



Commonwealth Ministerial Debt Sustainability Forum

Washington, DC, 22 April 2009

CHAIRPERSON'S REPORT

BY

HONOURABLE MINISTER JENNIFER WEBSTER, MP,

ON BEHALF OF

HONOURABLE DR. ASHNI SINGH, MP

MINISTER OF FINANCE, GUYANA

Colleague Ministers,

Deputy Secretary General of the Commonwealth, Mr. Ransford Smith

Distinguished Delegates

Ladies and Gentlemen

I Introduction

1. On behalf of the Guyana Chairperson, the Honourable Dr. Ashni Singh, I wish to extend a warm welcome to you all to the fifteenth meeting of this Forum. In particular, I wish to extend a special welcome to those countries attending this meeting for the first time, since the decision was taken to extend invitations to the Forum to other Commonwealth Members facing debt management and debt sustainability challenges. Minister Ashni Singh sends his sincere apologies for his absence from this meeting which is due to pressing parliamentary commitments, and developments and challenges in our local financial sector in Guyana.

2. He has also asked me to convey his sincere gratitude to you, Ministers of the Forum, for the opportunity to serve as the Chairperson of this Forum for the past year and to extend his heartfelt congratulations to the incoming Chair, the Honourable Dr. Pierre Titti, Minister of Finance for Cameroon.

3. Dr. Singh also wishes to express his sincere thanks to Mr. Ransford Smith, Deputy Secretary General and the staff of the Commonwealth Secretariat for the tremendous and invaluable support they have provided during his tenure as Chair of the Forum.

4. Colleagues, today, we meet at a time of sustained global economic and financial turbulence which highlights and exploits the regulatory and structural weaknesses of the global as well as our national financial systems and institutions. We also face persistent challenges from high food prices and the prospect of climate change which continue to threaten the development of our countries and the achievement of debt sustainability.

5. Yet, we remain committed to meeting these challenges in order to secure our development objectives and the livelihoods of our peoples. In approaching these challenges, we must draw from our collective experiences and international best practices and utilize the strength of our collective lobby.

6. Given the current environment, it seems propitious that we have expanded the focus of this Forum beyond that of achieving progress on HIPC related issues, but also to include the broader agenda of promoting debt sustainability and strengthening capacity for prudent debt management within the context of the objectives of promoting growth and achieving the Millennium Development Goals (MDGs) in our countries.

7. As Chairperson of the Forum, Minister Singh was mandated to continue the efforts to promote implementation of the actions agreed at our previous meetings. In this context, I am pleased to present, on behalf of Minister Singh, the following report which highlights progress made since the fourteenth meeting of this Forum in St. Lucia in October last year, and introduce key agenda items for our discussions.

II Actions Taken

A. Dissemination of October 2008 Statement

8. As agreed at the end of our October 2008 meeting, your views and conclusions were incorporated into the Ministerial Statement and forwarded to the broader Commonwealth Finance Ministers Meeting, as well as the International Monetary and Finance Committee and the Development Committee Meetings that were held in the days following that meeting. This saw several of the positions in the Statement being adopted and taken forward by the Commonwealth Finance Ministers Meeting (CFMM) in its closing communiqué.

9. The Commonwealth Finance Ministers endorsed the Forum's positions by:

- a. calling for the urgent conclusion of negotiations on replenishment of the Inter-American Development Bank (IADB) Fund for Special Operations (FSO). However, while the IADB has pushed forward with an agreement on a new capital increase, an agreement on the replenishment of the FSO is yet to be achieved;

- b. urging efforts to strengthen creditor participation in debt relief, including diplomatic initiatives to achieve full participation of non-Paris Club bilateral creditors; and donor assistance to relieve HIPC to HIPC debt;
- c. recognising the importance of commonwealth creditors leading by example by providing full HIPC relief and not selling claims onto other creditors;
- d. urging the IFI's to provide further assistance to countries facing litigation and for consideration of changes in laws of host countries to protect HIPCs from litigation;
- e. calling for increased transparency on lending behaviour from all creditors as part of both debtors and creditors working to achieve debt sustainability.

B. Cooperation with Non-Commonwealth HIPCs

10. Recognising the need for greater cooperation among HIPCs and post-HIPC countries, and the benefits to be gained from our collective lobby, we have taken steps to strengthen ties with our colleagues in the Organisation Internationale de la Francophonie (OIF). To this end, there was a meeting between the Commonwealth Secretariat and the OIF on 2nd December 2008, to discuss and set the agenda for cooperation between our two groups.

11. Arising from these discussions, it was agreed that there would be a joint meeting between the CMDSF and our colleagues among the OIF member states which will be held tomorrow. This is a significant milestone

to our cooperation efforts with other Low Income Countries outside of the Commonwealth.

C. Action Papers

12. To support the CMDSF's wider focus beyond HIPC issues, and in order to ensure that the Forum's actions are guided by authoritative analytical studies, several action papers were commissioned to brief ministers and make recommendations on issues of importance to this Forum which were identified at our last meeting. Three (3) of these action papers will be considered as part of the Joint Ministerial Debt Sustainability Forum tomorrow.

13. Those issues to be addressed in the action papers for consideration in this meeting today will include; Enhancing Information Exchange on Creditor Participation and Litigation under the Debt Relief Initiatives, and Debt Strategy Capacity Building. These papers make several recommendations which ministers may consider as part of our discussions today at this meeting and commit ourselves to implement.

14. Presentations and action papers were also prepared addressing pertinent issues such as the progress made in implementation of the HIPC initiative and the MDRI, protection against exogenous shocks and global crisis, diversifying sources of financing, best practices in ensuring fiscal sustainability, and how debt relief may be used to help finance adaptation for climate change.

15. However, given the wider importance of these issues to other Low Income Countries, in particular to our colleagues from the OIF group, I wish

to urge that we defer discussion on them until the Joint Ministerial Forum which will be held tomorrow.

III Issues for the Agenda

16. At this meeting, we will discuss several positions and pertinent issues that impact on our debt sustainability and prospects for development. I would like to offer some observations on how these discussions will be structured and underline my support for some key recommendations that will be made.

17. Firstly, let us begin by considering how the current economic and financial crisis affects our national economies and the risks in our public debt portfolio. Discussions will focus on the lessons learned and how to address the vulnerabilities facing our members, as highlighted in a review of the national debt sustainability analyses.

18. Ministers may also wish to discuss and seek clarification from the representatives of the IMF and the World Bank on how the G20 promise of US\$50 billion for low-income countries may be used to mitigate the impact of the current crisis on member countries.

19. Secondly, given the threat of litigation facing some of our members, specifically, Uganda and Sierra Leone, we will review the developments made by the HIPC Legal Clinic in providing advice and support to debtor countries. We will also consider the wider range of support services available from the Commonwealth; making observations and recommendations on how these may be enhanced to meet the specific needs of our members.

20. Thirdly, in light of the commonalities of experiences and threats facing our nations, it is highly advantageous for us to share information on how to deal with the various issues that confront us. In consideration of how to enhance information exchange among ourselves I would like to support the expanded use of online resources in disseminating information and coordinating activities of our technical officers.

21. Finally, it has long been recognised that there is a need to enhance the capacity of our respective member countries to better manage our debt and to conduct debt sustainability analysis and other technical evaluations. This would help us to gauge our progress in achieving debt sustainability while highlighting risks faced. We will consider the recommendations made in the action paper addressing this topic, and it is my hope that we identify these areas where support is needed from the international community and present those to our partner organisations and the IFI's.

IV Final Considerations

22. Colleagues, there remains several issues that are not addressed in the agenda, but which are vital to our ability to finance efforts to achieve the Millennium Development Goals (MDGs) and which warrant discussion and consideration on how to advance our positions on them.

23. These issues include ensuring that debt relief provides additional concessional resources to finance the MDGs, and does not come at the expense of new concessional flows. In this regard, we may wish to repeat the call for concessional resources to be allocated on the basis of MDG-related needs, as well as performance. This may require adjusting the Performance

Based Assessment (PBA) formulas of IDA and the Regional Development Banks.

24. Also, there remains an urgent need for the IADB to replenish its Fund for Special Operations. Ministers may wish to reiterate and emphasise earlier calls for the conclusion of negotiations on the replenishment of the FSO, as well as to raise this matter with the IMF and World Bank for their support in advocating for the replenishment of the FSO.

25. We may also repeat the call for donors to keep their promises to meet their 0.7 percent GNI commitment, by advocating that those donors with a clear timetable for the 0.7 percent stick to them, and those without clear commitments make them. We reiterate the urgency of the need for this commitment to be met, even more so, in the context of the current global financial and economic crisis.

V Conclusion

26. In conclusion, I would like to urge the Forum to focus its efforts to formulate and advocate positions that will improve the debt and fiscal sustainability of our countries. We should also utilise our influence and positions in the Bretton Woods Institutions to keep those issues that affect us at the forefront by addressing them in the Executive Boards, and the Annual and Spring Meetings of these institutions.

27. I wish once more to express, on behalf of Minister Singh and on my own behalf, sincere thanks and gratitude to the Commonwealth Secretariat and our colleague members of the Forum for the tremendous support and assistance given to Minister Singh and the Government of Guyana over the past year. I again extend congratulations to our incoming Chair, the

Honourable Dr. Pierre Titti, my colleague Minister of Finance of the Cameroon and pledge Guyana's continued support for the agenda of the Forum into his tenure as Chairman.

28. I hope we have a productive meeting that makes definite progress towards helping our countries to successfully confront the current global financial and economic crisis, while continuing progress towards maintaining debt sustainability and securing development in our countries.

Washington, DC

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