



Commonwealth Ministerial Debt Sustainability Forum

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OPENING REMARKS

by

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It is my pleasure and privilege to welcome you all to Washington to the fifteenth meeting of the Commonwealth Ministerial Debt Sustainability Forum. This is an important meeting for the Forum both due to the extraordinary economic times in which we are meeting and for the changes to the conduct of the Forum itself.

Although the fifteenth meeting of the Commonwealth debt Forum, it also marks a new era for the CMDSF. In the past the core of the forum's business has been provided by the need to assist members in sharing experience about, and managing their way, through the international processes of debt relief, specifically both the HIPC and Multilateral Debt Relief Initiatives. Those policies and that focus reflected a need to tackle the historical legacy of unsustainable debt and open new opportunities for countries to meet their own policy goals.

Now that all eligible Commonwealth countries have completed these debt relief processes, the focus of the meeting rightly changes. The task now is to look forward and consider how to balance the demands of maintaining debt

sustainability – without which economic stability is threatened – with accessing the finance all governments’ need to meet their policy requirements. These challenges are not restricted to one part of the Commonwealth family, but are shared by all developing countries. Symbolic of this change, this is the first meeting to take place since your decision to extend invitations to the Forum to other Commonwealth members where the issue of debt management is particularly pertinent. I am particularly pleased to welcome those countries attending this meeting for the first time.

However, there is continuity as well as change. Achieving debt sustainability required consistent political engagement. One of the lessons of the analysis supporting the meeting today and tomorrow is that maintaining debt sustainability also needs political commitment, from finance ministries and across government, to create and maintain the necessary legal, institutional, technical and policy framework. The other lesson is that these efforts also require the support of the international community and multilateral organisations.

But the challenges of maintaining debt sustainability have increased in recent times. Last year, higher food and fuel price rises put pressure on the fiscal space countries had previously built up – not least through earlier debt relief. Now this pressure is compounded by the fact that the world faces the deepest global economic crisis in a lifetime. In the discussion today there is an opportunity to hear the experience of others and set out your concerns to the international community both within the meeting and in your concluding statement. Although the conditions are fundamentally different with many countries having far stronger domestic policy, the collapse of commodity prices and sustained developed world recession in the 1970s provided the fuel for the last debt crisis. It is vital that the same does not happen again.

From the perspective of the Commonwealth Secretariat, we are keen to respond to the needs of member countries in the face of these challenges. However, we know only of the impact of the crisis from what we read; you know it from the reality of the daily business of managing your economies. This meeting provides an opportunity for the Secretariat to understand the concerns of a group of the membership and to set the stage for the important Commonwealth meetings later in the year, especially the Commonwealth Heads of Government Meeting in Trinidad in November. Our key objective is to identify areas which will both add value to the activities of the international community and meet – within our means – the needs of the members.

However, it remains true that the financial and economic crisis have not changed the fundamental necessity for good debt management or the Secretariat's commitment to ensuring that members have the techniques and skills to secure debt sustainability. You will hear an update on the Secretariat's work both in supporting capacity building in members, its work with international partners and on the legal aspects of debt and lessons learnt from lawsuits.

In both these areas we are looking for your feedback and guidance on priorities in the future. This is particularly important for the legal work on debt. The HIPC legal clinic – as it was originally known – was established for three years. This is the final year of that period. We would appreciate your opinions on what the next phase of this work should be. Our own thinking is being developed. As the financing environment facing developing countries is in constant flux, we are considering what role the Secretariat should play in supporting members in understanding this changing landscape and managing within it. This may include both analysis and practical – including legal – support. Your views will be particularly important in shaping our thinking going forward.

The discussions of the other items on the agenda will also shape the Secretariat's work programme in future. Today you are also considering the first two items of the work programme you established at your last meeting in St Lucia on capacity building and information exchange.

The remainder of the papers will be considered at the joint meeting with members of the Organisation Internationale de la Francophonie (OIF) which will take place tomorrow. This meeting enhances the level of cooperation between the Commonwealth and la Francophonie. This is currently a 'one off' meeting and we would value your feedback on its usefulness and the continued value of the Forum as a whole. I hope that these issues will be ones we can return to at the next meeting of the Forum in October.

Finally, I would like to say two 'thank you's'.

First, I am grateful to Minister Ashni Singh from Guyana for his engagement with the Forum over the past year, especially in ensuring the work programme was funded and taken forward, and willingness to chair the meeting taking place over the next two days.

Second, I would like to acknowledge fully the help of the World Bank – especially Carlos Braga and his staff - in helping secure rooms for this meeting and their help with the logistical aspects of the meeting.

I look forward to two days of productive discussions on these key issues and receiving any guidance you may wish to provide to the Secretariat.