Re-assessing Debt Sustainability in the Contemporary Economy - Risks, Vulnerabilities and Policy Options

Wednesday, 20 July
16:30-18:00, Room TSAVO 2

DESCRIPTION
The sustainability of developing country debt has fast moved up the international policy agenda over recent months. A growing number of developing economies are now considered in or close to debt distress - a development that threatens to unravel the achievements of the debt relief initiatives of the 1990s and early 2000s and to undermine the ability of developing countries to mobilise the resources they need, not least to achieve the ambitious objectives of Agenda 2030.

Although the exact trajectories toward debt distress or even debt crises differ across the developing world, a common denominator are the new vulnerabilities that have arisen from the very fast integration of many developing economies into international financial markets over recent years. While this has opened up new opportunities, it has also exposed developing countries to boom and bust cycles more usually associated with advanced economies.

This Ministerial Roundtable aims to provide an informed assessment of these new vulnerabilities to developing country debt sustainability and to discuss innovative policy options to mitigate these: How serious is the situation and what can be done to strengthen developing country debt sustainability post-2015?

KEY ISSUES
The ‘new vulnerabilities’ to developing country debt sustainability: How serious?

- What role is played by severe commodity price shocks?
- The fast growth of private corporate debt in emerging economies: How did this happen and what are the dangers?
- Local currency domestic bond markets: Part of the remedy or part of the problem?
- ‘Easy’ money to what use: Is capital raised in the international financial markets and through new debt instruments actually ‘transformational’?

How ready are we to address potentially systemic debt problems in developing countries: What policy options?

- What can be achieved through improved market-based debt instruments, such as GDP-indexed bonds or the retroactive introduction of collective action clauses in sovereign
What can and should UNCTAD do to promote innovative solutions to developing country debt sustainability issues?

BACKGROUND PAPERS

PARTICIPANTS
Dr. Patrick Njoroge, Governor of the Central Bank of Kenya
H.E. Mr Raymund Furrer, State Secretary for Economic Affairs, Switzerland
H.E. Ms. Helena Yanez Loza, Deputy Permanent Representative of the Permanent Mission of Ecuador to the United Nations
Mr. Ricardo James, Chargé d’Affaires of the Office of the Eastern Caribbean States
Mr. Gabriel Negatu, Regional Director, African Development Bank
Mr. Eric LeCompte, Executive Director, US Jubilee Network

MODERATOR
Mr Richard Kozul-Wright, Director of the Division on Globalization and Development, UNCTAD

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