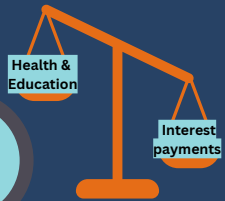


FROM AMBITION TO ACTION: A CALL TO MEMBER STATES

We need a UN Framework Convention on Sovereign Debt



Why do we need a Framework Convention on Sovereign Debt?



More than three billion people live in countries that spend more on interest payments than on education or health.*

In 2024, external and domestic debt service averaged 41% of budget revenues for developing countries.

The staggering burden of sovereign debts continues to pose major barriers to urgent economic and climate actions.

(*<https://www.kirkensnodhjelp.no/sites/default/files/2024-10/ferdig-time-for-a-nordic-initiative-lowres-ny-september.pdf>)

Existing forums and mechanisms have approached the problem according to the perspectives and interests of lenders. Debt relief initiatives have been very inadequate, and unsustainable and illegitimate debts continue burdening Global South countries.

Fair, equitable and transparent debt resolution frameworks and mechanisms are urgently needed to promote reforms for responsible, transparent and sustainable lending and borrowing – reforms that redound to serving the collective interest of all peoples and countries.

Affirming the UN's role

The UN needs to use the strength of its global mandate and its multilateral process to establish a fair, equitable and transparent global debt resolution framework and mechanism. We urge Member States to agree on the need for a UN Framework Convention on Sovereign Debt (Debt Convention hereafter). Such an agreement can open up an intergovernmental process towards debt architecture reforms needed to prevent unsustainable and illegitimate debt accumulation and provide fair, sustainable solutions. A reformed international financial architecture would serve the interests of developing countries and the broader global community by paving the way for sustainable and durable debt solutions.

The following serve as basis for such an agreement:

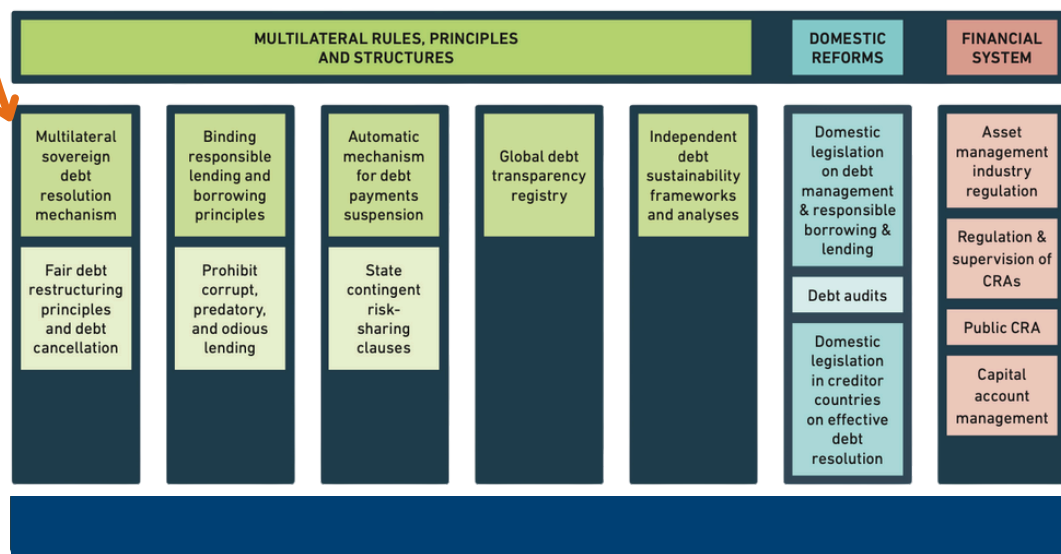
- To “elaborate and adopt through a process of intergovernmental negotiations,.....a multilateral legal framework for sovereign debt restructuring processes” (*UN General Assembly Resolution 68/304, September 2014*)
- To “employ international machinery for the promotion of the economic and social advancement of all peoples,....” particularly through ECOSOC. (*UN Charter*)
- To “...address the challenges of financing for development around the world, particularly in developing countries” and to consider creating “a mechanism for the resolution of sovereign debt crises” (*Monterrey Consensus Financing for Development, 2012*).
- To prevent abusive and non-cooperative debt practices by promoting the “Principles on Promoting Responsible Sovereign Lending and Borrowing.” (*UNCTAD, 2012*)

What can a Debt Convention do?

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- Encompass growing global consensus on the necessary rules, principles, and structures throughout the debt cycle to prevent and manage debt crises and offer fair, democratic and sustainable solutions.
- Set up a permanent Multilateral Sovereign Debt Resolution Mechanism that is people-centered and rules-based, following robust standards of fairness, transparency and accountability towards orderly, democratic and durable debt crises resolutions, in a process convening all lenders, public and private.

UN FRAMEWORK CONVENTION ON SOVEREIGN DEBT



What does civil society envision in a UN Framework Convention on Sovereign Debt?

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- Principles of responsible sovereign lending and borrowing.
- A debt sustainability framework that is aligned with core human rights treaties, gender equality, climate and sustainable development needs.
- Provisions for the setting up of --
 - A fair and transparent multilateral sovereign debt resolution mechanism offering pathways from restructuring to cancellation, to enable borrowing countries to achieve the SDGs, ensure gender equality, and fulfil human rights obligations, among others
 - An automatic debt service cancellation mechanism that protects Global South countries from socio-economic, environmental, geopolitical shocks; and debt contract clauses that provide for risk-sharing between lenders and borrowers.
 - A binding global debt registry to promote transparency

For more information, contact:

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