

Talking Points on behalf of the Group of 77 and China at the drafting session on the Elements/ Building Blocks for Financing for Development, 28-30 January 2015.

VI. SOVEREIGN DEBT (MONTERREY: EXTERNAL DEBT).

1. The Group of 77 and China concurs with you that ***sustainable debt financing*** is an important element for mobilizing resources for growth and development.
2. We welcome the significant progress achieved on debt relief through Initiative for Heavily Indebted Poor Countries (HIPC), the Multilateral Debt Relief Initiative (MDRI) and the framework of debt sustainability by the World Bank and the IMF for Low Income Countries or the improvements
3. Lack of sustainability of external debt can be a main obstacle to development, economic growth and poverty eradication and an impediment to human rights and achieving greater equity.
4. In Monterrey, we agreed that debt relief could release resources that can be directed towards activities that promote development, and called on donor countries to ensure that resources for debt relief do not result in the diminishing of ODA. In Doha in 2008 we pledged our commitment to work on an international mechanism for debt renegotiation. At the Conference on the World Financial and Economic Crisis in 2009, we reaffirmed the need to "... explore improved approaches for sovereign debt restructuring."
5. In the Elements report mention is made that the resolution of sovereign debt crisis is currently governed by a loose set of mechanisms. In this regard the Group is eagerly awaiting the Ad Hoc Committee on Debt Restructuring Mechanism to start its work next week and in ensuring that the Multilateral legal framework is established as a matter of urgency.
6. In this regard we hope that all member states, Un agencies and all other relevant stakeholders participatent, e iFdisl asas, U nth,