

UN experts blocked from making debt proposals



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The United Nations Intergovernmental Committee of Experts on Sustainable Development Financing has identified **debt sustainability** as one of the key financing challenges facing countries in the meeting of new Sustainable Development Goals, to be adopted in 2015. However, recommending the creation of a debt workout mechanism was blocked by the governments of France, the UK, Australia and **Japan**. The Sustainable Development Goals are due to replace the Millennium Development Goals when they expire in 2015.

The [report](#) of the experts, released on 8 August, says that:

“Sovereign debt crises severely impede nations’ efforts to finance sustainable development, with debt crises often leading to a spiral of capital flight, devaluations, rising interest rates and unemployment. Effective debt management to prevent debt crises is recognized as a priority.”

And that:

“Many debt restructurings are considered insufficient and are often delayed, with high costs for the populations of debtor countries. Recent developments with regards to Argentina’s holdout creditors have led to a deep concern about the ability of holdout creditors to derail the success of a debt restructuring, both for developed and developing countries.”

Many countries, thought to be led by Venezuela, Costa Rica, Serbia and Uruguay, pushed for specific language on the need for a fair debt workout mechanism to be included in the text. However, the governments of France, the UK, Australia and Japan blocked it. This leaves the report making the more than underwhelming suggestion that the “international community” should “continue ongoing efforts to enhance the existing architecture for sovereign debt restructuring”.

It is thought likely that UN Secretary General Ban Ki-moon will include the call for a debt workout mechanism in his report, ensuring it stays on the table for the negotiations over the next year on how to implement the Sustainable Development Goals.

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