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. 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 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the National Committee for ESCAP, Cambodia. 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 preemptive, swift and adequate sovereign debt restructuring.

The policy dialogue contains three main sessions, featuring opening remarks (10 mins), discussions on public debt issues and policies for the SDGs (60 mins), and open discussion and Q&A (50 mins). 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.

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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<th>Time</th>
<th>Event</th>
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<tr>
<td>08:30 - 09:00</td>
<td>Registration and Refreshments</td>
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<tr>
<td>09:00 - 10:05</td>
<td><strong>Session 1: Opening remarks and rethinking public debt for the Sustainable Development Goals</strong>&lt;br&gt;&lt;br&gt;<strong>Event moderator</strong>&lt;br&gt;○ H.E. Dr. Korm Ribaun, Secretary-General for the National Committee for ESCAP</td>
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Remarks/presentation
- Opening remarks by Dr. Ivan Gonzalez de Alba, Senior Economist, UNDP
- Presentation on Economic and Social Survey of Asia and the Pacific 2023: Rethinking public debt for the SDGs by Mr. Shuvojit Banerjee, Economic Affairs Officer, Macroeconomic Policy and Financing for Development Division, UN ESCAP
- Keynote Address by H.E Dr. Ly Thuch, Senior Minister and President of the National Committee for ESCAP

10:05 - 10:45  **Session 2: Panel discussion and interventions**

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.

- Mr. Shuvojit Banerjee, Representative of UN ESCAP
- Dr. Ivan Gonzalez de Alba, Senior Economist, UNDP
- Ministry of Economy and Finance (TBC)
- Ministry of Planning (TBC)

10:45 - 11.30  **Session 3: Discussion and Q&A**

11:30  Closing

Lunch

End of Program