



2022 Financing for Development Forum

Session on Special High-level Meeting with Bretton Woods Institutions, WTO and UNCTAD

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Economics is a discipline based on the dissemination of narratives that many times have no connection to reality. For instance, the term "innovative financing mechanism" has been captured and transformed. It became blended finance, SDG Bonds, and PPPs. Now, what is so innovative in using public resources to submit national sovereignty to the whims of oligopolistic private capital? There are no more talks on financial transactions taxes and its effectiveness in raising liquidity while curbing excessive speculation in the capital markets. I hope to hear more on that in the next days in this forum when talking about fiscal space.

We now face another consequence of the crises created by the Covid-19 pandemic. The world is again spooked by the ghost of inflation, so Central Banks swiftly uses the medicine they usually prescribe in such moments, raise the interest rates. The problem is that raising interest rates increases sovereign debt by many folds, amplifying the sovereign debt crisis looming in this year.

As Iolanda put it well, compounding debt just creates more vulnerability and this is the situation the world is in, getting loans to pay debt interests. This is not sustainable at all.

Therefore we need an institutional arrangement, a debt workout mechanism to start a normal, civil process of negotiating sovereign debt that is transparent and accountable, under the auspices of the UN, while trying to solve the current crisis create also conditions of possibility to prevent future ones.

Thank you.