

Permanent Mission of India to the UN

New York

**Preparatory Committee for the Fourth International Conference on Financing for
Development (FfD4), Addis Ababa, Ethiopia**

Multi-stakeholder round table 3

DEBT AND DEBT SUSTAINABILITY

3:00 p.m. – 4:30 p.m., Wednesday, 24 July 2024

Intervention delivered by Ms Geetu Joshi, Economic Adviser, Ministry of Finance, Govt. of
India

Thank you, Chair,

Increasing debt vulnerabilities, exorbitant borrowing costs, and severe shortages in the flow of development financing, are increasingly limiting the ability of low-income and developing countries to pursue efforts needed to reach the Paris Agreement climate goals and achieve the SDGs.

Debt levels remain elevated, especially for developing countries who face vulnerabilities at every stage of the sovereign debt lifecycle: access to finance, debt issuance, management, servicing, and resolution.

There is a need to **address debt crises through long-term solutions and preventative measures**. While frameworks like HIPC ([Heavily Indebted Poor Countries](#)), DSSI ([Debt Service Suspension Initiative](#)), and the ongoing Common Framework are necessary, it is crucial to focus on prevention, establishing appropriate guardrails, and reducing the need for ad hoc solutions every time a debt crisis occurs.

Learning from past debt crises, we need to differentiate between temporary liquidity issues and genuine sustainability challenges. International organizations can play a crucial role in analyzing the characteristics of previous debt surges and providing guidance on strategies to prevent future vulnerabilities.

India appreciates ongoing initiatives on domestic resource mobilization and debt management aimed at preventing countries from falling into debt distress.

Accurate assessment of debt sustainability hinges on debt transparency. **Enhancing transparency** is critical to bring debtors and creditors together early in the debt resolution process, reconcile outstanding debt quickly, and provide stronger incentives for creditors to participate.

The need to **review the IMF- WB Debt Sustainability Framework (DSF)** is also critical given that the DSF forms the basis of debt resolution exercises being carried out globally. It is crucial that the DSF distinguishes unsustainable public debt and current account deficits

arising out of big investments in infrastructure and that arising due to weak fiscal institutions and lack of transparency.

By working collaboratively on these developments, the international community can ensure that debt restructuring processes are transparent, efficient, and supportive of the broader development goals of all nations.
