



Evidence.
Ideas.
Change.

COVID-19: How can the EU support its partner countries to avoid and resolve debt crises?”

DG INTPA InfoPoint, March 19th, 2021

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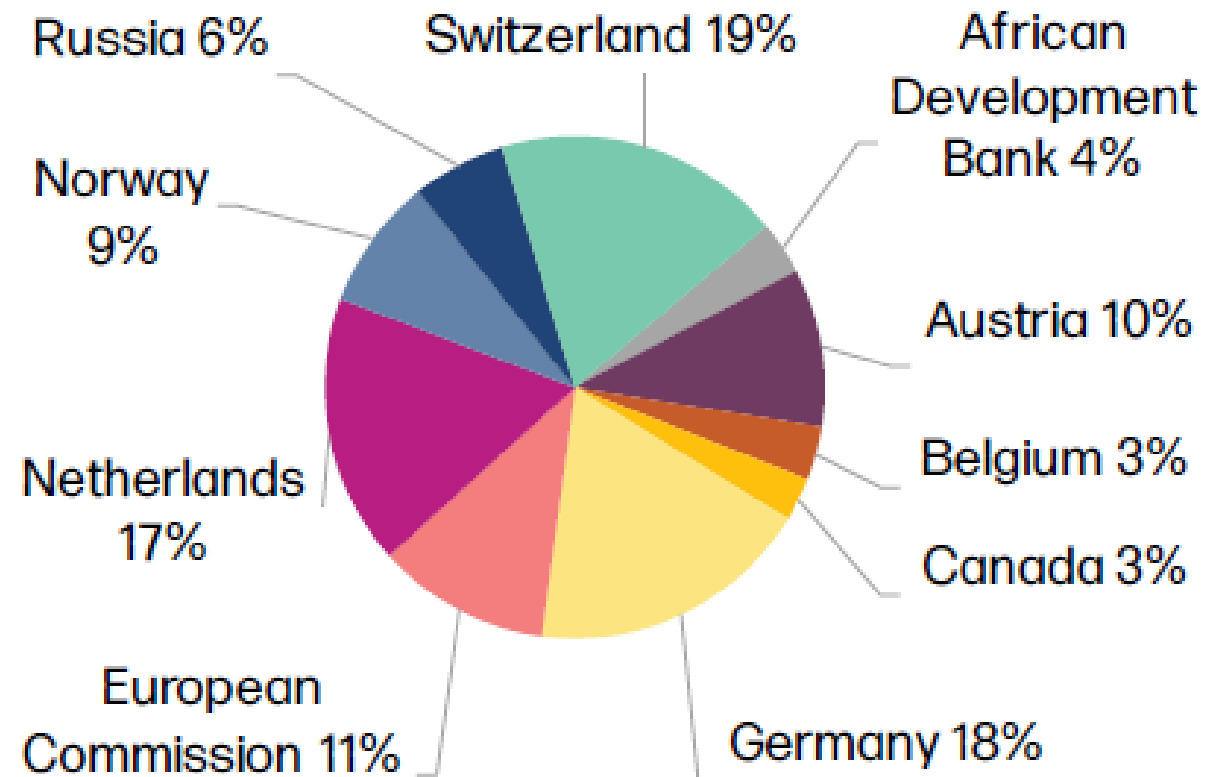


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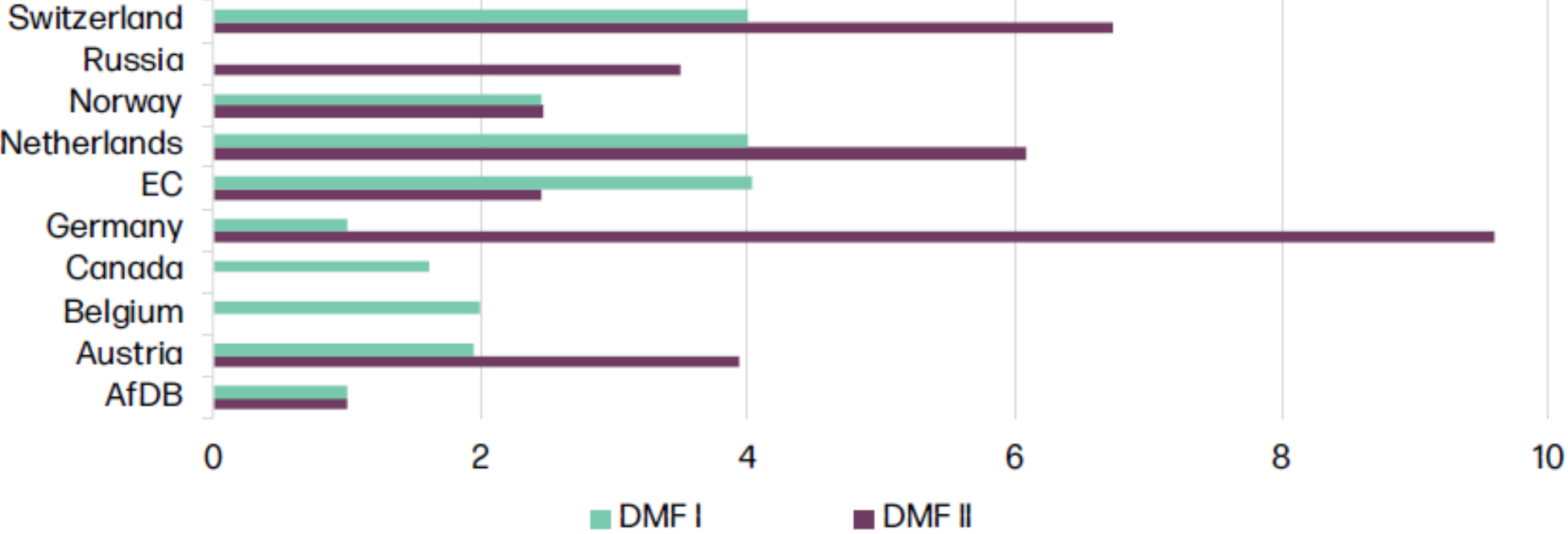
1. Building debt management capacity
2. Strengthening ‘soft law’ principles on responsible lending and borrowing
3. Making lending more sustainable and transparent

1. Share of contributions by donor, DMF I and DMF II combined (as of end-June 2019)

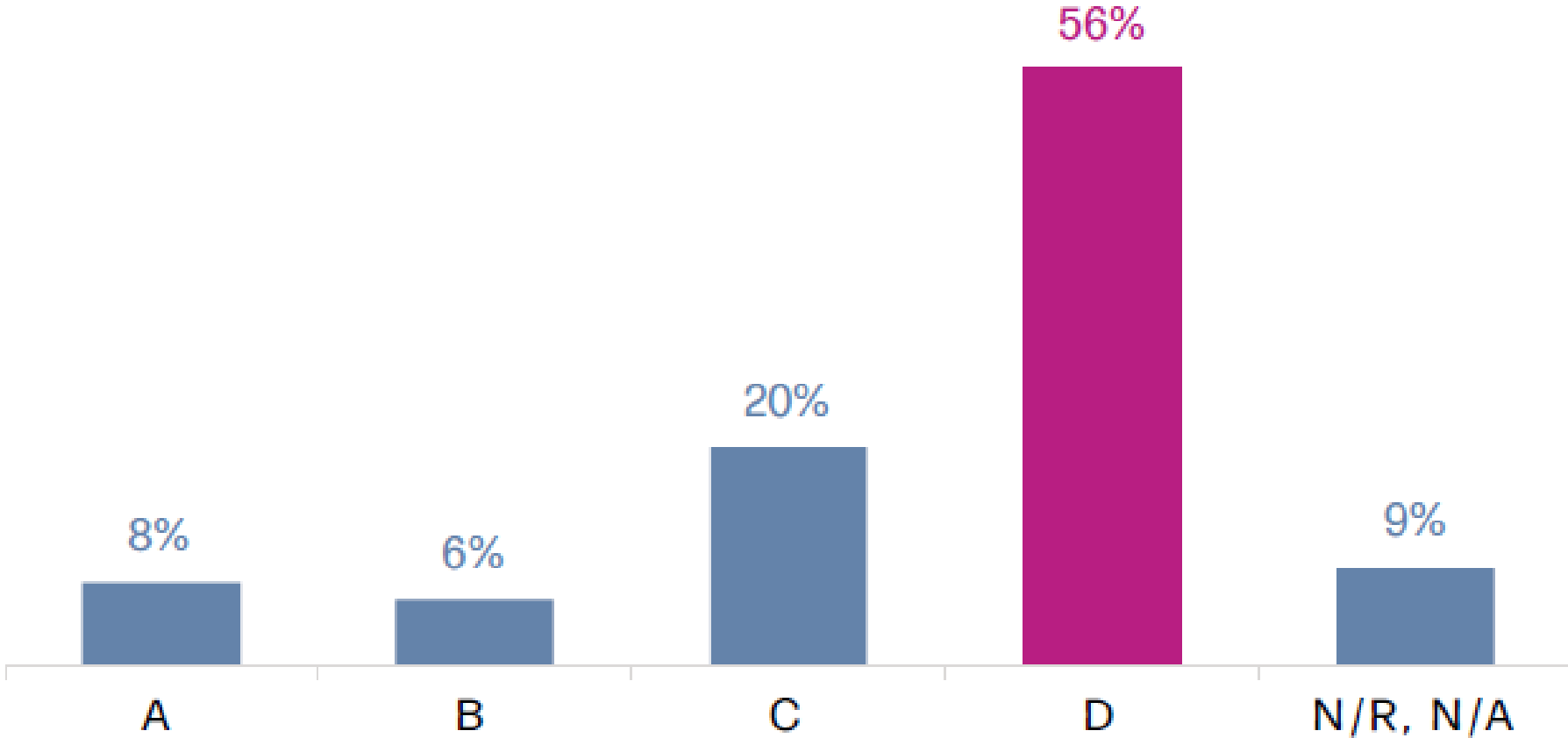
- Total donor contribution under the DMF was USD 57.8 million
- Increased by 62 percent from DMF I (2008-2014) to DMF II (2014-2019)



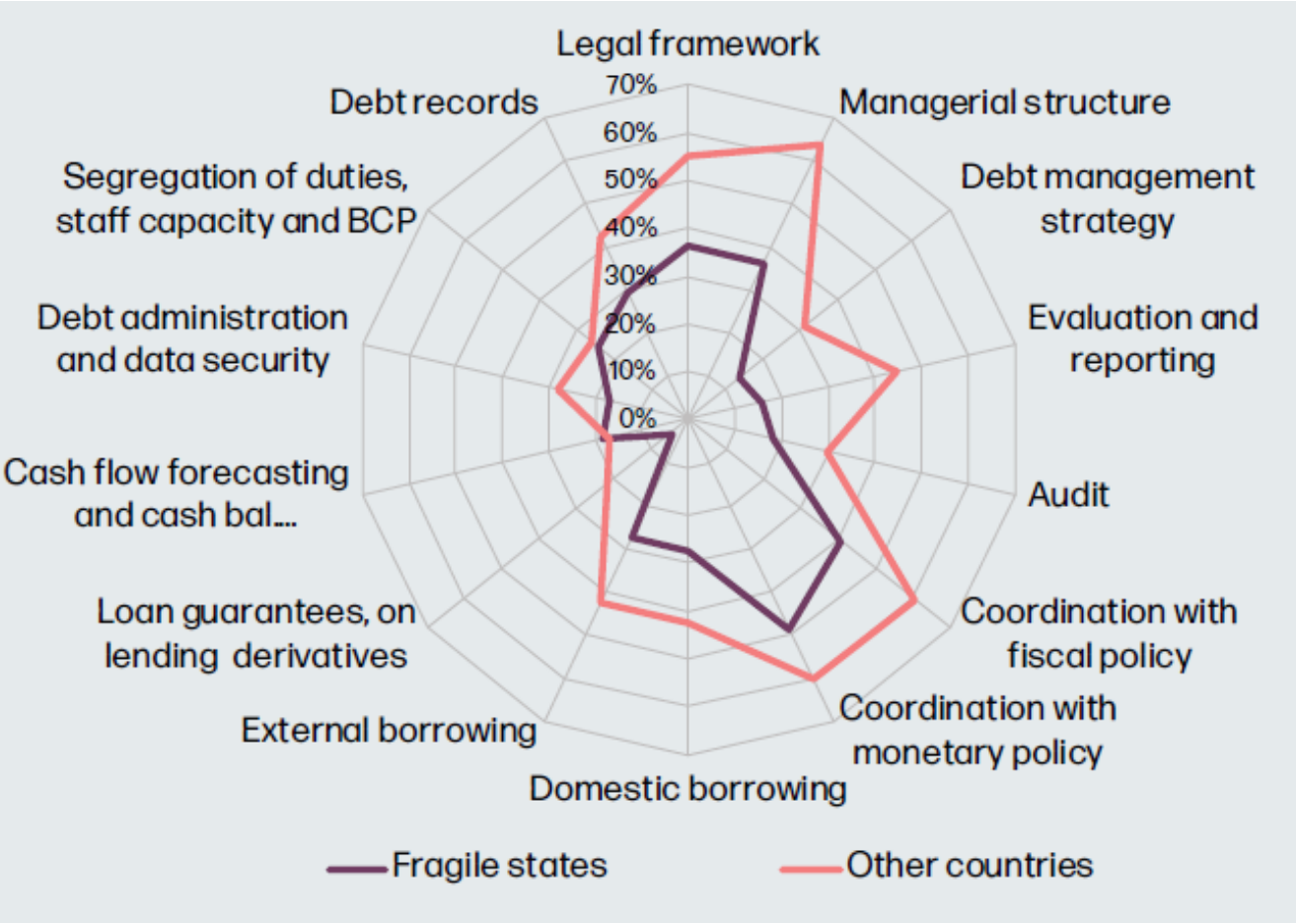
Contributions by donors, USD million, DMF I and II (as of end-June 2019)



Debt management capacity remains weak



Fragile states underperform in almost all key debt management areas



Reality of debt management capacity-building

1. Reform process is **NOT** linear and takes time
2. High staff turnover
3. Stakeholder buy-in
4. Improving form vs. function
5. Debt management reforms are necessary, but **NOT** sufficient
(Economic transformation, PFM, DRM)

2. Proliferation of soft-law principles on responsible borrowing and lending

2012 - UNCTAD Principles on Promoting Responsible Sovereign Lending and Borrowing

2015 - UN Basic Principles on Sovereign Debt Restructuring Processes

2017 - G20 Operational Guidelines for Sustainable Financing

2019 - IIF Voluntary Principles on Debt Transparency

CSOs - Afrodad's African Borrowing charter, Eurodad's Financial Charter

OVERLAPS / GAPS / COMPLEXITY / INCONSISTENCY?

Strengthening use of voluntary/soft-law principles on responsible borrowing and lending

1. Build consensus around existing guidelines
2. Incentivise compliance through monitoring
3. Complement with contractual improvements
4. Use to develop national legal frameworks and institutional and regulatory mechanism
5. Adopt guidelines in decision making by adjudicative bodies

3. Making lending more sustainable and transparent

1. Publish results of self-assessments re. G20 Operational Guidelines for Sustainable Financing.
2. Create a central repository for loan terms and conditions
3. Carve out an exception to confidentiality clauses and/or including a disclosure annex
4. Explore new innovative finance options (e.g. standardized SCDIs in official debt restructurings.)



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Thanks!

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