

Background Document

This draft paper presents a basis for discussion for the “fourth discussion group on debt vulnerability” as follow-up on the High-Level Event on Financing for Development in the Era of COVID-19 and Beyond. The discussion group is led by the African Union, the Islamic Republic Pakistan, and the Kingdom of The Netherlands and facilitated by UN-DESA, UNCTAD and the Executive Office of the Secretary General. This draft paper forms the point of departure for co-leads, member states, UN organizations and other expert organizations to provide policy options to find structural solutions for current debt vulnerability challenges.

COVID-19 and its economic fallout are exacerbating already high debt risks. The international community has taken action to provide relief – through the G20 debt service suspension initiative (DSSI), and debt relief by the IMF for 25 countries from the Catastrophe Containment and Relief Trust. But additional debt relief and emergency financing may be needed to avoid widespread defaults and facilitate investments in recovery and the SDGs.

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We encourage efforts towards a durable solution to the debt problems of developing countries to promote their economic growth and sustainable development. [AAAA 99]

Safeguarding ODA:

We encourage donor countries to take steps to ensure that resources provided for debt relief do not