



Shared Prosperity Dignified Life



Regional Workshop

Developing debt optimization strategies to enhance fiscal space and provide financing for the SDGs in Arab States

Grand Millennium Hotel, Muscat, Oman, 19-20 December 2023

INFORMATION NOTE

I. BACKGROUND

Public debt in the Arab region increased sharply over the last decade to a staggering level of USD 1.5 trillion in 2022, equivalent to nearly half of the regional GDP. Even though the debt-to-GDP ratio for the region decreased between 2020 and 2022 owing to the post-pandemic surge in the oil prices, this fall was concentrated in few oil-exporters. Arab middle-income countries (MICs) face the growing challenge of debt, the negative impacts of the global economic slowdown and persistent trade deficits, the repercussions of the COVID-19 pandemic, climate change and the surge in the prices of imported commodities. Fiscal stress is high with the increasing debt and debt service levels in the MICs. While Lebanon has defaulted since 2020, other MICs in the region hold about \$700 billion debt or 82 per cent of their GDP as per the latest data by 2022. The least developed countries (LDCs) in the region are facing high or moderate risk of or in debt distress. While SDG financing gaps are getting bigger following the COVID-19 pandemic, global inflationary pressures, higher interest rates and geopolitical uncertainty indicates that fiscal risks and debt distress will remain elevated in the coming years that threatens mobilizing resources for progressing on the Sustainable Development Goals while ensuring debt sustainability.

A regional workshop was organized by ESCWA in partnership with UNCTAD in July 2022, where debt managers from across the Arab region met for the first time, discussed the challenges and opportunities of sovereign debt management and a roadmap for developing solutions and tools and capacity development activities for member states toward enhancing fiscal space to finance the SDGs in the Arab region.

The regional workshop provided an opportunity to create a network of debt managers, called the Arab Debt Management Group, for peer-learning and exchange of information between member states and for learning from success stories of finding innovative solutions from global experiences and addressing challenges. ESCWA is facilitating this Group and initiated exchange of information about progress of the project activities. In addition, the project is also supporting national workshops in member states which have shown interest and requested technical assistance related to addressing sovereign debt and public finance management challenges.

Against this background, ESCWA, in partnership with UNCTAD, is organizing the regional workshop on developing debt optimization strategies to enhance fiscal space and provide financing for the SDGs in Arab States, which will be held on 19-20 December 2023 in Muscat, Oman both in person and virtually. This workshop is part of the Development Account project on developing debt

optimization strategies to enhance fiscal space and provide financing for the SDGs in Arab States, implemented in partnership between ESCWA and UNCTAD.

II. OBJECTIVES OF THE MEETING

The main objectives of this regional workshop are to:

- Discuss the debt and macroeconomic challenges in the Arab region, including challenges related to climate change and financing the SDGs in the run-up to 2030;
- Discuss debt management practices and debt sustainability strategies of participating countries;
- Discuss the different factors that impact risks and costs of debt and debt service, and deliberate on different options for debt optimization to inform debt management strategies;
- Discuss innovative instruments such as debt for climate swaps, green bonds, sustainability-linked bonds, and preparedness of countries to access these instruments;
- Discuss the mechanisms of debt data reporting through DMFAS and introduce different ways of improving debt data reporting and quality;
- Discuss mechanisms of fostering peer exchange and collaboration through the Arab Debt Management Group.

III. PARTICIPANTS

The participants in the regional workshop are expected to include representatives from the ministries of finance as well as central bank representatives from ESCWA member states. In addition, selected globally reputed experts on public debt management and innovative financing instruments are expected to participate in the workshop.

Participants from UN will include UN ESCWA and UNCTAD. UNCTs from the Arab region will be invited to participate in this workshop as well.

IV. ORGANIZATION OF THE MEETING

This workshop will be held as a hybrid meeting (physically and virtually) on 19-20 December 2023, in Grand Millennium Hotel in Muscat, Oman. The logistics information will be shared with the participants prior to the workshop. Simultaneous interpretation from English to Arabic and vice versa will be available for participants.

V. CORRESPONDENCE

For any inquiries, kindly contact the following meeting focal points:

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