



Joint Ministerial Forum on Debt Sustainability



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CHAIRPERSON'S REPORT

BY
HONOURABLE MINISTER JENNIFER WEBSTER, MP,
ON BEHALF OF
HONOURABLE DR. ASHNI SINGH, MP
MINISTER OF FINANCE, GUYANA

Colleague Ministers,

Minister Ali Mahaman Lamine Zeine, Minister of Finance of Niger and Co-
Chair for this meeting

Distinguished Delegates

Ladies and Gentlemen

I Introduction

1. On behalf of Minister Dr. Ashni Singh, Chair of the Commonwealth Ministerial Debt Sustainability Forum (CMDSF), it is my pleasure to welcome you all to this historic first Joint Ministerial Forum between the member states of the CMDSF and our colleagues from the Organisation Internationale de la Francophonie (OIF).

2. Given that our countries face common debt management challenges it is in our individual and collective best interest that we cooperate through the sharing of experiences and ideas, and in presenting a broader and united forum to advocate on issues affecting debt sustainability and development in our

countries. In this light, our meeting today is a milestone in the efforts to deepen cooperation among our countries and between the Commonwealth and the OIF countries.

3. Recognizing and utilizing on our collective strength is even more important now in the face of the current global financial and economic crisis which poses serious challenges for our respective economies and threatens to endanger our national development objectives.

4. Colleagues, in our meeting today, we will benefit from the presentation of several action papers addressing various issues of concern to us. It must be emphasized that in our engagement we should strive to establish a strategy for implementing actions and key recommendations agreed upon.

II Report on the Commonwealth Ministers Debt Sustainability Forum

Meeting

5. Yesterday, Ministers from the Commonwealth Group held its fifteenth meeting of the Commonwealth Ministerial Debt Sustainability Forum (CMDSF).

6. Ministers discussed the implications of the economic and financial crisis for low income and debt vulnerable countries; progress in improving creditor participation, reducing creditor litigation and in enhancing information exchange to improve debtor negotiation capacities; country needs for and efforts to build debt management capacity; and assistance with debt management being provided by the Commonwealth Secretariat.

Implications of the economic and financial crisis

7. Ministers noted the serious implications of the crisis for low income and debt vulnerable countries. It was acknowledged that without sharply increased concessional assistance and action to protect critical expenditures including on social safety nets, human development and key infrastructure projects, progress in poverty reduction will be seriously set back.

8. In considering the reaction of the international community, we welcomed increases in concessional assistance that have already taken place and called for

a further increase in concessional financing flows. With increasing needs and progress towards the MDGs under great threat donors should make a concerted effort to meet and if possible go beyond their Gleneagles commitments to increase the quantity and quality of their development assistance.

9. In this context, Ministers welcomed the commitments made by G20 leaders in London options to mobilise significant additional IFI resources to meet countries' financing needs. We stressed the importance of donors delivering fully on these new commitments and being willing to enhance them if additional finance is required.

10. Ministers welcomed the commitment to a review of the flexibility of the Debt Sustainability Framework and the commitment to increase the use of non-concessional lending for countries with sound policies to be completed by the Annual meetings. We emphasised the importance of ensuring that the views of borrowing members are fully integrated into any revised policy.

Creditor Participation and Litigation

11. Ministers expressed their continuing concern at the failure of many non-Paris Club and commercial creditors to participate in the Enhanced HIPC Initiative relief on an equal burden sharing basis, and the continuing action by some non-Paris Club bilateral creditors and many commercial creditors to seek full repayment through litigation.

12. In this regard, Ministers urged indebted countries to make full use of the IDA Debt Reduction Facility and technical assistance provided by the Commonwealth Legal Clinic and called for rapid activation of the African Legal Support Facility. Ministers also encouraged HIPCs with significant remaining commercial debt to explore the prospects for a repeat of the IDA Debt Reduction Facility and asked the Commonwealth Secretariat to commission a feasibility study on how remaining debts to small multilateral creditors could be extinguished.

13. We also called on Commonwealth, G8 and other major official creditors and donors:

- To raise the issue of debt relief forcefully with non-Paris Club creditors;
- To urge non-Paris Club and commercial creditors to agree not to sell debts to potential litigants; and
- To consider how to amend creditor legislation to prevent litigation being launched in their jurisdictions.

14. Ministers also asked Commonwealth donors to provide funding to help cancel debts between low income countries, and wealthier Commonwealth developing country creditors to provide debt relief.

Improving Information Exchange

15. To improve information exchange, Ministers recognised the importance of pooling information amongst low-income countries to assist their efforts to securing debt relief and future access to finance. We urged international and regional organizations to work together to compile, by October 2009, more detailed information for HIPC's on creditor participation, best possible relief terms and litigation experiences, in a format designed to assist negotiations.

16. We also recognised the responsibility individual countries themselves have to provide information on these issues to make it a success and thus committed ourselves to provide all information needed for this joint effort in a timely way.

Capacity Building

17. Ministers agreed on the need for a major effort to strengthen country capacity for debt strategy formulation and execution which must be complemented by efforts to strengthen legal, institutional and organisational framework for debt management. We committed our governments to act, as needed, to improve legal and institutional frameworks, and to use national capacity rather than external technical assistance. In particular we committed to:

- Ensuring legal frameworks are in place to give debt management staff a clear mandate.
- Recruiting and training professional debt management staff, and reducing dependency on external technical assistance.

- Providing comprehensive and objective assessments of country capacity building needs for discussion with potential donors. Such needs are likely to include capacity for domestic debt market development as well as external financing strategies, for budget forecasting, and for portfolio and risk management.

18. Ministers called on donors and the IFIs to provide stronger financial and training support for these in these capacity building efforts for all members of the Forum, noting that all such support should be based on countries' own plans and designed to strengthen country capacity, avoiding the use of external technical expertise wherever possible.

19. We welcomed all efforts by the international community to strengthen public debt management work programme, including the work of the HIPC Capacity Building Programme, the regional institutions and the work programme of the World Bank and International Monetary Fund and urged all institutions to work closely together to meet the needs of these countries. Ministers also stressed the importance of the active participation of countries in the use and development of these tools to ensure full ownership of the policy outcomes of using these tools and building capacity to implement agreed policy.

Conclusion

Based on past discussions with Ministers from OIF member states, I hope that it would be reasonable to think that our OIF colleagues would agree with these conclusions. If this is the case, then I would suggest that they be incorporated in our joint statement to be issued at the end of the day.

Colleagues, let me extend our sincere gratitude to Minister Zeine for the guidance and leadership he has provided over the past five (5) years at the HIPC Finance Ministers Forum, in his capacity as chairperson. I now invite Minister Zeine to make his opening remarks.