Ministerial Meeting of Low-Income Francophone Countries  
Washington DC, 22 September 2011

Finance Ministers of Francophone Low-Income Countries met on 22 September 2011 under the presidency of Mr. Essimi MENYE, Finance Minister of Cameroon, and Mr. Tayi NGY, Secretary of State for Finance of Cambodia.

Ministers stress that their development financing needs continue to require levels of financing which only a dramatic increase in innovative financing can provide. These will require commitment by the G20, which should enhance its representation of LICs, as well as by the entire international community.

1) MOBILISING DEVELOPMENT FINANCE

1.1. Aid Volumes
Ministers express strong concern that the international financial crisis is dramatically reducing prospects for aid flows, and for reaching the levels of 0.7% of GNI promised by many developed countries. They encourage all developed countries to maintain their solidarity with the world’s poorest citizens, in spite of problems with debt and budget deficits. They also appreciate strongly the continuing growth in South-South cooperation from emerging powers. They remind the international community of their huge financing gaps for health, education, infrastructure (energy, transport, telecommunications), water and sanitation, food security, financial inclusion aid for trade and fighting climate change.

1.2. Innovative Financing
To cover these financing needs, new additional resources are essential now. They can be mobilized only by innovative financing mechanisms. Ministers reiterate their strong support for reinforcing existing mechanisms such as the International Finance Facility (IFF) bonds and the UNITAID taxes on air transport - but also urge the rapid introduction of new mechanisms which can guarantee large, regular and stable flows of finance.

Ministers therefore strongly support the rapid adoption of the financial transaction tax (FTT) by European Union members (as proposed by France and Germany) in October, and by all members of the G20 by the time of the November G20 Summit in Cannes.

They remind the international community that many G20 members (and some Francophone low-income countries) already have financial transaction taxes. They will continue a systematic advocacy campaign for such taxes, which should be applied to the widest possible range of transactions (shares, bonds, loans, derivatives and currencies).

Ministers insist that all participating countries should formally commit that the resources mobilized by these taxes will be allocated to finance development. They also urge governments to ensure that such resources are additional to ODA pledges, and are allocated according to developing country needs and structural vulnerability.

2) LOW-INCOME COUNTRIES AND THE G20
Ministers regret that during 2011 there has been no significant progress with the
They also demand:
- their participation in all G20 working groups (not only development) and sherpa meetings.
- their participation in the FSB plenary, represented by LIC co-chairs of FSB regional consultative groups, and in relevant FSB committees and working groups
- medium-term establishment of a system to represent all countries in the G20 and FSB through constituency groups with rotating chairs (as in the IMF and World Bank).

3) DEBT RELIEF, SUSTAINABILITY AND ARCHITECTURE

3.1. HIPC Initiative and Actions Against Lawsuits
On debt relief, Ministers regret the slow progress on HIPC decision and completion points, reflecting continuing complex procedures for eligible countries. They reiterated their desire to see the remaining countries (such as Chad, Comoros, Cote d’Ivoire and Guinea) complete the process as fast as possible with minimum conditionalities and a track record between decision and completion points of a maximum of six months. They urge also that the HIPC and MDRI initiatives be left open for additional country participation, so as to help countries emerging from economic crisis such as Zimbabwe.

In the fight against legal actions by vulture funds and other creditors, Ministers urge the UK to extend its legislation against vulture funds to all UK offshore jurisdictions, and continue to urge other countries like France and the United States to follow suit rapidly with similar laws.

3.2. Debt Sustainability Framework for LICs
Ministers regret that the review of the Debt Sustainability Framework (DSF) for LICs by the Bretton Woods Institutions has not yet been presented to the BWI Boards. They urge that this review should be concluded rapidly and:
- Take more clearly into account their vulnerability to shocks;
- Base scenarios on financing needed to reach the Millennium Development Goals (MDG)
- Design clear thresholds for the fiscal burden of domestic debt and total public debt.

3.3. Reforms of the Debt Relief Architecture
Ministers welcomed the continuing efforts by the German and Norwegian governments to promote a faster, more comprehensive, transparent and impartial debt relief process. Such a system should prevent delays, conditionalities and non-participation of creditors during debt relief. Ministers encouraged the German government to bring forward concrete proposals at the next G20 meeting.

4) CONCLUSION
Finally, Ministers urged current and future Presidents of the G20 to engage closely with LICs and respond to their requests, and encouraged organizations which bridge G20 and LICs such as la Francophonie, the Commonwealth, the Ibero-American Secretariat (and the G24) to continue to support low-income country advocacy to the G20.