**STATEMENT BY ZIMBABWE ON DEBT AND DEBT SUSTAINABILITY**

Thank you, Co-Facilitator, for giving me the floor,

Zimbabwe aligns itself with the statements delivered by the African Group. In our national capacity, we would like to add the following comments.

High borrowing costs and subjective credit rating systems have limited the access by developing countries to new lines of credit. This has placed countries in a position of perpetual debt distress, and has constrained fiscal space to channel resources towards much-needed development programmes.

Our proposed solutions include the following:

Firstly, regional financial institutions, which include the African Development Bank, have a critical role to play in providing affordable, long-term concessional funding. These institutions require adequate capacity for them to support countries in need. To this end, we believe that channelling Special Drawing Rights through multilateral and regional financial institutions, is a viable solution to the inadequate capacity of banks to meet the borrowing needs of countries. Additionally, leveraging SDRs either as collateral for concessional financing, or debt relief efforts, would be an efficient way to provide fiscal space for our countries, enabling us to manage our debt effectively, while maintaining access to international markets.

Secondly, we believe that debt-for-investment swaps can be an effective, innovative tool of addressing debt challenges, offering benefits for both debtors and creditors. We are encouraged by examples from other countries that have explored this model, and managed to simultaneously sustainably service their debt, while attracting investment in sustainable development.

Thirdly, we welcome the recognition in paragraph 50, of the challenges associated with debt resolution processes, which are often initiated too late, and do not address underlying challenges. Zimbabwe maintains that restructuring processes should also account for the development needs of the indebted countries, and we lend our voice to calls for a more development-oriented international debt architecture.

Further, we call for the inclusion of a specific reference to the preservation of access to financing resources under favourable conditions during debt restructuring processes. Without this element, which was included in the Addis Ababa Action Agenda, this important issue would be left unaddressed.

We also welcome paragraph 50(d), which highlights the important work done by the African Legal Support Facility in providing legal and financial advice to African countries during negotiations and structuring of debt transactions. In the same vein, stronger efforts must be made to build capacity in African countries to effectively negotiate the most favourable debt mechanisms.

Paragraph 51 on credit ratings can benefit from stronger language. Developing countries are often at the receiving end of inaccurate credit ratings, whose processes are undermined by subjectivity and transparency concerns. We support the proposal to strengthen the capacity of countries to carry out their own debt sustainability assessments, and recommend the addition of language on the promotion of regional credit rating agencies.

I thank you.