



First Intersessional: Response by the Civil Society FfD Mechanism

25th April 2025

II.E Debt and Debt Sustainability

Many countries are in severe debt crises, with external debt payments at the highest level for three decades. This crisis is compounded by a status quo led by the G20, IMF and World Bank that says countries do not need debt cancellation, allows private creditors to drag out debt relief negotiations for years, and leaves countries highly indebted even after debt relief is finally agreed. The status quo allows debt contracts to remain secret, blocks rules on responsible lending and borrowing, and so ensures the repetition of debt crises.

It is urgent and vital that the 4th UN Financing for Development Conference takes bold action to enable countries to create a new financial architecture which resolves current debt crises in a fair, fast and meaningful way, and prevents future crises through rules on transparency and responsible lending and borrowing.

We strongly support the efforts of global south governments that try to achieve these positive outcomes at the Sevilla Conference, particularly interventions that seek to retain the following proposals:

Para 43 e: on establishing an *‘intergovernmental process at the United Nations with a view to closing gaps in the debt architecture and exploring options to address debt sustainability, including but not limited to a multilateral sovereign debt workout mechanism and global debt authority’*

Para 43 e) alt2: *“With a view to closing gaps in the debt architecture, we will initiate an intergovernmental process at the United Nations, under the General Assembly in its 80th Session, to establish an international convention, which includes, inter alia, a multilateral sovereign debt mechanism.”*

We particularly welcome the proposal to establish an international convention. We suggest that member states merge 43 e) alt2 and 43 e) to move towards a comprehensive debt architecture reform through a UN Convention on Sovereign Debt which should establish:

- A fair and transparent multilateral sovereign debt resolution mechanism, in order to deliver on faster, fairer and more orderly debt restructurings and cancellation for the borrowing countries.
- Binding principles of responsible sovereign lending and borrowing, and the promotion of legislation, both in lender and borrower countries, that mandates transparent and fair governance and management of sovereign debts.
- A new approach to debt sustainability framework and analyses (DSAs), ensuring that the assessment is aligned with human rights, climate and sustainable development needs, including ex-post and ex-ante gender, human rights and environmental impacts assessments and audits to identify illegitimate, illegal and odious debts.
- Automatic debt service cancellation mechanism that protects global south countries from extreme climate, environmental, economic, health, food and security shocks.

- Major jurisdictions to pass domestic legislation to limit holdout creditors and facilitate effective debt restructuring.
- Strengthen measures to curb corrupt lending and borrowing, including through fully utilizing the United Nations Convention against Corruption.
- A binding single global debt registry, independent from creditors, to promote transparency.

We are extremely concerned by governments whose positions seem intent on blocking any significant reform of the debt architecture, protecting a status quo of the IMF, World Bank and G20 troika, in which creditor governments hold the decision-making power. If they succeed, they will condemn millions of people to decades of austerity, stagnation and human and environmental rights violations caused by unsustainable debt, as happened in the 1980s and 1990s.

The debt status quo which has led to repeated debt crises over the past years is built on the legacy of colonialism and imperialism by the global north in the global south. In this sense we strongly support the following proposal in **para 10 of the Global Financing Framework** section:

“We acknowledge that it is an imperative for developed countries enriched through the colonial action to pay the colonial financial debt to these countries that have suffered the impacts of colonialism, by which an international scheme must be created for the countries to claim and monitor the just payment.”

The global north owes an unfathomable debt to the global south. By supporting global south proposals to make the debt system work in a fairer and more sustainable way, global north governments can take some steps towards righting these wrongs in the eyes of the affected people and anyone interested in justice, accountability and sustainability around the world. We call on all Member States to register their support for these key proposals in the next intersessionals and ensure a strong outcome on debt.