



CARIBBEAN DEBT MANAGEMENT FORUM

Half Moon Hotel, Montego Bay, Jamaica, WI



COMMUNIQUE OF THE CARIBBEAN DEBT MANAGEMENT FORUM

1. The inaugural meeting of the Caribbean Debt Management Forum was convened on October 18, 2011 on the eve of the 7th Annual Meeting of the Latin American and the Caribbean Debt Management Specialists (LAC Debt Group) to discuss issues and challenges in debt management relevant Caribbean States. Country representation was very encouraging with a total 14 CARICOM countries and one UK territory attending. The meeting focused on four key issues that Caribbean countries consider a priority amid public policy concerns in the current environment of high levels of public debt and low rates of economic growth in virtually all the countries: (i) Redressing the Debt Problem in the Caribbean Region; (ii) Adopting a Strategic Debt Management Framework; (iii) Implementing Reforms and building capacity on Public Debt Management; and (iv) establishing an Association of Caribbean Debt Managers to provide a platform through which the Debt Managers from the region can discuss and share experiences among themselves, and with technical assistance providers, on the challenges and options available to redress them.
2. The importance that Caribbean states and technical assistance providers attach to this forum was underlined by Jamaica's high level representation, as evidenced by Dr Wesley Hughes, the Financial Secretary, Ministry of Finance, senior representatives of the Caribbean Technical Assistance Centre (CARTAC), the Eastern Caribbean Central Bank (ECCB), the Inter American Development Bank (IDB) and, importantly, the attendance and official opening of the forum by Mr. Ransford Smith, the Commonwealth Secretariat Deputy Secretary-General.
3. We acknowledge Dr. Hughes welcome remarks in which he highlighted the serious challenge the high debt levels as reflected in high debt to GDP ratios, low rates of economic growth and limited options in terms of sources of borrowing. The Financial Secretary underscored the need for prudent management of public debt to avoid starving critical investments for economic growth and development. He also outlined the current comprehensive policy and institutional reforms Jamaica being put in place by the Government of Jamaica, to improve debt management and the overall economic management.
4. We appreciate the remarks by Mr Michel Marion, the CARTAC Macro-Fiscal Advisor in which he noted that the current challenges the Caribbean faces in the area of debt management is a combination of fiscal and debt issues and their resolution requires the countries to address both concurrently and CARTAC's willingness to support the reforms to improve macroeconomic management in the Caribbean region working in collaboration with other technical assistance providers.
5. We laud the opening remarks by Mr Ransford Smith, the Commonwealth Deputy Secretary General in which he underlined the need for the Caribbean countries to sustain the current reform initiatives to improve the primary balance further observing the need for the policy decisions to be driven by two key considerations namely promoting economic growth and export competitiveness. We



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endorse his urging for Caribbean countries to take bold and pragmatic measures to achieve fiscal adjustment as demonstrated by the recent Jamaica Debt Exchange Programme. We endorse also his emphasis on the importance of developing the domestic debt markets to addressing the region's debt problems and challenged the forum participants to play a leading role in the process by providing the technical input into macroeconomic policy and institutional reforms. We appreciate Mr Smith's encouragement to take full advantage of the opportunities made available by the various technical assistance providers to build capacity for formulating and implementing strategic debt management frameworks consistent with medium term fiscal strategies and budget framework. We welcome his assurance to the region of the Commonwealth Secretariat's continued commitment to working closely with the Caribbean countries as elsewhere in the Commonwealth. We note that the Secretariat is at an advanced stage working on public debt analytical tool that will be a useful aid to designing and implementing sound debt management strategies. We also note that to assist Commonwealth countries enhance transparency and accountability in public debt management, the Secretariat has recently expanded its capacity building activities on debt management to include developing a debt statistics bulletin. We welcome the DSGs comments that support in these two areas will be greatly enhanced when the Secretariat rolls out, in early 2012, Phase II of the regional project on debt management. Under the Regional Adviser programme, the Secretariat will place one Debt Management Adviser and one CS-DRMS/Debt Statistics Adviser to complement the work of headquarters-based staff. We applaud Mr. Smith's remarks on the Commonwealth Secretariat's continued commitment to global advocacy on issues of small states and especially the critical question of the debt burden faced by small states. We welcome Mr Smith's announcement that the Commonwealth Secretariat is presently working on and will soon launch a portal – Commonwealth Connects, which will establish Communities of Practice and User Groups. We accept his encouragement to us to take advantage of the platform, once launched.

6. We welcome the deliberations in which the participants highlighted the high and unsustainable debt levels which in turn stifle growth in the Caribbean. We note the emphasis placed on urgent fiscal consolidation measures and the need for creative initiatives to fund investment in the areas of health, education and infrastructure developments in order to increase growth, competitiveness and efficiency in Caribbean economies, which in turn must be part of the strategies to ease the debt burden. We appreciate members sharing the initiatives in their respective countries to establish sound debt management practices, including the adoption of improved governance frameworks – such as debt management legislation, adoption of medium-term debt management strategies and institutional strengthening.
7. We note the need for stronger debt management functions underlining in particular the urgent need for institutional reform and capacity building in the countries for the formulation of sound policies and strategies to effectively manage the public debt.



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8. We acknowledge the strong support extended to the countries by technical assistance providers on policy advisory and capacity building on debt management and urged continued flow of such assistance to ease the challenges to establishing sound debt management practices.
9. We recognise the need for the development of the domestic capital market to support not only cost mobilisation of funds for the budget, but also to enable the issuance of long terms securities to improve refinancing risk on government debt. We further recognise the need for effective management of Government cash balances and integration of cash management with debt management to inform prudent borrowing by the government. To this end, the meeting underscored the need for the member states to work towards the integration of back office functions of Debt Office and Treasuries in member states.
10. We note that the existence of appropriate infrastructure as critical to effective debt management and urge that countries ensure they put in place sound management information systems and other essential systems for securities issuance and settlement are in place.
11. We also note the importance of investor relations. We urge that countries put in place mechanisms that promote consultations with investors in government securities to inform strategies for executing liability management operations.
12. We discussed the issue of contingent liabilities and are aware that they pose a potential fiscal risk that could lead to build up in central government debt. We urge that debt managers be concerned with monitoring not just Central Government debt but General Government debt including the debts of parastatals. We take note of the recent financial crises in developed countries and the extent to which this had been a significant factor in the performance of financial institutions, growth in contingent liabilities and public debt.
13. We laud the re-launching of the Regional Adviser Programme by Comsec, the upcoming launch of the Public Debt Analytical Tool (PDAT), the development of a Debt Bulletin and the development of the Commonwealth Connects electronic platform through which it will be possible to share information.
14. We commend the work of the ECCB, ComSec, CARTAC, IMF, the World Bank and the IDB in supporting institutional reforms – improved internal decision-making processes, and information management and sharing – and strengthening middle office capacity, in implementing more effective debt management strategies. We also acknowledge the work undertaken by the CIDA-funded DMAS project which focuses on strengthening debt management in ECCU member countries. We appreciate the collaborative efforts of the partners in promoting, networking and sharing of debt management practices which led to this first meeting of Caribbean debt managers.



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15. We particularly welcome the establishment of an association of Caribbean Debt Managers to be supported by CARTAC and Com-Sec.
16. We see the establishment of a Caribbean Association of Debt Managers (CARADEM) as a vehicle for information sharing among the Caribbean region debt managers; and to practically assist us in developing technical capability and in meeting our core debt management objectives. We welcome the formation of an Executive Committee and congratulate the newly elected members: President – Mrs. Pamella McLaren (Jamaica); Vice President – Mrs. Michelle Doyle-Lowe (Barbados); Secretary – Ms. Marlene Jeffers (St. Kitts and Nevis); Executive Members, Mr. Frances Fontenelle (St. Lucia) and Ms. Patlian Johnson (British Virgin Islands).
17. We thank CARTAC and the Commonwealth Secretariat for organizing this forum and we appreciate the support for the Association by the ECCB and the IDB/LAC Debt Group.
18. We welcome the decision to convene the meetings on an annual basis and to time it to be contiguous with the LAC meetings.