

REPORT ON LEGAL ASSISTANCE FOR HIPC COUNTRIES

Paper by the Commonwealth Secretariat

BACKGROUND

1. In their Meeting in Abuja in 2003, Commonwealth Heads of Government reaffirmed their commitment to a successful HIPC Initiative. They called on all Paris Club creditors that are not yet participating in this Initiative to do so. Heads of Government also called for topping up to be applied so that HIPCs achieve a sustainable exit from their debt burden at their completion points.
2. In the Aso Rock Declaration, Heads of Government welcomed the advisory and consensus building work of the Commonwealth HIPC Ministerial Forum (CHMF) and encouraged its efforts to achieve HIPCs' sustainable exit from debt. Following this Meeting, in September 2004, at the Commonwealth Finance Ministers Meeting in St Kitts and Nevis, Ministers noted the behaviour of commercial creditors, who have been resistant to participate in the process of debt relief and who had even brought litigation against a number of HIPCs. Ministers welcomed the efforts the Commonwealth Secretariat is making to mobilise support for the HIPCs in tackling the difficult issue of creditor litigation.
3. The meeting of Senior Officials of Commonwealth Law Ministries in London in October 2004, received with appreciation a paper prepared on strategies for dealing with sovereign debt in distress. The paper addressed both the handling of negotiations with creditors and litigation strategy and commended the suggestions as to the possible role of the Commonwealth Secretariat in providing a legal clinic for advice and access to expertise.
4. HIPC Ministers met in March 2005 in Maputo, Mozambique and Ministers recalled the proposals for 'rapid reaction legal assistance' by the Commonwealth Secretariat and expressed the hope that this would be implemented without delay.

ACTIVITY

5. In view of the growing number of commercial creditors' litigations against sovereign countries, the Commonwealth Secretariat has decided to implement the report, commended by Senior Law Officials and endorsed by CHFM, to establish a 'One-Stop Legal Referral Service' within the Legal and Constitutional Affairs Division of the Commonwealth Secretariat.
6. The Legal and Constitutional Affairs Division, working collaboratively with the Economic Affairs Division has commenced submissions to the UK's Department for International Development for the provision of funds to assist the Commonwealth Secretariat to realise the establishment of this Legal Service.

CONCLUSION

7. Law Ministers are asked to endorse the efforts of the Secretariat to move as quickly as possible to render legal service to HIPC countries.