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FOURTEENTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT



**Preparatory Committee for the fourteenth session
of the United Nations Conference on Trade and Development**

**Second Hearing with Civil Society
Thursday, 26 May 2016, 10 a.m.–1 p.m.
Room XXVI, Palais des Nations**

**Written input from
European Network on Debt and Development**

Disclaimer: The views expressed are those of the authors and do not necessarily reflect the views of the UNCTAD secretariat. The input has been circulated as received.

Eurodad proposals for UNCTAD XIV

This brief statement presents proposals by the European Network on Debt and Development (Eurodad) for the UNCTAD XIV mandate, focusing on the areas debt and investment.

Debt workout Mechanism and Promoting Responsible Lending and Borrowing: Follow up on post-UNCTAD XIII work:

Since the XIIIth session, the UNCTAD undertook important work in the areas of responsible lending and borrowing, and on new debt workout mechanisms. UNCTAD-hosted expert groups in these two areas developed the Responsible Lending and Borrowing (RLB) Principles, and the UNCTAD Roadmap and Guide on Sovereign Debt workouts. Both already had some impact: The Principles have been endorsed by the UN GA and are very practically used by INTOSAI to train auditors. The Guide informed the work of the UN General Assembly leading towards the UN's Basic Principles on Sovereign Debt Restructuring Processes. However, more needs to be done to ensure impact and sustainability of the expert groups' work:

- The UNCTAD should be enabled to conduct active outreach and dissemination of the outputs that were produced (i.e. the RLB Principles and the Roadmap)
- The UNCTAD should be mandated to regularly monitor implementation of and compliance with the Principles
- The UNCTAD should be enabled to assist countries in debt distress in the application of the Roadmap and Guide on Sovereign Debt Workouts
- The UNCTAD should be enabled to provide know how and technical support to any debt-related work at UN General Assembly- or ECOCOC-level


Develop alternative methodology on debt sustainability analysis

With the approval of the SDGs it became evident that to date no debt sustainability framework exists that would take the financing needs of the SDGs into account.

- The UNCTAD should set up an expert group to develop such an SDG-compatible debt sustainability framework; including a new methodology for debt sustainability assessments that includes state's obligations to finance the SDGs and the progressive realization of human rights.
- It is also necessary to include contingent liabilities in the financial stability part of debt sustainability analysis.

Support national vulture funds legislation

The Addis Ababa Action Agenda (AAAA) provides a mandate to address the vulture funds problem in paragraph 100: "We are concerned by the ability of non-cooperative minority bondholders to disrupt the will of the large majority of bondholders who accept a restructuring of a debt-crisis country's obligations, given the potential broader implications in other countries. We note legislative steps taken by certain countries to prevent these activities and encourage all Governments to take action, as appropriate"

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- The UNCTAD should develop a model approach for vulture funds legislation, taking into account recent moves by UN Member States such as Belgium, and support other states to introduce such legislation.

Harmonize and ensure compliance with sustainable business and financing initiatives

The AAAA also states in Paragraph 37 that “We will work towards harmonizing the various initiatives on sustainable business and financing, identifying gaps, including in relation to gender equality, and strengthening the mechanisms and incentives for compliance.”

- The UNCTAD should harmonize various initiatives for sustainable business and financing and strengthening mechanism for compliance

Review the impact of investor-to-state dispute settlement mechanism on development

- The UNCTAD should review the impact of investor-to-state dispute settlement mechanism on development

Support debate on guidelines for PPPs and build knowledge

The AAAA para 48 states “We commit to hold inclusive, open and transparent discussion when developing and adopting guidelines and documentation for the use of public-private partnerships and to build a knowledge base and share lessons learned through regional and global forums.”

- The UNCTAD should support such inclusive discussion, including civil society participation, and build the knowledge base on PPPs.