

UNITED NATIONS



NATIONS UNIES

# **THE SECRETARY-GENERAL**

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## **OPENING REMARKS TO HIGH-LEVEL EVENT ON DEBT AND LIQUIDITY**

**New York/Online, 29 March 2021, 10:00**

Excellencies,  
Distinguished participants,  
Ladies and gentlemen,

We are at a turning point in the  
COVID-19 crisis.

The pandemic has cost over 2.7  
million lives.

More than 120 million people  
have fallen into extreme poverty.

We are in the worst recession  
since the Great Depression.

Richer countries have benefited from an unprecedented \$16 trillion of emergency support measures, preventing a downward spiral, and setting the stage for recovery.

But many developing countries cannot invest in recovery and resilience, because of financing constraints. The least developed countries have spent 580 times less in per capita terms on their COVID-19 response than advanced economies.

This division is starkly reflected in global access to vaccines.

Many developed countries are on the brink of mass vaccination. In developing countries, this could take months, if not years – further delaying a global recovery.

We face the spectre of a divided world and a lost decade for development.

Excellencies, ladies and gentlemen,

We are on the verge of a debt crisis.

Today's meeting, convened with our partners, the Prime Ministers of Canada and Jamaica, is a call for urgent action.

Six countries have already defaulted. One-third of emerging market economies are at high risk of fiscal crisis. And the situation is even worse for least-developed and low-income countries.

They face a painfully slow recovery that will put the 2030 Agenda for Sustainable Development and the Paris Agreement completely out of reach.

Developing countries need access to additional liquidity to respond to the pandemic, and to invest in recovery.

The global community must urgently provide the necessary support to all developing countries in need.

I am encouraged to see that our insistence on the necessity for a new allocation of Special Drawing Rights by the International Monetary Fund, and the reallocation of unused SDRs to support vulnerable countries, including middle income ones, is now winning widespread acceptance.

Let's make sure it happens – and is properly managed.

Excellencies, ladies and gentlemen,

From the start of the pandemic, we have advocated for a three-phase approach to debt:

- First, a moratorium on debt payments;
- Second, targeted debt relief;
- Third, reforms to the international debt architecture.

I welcome the steps that have been taken, including fresh financing by International Financial Institutions, the G20's Debt Service Suspension Initiative, and the Common Framework for Debt Treatments.

But they are far from enough.

I am therefore calling for much bolder and more ambitious measures.

We strongly believe that the Debt Service Suspension Initiative must be extended into 2022, and made also available to all highly indebted, vulnerable Middle-Income Countries that request it.



The Common Framework for Debt Treatments is facing difficulties. Countries are reluctant to use it because they are concerned that it will have a negative impact on their credit rating. We need joint efforts to address this.

Additional, targeted debt relief to vulnerable countries, including middle income ones, will ultimately be needed.

A new debt mechanism could provide a menu of options including debt swaps, buy-backs and cancellations.

This is also the moment to tackle long-standing weaknesses in the international debt architecture, from lack of agreed principles, to restructurings that provide too little relief, too late.

Excellencies, ladies and gentlemen,

Ultimately, we need a shift in mindsets towards responsible borrowing and lending, accepted by debtor and creditor countries, investors, market participants, credit rating agencies and international organizations.

We need a time-bound, open dialogue to build trust and transparency in a systematic, inclusive way.

Together, with collective resolve,  
we can help all countries invest  
in response, recovery, and a  
more sustainable, resilient  
future.

Thank you.