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EXTERNAL DEBT CRISIS AND DEVELOPMENT

Tunisia*: revised draft resolution

External debt crisis and development: towards a durable
solution of the debt problem

The General Assembly,

calling its resolutions 41/202 of 8 December 1986 on strengthened international economic co-operation aimed at resolving the external debt problem of developing countries and 42/198 of 11 December 1987 on furthering international co-operation regarding the external debt strategy,

Recalling Trade and Development Board resolutions 165 (S-IX) of 11 March 1978, 1/ 222 (XXI) of 27 September 1980 2/ and 358 (XXXV) of 5 October 1988 3/ and the relevant recommendations of the mid-term global review of

* On behalf of the States Members of the United Nations that are members of the Group of 77.

1/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 15 (A/33/15), vol. I, part two, annex I.

2/ Ibid., Thirty-fifth Session, Supplement No. 15 (A/35/15), vol. II, annex I.

3/ To be issued as Official Records of the General Assembly, Forty-third Session, Supplement No. 15 (A/43/15), vol. II, part one.

progress towards the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries, 4/

Recalling the Final Act adopted by the United Nations Conference on Trade and Development at its seventh session, 5/

Recognizing that the deteriorating economic situation faced by those developing countries with heavy debt burdens, which constitutes a major obstacle to their economic growth and sustained development, can be a threat to their economic, social and political stability,

Emphasizing that the world-wide impact and the wide range of implications of indebtedness of developing countries on today's increasingly interdependent world economy can be a threat to their political stability,

Recognizing that, in the present circumstances, adjustment efforts are needed on the part of all countries, collectively and individually, each country contributing to the common objective in accordance with its capacities and weight in the world economy, while concern remains about the political and social implications associated with the structural adjustment programme in indebted developing countries,

Welcoming the increasing acceptance of further diversifying the range of options which, *inter alia*, reduce the stock and service of debt and contribute to the achievement of a durable solution to the external indebtedness of developing countries,

Acknowledging the continuing need for strengthening effective international co-operation in order to resolve the external indebtedness of developing countries on a durable, equitable and mutually agreed basis, in particular through improvement in the international economic environment,

Noting that, although efforts have been made by the international community to deal with the debt problem, it is essential, owing to the gravity of the problem, to reaffirm the shared responsibility of all parties involved,

Deeply concerned that debt-service obligations remain high, that the factors determining the capacity to pay have not moved in consonance with the debt-service obligations of the majority of developing countries, and that prospects for reducing the adverse effects of the debt burden on the development process in developing countries continue to be uncertain,

Noting with concern that the net outflow of financial resources from developing countries as a whole, exacerbated by the debt crisis and the

4/ Resolution 40/205, annex.

5/ TD/351, part one, sect. I.

deterioration in the terms of trade, deprives those countries of resources needed for financing their growth and development,

1. ~~Expresses appreciation~~ to the Secretary-General for his involvement in the debt issue and for his report entitled "Towards a durable solution of the debt problem"; 6/
2. ~~Stresses~~ that the debt crisis in an increasingly interdependent world economy has a wide impact, often with political implications, having a bearing not only on relations between creditors and debtors but also on prospects for the world community as a whole, thereby requiring a broad approach with political impetus and continued close co-operation;
3. ~~Expresses deep concern~~ that the overall indebtedness of debtor developing countries has persisted and often increased, that their growth and development are severely limited, and that their economic and social prospects continue to be a cause of serious concern;
4. ~~Stresses~~ that a supportive international economic environment, together with a growth-oriented development approach, is needed for supporting the efforts of debtor developing countries in dealing with their external indebtedness and alleviating the political and social costs of structural adjustment programmes and adjustment fatigue, thus contributing to the restoration of their economic growth, development and credit-worthiness.
5. Urges the international community to continue to search, through dialogue and shared responsibility, for a durable, equitable and mutually agreed growth- and development-oriented solution to the external indebtedness of developing countries;
6. Invites the multilateral financial institutions to continue to review conditionality criteria, taking into account, *inter alia*, social objectives, growth and development priorities of developing countries and changing conditions of the world economy, and stresses further the need for increased co-operation between the International Monetary Fund, the World Bank and other multilateral financial institutions which should not lead to cross-conditionality;
7. Reaffirms that a major objective of any debt strategy should be that debtor developing countries achieve an adequate level of growth sufficient to enable them to satisfy their social, economic and development needs which will in turn enhance their ability to service debt, and urges all relevant parties to develop new ways and means to sustain effectively policies aimed at attaining such a level of growth;
8. Recognizes that efforts to resolve the debt problem should include, *inter alia*, policies in creditor countries and debtor countries which are supportive of export growth and diversification in the latter;

9. Recognizes that there is need to broaden further the range of approaches which, inter alia, reduce the stock and service of debt, including expansion of the scope and implementation of currently implemented financial techniques;

10. Recognizes that the external indebtedness of some other countries with serious debt-servicing problems gives rise to considerable concern, and invites all those involved to take into account, as appropriate, the above provisions in addressing those problems;

11. Requests the Secretary-General to continue his efforts, through a process of high-level consultations, as appropriate, with heads of State or Governments and other parties concerned, to contribute to a common understanding on a solution to the external indebtedness of developing countries in the context of their growth and development;

12. Also requests the Secretary-General to take any other appropriate measures for the implementation of the present resolution and to report thereon to the General Assembly at its forty-fourth session.
