

2017 ECOSOC Forum on Financing for Development follow-up

Expert Round Table C

“Debt and systemic issues” (Action areas E and F)

Wednesday, 24 May 2017, 4:30 – 6 p.m., Trusteeship Council Chamber, United Nations, New York

Tentative programme

Moderator: **Mr. Siddharth Tiwari**, Director, Strategy and Policy Review Department, International Monetary Fund

Panellists: **H.E. Mr. E. Angus Friday**, Ambassador of Grenada to the United States (TBC)

Mr. Camillo von Müller, Economist, Federal Ministry of Finance, Germany

Ms. Marilou Uy, Executive Director, International Group of 24 (G24) Secretariat

Ms. Patricia Miranda, Senior Officer on Finance for Development, Latindadd-Fundación Jubileo, Bolivia

Background note

Borrowing, both by governments and private entities, is an important tool for financing investments in sustainable development. However, high debt burdens can impede growth, and debt has to be well managed in both public and private spheres. Managing sovereign debt and addressing debt crises when they occur has been on the Financing for Development Agenda since the 2002 Monterrey Consensus. In commitments and actions to address systemic issues, the Financing for Development outcomes seek to reduce risks and vulnerabilities in the international financial and monetary systems, aim to render those systems coherent and consistent with poverty reduction and environmental sustainability, and strengthen the voice and participation of developing countries in their governance.

This round table will discuss the dangers that elevated debt and cross-border risks pose to sustainable development, and policy measures to address them, as well issues of global economic governance and ways to enhance policy coherence.

While the overall debt situation of developing countries is currently relatively benign, averages mask elevated risks in a number of countries. Declines in export revenue and widening fiscal deficits in the context of slow growth—and, in some cases, commodity price declines—have led to increases in external-debt-to-GDP ratios in least developed countries and in small island developing States, some of which have been caught in debt difficulties for many years. A rise in interest rates could exacerbate these problems going forward. This has brought new urgency to advancing the policy agenda on debt financing, debt relief, debt restructuring and sound debt management.

The focus to date has been on sovereign debt management, debt crisis prevention and on market-based solutions for sovereign debt restructuring, but concerns remain over the efficiency and equity of these solutions. One innovative instrument to manage debt burdens that has drawn renewed interest is state contingent lending. To anticipate shocks from natural disasters, Grenada’s 2015 debt rescheduling agreement with the Paris Club and private creditors included a “hurricane clause”, which seeks to provide debt relief in the aftermath of a natural disaster. The G-20 International Financial Architecture Working Group has analysed the potential of GDP-linked bonds in particular,

and the Inter-agency Task Force has encouraged public creditors to increase the use of state-contingent instruments in their lending.

In the face of continuing large and volatile capital flows, the Task Force also notes that greater international macroeconomic coordination, including cooperation between capital flow source and destination countries, can help reduce the impact of spillovers and financial flow volatility. A strengthened, more flexible and counter-cyclical global financial safety net with an adequately-resourced, quota-based IMF at its centre would further enhance resilience and ensure that no one is left behind. These calls were echoed in the April Communiqué of the G-24.

More broadly, governance of global systems should reflect changes in the global economy and be responsive to the risks faced in all parts of the world, including from climate change. Civil society organisations have long sought reforms to governance structures at all relevant regional and global organizations to further strengthen the voice of developing country governments in global governance, but also argue that citizens' voices also need strengthening. Peoples' movements have also focused on the need for policy coherence, to treat issues together and in an inter-linked way. For example, they demand that the impacts of private sector activities on climate change, human rights and women, among others, are carefully considered.

Guiding questions

1. How can we ensure adequate balance of payments financing in times of crises? Is the global financial safety net fit for purpose?
2. What are the priorities of Member States for more effective management and coordination of cross-border finance to mitigate the pro-cyclical behavior of international capital flows and reorient them towards long-term sustainable development investment?
3. What are the opportunities and challenges of state-contingent debt instruments, including GDP-linked bonds, to promote debt sustainability?
4. What are the concrete measures that should be taken to increase policy coherence both at the national level, as well as at the international level and among the global economic, financial, social and environmental systems?

Further reading

Note by the Secretary-General on "Financing for development: progress and prospects" (E/DDFD/2017/2), paragraphs 60-72.

http://www.un.org/ga/search/view_doc.asp?symbol=E/DDFD/2017/2.

Financing for development: Progress and prospects, 2017 report of the Inter-agency Task Force on Financing for Development, chapters III.E and III.F, pgs. 89-106.

<http://developmentfinance.un.org/financing-development-progress-and-prospects-2017>.

Online annex of the Inter-agency Task Force on Financing for Development, Debt and debt sustainability, <http://developmentfinance.un.org/debt-and-debt-sustainability>.

Online annex of the Inter-agency Task Force on Financing for Development, Addressing systemic issues, <http://developmentfinance.un.org/addressing-systemic-issues>.

SPEAKER BIOGRAPHIES



H.E. Mr. Nabeel Munir is the First Deputy Permanent Representative of Pakistan to the United Nations, and Vice-President of ECOSOC for its 2017 cycle. He is a career diplomat who joined Foreign Service of Pakistan in 1993, and since then, has taken on both bilateral and multilateral diplomatic assignments in the Ministry of Foreign Affairs, Islamabad and Pakistan Missions abroad, including in South Africa (1997-2000), Belgium (2003-2006) and Kenya (2006-2009). Since 2012, Ambassador Munir has been posted to the Permanent Mission of Pakistan to the United Nations, initially as Minister, and since July 2015 as the Deputy Permanent Representative. He was also part of the Pakistan's Security Council team during its last term in 2012-13. Ambassador Munir holds a Master's degree in English Literature.



Mr. Siddharth Tiwari is the Director of Strategy, Policy, and Review Department (SPR) of the International Monetary Fund (IMF), which is responsible for developing IMF's policies, overseeing their application at country level, and also coordinating their interactions with G-7, G-20, and G-24. Prior to becoming Director of SPR, Mr. Tiwari served as the Secretary of the Fund (the Executive Board, International Monetary and Financial Committee, and the Board of Governors), and Director of the Office of Budget and Planning. At the Fund, Mr. Tiwari has worked across a wide range of strategic, policy, country, and administrative issues, and held previous positions in the African, Asia and Pacific, and European Departments.



H.E. Mr. E. Angus Friday is the Ambassador of Grenada to the United States. He also serves concurrently as Grenada's Ambassador to Mexico and to the Organization of American States (OAS), and as Grenada's High Commissioner to Canada. Ambassador Friday is working towards the development of a Sustainable Financing Facility for Islands, catalyzing innovative blue growth investments and the establishment of an international Blue Innovation Institute. Prior to this posting, he served as Oceans Representative and Senior International Climate Policy Specialist at the World Bank, and as Grenada's Ambassador to the United Nations where he chaired the Alliance of Small Island States (AOSIS). Prior to his economic and diplomatic roles, Angus helped to pioneer intranet technology in the British National Health Service, built a venture capital backed medical informatics business, IntegriSys Ltd, and also collaborated with Johnson & Johnson, Glaxo SmithKline, Merck, IBM and other corporate entities. Ambassador Friday is a qualified medical doctor and also holds an MBA degree.



Mr. Camillo von Müller is an economist within the international division of the German Ministry of Finance. His tasks entail the issues of debt restructuring, infrastructure financing (AIIB), and multilateral development banks. He has published widely on financial and capital markets, and on the management of financial institutions. In 2010, he spent two terms as visiting fellow at Harvard University's economics department. Mr. von Müller holds a PhD (Dr. Oec.) from the University St Gallen (Switzerland), an MA from SAIS-Johns Hopkins University, and an MA from Humboldt University in Berlin.



Ms. Marilou Uy is Director of the Secretariat of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24). Prior to joining the G-24 Secretariat in October 2014, she held several senior advisory and management positions at the World Bank, such as Senior Advisor to the Managing Director, Sector Director for Financial and Private Sector Development Department for Africa and South Asia, Director of the Financial Sector Operations and Policy Department and Chair of the Financial Sector Board that oversaw the Bank's financial sector practice. Ms. Uy joined the World Bank in 1985 as part of the Young Professionals Program. Ms. Uy pursued her graduate studies in economics and finance at the University of California, Los Angeles.



Ms. Patricia Miranda has been working as Senior Officer on Finance for Development, at the Latin American Network on Debt, Development and Rights LATINDADD since 2006, through its member in Bolivia, Fundación Jubileo. She leads the Responsible Financing working group, which participated as part of the civil society network at the International Conferences on Financing for Development in Doha, Qatar and Addis Ababa, Ethiopia. She is also currently member of the Steering Committee of the Civil 20. Prior to joining LATINDADD, Ms. Miranda worked as a Programme Officer of a Capacity Building Programme for Heavily Indebted Poor Countries (HIPC) at Centro de Estudios Monetarios Latinoamericanos (CEMLA). Her areas of expertise include public and private debt, external and domestic debt, and policies on finance for development and responsible financing and publicly backed private finance. She holds an MBA at EMI from Bolivia and Tecnológico de Monterrey from México, and studied at a specialised programme on financing strategies at DRI.