



**Report of the Canadian Parliamentary Delegation  
to the Commonwealth Ministerial Debt Sustainability Forum,  
The World Bank**

**Canadian Branch of the  
Commonwealth Parliamentary Association (CPA)**

**Washington, D.C.**

**April 9, 2008**

# Report

The Commonwealth Ministerial Debt Sustainability Forum (previously called The Commonwealth HIPC Ministerial Forum) held its 13 meeting on April 9<sup>th</sup>, 2008 at the World Bank headquarters in Washington, D.C. In addition to Finance Ministers or their representatives from Cameroon, Ghana, Guyana, Malawi, Mozambique, Sierra Leone, United Republic of Tanzania and Zambia, and in addition to representatives from Guinea, Kenya and financial institutions, the Commonwealth Parliamentary Association as well as a representative of civil society attended for the first time by special invitation. The Ministerial Statement, herein attached, is an excellent summary of the issues, problems, successes and future issues that face Commonwealth countries as they emerge from strictly HIPC-related issues as they turn to maintaining debt sustainability and strengthening the capacity for prudent debt management. All this is within the need to promote growth and to achieve the millennium development goals.

The outgoing Chairperson, the Honourable Kwadwo Baah-Wiredu, MP Minister of Finance and Economic Planning, Ghana reviewed the issues arising out of the 12th meeting of the forum. His report is attached.

In item E (Collaboration-Commonwealth Parliamentary Association) at paragraph 11, he stated "Members of the Forum did mandate me to invite the Parliamentarians to observe our proceedings at the forum to give them the better insight in supporting our work. Through the Secretariat's effort, their representatives are here today to participate in our meeting and hope their presence and contribution will continue to be felt in future meetings."

He also went on to review the actions taken in the interim period and his assessment of future considerations.

Further attached is the Acceptance Statement of the Honourable Dr. Ashni Singh, MP Minister of Finance, Guyana. He also reviewed existing issues and pointed to the Secretariat's presentation of a paper on the challenges of new financing and maintaining debt sustainability after the completion point of the HIPC initiative. He reemphasized the need to engage in good quality financing in the post HIPC environment.

Attached is the Commonwealth Secretariat Assessment by way of Power Point presentations. Of note would be the following:

1. While the Commonwealth participants have met the HIPC completion point, there are some non-Commonwealth countries yet to achieve this point. In all cases, the completion was not carried out as first envisioned, often due to the lack of "political will".
2. An overall assessment of the forum indicated that there is a concern that more needs to be done and understood about the Non-Paris Club and commercial creditors.
3. One of the challenges is to look at fragile states or fragile debts where there is a difficult political, security and economic situation.

A full consensus was arrived at the issue that the new problem is to debt sustainability effort and a capacity to manage debt.

There was a growing awareness that high risk countries received grants while low risk countries received only traditional credits. This does not reward those who have paid attention to governance and proper management of finances -hence no an incentive.

Two possible problems were raised. The issue of internal debt was signaled as well as non-traditional lending countries who now could be entering into credit with post RIPC countries which has the potential of returning these countries into a debt situation which might not be sustainable. More attention needs to be paid to these issues. Ministers at the forum noted LICs' requirements of significant investments for making progress towards the millennium development goals.

Ghana presented their experience with successfully accessing international capital markets after going through RIPC and MDRI debt relief. A caution as noted that particular emphasis needs to be taken on advance preparation in accessing capital markets to ensure that the size of borrowing is related to specific productive requirements and that pricing is appropriate as well as the bonds are traded and remain liquid.

From the parliamentary process, I conclude that the meeting was extremely valuable and this initiative should not only be continued but expanded. Throughout discussions during the day, much was stated about "political will". It became evident to me, representing the Commonwealth Parliamentary Association, that more attention both within this forum and within governments needs to be paid to parliamentarians and their role in advancing issues surrounding debt, and in particular, the debt sustainability issue.

Parliamentarians need to advance their role in the following three areas:

- a. In an increased participation to understand the entire debt management issue in order to be able to make the correct choices for their particular country.
- b. To actively participate in the choices for accessing commercial markets, traditional borrowers and commercial creditors. Of particular use is to understand the interplay between the varying financial institutions, their lending practices and the choices that governments make. Parliamentarians are more familiar with RIPC and developments issues. They need the opportunity to engage more directly in the options and the interplay on all issues for prudent fiscal management.
- c. Parliamentarians must become more intricately involved in the choices that governments make in order to carry out their role of oversight of government.

In summary, the one day forum was extremely useful in obtaining knowledge about debt situations, the policies and practices of both the lending practice and policies but also with respect to the overall fiscal management of the receiving countries. It is also extremely useful for parliamentarians to know the looming issues facing countries from the internal debt situation which has not been highlighted. There are looming concerns that could affect the post HIPC countries. The basic needs of citizens vis-à-vis sustaining a debt and the over lending enticements are just a few examples which need to be taken into account in prudent borrowing strategies. This needs to be more fully understood by parliamentarians. The forum did note the crisis of oil pricing and food prices and noted that ESF (Exogenous Shock Facility) was in place in 2006 but has not

been used. This could be an extremely useful tool for many countries in the current situations.

In summary, there is a growing need and role for parliamentarians. The forum is an excellent starting point. I would ask you to consider other ways and means to build on this initiative for parliamentarians in order that they have a responsible and proactive role in not only debt management but fiscal choices to be made in the future.

Copies of the attached documents are available from the Executive Secretary of the Canadian Branch, CPA.

Respectfully submitted,

Russ Hiebert, M.P., Chair for  
Senator Raynell Andreychuk  
Canadian Branch  
of the Commonwealth  
Parliamentary Association (CPA)

## Travel Costs

<b>ASSOCIATION</b>	Canadian Branch of the Commonwealth Parliamentary Association (CPA)
<b>ACTIVITY</b>	Commonwealth Ministerial Debt Sustainability
<b>DESTINATION</b>	Washington, D.C.
<b>DATES</b>	April 9, 2008r
<b>DELEGATION</b>	
SENATE	Senator Raynell Andreychuk
HOUSE OF COMMONS	
STAFF	
<b>TRANSPORTATION</b>	<b>\$ 1,658.50</b>
<b>ACCOMMODATION</b>	<b>\$ 579.71</b>
<b>HOSPITALITY</b>	<b>\$</b>
<b>PER DIEMS</b>	<b>\$ 87.55</b>
<b>OFFICIAL GIFTS</b>	<b>\$</b>
<b>MISCELLANEOUS/REGISTRATION FEES</b>	<b>\$</b>
<b>TOTAL</b>	<b>\$ 2,325.76</b>