



### **Opening Remarks by Neil Cole, Executive Secretary, CABRI**

Warm greetings from the Collaborative Africa Budget Reform Initiative

It is my pleasure to welcome the 26 African governments that are represented at this important Policy Dialogue. We are also joined by the African Development Bank, and in particular the African Legal Support Facility, academic institutions and the Overseas Development Institute.

Welcome everyone.

At our July Policy Dialogue, we considered the vulnerabilities countries are facing. A key message from the past dialogue was that vulnerabilities should be identified, analysed, communicated to decision and policy makers, and then to take timely and appropriate actions. Apart from the vulnerabilities, debt managers face many uncertainties, such as the costs of borrowing, creditors'/investor's behavior, and volatile exchange rates, to name a few. High debt levels, together with the current health crisis and the impact of climate change, are some of the challenges governments must deal with, which have put enormous strain on the fiscus. Considering the vulnerabilities, uncertainties, and fiscal pressures, as mentioned, I believe the way to deal with this, is through the continuous strengthening of our capabilities, implementing prudent policies and building capacity within our respective constituencies.

Contract negotiations are a common feature of the activities of all governments – from service level agreements for the supply of computers and network support to the more complex negotiations with private sector consortia to construct a modern transport system that is financed through a Public Private Partnership. Ideally, we want these contracts not only to be legally sound, as in respecting the constitution and sovereignty of our countries, we also want to ensure that they do not undermine social outcomes, value for money, and the affordability of our fiscal frameworks.

A common challenge for many African countries is that contracts do not always fulfil the ideals that we strive for. And this applies across the board, it is certainly the case when negotiating financing agreements with creditors and investors – where we end up with less than favourable terms and conditions.

A few years ago, I was on a panel with the CEO of Discovery Health – a short-term insurance company in South Africa that is also now in the banking sector. He noted in his remarks that it is always in the best interests for parties to a contract to ensure that their incentives and risks are clearly communicated and understood and contained in the terms and conditions of the contract. In this way the partnership is sustainable. And not shy away from incentives that may be very different – from favourable returns to social outcomes.

Our Policy Dialogue will therefore cover four areas:

1. Why transparency is critical for sovereign debt negotiations, and how it can be improved.
2. How the negotiation position of governments can be enhanced through rigorous financial analysis.
3. Key legal concepts and the room to manoeuvre.
4. The options and opportunities for restructuring sovereign debt.

It is within these four focus areas of the dialogue that we hope our objective will be met, which is for African debt managers to share their experiences in negotiating with different creditor groups. We want you to highlight common pitfalls and identify practical steps through which your debt management offices can improve these interactions with creditor groups, with the ultimate aim of generating more favourable outcomes for the fiscus.

During the first day, the focus will mainly be on the financial terms of loan agreements. The programme for tomorrow will shift the dialogue to the legal side of things and the options for restructuring or reprofiling the debt portfolio of your government.

Thank you once again for making the time to participate in this important dialogue, and I wish you successful dialoguing.