

**Statement by Eurodad representative Tove Maria Ryding at the
First drafting session of the outcome document of the
Third International Conference on Financing for Development**

New York, January 29, 2015

Agenda item: Debt

Thank you Mr. Co-facilitator.

Although we welcome the Elements Paper, I would like to highlight a few important shortcomings.

As regards the major challenges, there are some important issues missing in the paper. This includes the fact that the initiative for Highly Indebted Poor Countries (HIPC) and the Multilateral Debt Relief Initiative (MDRI) failed to reach all countries which were in need of debt relief and furthermore came with conditionalities that increased debt vulnerability.

The paper also fails to recognize the fact that it will not be possible to resolve current debt crises and prevent new ones unless debt audits, principles for responsible lending and borrowing as well as a debt restructuring mechanism are introduced

Thirdly, the paper fails to recognize that there is a serious problem with implementation in the FfD process. The need for an international debt workout mechanism was recognized already in Monterrey, but has still not materialized.

As regards the annex I also want to highlight a few important issues. Firstly, there is currently no paragraph addressing the need to cancel illegitimate and unsustainable debt. This must be introduced.

Secondly, while there is a paragraph which underlines the need to continue existing discussions on a multilateral framework for sovereign debt restructuring, this paragraph does not include a reference to the relevant UN General Assembly resolution. This must be added.

Thirdly, we suggest that the paragraph about convening a UN-and-IMF supported intergovernmental committee should be replaced by a paragraph which encourages IMF to continue their efforts on contractual approaches that discourage future hold-out scenarios, and requests the UN to address the statutory approach, including by convening an intergovernmental committee with the IMF in an advisory role, with the objective of developing proposals that may win widespread support.

Lastly, I want to underline the fact that by changing the heading of the debt chapter from “External Debt” to “Sovereign Debt”, we lose the important awareness of the financial risks associated with private debt. We therefore suggest that the original heading be kept.

Thank you very much.