



# Commonwealth Secretariat

## Briefing Note – Debt

### **The challenge**

In the 1980s, it became increasingly clear that the conventional ways of dealing with international debt were failing. A large number of developing countries, including a number of Commonwealth members, found it increasingly difficult to service their debt.

By the mid-1980s it became apparent that there were no prospects of debts being repaid.

The major challenge several Commonwealth member countries are facing wholly rest on unpayable debts. Consequentially, this is a major obstacle to human development in a number of countries.

### **The Commonwealth strategy**

In 1987, the Commonwealth Secretariat became an advocate for writing off debts. The Commonwealth proposed the initial steps and comprehensive scheme for writing off heavily indebted poor countries' (HIPC) debts.

At the 1997 Commonwealth Finance Ministers Meeting, in what became known as the Mauritius Mandate, the UK unveiled a 5-point plan to resolve the debt problems of poor countries.

### **Key principles**

The Commonwealth holds the view that:

- Countries should be supported in their development and should not be shackled by constraints which are beyond their control.
- Multilateral corporations should lend their support, which should be beneficial to all in the process.
- It is a valuable test bed for ideas, which could have global currency

### **The practical response**

The Secretariat estimates that over the last 15 years more than £111 billion of debt has been written off. The Commonwealth should be viewed as a catalyst for this process. To date, nine Commonwealth countries have completed their debt write-off process.

### **Ministerial meetings or other highlights**

In 2002, a Commonwealth ministerial forum was established to support heavily indebted poor countries going through the international debt relief process – the Commonwealth

HIPC Ministerial Forum. In 2008, this forum was renamed as the Commonwealth Ministerial Debt Sustainability Forum (CMDSF). CMDSF continues to meet twice a year for the benefit of developing member countries still facing challenges on debt issues.

**Relations with other bodies involved in the sector**

The Commonwealth has strong relations with the World Bank on debt issues. The Secretariat also works in collaboration with the Organisation Internationale de la Francophonie (OIF).