

# 12th UNCTAD Debt Management Conference

Making debt work for development

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## Debt transparency to the rescue? Possibilities and Limitations

by

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*The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.*





# Debt transparency to the rescue? Possibilities and limitations

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## Many initiatives on debt transparency

- The Joint IMF-WB Multipronged Approach for Addressing Emerging Debt Vulnerabilities
- IIF Voluntary Principles For Debt Transparency
- G20 Operational Guidelines for Sustainable Financing
- United Nations General Assembly debt resolutions
- UNCTAD Principles on Responsible Sovereign Lending and Borrowing

# Changing typology of debt and greater challenges for maintaining debt sustainability

- Comprehensive coverage of debt instruments is needed for enhancing debt transparency including bonds which have their transparency own requirements (Mozambique debt scandal).
- Not only data transparency but also process transparency including due authorization and procedure.
- Capacity building in debt management.
- Shared responsibilities of lenders and borrowers
- Good functioning of front, middle and back debt management offices of the borrowing countries.

# UNCTAD Principles on Responsible Sovereign Lending and Borrowing

**Principle 2 - Informed Decisions:** Lenders have a responsibility to provide information to their sovereign customers to assist borrowers in making informed credit decisions. It requires lenders to follow due diligence standards and also specified that their responsibility increases when dealing with an unsophisticated sovereign counterparty.

**Principle 10 Transparency:** The Process for obtaining financing and assuming sovereign debt obligations and liabilities should be transparent. Governments have a responsibility to put in place and implement a comprehensive legal framework that clearly defines **responsibilities and accountabilities**. They should particularly put in place arrangements to ensure the proper approval and oversight of official borrowings and other forms of financing, including guarantees made by State-related entities.

**Principle 11. Disclosure and publication:** Relevant terms and conditions of a financing agreement should be disclosed by the sovereign borrower

**Principle 15. Restructuring:** The sovereign borrower should provide the necessary information which would demonstrate that the sovereign is unable to normally service its debt.

➤ **Good faith and accountability are the basis of transparency.**

➤ **Stakeholders should join hands in promoting debt transparency**



**Thank You**