



United Nations General Assembly High-level thematic debate on debt sustainability and socio-economic equality for all

Monday, 15 April 2024, 3 p.m. - 6 p.m.
General Assembly Hall, UN Headquarters

Concept Note

In 2023, the global public debt amounted to US\$235 trillion or 313% of global gross domestic product (GDP) - 9 percentage points higher than 2019. Rising debt levels have hindered economic growth and exacerbated poverty and inequality. As his signature event during the first-ever Sustainability Week, the President of the General Assembly for the seventy-eighth session will convene a high-level thematic debate on debt sustainability and socio-economic equality for all.

In recent years, several global shocks have destabilised economies, disrupted international trade, and ignited global inflation. Likewise, other global challenges including the increasing adverse impacts of climate change, sea-level rise, extreme weather events and natural disasters have adversely affected countries, particularly developing countries. These cascading crises in recent years have also contributed to unprecedented levels of global public debt.

Public debt has increased faster in developing countries than in developed countries over the last decade, with external debt stocks of developing countries reaching an alarming US\$11.4 trillion. For developing countries in special situations: the total public debt for least developed countries (LDCs) stood at US\$344 billion; the total public debt for landlocked developing countries (LLDCs) stood at US\$ 704 billion and; the total public debt for small island developing states (SIDS) stood at US\$ 82 billion.

The unsustainable debt burden in these countries has translated into limited access to development financing, increased poverty and inequality, currency devaluations and sluggish economic growth. In developing countries, the soaring debt service continues to constrain the fiscal space needed to finance sustainable development. This debt crisis is a development crisis.

Increasingly stringent financial conditions and an inequitable international financial architecture have contributed to higher external borrowing costs, which make it more difficult for developing countries to pay for external debt servicing; pushing more countries towards debt distress and undermining their debt sustainability and their progress towards sustainable development. For instance, African countries borrow, on average, at rates four times higher than the United States and even eight times higher than those of Germany.

Furthermore, high debt servicing costs divert already limited financial resources away from poverty alleviation, and social protection programmes, perpetuating cycles of poverty and socio-economic inequality. This debt crisis is costly. Inevitably, people are paying the price.

To service debt obligations, developing countries are cutting public spending, including on health and education, affecting the poor and vulnerable. In Africa, the amount spent on interest payments is higher than the amount spent on health and education combined. Over the past decade, interest payments in Africa have increased by 132%, and nearly 57% of the African population, or about 751 million people, live in countries that spend more on interest payments than in the sectors mentioned. In Latin America and the Caribbean, governments are spending more on interest payments rather than on critical investments. In some countries, these payments surpassed the spending on education by almost 60%. Likewise, with limited fiscal space, investments in sustainable transport, infrastructure, and energy in developing countries are equally affected.

High debt burdens of developing countries contribute to the inequality between and within countries. As of 2023, progress on SDG 10 to reduce inequality within and among countries is lagging behind. 10% of the world population owns 76% of the global wealth. Rising levels of socio-economic inequality, manifested in income inequality, inequality of opportunity and access to quality education and health care as well as universal social protection, amongst others, continue to have a devastating impact on countries and societies. These rising inequalities are holding back progress towards most SDGs, especially poverty eradication, good health, and social and climate action. Urgent and decisive action is required to reduce economic inequality and ensure more inclusive growth. High levels of inequality can contribute significantly to the generation of and increase in private debt, which can lead to financial crises and have consequences on sovereign debt.

SDG 10.6 calls for enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions to deliver more effective, credible, accountable and legitimate institutions. The Political Declaration adopted at the SDG Summit in 2023 further called for reform of the international financial architecture including its international financial institutions and multilateral development banks to be better fit for purpose and to strengthen the voice of developing countries in global economic governance. The reform of the international financial architecture is imperative to address systemic and structural issues that contribute to debt vulnerabilities.

As we look ahead to the Summit of the Future, multilateral action and coordination by all creditors to address the debt crisis are paramount. This includes supporting debt relief initiatives for developing countries facing acute debt distress.

Objectives

This high-level thematic debate aims to take stock of the gaps and bottlenecks in achieving debt sustainability and the implications for the most vulnerable, particularly in developing countries. It also aims to identify key local, national, and international solutions through enhanced partnerships and ambitious initiatives that strive to achieve socio-economic equality for all.

Format

The high-level thematic debate will comprise an opening segment, a fireside chat, a high-level plenary, and a closing segment. The meeting will be open to Member States and Observers, the United Nations system, ECOSOC-accredited non-governmental organizations, and other relevant stakeholders.

Outcome

The President of the General Assembly will circulate an informal summary of the high-level thematic debate.
