26th Session of the Working Group on the Right to Development

Remarks by the Permanent Representative at panel discussion on "Debt Crisis and the Right to Development"

(Geneva, 12 May 2025)

Mr. Chair-Rapporteur,

I am grateful for the opportunity to share Pakistan's perspective at this timely panel discussion on the linkages between debt sustainability and realising the Right to Development.

The issue of debt sustainability affecting the global economy has received growing attention in recent decades, starting from the financial crisis of 2008-09 and the sovereign debt crisis in certain advanced economies.

It was brought even more sharply into focus by the COVID-19 pandemic, which laid bare the structural inequities between developed and developing countries – or between the Global North and South, so-called.

The conversation has moved beyond the cliches and stereotypes that used to impede an honest appraisal of debt and its impact. Tropes about poor yet profligate countries that spend scarce resources on luxuries they cannot afford or people who are not as hard-working as those in rich countries have proven ultimately to be as inaccurate as they are unhelpful.

The growing body of literature documenting the fallacy of such harmful narratives is a welcome course correction, but it is too little to be cause for celebration on its own.

Reports and studies have also established beyond doubt that debt and its sustainability are not just considerations for top-level macroeconomics. They entail direct consequences for human rights at the individual and collective levels.

Ladies and gentlemen,

In the years since the pandemic, certain patterns have emerged.

Firstly, countries of the Global South continue to suffer disproportionately from economic shocks such as rising commodity prices, which throttles their governments' respective ability to uphold human rights obligations.

No state should have to choose between the legitimate needs and rights of their people, on one hand, or repaying creditors on pain of exclusion from global markets, on the other.

Yet that is precisely the impossible situation many countries find themselves in, as the data on debt servicing costs versus public expenditure on health care, mass transit or education makes abundantly clear.

Second, inequalities within countries have risen to the point where the normal social order can no longer be taken for granted.

There is genuine skepticism about whether the formulae for social mobility and growth that worked for our generation or our parents could work for our children and their children's children.

The impact of climate change and emerging technologies further clouds this trend.

Third, the weakening of multilateralism and international law is not confined only to international human rights law and humanitarian law.

In the global economic and financial architecture also, integration and interconnectedness have given way increasingly to restrictive approaches and focus on narrow regional groupings.

While generating economic returns from developing countries' cheap labour or natural resources is highly sought after, the South's access to capital, markets, and technology is not at par.

Overall, these inequities are driving complex challenges such as mass migration, which poses its own intricate set of human rights questions.

At a time of multiple, overlapping crises, challenges and conflict confronting the world, the fragility of human rights has never been more in evidence.

How do we address these interlocking phenomenon from the perspective of debt sustainability?

I would stress that:

First, the international trading system must be restructured to reduce asymmetries in market access and investment flows.

Second, the global financial architecture needs accelerated reform to ensure fairer representation of developing countries in decision-making and greater responsiveness to evolving realities.

Third, the international community must support innovative financing mechanisms, including debt-for-climate swaps, concessional financing, and a strengthened international tax architecture.

Fourth, considering the climate crisis, there is an imperative need to address the core issue of loss and damage. The operationalization of the Loss and Damage Fund is a significant step, but it must be bolstered not merely by pledges but by adequate contribution from developed countries. Upholding climate justice is integral to ensuring the right to development of all peoples. Otherwise the human rights of people in the most vulnerable countries, such as Pakistan, will continue to suffer setbacks.

Fifth, in conversations with creditors, there is a need for greater appreciation of the rights and needs of the most vulnerable segments of society. In designing debt instruments and assessing creditworthiness, social programmes and targeted interventions need to be protected to the maximum possible extent from austerity.

This has been the experience in Pakistan, as well, where despite recurrent borrowing, social safety nets such as the Benazir Income Support Programme have been consistently maintained. The social returns of such investment far outweigh the amounts involved and, moreover, they represent a moral imperative for any government.

Ladies and gentlemen,

Unlike questions shrouded in the depths of history or emerging technology and its unknown unknowns, debt is amongst the areas where the mathematics is understood and quantitative analyses can be readily applied.

We can ascribe specific monetary values to different options for reform, and iterate through resource allocation models or formulae to see where the money could come from and how much it would cost to secure each specific right.

This approach has to be couched in two sets of safeguards, however:

First: Numbers are not a magic wand, and resource scarcity is a very real constraint.

Second: Time is not on our side; as the opportunity cost of inaction is mounting.

There is, however, a silver lining to our discussion.

Thank you.

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