



**CIVIL SOCIETY  
FINANCING FOR  
DEVELOPMENT**  
Mechanism

**Preparatory Committee (PrepCom) for the Fourth International Conference on Financing for Development (FfD4) First session, Addis Ababa, 22-26 July 2024**

***Statement by Iolanda Fresnillo from Eurodad delivered on behalf of the CS FfD Mechanism during the Multi-Stakeholder Round Table Discussion on “Cross-cutting Issues” Wednesday, 24 July 2024***

Thank you, Ms moderator and Madam chair, your excellencies.

My name is Iolanda Fresnillo and I am speaking on behalf of the European network on debt and development (Eurodad) and the civil society Financing for development mechanism

I would like to support the interventions of my colleagues from civil society and the call for FfD4 to deliver on a UN Framework Convention on Sovereign Debt.

Your excellencies, we all know the situation is dire. Countries in the global south are being pushed to decide between defaulting on their creditors and defaulting on their people. Defaulting on people and prioritising creditor's rights over human rights means defaulting on the SDGs, on Climate action and on gender equality, it means increasing poverty and inequalities, and as we are seeing in many countries, it also means increasing social unrest.

We know the creditors oppose the idea of relinquishing the power they have today in a creditor-centric debt architecture. But let's be honest, the institutions they control, the IMF, the G20 and the Paris Club have done a terrible job in preventing debt crises and are doing a terrible job in trying to resolve the present debt crisis. They don't even acknowledge there is a crisis!

The IMF and the WB keep pushing for more lending and fiscal consolidation in order to avoid debt restructuring and cancellation, ignoring the need for strong public services or decent work as a prerequisite for recovery. Ignoring also the lessons from the previous crisis. Instead of thinking (not based in real evidence) that new lending from MDBs and financial markets will allow for countries to grow out of debt by implementing market based solutions (which is at odds with the present economic context and material planetary limits), institutions should be promoting strong public services, listen to specialised bodies like the ILO on the need to build strong and protective labour markets, and acknowledge the need for unconditional debt cancellation and restructuring to be delivered on a fair, timely and transparent way. We know that debt relief, as Ms. Subacchi stated, is part of the story, but for many countries it is today the difference between survival and humanitarian disaster. And today it is being denied even within the common framework, more focused on minimising losses from creditors with debt rescheduling than on finding solutions compatible with human rights.

Furthermore, European and other global north countries keep failing at delivering on aid and climate finance commitments. Let's not forget that 70% of climate finance is in the form of new loans. Very far from the climate reparations that global south countries should be receiving.

We ask European, other global north and creditor member states to reflect on whether a better debt architecture is necessary. As we heard in the general debate, many agree on the need to improve or reform the existing IFA and debt resolution mechanisms. But we wonder how open they are to truly discuss such reforms in equal footing with global south member states.

We therefore call for all member states to support the call for a UN framework convention on sovereign debt to be agreed in Sevilla next year. A UN framework convention that should allow us to implement a fair and transparent multilateral debt cancellation and restructuring mechanism.