

# **A debt jubilee to tackle the Covid-19 health and economic crisis**

## **1. What we are calling for**

We, the under-signed organizations, aware of the severe impacts on hundreds of millions of people from the health, social and economic crises faced by countries in the global South as a result of Covid-19, urgently call for:

- Cancellation of all external debt payments due to be made in 2020.
- Provision of emergency additional finance which does not create debt.

All principal, interest and charges on sovereign external debt due in 2020 should be cancelled permanently, they should not accrue into the future. Cancelling debt payments is the fastest way to keep money in countries and free up resources to tackle the urgent health, social and economic crises resulting from the Covid-19 global pandemic.

## **2. Implementing cancellation of debt payments**

Borrower governments have it within their power to stop making debt payments but they should not suffer any penalties for doing so. All lenders should therefore agree to the immediate cancellation of debt payments falling due in 2020, with no accrual of interest and charges and no penalties.

In the absence of a wider, multilaterally agreed debt cancellation, lenders should take the following steps:

- Multilateral institutions, including the IMF and World Bank, should offer an immediate cancellation of all principal, interest and charges for the remainder of 2020 for all countries in need, and most urgently for all PRGT and IDA countries.
- The IMF and World Bank should urge any country ceasing multilateral and/or bilateral debt payments to also cancel payments to private external lenders. Any new IMF and World Bank finance should be in the form of grants not loans, and require other lenders to reprofile the debt where sustainability is uncertain, or restructure their debt where it is unsustainable,<sup>1</sup> to help ensure money is used to support public policy priorities in response to the COVID-19 crisis, rather than to repay other lenders.
- Lender governments, both Paris Club members and others such as China, Saudi Arabia and Kuwait, should cancel all principal, interest and charges for the remainder of 2020 for all countries in need, and most urgently for all PRGT and IDA countries. Ideally a debt cancellation should be coordinated between lenders but should not wait for them all to agree.
- The G20 should support moves by any country to stop making payments on debt to private external lenders.
- Key jurisdictions, especially the UK and New York, should pass legislation to prevent any lender suing a government for stopping debt payments in 2020.
- Debt payment cancellations and additional finance should be free of economic policy conditionality promoting privatisation, deregulation and trade liberalisation. The crisis has been caused by exogenous shocks: developments over which countries in the global south had no control.
- Debt payment cancellation and additional finance should be designed specifically to bolster public expenditure targeted at protecting the rights and needs of populations, especially to maintain and increase social protection and health spending in response to COVID-19 and ensure relief goes directly to benefit those in need.

### **3. Resolving the debt crisis**

Many countries were in debt crisis before the Covid-19 crisis began. Many more will emerge from this crisis with even higher unsustainable debts. Immediate cancellation of debt payments should therefore be linked to a more comprehensive and long-term approach to debt crisis resolution. As such, to make debt restructuring more efficient, equitable and successful we call for:

- The creation through the United Nations of a systematic, comprehensive and enforceable process for sovereign debt restructurings.<sup>2</sup>
- The IMF to introduce clear guidelines on when a debt is unsustainable, and follow its policy only to lend to countries with unsustainable debts if there is a default or debt restructuring.<sup>3</sup>

A process to make these changes must begin before the end of 2020.

### **4. The impacts of Covid-19**

The global Covid-19 crisis has led to falls in commodity prices, an increase in future borrowing costs for global South governments<sup>4</sup>, and contributed to the largest ever capital outflow from developing countries.<sup>5</sup> Government revenues will fall as a result, and debt payments will increase at the same time that countries need to expand healthcare and social protection in response to the crisis. Developing countries had already been facing heightened debt vulnerabilities and rising debt costs before the Covid-19 outbreak.<sup>6</sup> The scale of the public health crisis and need for rapid policy responses means vital government resources must be urgently directed towards the needs of populations and not diverted to lenders. The outbreaks of Covid-19 so far show that time is essential. Governments need to have resources for decisive action today. Any delay will make the pandemic more difficult to control and a later repair of economic damage more costly, especially for borrower countries.

We estimate cancellation of external debt payments in 2020 for 69 countries<sup>7</sup> classified by the IMF as Lower Income Economies and for which data is available, would save \$19.5 billion in external debt payments to bilateral and multilateral lenders in 2020, and \$6 billion in external debt payments to private lenders. If it was extended to 2021 it would save a further \$18.7 billion in multilateral and bilateral payments and \$6.2 billion in external payments to private lenders.<sup>8</sup>

### **5. Support for action on debt cancellation**

African Finance Ministers have called for a suspension of all interest payments in 2020, and all principal and interest payments by fragile states.<sup>9</sup> The IMF and World Bank have called for a suspension of all debt payments by the poorest countries to other governments.<sup>10</sup> The United Nations Secretary General has called for debt restructuring, including waivers on interest payments in 2020.<sup>11</sup> Prime Minister of Pakistan Imran Khan has called for a debt write-off for his and other vulnerable countries.<sup>12</sup> Ecuador's Congress has also called on the government to suspend debt payments.<sup>13</sup> In early March Lebanon defaulted on private external debt payments and has announced it will stop paying all foreign currency bonds.<sup>14</sup> Ethiopian Prime Minister Abiy Ahmed Ali has called for a widespread debt write-off, with any remaining debt not payable for ten years and limiting debt payments to 10% of exports.<sup>15</sup>

### **Signatories (205 networks and organisations in total)**

#### **International organisations and regional networks**

1. African Forum and Network on Debt and Development (Afrodad)
2. Asian Peoples' Movement on Debt and Development (APMDD)
3. Latin American Network for Economic and Social Justice (Latindadd)

4. European Network on Debt and Development (Eurodad)
5. Arab NGO Network For Development (ANND)
6. Red Jubileo Sur/Américas
7. Third World Network (TWN)
8. Focus on the Global South
9. Womankind Worldwide
10. CADTM international
11. Oxfam
12. ActionAid International
13. CCFD-Terre Solidaire
14. CIDSE
15. Christian Aid
16. Brot für die Welt
17. The ONE Campaign
18. Save the Children
19. Avaaz
20. Fundación Educación y Cooperación – EDUCO
21. Society for International Development
22. Centre for Economic and Social Rights
23. 350.org
24. Medical Mission Sisters
25. Africa Development Interchange Network
26. Global Policy Forum
27. Debt Relief International
28. Youth for Tax Justice Network (YTJN)
29. Fair Finance International
30. Oil Change International
31. Missionary Oblates of Mary Immaculate
32. Sisters of Charity of Nazareth Congregational Leadership
33. Federación Internacional Fe y Alegría
34. Platform to Protect Whistleblowers in Africa (PPLAAF)
35. International Budget Partnership
36. Y Care International
37. Corporate Europe Observatory
38. Congregation of Our Lady of Charity of the Good Shepherd (Global)
39. Migrant Forum in Asia
40. Aksi! for gender, social and ecological justice
41. Africa Europe Faith & Justice Network (Europe)
42. Instituto Marquês de Valle Flôr (IMVF)
43. GCAP - Global Call for Action against Poverty
44. Education International
45. North African Food Sovereignty Network (NAFSN)
46. Tax and Fiscal Justice Asia
47. Validity Foundation - Mental Disability Advocacy Centre
48. VIVAT International
49. RIPESS - Intercontinental network for the promotion of Social Solidarity Economy
50. Tax Justice Network

#### **National organisations**

1. Aid/Watch, Australia

2. Jubilee Australia
3. Bangladesh Krishok Federation
4. NRDS, Bangladesh
5. 11.11.11, Belgium
6. Broederlijk Delen, Belgium
7. CNCN-11.11.11, Belgium
8. Entraide et fraternité, Belgium
9. Federação Nacional do Fisco Estadual e Distrital (FENAFISCO), Brazil
10. FOAESP – Fórum das Ong Aids do estado de São Paulo
11. Gestos (HIV and AIDS, communication, gender), Brazil
12. Grupo de Resistência Asa Branca (GRAB), Brazil
13. Instituto de Justiça Fiscal (IJF), Brazil
14. Outras Palavras Comunicação Compartilhada, Brazil
15. Plate Forme d'Information et d'Action sur la Dette (PFIAD), Cameroon
16. AidWatch Canada
17. Canadian Council for International Co-operation
18. Forum des Organisations Nationales Humanitaires et de Développement en RD Congo
19. PC2D (RD.Congo) et Caritas Congo ASBL
20. Commission Justice et Paix de Pointe Noire, Republic of Congo
21. Convention de la Societe Civile Ivoirienne (CSCI)
22. Plate forme d'autonomisation des organisations de jeunesse de Côte d'Ivoire(PAOJCI)
23. Ecumenical Academy, Czech Republic
24. ActionAid Denmark
25. Jubileo 2000 Red Ecuador
26. Finn Church Aid, Finland
27. Action contre la Faim, France
28. Amis de la Terre France
29. Attac France
30. CADTM France
31. Centre de Recherche et d'Information pour le Développement (CRID), France
32. Comité français pour la Solidarité Internationale (CFSI)
33. Confédération Générale du Travail (CGT), France
34. Coordination SUD, France
35. Equipop, France
36. Global Health Advocates France
37. Plateforme Française Dette & Développement (PFDD), France
38. Réseau Foi & Justice Afrique Europe antenne France
39. Solidaires Finances Publiques, France
40. Bischöfliches Hilfswerk MISEREOR, Germany
41. Bündnis Eine Welt Schleswig-Holstein e.V.
42. Erlassjahr.de – Entwicklung braucht Entschuldung (Jubilee Germany)
43. hl redaction, Germany
44. Transform! Europe, EU
45. Debtfree, Greece
46. Plateforme d'Information et d'Action sur la Dette et le Développement- Guinée (PIADD)
47. Plateforme nationale des Citoyens Unis pour le Développement (PCUD)
48. Fe Y Alegria Honduras
49. DemNet Hungary
50. Friends of the Earth Hungary
51. Environics Trust, India
52. Indian Social Action Forum

53. Madhyam, India
54. Mines, Minerals & PEOPLE, India
55. Indonesia Water Community of Practice
56. Solidaritas Perempuan (Women' Solidarity for Human Rights), Indonesia
57. Wahana Lingkungan Hidup Indonesia (WALHI)
58. 80:20 Educating and Acting for a Better World, Ireland
59. ActionAid Ireland
60. Centre for Global Education, Ireland
61. Christian Aid Ireland
62. Comhlámh (Ireland)
63. Financial Justice Ireland
64. Friends of the Earth Ireland
65. SMA Justice Office, Society of African Missions, Ireland
66. Association of Italian NGOs
67. CIPSI, Italy
68. Emergenza Sorrisi, Italy
69. FOCSIV Italian Federation Christian Volunteering Service
70. Institute of Public Finance Kenya
71. Sustainable Development Institute, Liberia
72. Catholic Commission for Justice and Peace of the Archdiocese of Lilongwe (CCJP Lilongwe- Malawi)
73. Centre for Social Concern, Malawi
74. Centre for Social Accountability & Transparency, Malawi
75. Economics Association of Malawi
76. Development Communications Trust, Malawi
77. Integrity Platform, Malawi
78. Malawi Economic Justice Network
79. Youth and Society, Malawi
80. Equidad de Género: Ciudadanía, Trabajo y Familia, Mexico
81. Observatorio Mexicano de la Crisis
82. associacao Luarte - arte, cidadania e transformacao, Mozambique
83. Mozambique Budget Monitoring Forum
84. Mozambican Debt Group
85. ALTSEAN-Burma, Myanmar
86. Both ENDS, Netherlands
87. Cordaid, Netherlands
88. BudgIT Foundation, Nigeria
89. Debt Justice Norway
90. Norwegian Church Aid (NCA)
91. AwazCDS-Pakistan
92. Freedom from Debt Campaign of Pakistan
93. Institute for Social & Economic Justice, Pakistan
94. Pakistan Development Alliance
95. Pakistan Fisher Folk Forum
96. Pakistan Kissan Rabita Committee
97. Freedom from Debt Coalition, Philippines
98. Sanlakas Philippines
99. ACEP - Associação para a Cooperação Entre os Povos, Portugal
100. CIDAC - Centro de Intervenção para o Desenvolvimento Amílcar Cabral, Portugal
101. Fundação Gonçalo da Silveira, Portugal
102. MONTE, Portugal

103. Oikos – Cooperação e Desenvolvimento, Portugal
104. Plataforma Portuguesa das ONGD, Portugal
105. Veterinarios sem Fronteiras Portugal
106. ZERO - Association for the Sustainability of the Earth System, Portugal
107. Budget Advocacy Network, Sierra Leone
108. Enabanda, Slovenia
109. Alianza por la Solidaridad-Action Aid España
110. Amycos.org, Spain
111. Ecologistas en Acción, Spain
112. Fundación Entreculturas, Spain
113. Greenpeace Spain
114. Ingeniería sin Fronteras, Spain
115. Lafede.cat – Organitzacions per a la Justícia Global – Catalunya
116. Observatorio de la Deuda en la Globalización, Spain
117. Observatorio de Multinacionales en América Latina (OMAL)-Paz con Dignidad, Spain
118. Plataforma Auditoría Ciudadana de la Deuda, Spain
119. Centre for Environmental Justice, Sri Lanka
120. Act Church of Sweden
121. Diakonia, Sweden
122. Alliance Sud, Switzerland
123. Fastenopfer, Switzerland
124. Climate Watch Thailand
125. Observatoire Tunisien de l'Economie, Tunisia
126. SEATINI, Uganda
127. Action for Argentina, UK
128. Action for Southern Africa, UK
129. Bond, UK
130. Bretton Woods Project, UK
131. Cafod (Catholic Agency for Overseas Development), UK
132. Christians on the Left, UK
133. Gender and Development Network, UK
134. Global Justice Now, UK
135. Health Poverty Action, UK
136. Jubilee Debt Campaign, UK
137. Jubilee Scotland
138. Stamp Out Poverty, UK
139. STOPAIDS, UK
140. Tearfund, UK
141. The Equality Trust, UK
142. War on Want, UK
143. Trademark Belfast
144. Jubilee USA Network
145. Maryknoll Office for Global Concerns, US
146. Sisters of Charity Federation, US/Canada
147. ActionAid Zambia
148. Campaign for Active Voter Engagement in Zambia
149. Caritas Zambia
150. Centre for Trade Policy and Development, Zambia
151. CUTS International, Zambia
152. Jesuit Centre for Theological Reflection (JCTR), Zambia
153. Transparency International Zambia

154. Zambia Civic Education Association
155. Zimbabwe Coalition on Debt and Development

## References

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<sup>1</sup> Under IMF policy if a government's debt is unsustainable a full restructuring or default on the debt is meant to take place during a loan programme. A restructuring is a change in the terms of the debt which lowers the amount a lender will receive back. If sustainability of the debt is uncertain, a reprofiling is meant to take place. This moves the date of debt payments into the future so that lenders are not effectively paid off by IMF loans.

<sup>2</sup> See *'We can work it out: 10 civil society principles for sovereign debt resolution'*

<https://eurodad.org/Entries/view/1547087/2019/09/17/We-can-work-it-out-10-civil-society-principles-for-sovereign-debt-resolution>

<sup>3</sup> See more on this policy at [https://jubileedebt.org.uk/wp-content/uploads/2019/10/IMF-policy-on-debt-restructurings\\_English\\_10.19-1.pdf](https://jubileedebt.org.uk/wp-content/uploads/2019/10/IMF-policy-on-debt-restructurings_English_10.19-1.pdf)

<sup>4</sup> <https://jubileedebt.org.uk/uncategorized/coronavirus-worsens-debt-crisis-in-poor-countries>

<sup>5</sup> <https://www.theguardian.com/world/2020/mar/23/g20-finance-ministers-talks-hampered-by-us-china-posturing-coronavirus>

<sup>6</sup> <https://www.worldbank.org/en/news/press-release/2019/12/19/debt-surge-in-emerging-and-developing-economies-is-largest-fastest-in-50-years>

<sup>7</sup> These are not all the countries which need debt suspension. As defined by the IMF, LIEs include 59 countries eligible for IFI concessional financing, 13 middle-income small states and four countries that have graduated from concessionality eligibility since 2010.

<sup>8</sup> Research by Eurodad [https://eurodad.org/debt\\_moratorium](https://eurodad.org/debt_moratorium)

<sup>9</sup> <https://www.uneca.org/stories/african-finance-ministers-call-coordinated-covid-19-response-mitigate-adverse-impact>

<sup>10</sup> <https://www.ft.com/content/6eca167c-6ec0-11ea-9bca-bf503995cd6f>

<sup>11</sup> <https://www.un.org/sg/en/content/sg/note-correspondents/2020-03-24/note-correspondents-letter-the-secretary-general-g-20-members>

<sup>12</sup> <https://www.brecorder.com/2020/03/17/580790/pm-wants-world-to-consider-writing-off-pakistans-debt-to-help-cope-with-coronavirus/>

<sup>13</sup> <https://www.bloomberg.com/news/articles/2020-03-23/ecuador-bonds-sink-as-congress-suggests-suspending-debt-payments>

<sup>14</sup> <https://www.nytimes.com/aponline/2020/03/23/world/middleeast/ap-ml-lebanon.html>

<sup>15</sup> <https://twitter.com/AbiyAhmedAli/status/1242378606543855616/photo/2>