The 16th meeting of Finance Ministers of Heavily Indebted Poor Countries (HIPCs) was held in Istanbul on 3 October 2009. The meeting was held under the joint chairmanship of H. E. Ali M. Lamine ZEINE, Minister of Finance and Economy of NIGER; and H.E. Lazare Essimi MENYE, Minister of Finance of CAMEROON. It was co-sponsored by the HIPC Capacity-Building Programme, the Organisation Internationale de la Francophonie and the Commonwealth Secretariat.

Ministers welcomed strong progress on mobilising their own domestic resources, and progress on providing financing via the international financial institutions to protect them against the global financial crisis, and on debt relief. However, low-income country membership of and voice in the G20 must be assured, to ensure that it considers adequately their financing needs. Above all, they urged a renewed focus on financing their long-term development, with additional grants and concessional and non-concessional loans, without compromising their debt sustainability.

1) Global Financial Crisis and Governance
Ministers welcomed the major response from the international community in terms of new lending to mitigate the effects of the global financial crisis on their economies, and the stimulus of the global economy which has reduced the negative impact of the crisis. However, they noted that the financing is very insufficient to meet their needs to confront the crisis; and that more of it (including IMF SDRs) should be used for supporting their fiscal and investment needs (as well as boosting their reserves).

Ministers also welcomed the reinforcement of the G20 as the key global governance structure for the global economy. However, they regretted strongly that G20 has no low-income country membership and therefore, in spite of efforts to consult low-income countries, does not always consider issues of key importance to LIC development. They urged that the G20 must be democratised to include LICs as members and ensure that the issues of key concern to them are addressed systematically.

2) Debt Relief and Debt Sustainability
2.1 Multilateral Debt Relief Initiative
Ministers again congratulated the international community on implementing the Multilateral Debt Relief Initiative (MDRI), but...
• Urged donors to begin negotiations immediately on a substantial replenishment of the FSO, as well as to provide higher aid levels for poverty reduction in Latin America, so that MDRI funding does not considerably reduce concessional flows in Latin America,
• Indicated that it would be desirable to extend the MDRI to cover the Asian Development Bank, Caribbean Development Bank and other sub-regional institutions.
• Urged the international community to redesign formulas for allocating concessional finance from the Multilateral Development Banks, to take more account of country financing needs for the MDGs.

2.2 HIPC Debt Relief
Ministers indicated once again that stronger efforts should be made to accelerate progress to decision and completion points for remaining HIPCs. As delays appear to be due to problems maintaining an IMF track record, they urged the international community to link HIPC progress to PRSPs and only a 6-month IMF programme track record.

Ministers also noted that there has been little progress on increasing creditor participation in HIPC, and lawsuits by rogue creditors remain a key problem. However, they:
• welcomed the legal technical assistance provided by the African Development Bank, the Commonwealth Secretariat, and the IDA Commercial Debt Reduction Facility, and urged that these initiatives should be fully coordinated.
• strongly welcomed the efforts in Belgium, the UK and the US to pass laws to restrict the possibilities for lawsuits and urged their early conclusion.

Nevertheless, they urged the international community to go beyond such assistance by:
• Establishing a small fund to relieve debts owed between severely indebted and low-income countries, which cannot afford to provide debt relief to one another
• Intensifying efforts to convince non-Paris Club governments to participate through summit-level discussions between G20 and other creditor leaders
• Convincing a maximum number of creditors not to sell debts to third parties.

2.3 Long-Term Debt Sustainability and the Debt Sustainability Framework
Ministers reiterated that they are determined to maintain their debt sustainability by maximising the concessionality of their new financing, and its effectiveness in promoting development. To this end, they also undertook to implement all the necessary legal and institutional reforms, and to adopt debt strategies through their national parliaments, to make sure that their borrowing is most effective in supporting development.

Ministers welcomed the review of the LIC-Debt Sustainability Framework by the Bretton Woods Institutions. However, they regretted that so far this has not involved any formal consultation of LICs, and urged that this consultation must be conducted immediately. They also urged that the review should place much more focus on increasing flexibility to take more account of the impact of shocks on individual countries and allow temporary countercyclical borrowing to offset them; base borrowing needs on fully funding national development programmes and the MDGs; design and use clear thresholds for domestic debt and overall fiscal burdens of debt; and ensure greater borrowing space for the maximum number of LICs.
To help them maintain their debt sustainability, they also urged that there should be a sharp increase in grants and concessional loans, especially for infrastructure and agriculture, and for fragile states which can least afford to borrow.

3) Financing Development

3.1 Domestic Resource Mobilisation

Once again, Ministers reiterated their strong commitment to maximise their own national tax receipts (including from foreign investors) and savings, to increase the value added and earnings from their exports, and to use all resources mobilised to make maximum contributions to development. They noted that in almost all countries, targets set for mobilizing domestic resource had been met or exceeded in the pre-crisis period.

3.2 Aid Quantity

On the other hand, Ministers expressed strong disappointment that some members of the international community continue not to deliver on their promises made in 2005 to increase aid flows. They urged all donors to accelerate their efforts on aid as they come out of recession. They welcomed commitments by G8 members to set new targets for mobilising development finance for the 2010-15 period at the G8 Canada summit in 2010, and urged that these should be very ambitious. They also urged all donors to deliver rapidly on their recent commitments to fund free health care in low-income countries, and to extend these to a wider range of countries.

In addition, Ministers noted that the funding provided by the MDBs to combat the global crisis had only been frontloading existing financing, not additional financing. They therefore urged the international community to conclude as rapidly as possible large capital increases and considerably increased replenishments of concessional windows for the Multilateral (especially Regional) Development Banks.