

April 26, 2022

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## **Law, Debt and Sustainability: Re-Thinking DSAs**

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### **Issues Note**

#### Background and premise

The sustainability of a country's public debt, an ever-relevant factor in sovereign debt, is faced with new-found questions. A looming debt crisis in emerging markets and developing countries—coupled with growing awareness of the impact of climate risk, human rights, and other economic, environmental, social, and governance factors on sovereign debt—calls for study on how debt sustainability is defined, analyzed, and acted upon.

sis of the sustainability of total public debt and the total external debt. debt is considered sustainable if the government is able to meet all its payment obligations without exceptional financial assistance or going only, debt sustainability is confined to financial and macroeconomic

lack of clarity, certainty, predictability, and precision regarding the effects of economic, environmental, social, and governance (EESG) sustainability of sovereign debt. Incorporating these factors into DSAs assessment of financial and macroeconomic sustainability as well as r definitions of sustainability applicable to sovereign debt. To advance

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instruments are relevant because they apply to all corporations including financial institutions. (See Appendix, Section 2.)

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