

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 (241 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. Greenpeace International
23. Fundación Educación y Cooperación – EDUCO
24. Society for International Development
25. Centre for Economic and Social Rights
26. 350.org
27. Medical Mission Sisters
28. Médecins sans frontieres
29. Africa Development Interchange Network
30. Global Policy Forum
31. Debt Relief International
32. Youth for Tax Justice Network (YTJN)
33. Fair Finance International
34. Oil Change International
35. Missionary Oblates of Mary Immaculate
36. Sisters of Charity of Nazareth Congregational Leadership
37. Federación Internacional Fe y Alegría
38. Platform to Protect Whistleblowers in Africa (PPLAAF)
39. International Budget Partnership
40. Y Care International
41. Corporate Europe Observatory
42. Congregation of Our Lady of Charity of the Good Shepherd (Global)
43. Migrant Forum in Asia
44. Aksi! for gender, social and ecological justice
45. Africa Europe Faith & Justice Network (Europe)
46. GCAP - Global Call for Action against Poverty
47. Education International
48. North African Food Sovereignty Network (NAFSN)
49. Tax and Fiscal Justice Asia
50. Validity Foundation - Mental Disability Advocacy Centre
51. VIVAT International
52. RIPPSS - Intercontinental network for the promotion of Social Solidarity Economy
53. Tax Justice Network
54. Economistas sin Fronteras

55. Feminist Task Force
56. Third World Network Africa
57. Religious of the Sacred Heart of Mary NGO
58. IBON International
59. Arab Forum for the Rights of Persons with Disabilities
60. Plataforma Mercosur Social y Solidario
61. Pax Christi
62. Social Justice in Global Development
63. Anglican Church of Southern Africa Environmental Network

National organisations

1. MIFRO - MISSÃO sem FRONTEIRAS, Angola
2. CLACSO Argentina
3. Aid/Watch, Australia
4. Australian Federation of Disability Organisations (DPI Australia)
5. Jubilee Australia
6. DKA Austria (Dreikönigsaktion Hilfswerk der Katholischen Jungschar)
7. KOO Austria
8. Südwind Verein für Entwicklungspolitik und globale Gerechtigkeit, Austria
9. Bangladesh Krishok Federation
10. NRDS, Bangladesh
11. 11.11.11, Belgium
12. Broederlijk Delen, Belgium
13. CNCN-11.11.11, Belgium
14. Entraide et fraternité, Belgium
15. Associação Alternativa Terrazul, Brazil
16. Central de Cooperativas Unisol Brasil
17. Federação Nacional do Fisco Estadual e Distrital (FENAFISCO), Brazil
18. FOAESP – Fórum das Ong Aids do estado de São Paulo
19. Gestos (HIV and AIDS, communication, gender), Brazil
20. Grupo de Resistência Asa Branca (GRAB), Brazil
21. Instituto de Justiça Fiscal (IJF), Brazil
22. Outras Palavras Comunicação Compartilhada, Brazil
23. Social Action for Community and Development, Cambodia
24. Women's Network for Unity (WNU), Cambodia
25. Worker's Information Center (WIC), Cambodia
26. Plate Forme d'Information et d'Action sur la Dette (PFIAD), Cameroon
27. AidWatch Canada
28. Canadian Council for International Co-operation
29. Forum des Organisations Nationales Humanitaires et de Développement en RD Congo
30. PC2D (RD.Congo) et Caritas Congo ASBL
31. Commission Justice et Paix de Pointe Noire, Republic of Congo
32. Convention de la Societe Civile Ivoirienne (CSCI)
33. Plate forme d'autonomisation des organisations de jeunesse de Côte d'Ivoire(PAOJCI)
34. Ecumenical Academy, Czech Republic
35. ActionAid Denmark
36. Jubileo 2000 Red Ecuador
37. Finn Church Aid, Finland
38. Action contre la Faim, France
39. Amis de la Terre France

40. Attac France
41. CADTM France
42. CCFD Terre-Solidaire, France
43. Centre de Recherche et d'Information pour le Développement (CRID), France
44. Comité français pour la Solidarité Internationale (CFSI)
45. Confédération Générale du Travail (CGT), France
46. Coordination SUD, France
47. Equipop, France
48. Global Health Advocates France
49. Groupe Initiatives, France
50. Pax Christi France
51. Plateforme Française Dette & Développement (PFDD), France
52. Réseau Foi & Justice Afrique Europe antenne France
53. Solidaires Finances Publiques, France
54. act for transformation, Germany
55. Aktion gegen den Hunger, Germany
56. Bischöfliches Hilfswerk MISEREOR, Germany
57. Bündnis Eine Welt Schleswig-Holstein e.V.
58. DEAB, Germany
59. Eine Welt Forum Freiburg e.V., Germany
60. Erlassjahr.de – Entwicklung braucht Entschuldung (Jubilee Germany)
61. hl redaction, Germany
62. Informationsstelle Peru, Germany
63. Netzwerk Africa Deutschland
64. Transform! Europe, EU
65. Abibiman Foundation, Ghana
66. Abibinsroma Foundation
67. Alliance for Empowering Rural Communities, Ghana
68. Debtfree, Greece
69. UndebtedWorld, Greece
70. Plateforme d'Information et d'Action sur la Dette et le Développement- Guinée (PIADD)
71. Plateforme nationale des Citoyens Unis pour le Développement (PCUD)
72. Fe Y Alegria Honduras
73. CROMO Foundation, Hungary
74. DemNet Hungary
75. Friends of the Earth Hungary
76. Association For Promotion Sustainable Development, India
77. Environics Trust, India
78. Indian Social Action Forum
79. Madhyam, India
80. Mines, Minerals & PEOPLE, India
81. Indonesia Water Community of Practice
82. Solidaritas Perempuan (Women' Solidarity for Human Rights), Indonesia
83. Wahana Lingkungan Hidup Indonesia (WALHI)
84. 80:20 Educating and Acting for a Better World, Ireland
85. ActionAid Ireland
86. Centre for Global Education, Ireland
87. Christian Aid Ireland
88. Columban Missionaries Ireland
89. Comhlámh (Ireland)
90. Financial Justice Ireland

91. Friends of the Earth Ireland
92. Jesuit Centre for Faith and Justice, Ireland
93. Sisters of Our Lady of Apostles (Irish Province)
94. SMA Justice Office, Society of African Missions, Ireland
95. Trócaire, Ireland
96. Association of Italian NGOs
97. Associazione Comunita' Papa Giovanni XXIII (APG23), Italy
98. CIPSI, Italy
99. Emergenza Sorrisi, Italy
100. FOCSIV Italian Federation Christian Volunteering Service
101. GCAP Italy
102. Institute of Public Finance Kenya
103. Lebanese Union of Persons with Physical Disabilities (LUPD)
104. Sustainable Development Institute, Liberia
105. Catholic Commission for Justice and Peace of the Archdiocese of Lilongwe (CCJP Lilongwe- Malawi)
106. Centre for Social Concern, Malawi
107. Centre for Social Accountability & Transparency, Malawi
108. Economics Association of Malawi
109. Development Communications Trust, Malawi
110. Integrity Platform, Malawi
111. Malawi Economic Justice Network
112. Youth and Society, Malawi
113. Maldives Association of Persons with Disabilities
114. Halley Movement Coalition, Mauritius
115. Equidad de Género: Ciudadanía, Trabajo y Familia, Mexico
116. Observatorio Mexicano de la Crisis
117. Youth Government of Morocco
118. associacao Luarte - arte, cidadania e transformacao, Mozambique
119. JOINT Liga de ONGs em Mocambique
120. Mozambique Budget Monitoring Forum
121. Mozambican Debt Group
122. ALTSEAN-Burma, Myanmar
123. National Campaign for Sustainable Development Nepal
124. Both ENDS, Netherlands
125. Cordaid, Netherlands
126. GCAP Nicaragua
127. BudgIT Foundation, Nigeria
128. Attac Norway
129. Debt Justice Norway
130. Norwegian Church Aid (NCA)
131. Norwegian People's Aid
132. Spire, Norway
133. The Norwegian Council for Africa
134. AwazCDS-Pakistan
135. Community Initiatives for Development in Pakistan-CIDP
136. Freedom from Debt Campaign of Pakistan
137. Institute for Social & Economic Justice, Pakistan
138. Pakistan Development Alliance
139. Pakistan Fisher Folk Forum
140. Pakistan Kissan Rabita Committee

141. Freedom from Debt Coalition, Philippines
142. Sanlakas Philippines
143. ACEP - Associação para a Cooperação Entre os Povos, Portugal
144. CIDAC - Centro de Intervenção para o Desenvolvimento Amílcar Cabral, Portugal
145. FEC - Fundação Fé e Cooperação, Portugal
146. Fundação Gonçalo da Silveira, Portugal
147. Instituto Marquês de Valle Flôr (IMVF)
148. MONTE, Portugal
149. Oikos – Cooperação e Desenvolvimento, Portugal
150. Par-Respostas Sociais, Portugal
151. Plataforma Portuguesa das ONGD, Portugal
152. Veterinarios sem Fronteiras Portugal
153. ZERO - Association for the Sustainability of the Earth System, Portugal
154. Federação das ONG em São Tomé e Príncipe
155. Budget Advocacy Network, Sierra Leone
156. Enabanda, Slovenia
157. ISCOMET Institute for Ethnic and Regional Studies, Slovenia
158. Alianza por la Solidaridad-Action Aid España
159. Amycos.org, Spain
160. Ecologistas en Acción, Spain
161. Fundación Entreculturas, Spain
162. Greenpeace Spain
163. Ingeniería sin Fronteras, Spain
164. Lafede.cat – Organitzacions per a la Justícia Global – Catalunya
165. Observatorio de la Deuda en la Globalización, Spain
166. Observatorio de Multinacionales en América Latina (OMAL)-Paz con Dignidad, Spain
167. Plataforma Auditoría Ciudadana de la Deuda, Spain
168. Centre for Environmental Justice, Sri Lanka
169. Act Church of Sweden
170. Diakonia, Sweden
171. Alliance Sud, Switzerland
172. Fastenopfer, Switzerland
173. KEESA/ Swiss ADR Campaign, Switzerland
174. Climate Watch Thailand
175. Observatoire Tunisien de l'Economie, Tunisia
176. SEATINI, Uganda
177. Action for Argentina, UK
178. Action for Southern Africa, UK
179. Bond, UK
180. Bretton Woods Project, UK
181. Cafod (Catholic Agency for Overseas Development), UK
182. Christians on the Left, UK
183. Gender and Development Network, UK
184. Global Justice Now, UK
185. Health Poverty Action, UK
186. Jubilee Debt Campaign, UK
187. Jubilee Scotland
188. Stamp Out Poverty, UK
189. STOPAIDS, UK
190. Tearfund, UK
191. The Equality Trust, UK

192. War on Want, UK
193. Trademark Belfast
194. Jubilee USA Network
195. Uganda Debt Network
196. Maryknoll Office for Global Concerns, US
197. Sisters of Charity Federation, US/Canada
198. Missionary Society of St Columban, US
199. United States International Council on Disabilities
200. ActionAid Zambia
201. Campaign for Active Voter Engagement in Zambia
202. Caritas Zambia
203. Centre for Trade Policy and Development, Zambia
204. Civil Society for Poverty for Poverty Reduction, Zambia
205. CUTS International, Zambia
206. Jesuit Centre for Theological Reflection (JCTR), Zambia
207. Planned Governance Network, Zambia
208. Transparency International Zambia
209. Zambia Civic Education Association
210. 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

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>