



Financing for Development Forum 2024

Overall theme: Enhancing on the path toward the Fourth International Conference on Financing for Development

**Special High Level Meeting with
Bretton Woods Institutions.**

Intervention from the Floor

Iolanda Fresnillo

Eurodad

Thank you very much madam chair - Your excellencies

My name is Iolanda Fresnillo , I work with Eurodad and speaking on behalf of the Civil Society FfD Mechanism

Some of us were also in Washington last week to monitor the IMF and the World bank and we come from there deeply concerned about how much they are doing for the private sector and how little for the people's in the global south, concerned about the blind faith the Bretton woods institutions have in failed policies and mechanisms, particularly when it comes to tackle the worsening debt crisis. The G20 Common Framework is clearly failing in delivering what it promised: timely and sustainable debt resolution. "There hasn't been a single dollar of debt cancellation from the common framework." Let's be honest, expanding and tweaking the Common Framework won't allow for overcoming the too little too late syndrome. Not only debt restructurings within and outside the common framework are too long and debt rescheduling utterly insufficient, including problematic contingency clauses like in the cases of Suriname and Zambia, but they are based on IMF & WB manufactured debt sustainability analyses, that ignore human rights, financing needs for public services or climate action investments (and we are afraid that the LIC DSF review won't deliver on a new approach to debt sustainability, just some technical fixes). Debt restructurings keep prioritizing creditors' interests and opening the door to neoliberal policies and austerity through IMF conditionalities.

IMF and WB are not only unable to contribute to a fair resolution of the debt crisis, but they are responsible for the worsening of the situation. If the SDGs are off track is also precisely because of the policies of these colonial institutions, that are systematically denying the severity of the crisis, featuring it as mere short term liquidity problems. The responses of the IMFC and Development Committee after last week's meeting, are basically pushing for more lending instead of grants and reparations, derisking private finance flows (subsidizing wealthy investors while global south countries have to pay abusive interest rates) expecting leveraging private finance that, if appears (let's not forget the failed from billions to trillions strategy – and as Ambassador Rae said, that

resources are flowing from south to north, precisely because of the focus on market access), so if the missing trillions appear be sure that global north market agents won't support development priorities, as they only care about profit.

Let me be clear, when we say International financial architecture reform, we mean a complete overhaul of the unequal governance structures of the international financial institutions. Means taking out of their hands the debt resolution portfolio into a truly multilateral debt resolution legal framework. Means regulating Credit rating agencies (not just encouraging them) and asset managers. Means a binding global debt transparency registry and binding responsible lending and borrowing rules. Means a rules-based debt resolution body under UN auspices. To know more you can attend the side event to discuss debt architecture on Wednesday at 1.15.

Without such IFA reform, we won't overcome the eternal cycle of debt crises.

Your excellencies don't let the Bretton Woods Institutions lead in finding solutions to the debt crisis. In their hands, all we will have, is a failed and creditor dominated Common Framework in which most member states in this room didn't have a say.

Let's make the most of the process towards FfD conference and build together a truly democratic global economic governance and truly multilateral debt architecture that works for the fundamental structural reforms that the African Union representative was referring to. With IMF and WB in the driver seat, we will only have market sharks ruling international financial anarchy.