two parts. For Ministers, the Secretariat would produce short issues papers for discussion. These would set out key issues in a concise way. For senior officials, more detailed background papers would be provided.
- The opportunity for reflection on a longer term theme plays to the strength of the Commonwealth. The Special Theme can serve a number of purposes: the highlighting of a particular long-term issue such as trade or climate change; setting the basis for future Commonwealth work as has been the case in the pursuit of the MDGs; or identifying practical research to be undertaken as in the case of delivering public services or improving investment climate. The aim should be to ensure themes that are:
 - Relevant to the whole membership and, ideally, where the Commonwealth can add value.
 - Globally relevant.
- Thought might be given to the establishment of a representative contact group to provide feedback throughout the year on possible themes for discussion at the Meeting.
- The depth of discussion of - and the prominence accorded to - issues of concern to Small States should be retained. Currently there is a defined and dedicated session on small states issues. It should be ensured that matters discussed are as far as possible linked to the other items on the agenda. It is also necessary to ensure that gender and youth issues are reflected fully in discussions.
- Finally, on issues where strategic input and guidance is needed, there is the potential for a greater role for Senior Officials to examine follow-up to previous Ministerial mandates and consider any new proposals. This would ensure that Ministers were able to concentrate on strategy not detail, and ensure that the meetings themselves are translated into operational outcomes, where necessary.

Location

28. The Commonwealth Finance Ministers Meeting has always been held in a Commonwealth country. Ministers are concerned about the total time and distance required for travel, given their participation as well in the Annual Meetings. It is the case, for example, that in the years when the Annual Meetings are in Washington, there is no Commonwealth country – with the exception of Canada – which is within three hours' flight time of the location of the meetings.

29. There are three broad possibilities:

- Maintain the status quo but with a shorter Finance Ministers Meeting, with the aim of allowing arrival on one day and departure on the next.
- Hold the meeting in Washington in two years out of three; in the third year the meeting could be in a Commonwealth country in geographic proximity to the venue of the Meetings of the World Bank and IMF.
- Pursue a hybrid approach in which, in the triennial programme, when the meetings take place in Washington one CFMM would take place there in one year and in the second at another location in the Western Hemisphere.

30. A risk of the second option is that, by holding the meetings in Washington, the CFMM could lose an important part of its distinctive character without commensurate gain in attendance and effective participation by Ministers, especially given their crowded schedules in that city. Issues related to the status quo have already been outlined. A very interesting possibility is to marry the first and third options, whereby the meeting held in Washington would be shortened to one day for the Ministerial segment, and the status quo maintained for the remaining two meetings in the cycle.

RELATED MEETINGS

31. The Ministerial Meeting has a number of associated meetings, for which changes to the CFMM itself would have implications. Considering each in turn:

- **Central Bank Governors (CBGs) Meeting:** The Central Bank Governors meeting is a recent innovation. It takes account of the fact that frequently CBGs accompany their Ministers to meetings and welcome the opportunity for discussion amongst themselves.
- **Senior Officials Meetings:** Under the model of a more focussed agenda proposed here, senior officials meetings would have greater responsibility for oversight of the implementation of outcomes. The current half-day format could be retained.
- **Commonwealth Business Council and Commonwealth Foundation:** The input of these two members of the Commonwealth family to the discussions by Finance Ministers has been a successful and distinctive feature of past CFMMs. This should be maintained.

CONCLUSION

32. This paper has discussed the content, location, timing and format of the Commonwealth Finance Ministers Meeting. It emphasises that the subject matter of the Annual Meetings of the World Bank and IMF should provide the key issues for discussion of the CFMMs. The timing of the Finance Ministers Meeting should remain linked to the Annual Meetings each year to maximise both relevance and attendance.

33. The Ministerial Meeting should also discuss an important issue of special topicality and relevance. This subject should be chosen in consultation with members.

34. The following approach is proposed:

- CFMM should take place annually, immediately prior to the Annual Meetings of the World Bank and IMF.
- The choice of location of the meetings should be based either upon the status quo or a model in which the meetings are held successively in Washington, a Western Hemisphere Commonwealth nation and a conveniently located Commonwealth country in the third year of the annual cycle.
- A Ministerial Meeting of one day when held in Washington and a day and half when held in a Commonwealth country;
- The Meeting should discuss issues of special relevance to Ministers which should be chosen in consultation with members.
- Ministerial discussion should be on the basis of fewer, shorter, more-focussed papers.
- The retention of a half-day meeting of Senior Officials.
- The schedule and structure should be subject to consistent and regular review. There should be an assessment of experience of the next three CFMMs in 2012.

35. Ministers' views are invited on these issues.