



Commonwealth Ministerial Debt Sustainability Forum

The World Bank, 1818H Street NW, Washington, DC 20433, USA
22 April 2009

ANNOTATED AGENDA

SESSION I Debt vulnerabilities in light of the economic and financial crisis

The first session will last for the whole of the morning.

There are no background papers and discussion will be supported by three presentations.

Overview Presentation

The Commonwealth Secretariat will set the scene by examining the implications for debt management of the economic and financial crisis. The presentation will trace the channels through which through which the slowing global economy and its associated reduction in trade and capital flows will impact on the macro economy and consequently on debt management and the risks in the public debt portfolio. Against this background, it will focus on the lessons and vulnerabilities for CMDSF members shown in scrutinising national Debt Sustainability Analyses. A key issue for Ministers in 2009 will be the fiscal cost of dealing with the economic and financial crisis and its impact on debt management specifically in terms of sustainability, strategy and financing.

Ministers may wish:

- **to comment on the fiscal cost of dealing with the economic and financial crisis, its impact on debt management; and**
- **to consider the need to revisit risk analysis and strategy in light of the impact of the economic and financial crisis.**

Country Case Studies

Ministers from three countries: Cameroon, Nigeria and Zambia will make presentations on their national experience, policy response and concerns in the light of the economic and financial crisis.

Ministers may wish to:

- **compare and contrast experience and share lessons about the most effective ways in which the impact of the crisis can be managed; and**
- **identify methods of exchanging good practice in future.**

Impact, Policy Response, Financing Options and Minimising Debt Vulnerability

The World Bank and IMF will present the latest developments in their work on the economic and financial crisis, specifically on policy response required; financing options; and what the international community (through the IFIs) are doing to help LICs and Middle Income countries, with a particular focus on maintaining debt sustainability.

Ministers may wish to:

- **provide feedback to representatives of the Bretton Woods Institutions on any further efforts that may be required by the international institutions to meet their needs in the context of the crisis;**
- **consider more generally the adequacy of the international community's assistance to low-income and vulnerable economies, especially following the commitments made by G20 leaders in London on April 2nd;**
- **discuss a common view on further increases in concessional finance and aid to ensure continued progress towards MDGs and preservation of debt sustainability; and**
- **comment on the proposed review of the application of the non-concessional borrowing policy in view of reduced market access and the review of the debt sustainability framework agreed G20 leaders and the steps which the group might take to ensure influence any revised policy.**

SESSION II Commonwealth Secretariat Assistance

This session provides an opportunity for Ministers to provide guidance and feedback on the activities of the Commonwealth Secretariat in support of debt issues. There are no background papers and the session will see three presentations.

Adding Resilience to Public Debt Management

The Special Advisory Services Division of the Secretariat will provide a survey of the support provided to debt management in member countries. Against the background of an assessment of international developments, it will provide an overview of developments in CMDSF members economies in external and domestic debt and the institutional capacity to manage these debts soundly. The main focus is to identify debt management vulnerabilities and ways to reduce them. The presentation will also consider the Commonwealth Secretariat's response so far in adding resilience to public debt management in its member countries and the possible way forward in the light of the ongoing global uncertainty.

Ministers may wish:

- **to comment on the identified debt vulnerabilities and consider how the Commonwealth Secretariat can assist to add resilience to public debt management.**

HIPC Legal Clinic

The Resident Legal Adviser (HIPC Clinic) from the Commonwealth Secretariat's HIPC Legal Referral Service will present the activities of the service since April 2008. The Clinic has been providing advice to countries facing litigation and has recently been working towards an MOU with the African Legal Support Facility to provide Commonwealth countries potential funding assistance in defending future lawsuits. It has also been assisting countries in minimising future legal problems by helping countries on two fronts: firstly, in building country negotiation and evaluation capacity; and secondly, by working on the analysis of fiscal responsibility legislation. Its initial three-year term will come to an end in September 2009 and accordingly the Clinic will present suggestions about its future and focus.

Ministers may wish:

- **to consider how the experience of the clinic can be taken forward and built upon to provide continued benefits to the membership;**
- **to consider the role of the Commonwealth Secretariat in supporting the membership of the forum identify and secure new sovereign finance sources and the future work of the clinic in supporting the legal aspects of accessing such finance and supporting negotiation; and**
- **to consider how options for the future work of the Secretariat in this area can best be taken forward.**

Lessons Learnt from Litigation Experience

DLA Piper, one of several partner law firms of the legal clinic, will present on lessons learnt from litigation lawsuits. DLA Piper was one of the law firms which dealt with the Donegal International Case and represented the interests of the Republic of Zambia.

Ministers may wish:

- **to consider how these lessons can be built upon in their countries and share their own country experiences with colleagues.**

SESSION III: Enhancing Information Exchange on Creditor Participation and Litigation under the Debt Relief Initiatives

A background paper entitled *Enhancing Information Exchange on Creditor Participation and Litigation under the Debt Relief Initiatives* has been made available to Ministers and provides the basis for a presentation by Debt Relief International, who have acted as support to the Chair of the CMDSF presentation. This study is one of five commissioned as part of the work programme agreed by Ministers in St Lucia, October 2008.

The presentation will examine the current status of creditor participation and litigation related to HIPC relief, define actions which can be taken to improve creditor participation and reduce litigation. It will examine prospects for enhancing mechanisms for information exchange on creditor participation and litigation, in order to assist debtors in negotiations to enhance participation, as well as in avoiding or defending lawsuits. The presentation will conclude with recommendations for actions by the CMDSF necessary to improve creditor participation, reduce litigation, and increase information exchange to reinforce debtor negotiation capacities, in regard to HIPC relief.

Ministers may wish:

- **to exchange views on the usefulness of information exchange and their willingness to provide information to be shared;**
- **to comment on proposals for more systematic sharing of information on creditor participation and litigation; and**
- **to consider whether this is an area in which the new Chair of the CMDSF and Secretariat might work to take forward.**

SESSION IV Debt Strategy Capacity Building

A background paper entitled *Debt Strategy Capacity Building Needs* has been made available to Ministers. This study is also one of five commissioned as part of the work programme agreed by Ministers in St Lucia, October 2008.

There will be two presentations. The first from Debt Relief International will provide an overview of the paper which is based on an analysis of the capacity building needs of member countries identified in an assessment undertaken by the HIPC Capacity Building Programme. It highlighted the need to develop capacity in areas such as domestic debt market development, external financing strategies, and portfolio and risk management. The study makes two key conclusions. The first is the major need for additional financing for work in country to build capacity to respond to needs identified through the diagnostic work of the HIPC CBP and the World Bank through Debt Management Performance Assessment (DeMPA). The second key conclusion is that this investment by donors needs to be complemented by a strong commitment by developing country governments to commit to improving the legal, institutional and organisational frameworks for public debt management frameworks. Other key recommendations to strengthen debt strategy capacity building efforts and principles that should guide future capacity building work to ensure ownership and relevance will also be presented.

To provide context, staff from The World Bank's Poverty Reduction and Economic Management Network will present an overview of recent development in international work, including that of the Bank, in building capacity in this area.

Ministers may wish:

- **to comment on the analysis of capacity building needs presented in the paper and the adequacy of the response of the international community;**
- **to consider committing to taking the steps needed at the national level to strengthen the ability of countries to identify and strengthen capacity building needs; and**
- **to identify areas where the support of the international community for capacity building in these areas can be strengthened.**

SESSION V Conclusion

The meeting will conclude with the discussion of an agreed final Ministerial Statement and the introduction of the new Chair of the Forum.