

**Video message Financing for Development in the Era of COVID-19
and Beyond for meeting of Heads of State / Government
29 September 2020**

Your Excellencies, ladies and gentlemen,

The Kingdom of the Netherlands was honoured to co-chair Working Group IV on Debt Vulnerability. I hope and expect that our working group's open-ended menu of options will provide decision-makers with useful guidance in this difficult time.

The challenges thrown upon us by the COVID-19 crisis are deep and serious. To resolve them, we need 'thought leadership' from the UN and the International Financial Institutions – and we need to demonstrate political will and resolve to act upon it.

To start, we need a sustainable, green and inclusive recovery: to take measures with a transformative impact in mind, reduce inequalities, and to increase resilience, as well as work towards the realization of the SDGs and the Paris Climate Accord.

This will not be an easy road – but it will certainly lead to a better outcome.

To realize this future, we will also have to deal with debt vulnerability. Failure to act could lead to a prolonged recession and permanently scar a high number of developing economies. It would make the realization of the SDGs near impossible.

The discussions in our working group on the conditions under which we should enlarge and extend the Debt Service Suspension Initiative are indeed timely. The DSSI provides countries with breathing space and allows the international community to work on structural solutions for developing countries with solvency issues.

When discussing debt, institutions like the IMF, the World Bank, the G20 and the Paris Club should have sufficient attention for the specific needs of individual borrowing countries. Solutions must address structural and systemic problems. Otherwise they will risk a new buildup of vulnerabilities.

If restructuring is necessary, the fiscal space generated should be invested in the SDG's and not be used to pay off non-participating creditors, either public or private.

However, we need more than the DSSI. The challenges we face are wide-ranging in every sense, so we should be looking for a long-term case-by-case approach and we should back-up this approach by a framework that ensures equal treatment, involves all creditors, and leads to sustainable and green solutions.

At all times, our focus must remain on the most vulnerable. When looking to build a sustainable future, we must leave no one behind.

Thank you for your attention.