Resolution Submitted by the Italian Republic

Concerning the question of the prevention, mitigation, management and restructuring of non-sustainable national debt in advanced economies as well as less developed ones, so as to prevent national debt crises.

The General Assembly,

Taking into account the commitment to transparency relating to debt through the disclosure of the aims and policies of Member States regarding national debt, and the adherence to credible, attainable aims, outlined in the Code of Good Practices on Transparency in Monetary and Financial Policies: Declaration of Principles (MEP Transparency Code),

Appreciating the Guidelines for Public Debt Management prepared co-jointly by the International Monetary Fund (IMF) and the World Bank, designed to assist Member States in considering reforms to ameliorate their debt management and decrease their vulnerability to financial shocks[1],

Citing the definition of sustainable national debt, reaffirmed by resolution A/74/234, as a level of debt that allows a country to achieve the Sustainable Development Goals (SDGs) without increasing debt ratios[2],

Concerned with the exposure of less developed countries (LDCs) to the acquisition of unsustainable national debt through their integration into international financial markets that continue to rely on and depend on substantial increases in foreign debt, as outlined in resolution A/73/221[3],

Recalling paragraph 94 of Section IEL of the Addis Ababa Action Plan, calling for the obligation to assist low income countries (LICs) in achieving national debt sustainability, and SDG Goal 17, Target 17.4, which elaborates on the necessity to create coordinated policies for developing countries to address the external debt through debt relief, financing and restructuring[4,5],

Emphasizing the need for sound debt structures as a means to alleviate interest rate, currency and other risks which "individual entities within the private sector are typically faced with" in cases of inadequate management, as elaborated on by the Financial Stability Forum's Working Group on Capital Flows[1],

Recognising the support provided by the Heavily Indebted Poor Countries (HIPC) Initiative, through which the IMF and World Bank provided loans at subsidized lower than market rate interests to 36 specified nations to achieve sustainable national debts;

Decides to:

1. Coordinate aid with multilateral funds by annually pledging 1% of all Member States' existing contributions to the United Nations (UN) to unsustainable debt relief by 2045, and help perform structural reforms in any nation with unsustainable debt that will enable them to reach sustainable levels without requiring full cancellations of their debt, by investing in and improving the efficiency of public and private direct investment by requiring indebted nations to institute frameworks to decrease legal and bureaucratic barriers to business, to ameliorate the selection of projects funds are allocated to, and ensure that corruption is minimised in their executions, thus accumulating physical capital and stabilising debts;
2. Prevent Member States from reaching situations of inability to repay debt burdens, by limiting the new foreign debt LICs can issue to 85% of GDP, that of middle income countries (MICs) to 110% and that of high income countries (HICs) to 140% by 2065;
3. Establish a UN Aging Population Debt Management Organisation by 2030, which shall address national debt relief in relation to changing demographics, since, as audits show, aging populations destabilize financial sustainability of nations with previously stable national debt[6], by levying a tax of 3% on the profits of companies with less than 17.5% of their workforce under the age of 28, to decrease the unemployment of skilled youth, and encourage governments to follow policies that sustain inflation, in order to control the real value of debt;
4. Undertake consultations and collaboration with the IMF and World Bank, other non-governmental organisations and the private sector, to minimize the costs of servicing debt and conserving consequently necessary asset liquidity, while maintaining reasonable risk levels, which shall be analysed on a case by case basis by conducting regular stress tests of debt portfolios, to help Member States with sovereign debt management or restructuring in cases of high unsustainable debt.

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[1] "Guideline for Public Debt Management" (IMF, April 1, 2014), https://www.imf.org/external/np/pp/eng/2014/040114.pdf.
[2] "External Debt Sustainability and Development" (UN, July 26, 2019), https://documents-dds-ny.un.org/doc/UNDOC/GEN/N19/232/24/pdf/N1923224.pdf?OpenElement.
[3] "External Debt Sustainability and Development," A/RES/73/221 - E - A/RES/73/221, January 10, 2019, https://undocs.org/en/A/RES/73/221.
[4] "Financing for Development: Debt and Debt Sustainability and Interrelated Systemic Issues" (UN, October 5, 2018), https://documents-dds-ny.un.org/doc/UNDOC/GEN/G18/297/11/pdf/G1829711.pdf?OpenElementUN.
[5] "Goal 17 .:. Sustainable Development Knowledge Platform," United Nations (United Nations), accessed October 14, 2019, https://sustainabledevelopment.un.org/sdg17.
[6] "Aging Population and Its Impacts on Fiscal Sustainability," T20 Japan 2019, May 15, 2019, https://t20japan.org/policy-brief-aging-population-impacts-fiscal-sustainability/)

(The English Text is Binding.)