ESCAP North and Central Asia Policy Dialogue:

“Rethinking Public Debt for the Sustainable Development Goals”

7 September 2023

10.00am -12.00pm hours (Almaty time)

Online event

Online via Zoom

Concept note

A. Context

Amid rising government debt levels, higher interest rates, global economic slowdown and heightened geopolitical uncertainty, the risk of public debt distress and debt overhang in developing countries will remain elevated in coming years. At the same time, large financing needs to meet the Sustainable Development Goals (SDGs) and climate ambitions are adding more pressure on fiscal and debt positions. How developing countries navigate a balancing act between ensuring post-pandemic socioeconomic recovery and pursuing the SDGs, while maintaining public debt sustainability is an important policy consideration.

Too often, developing countries have opted to reduce near-term fiscal risks at the expense of inclusive and sustainable development in the long run. Examples include past episodes of fiscal consolidations to ensure short-term debt sustainability, which resulted in significant income and job losses, rise in poverty and inequalities, and scarring long-term socioeconomic impacts. There is a need to raise awareness that failure to timely and adequately address development deficits and climate risks can jeopardize economic stability and public debt sustainability. Insufficient spending in critical areas, such as health, education, or infrastructure, also undermines long-term potential economic growth and increases vulnerability to shocks.

In this context, ESCAP launched its annual flagship publication “Economic and Social Survey of Asia and the Pacific 2023: Rethinking Public Debt for the SDGs” in April 2023.¹ The report calls for a significant shift in thinking about leveraging public debt for development gains. It argues

that developing countries should continue to explore ways to strengthen fiscal positions and view public debt as a powerful tool to promote sustainable development, especially if used judiciously and with a long-term horizon. The Survey 2023 also proposes an innovative approach to long-term public debt sustainability analysis that considers a country’s SDG investment needs and financing strategies along with structural development policies in determining the future trajectories of public debt.

**B. Objectives, structure and participation**

This policy dialogue is jointly organized by the North and Central Asia office in collaboration with the Macroeconomic Policy and Financing for Development Division of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). The event aims to discuss ideas on policy issues and options to deal with sovereign debt distress while keeping in view the SDGs and long-term climate ambitions. The discussion could include interconnected issues, such as (i) enhancing fiscal space through revenue, expenditure and debt management policies; (ii) required changes in public debt sustainability assessments to ensure inclusive and sustainable development; and (iii) how debtor countries, creditors and the international community can work together to achieve pre-emptive, swift and adequate sovereign debt restructuring.

Among others, participants include government ministries (especially those working on fiscal and public debt issues), central banks, academic institutions, think-tanks, international development partners, and private sector representatives (especially financial institutions and credit rating agencies). The event will be conducted in English [with simultaneous interpretation into Russian] via Zoom.

The final version of the concept note (including the programme), presentation slides and other materials relating to this policy dialogue are available on ESCAP Survey 2023 website.

**C. Contact persons**

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**D. Tentative programme**

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<td>10:00 - 10:10 [10 mins]</td>
<td><strong>Session 1: Introduction and Opening remarks</strong></td>
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| 10:10 - 11:10 [60 mins] | **Session 2: Rethinking public debt for the Sustainable Development Goals**

This session brings together diverse experts and stakeholders to share ideas on how Asia-Pacific governments can attain the SDGs and climate ambitions while maintaining public debt sustainability. Examples of topics include policies to boost fiscal resources, alternative perspectives on public debt sustainability analysis, and domestic and multilateral actions to address the traditional problem of “too little, too late” sovereign debt restructuring.

**Presentation [15 mins]**

**Economic and Social Survey of Asia and the Pacific 2023: Rethinking public debt for the SDGs**

- **Zheng Jian**, Economic Affairs Officer, Macroeconomic Policy and Financing for Development Division, ESCAP

**Panellists:**

- **Norbert Funke**, Director of the IMF Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC)
- **Lilia Aleksanyan**, Regional Economist, Central and West Asia Department at the Asian Development Bank (ADB)
- **Umeda Usmanova**, Expert, Debt and investment Division, Ministry of Finance of Tajikistan
- **Kopbayev Alim**, Expert, Economic Research Institute
- **TBD** - Institute for Forecasting and Macroeconomic Research

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| 11:10 - 11.55 [45 mins] | **Open Floor and Q&A**

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| 11:55 - 12:00 [5 mins] | **Closing remarks**