

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,¹ 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.²
- 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.³

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 governments⁴, and contributed to the largest ever capital outflow from developing countries.⁵ 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.⁶ 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 countries⁷ 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.⁸

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.⁹ The IMF and World Bank have called for a suspension of all debt payments by the poorest countries to other governments.¹⁰ The United Nations Secretary General has called for debt restructuring, including waivers on interest payments in 2020.¹¹ Prime Minister of Pakistan Imran Khan has called for a debt write-off for his and other vulnerable countries.¹² Ecuador's Congress has also called on the government to suspend debt payments.¹³ In early March Lebanon defaulted on private external debt payments and has announced it will stop paying all foreign currency bonds.¹⁴ 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.¹⁵

Signatories (240 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. Stakeholder Group of Persons with Disabilities
11. Disabled People's International
12. CADTM international
13. Oxfam
14. ActionAid International
15. CCFD-Terre Solidaire
16. CIDSE
17. Christian Aid
18. Brot für die Welt
19. The ONE Campaign
20. Save the Children
21. Avaaz
22. Fundación Educación y Cooperación – EDUCO
23. Society for International Development
24. Centre for Economic and Social Rights
25. 350.org
26. Medical Mission Sisters
27. Africa Development Interchange Network
28. Global Policy Forum
29. Debt Relief International
30. Youth for Tax Justice Network (YTJN)
31. Fair Finance International
32. Oil Change International
33. Missionary Oblates of Mary Immaculate
34. Sisters of Charity of Nazareth Congregational Leadership
35. Federación Internacional Fe y Alegría
36. Platform to Protect Whistleblowers in Africa (PPLAAF)
37. International Budget Partnership
38. Y Care International
39. Corporate Europe Observatory
40. Congregation of Our Lady of Charity of the Good Shepherd (Global)
41. Migrant Forum in Asia
42. Aksi! for gender, social and ecological justice
43. Africa Europe Faith & Justice Network (Europe)
44. GCAP - Global Call for Action against Poverty
45. Education International
46. North African Food Sovereignty Network (NAFSN)
47. Tax and Fiscal Justice Asia
48. Validity Foundation - Mental Disability Advocacy Centre
49. VIVAT International
50. RIPESS - Intercontinental network for the promotion of Social Solidarity Economy
51. Tax Justice Network
52. Economistas sin Fronteras
53. Feminist Task Force
54. Third World Network Africa

55. Religious of the Sacred Heart of Mary NGO
56. IBON International
57. Arab Forum for the Rights of Persons with Disabilities
58. Plataforma Mercosur Social y Solidario

National organisations

1. MIFRO - MISSÃO sem FRONTEIRAS, Angola
2. Aid/Watch, Australia
3. Australian Federation of Disability Organisations (DPI Australia)
4. Jubilee Australia
5. Bangladesh Krishok Federation
6. NRDS, Bangladesh
7. 11.11.11, Belgium
8. Broederlijk Delen, Belgium
9. CNCD-11.11.11, Belgium
10. Entraide et fraternité, Belgium
11. Associação Alternativa Terrazul, Brazil
12. Federação Nacional do Fisco Estadual e Distrital (FENAFISCO), Brazil
13. FOAESP – Fórum das Ong Aids do estado de São Paulo
14. Gestos (HIV and AIDS, communication, gender), Brazil
15. Grupo de Resistência Asa Branca (GRAB), Brazil
16. Instituto de Justiça Fiscal (IJF), Brazil
17. Outras Palavras Comunicação Compartilhada, Brazil
18. Social Action for Community and Development, Cambodia
19. Women's Network for Unity (WNU), Cambodia
20. Worker's Information Center (WIC), Cambodia
21. Plate Forme d'Information et d'Action sur la Dette (PFIAD), Cameroon
22. AidWatch Canada
23. Canadian Council for International Co-operation
24. Forum des Organisations Nationales Humanitaires et de Développement en RD Congo
25. PC2D (RD.Congo) et Caritas Congo ASBL
26. Commission Justice et Paix de Pointe Noire, Republic of Congo
27. Convention de la Societe Civile Ivoirienne (CSCI)
28. Plate forme d'autonomisation des organisations de jeunesse de Côté d'Ivoire(PAOJCI)
29. Ecumenical Academy, Czech Republic
30. ActionAid Denmark
31. Jubileo 2000 Red Ecuador
32. Finn Church Aid, Finland
33. Action contre la Faim, France
34. Amis de la Terre France
35. Attac France
36. CADTM France
37. Centre de Recherche et d'Information pour le Développement (CRID), France
38. Comité français pour la Solidarité Internationale (CFSI)
39. Confédération Générale du Travail (CGT), France
40. Coordination SUD, France
41. Equipop, France
42. Global Health Advocates France
43. Groupe Initiatives, France
44. Plateforme Française Dette & Développement (PFDD), France

45. Réseau Foi & Justice Afrique Europe antennne France
46. Solidaires Finances Publiques, France
47. Bischöfliches Hilfswerk MISEREOR, Germany
48. Bündnis Eine Welt Schleswig-Holstein e.V.
49. Erlassjahr.de – Entwicklung braucht Entschuldung (Jubilee Germany)
50. hl redaction, Germany
51. Transform! Europe, EU
52. Abibiman Foundation, Ghana
53. Abibinsroma Foundation
54. Alliance for Empowering Rural Communities, Ghana
55. Debtfree, Greece
56. UndebtedWorld, Greece
57. Plateforme d'Information et d'Action sur la Dette et le Développement- Guinée (PIADD)
58. Plateforme nationale des Citoyens Unis pour le Développement (PCUD)
59. Fe Y Alegria Honduras
60. DemNet Hungary
61. Friends of the Earth Hungary
62. Association For Promotion Sustainable Development, India
63. Environics Trust, India
64. Indian Social Action Forum
65. Madhyam, India
66. Mines, Minerals & PEOPLE, India
67. Indonesia Water Community of Practice
68. Solidaritas Perempuan (Women' Solidarity for Human Rights), Indonesia
69. Wahana Lingkungan Hidup Indonesia (WALHI)
70. 80:20 Educating and Acting for a Better World, Ireland
71. ActionAid Ireland
72. Centre for Global Education, Ireland
73. Christian Aid Ireland
74. Comhlámh (Ireland)
75. Financial Justice Ireland
76. Friends of the Earth Ireland
77. Jesuit Centre for Faith and Justice, Ireland
78. SMA Justice Office, Society of African Missions, Ireland
79. Association of Italian NGOs
80. CIPSI, Italy
81. Emergenza Sorrisi, Italy
82. FOCSIV Italian Federation Christian Volunteering Service
83. GCAP Italy
84. Institute of Public Finance Kenya
85. Lebanese Union of Persons with Physical Disabilities (LUPD)
86. Sustainable Development Institute, Liberia
87. Catholic Commission for Justice and Peace of the Archdiocese of Lilongwe (CCJP Lilongwe- Malawi)
88. Centre for Social Concern, Malawi
89. Centre for Social Accountability & Transparency, Malawi
90. Economics Association of Malawi
91. Development Communications Trust, Malawi
92. Integrity Platform, Malawi
93. Malawi Economic Justice Network
94. Youth and Society, Malawi

95. Maldives Association of Persons with Disabilities
96. Halley Movement Coalition, Mauritius
97. Equidad de Género: Ciudadanía, Trabajo y Familia, Mexico
98. Observatorio Mexicano de la Crisis
99. Youth Government of Morocco
100. associacao Luarte - arte, cidadania e transformacao, Mozambique
101. JOINT Liga de ONGs em Mocambique
102. Mozambique Budget Monitoring Forum
103. Mozambican Debt Group
104. ALTSEAN-Burma, Myanmar
105. National Campaign for Sustainable Development Nepal
106. Both ENDS, Netherlands
107. Cordaid, Netherlands
108. GCAP Nicaragua
109. BudgIT Foundation, Nigeria
110. Debt Justice Norway
111. Norwegian Church Aid (NCA)
112. AwazCDS-Pakistan
113. Community Initiatives for Development in Pakistan-CIDP
114. Freedom from Debt Campaign of Pakistan
115. Institute for Social & Economic Justice, Pakistan
116. Pakistan Development Alliance
117. Pakistan Fisher Folk Forum
118. Pakistan Kissan Rabita Committee
119. Freedom from Debt Coalition, Philippines
120. Sanlakas Philippines
121. ACEP - Associação para a Cooperação Entre os Povos, Portugal
122. CIDAC - Centro de Intervenção para o Desenvolvimento Amílcar Cabral, Portugal
123. Fundação Gonçalo da Silveira, Portugal
124. Instituto Marquês de Valle Flôr (IMVF)
125. MONTE, Portugal
126. Oikos – Cooperação e Desenvolvimento, Portugal
127. Plataforma Portuguesa das ONGD, Portugal
128. Veterinarios sem Fronteiras Portugal
129. ZERO - Association for the Sustainability of the Earth System, Portugal
130. Federação das ONG em São Tomé e Príncipe
131. Budget Advocacy Network, Sierra Leone
132. Enabanda, Slovenia
133. Alianza por la Solidaridad-Action Aid España
134. Amycos.org, Spain
135. Ecologistas en Acción, Spain
136. Fundación Entreculturas, Spain
137. Greenpeace Spain
138. Ingeniería sin Fronteras, Spain
139. Lafede.cat – Organitzacions per a la Justícia Global – Catalunya
140. Observatorio de la Deuda en la Globalización, Spain
141. Observatorio de Multinacionales en América Latina (OMAL)-Paz con Dignidad, Spain
142. Plataforma Auditoría Ciudadana de la Deuda, Spain
143. Centre for Environmental Justice, Sri Lanka
144. Act Church of Sweden
145. Diakonia, Sweden

146. Alliance Sud, Switzerland
147. Fastenopfer, Switzerland
148. Climate Watch Thailand
149. Observatoire Tunisien de l'Economie, Tunisia
150. SEATINI, Uganda
151. Action for Argentina, UK
152. Action for Southern Africa, UK
153. Bond, UK
154. Bretton Woods Project, UK
155. Cafod (Catholic Agency for Overseas Development), UK
156. Christians on the Left, UK
157. Gender and Development Network, UK
158. Global Justice Now, UK
159. Health Poverty Action, UK
160. Jubilee Debt Campaign, UK
161. Jubilee Scotland
162. Stamp Out Poverty, UK
163. STOPAIDS, UK
164. Tearfund, UK
165. The Equality Trust, UK
166. War on Want, UK
167. Trademark Belfast
168. Jubilee USA Network
169. Uganda Debt Network
170. Maryknoll Office for Global Concerns, US
171. Sisters of Charity Federation, US/Canada
172. United States International Council on Disabilities
173. ActionAid Zambia
174. Campaign for Active Voter Engagement in Zambia
175. Caritas Zambia
176. Centre for Trade Policy and Development, Zambia
177. CUTS International, Zambia
178. Jesuit Centre for Theological Reflection (JCTR), Zambia
179. Planned Governance Network, Zambia
180. Transparency International Zambia
181. Zambia Civic Education Association
182. Zimbabwe Coalition on Debt and Development

References

¹ 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.

² 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>

³ 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

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- ⁴ <https://jubileedebt.org.uk/uncategorized/coronavirus-worsens-debt-crisis-in-poor-countries>
- ⁵ <https://www.theguardian.com/world/2020/mar/23/g20-finance-ministers-talks-hampered-by-us-china-posturing-coronavirus>
- ⁶ <https://www.worldbank.org/en/news/press-release/2019/12/19/debt-surge-in-emerging-and-developing-economies-is-largest-fastest-in-50-years>
- ⁷ 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.
- ⁸ Research by Eurodad https://eurodad.org/debt_moratorium
- ⁹ <https://www.uneca.org/stories/african-finance-ministers-call-coordinated-covid-19-response-mitigate-adverse-impact>
- ¹⁰ <https://www.ft.com/content/6eca167c-6ec0-11ea-9bca-bf503995cd6f>
- ¹¹ <https://www.un.org/sg/en/content/sg/note-correspondents/2020-03-24/note-correspondents-letter-the-secretary-general-g-20-members>
- ¹² <https://www.brecorder.com/2020/03/17/580790/pm-wants-world-to-consider-writing-off-pakistans-debt-to-help-cope-with-coronavirus/>
- ¹³ <https://www.bloomberg.com/news/articles/2020-03-23/ecuador-bonds-sink-as-congress-suggests-suspending-debt-payments>
- ¹⁴ <https://www.nytimes.com/aponline/2020/03/23/world/middleeast/ap-ml-lebanon.html>
- ¹⁵ <https://twitter.com/AbiyAhmedAli/status/1242378606543855616/photo/2>