



**GLOBAL WEEK OF ACTION  
FOR JUSTICE AND  
DEBT CANCELLATION  
10-17 OCTOBER 2022**



# **YOUTH VOICES RISING AGAINST DEBT BONDAGE**

*Free your mind and resist debt bondage. Join us for Debt Week*

**#cancelthedebt #debtmustfall #feesmustfall**

We stand in solidarity with the millions of people in countless countries who have taken to the streets over recent months to demand an end to debt domination and the destructive policies of the International Monetary Fund (IMF), the World Bank and other global lenders. From 14-16 October, the IMF and World Bank will again hold their annual meetings to advance their neoliberal policy reforms, a typically wasted opportunity to take bolder actions in support of debt-burdened, climate-stricken countries in the Global South. The IMF has consistently imposed these reforms amid debt crises rooted in global inequalities and colonial legacies. The Covid-19 pandemic has highlighted and aggravated these long-evolving failures of our public health, social and economic systems, requiring a deep rethink of the practices and conditionalities of the IMF, which have frequently contributed to these failures. Almost three years since the UN declared COVID-19 a pandemic, the world faces a troublesome outlook, more deeply unjust, unequal and unsustainable than before.

The IMF and World Bank continue to largely operate by offering emergency loans instead of meaningful debt cancellation and long overdue reparations for decades of policies that left people poorer and replaced colonialism with economic imperialism. Undue corporate influence has led states to provide massive corporate subsidies and bailouts with little oversight, and rollbacks of environmental protections. The IMF recovery packages have only benefited wealthy corporations, including private lenders, with no relief in sight for peoples weighed down by massive and illegitimate debts, lost jobs, excruciating poverty, collapsing public health systems and intensifying climate events. All global regions, particularly the Global South, have been pushed deeper in multiple crises. This is a resounding indictment of the failed, flawed and futile responses to systemic problems and a clear call for peoples worldwide to push ever more strongly for genuine transformative change.

The ongoing COVID-19 pandemic continues to cost millions of lives and livelihoods especially among those without public support and access to vaccines. Its economic consequences also increased inequality within and between countries. It led debt-dependent countries piling up more loans on top of unsustainable



and illegitimate debts accumulated from previous decades. IFIs, bilateral and private lenders have largely contributed through reckless lending, pushing more loans and debt-creating measures. The IMF increased their disbursements of new loans from \$8.3 billion in 2019 to \$31.6 billion in 2020, while other multilateral institutions also increased their loans from \$52.2 billion to \$70.6 billion. Bilateral and private lending actually decreased from 2019 to 2020.

On top of these burdens, the IMF persists in levying millions of dollars of surcharges on countries to which it has made large loans, often in disregard of its own statute and norms, including Argentina, Ecuador, Egypt, Pakistan, and Ukraine, among many others.

In February this year, yet another crisis erupted out of profoundly unequal socio-economic, financial, political and military systems and relations that fracture the world today. Russia's invasion of Ukraine dramatically worsened the humanitarian crisis worldwide. An estimated 71 million more people are reported to have been pushed into extreme poverty in the wake of dire spillovers of soaring food and energy prices worldwide.

With interest rates spiking, debt accumulation is rising to record-breaking heights. Several countries now deemed to be on the brink of debt defaults, or at high risk of being so, are projected to follow Sri Lanka, Zambia, Lebanon, Zimbabwe and Suriname. They include Argentina, Pakistan, Egypt, Kenya, Ghana and Tunisia – most of which are middle-income countries – showing that all countries need access to debt cancellation. Of the new loans to lower and middle-income countries as of 2020, five times as much debt came from private lenders as compared to bilateral lenders. Private lenders were reported to hold US\$2.18 trillion or 63 per cent of the long-term external public debts claimed from them, including US\$1.73 trillion in the form of bonds.

This attests to the limitations of the G7/G20's Debt Service Suspension Initiative (DSSI). It offered nothing to middle-income countries and, because private and multilateral lenders did not take part, it led to less than a quarter of debt payments being suspended for the countries which took part with no reduction in their debt stock.

Upon the DSSI's expiry in December 2021, participating countries such as Pakistan resumed debt service payments to the governments which had suspended payments, but under even more difficult circumstances, including bigger debts incurred in the last couple of years and higher interest rates that could rise even more at a moment's notice. No response has been forthcoming from the governments and IFIs who simply continue to "urge" and "encourage" participation in the face of sheer impunity by private lenders.

In November 2020, the G20 approved the Common Framework for debt treatments beyond DSSI, a scheme to, in theory, facilitate debt restructuring for some low- and middle-income countries. In almost two years only three countries, Zambia, Ethiopia and Chad, have applied to the Common Framework, and not a single dollar of debt has been so far restructured or canceled yet. The recent news on the IMF program approvals for Zambia show that debt restructuring or reduction will come at the expense of austerity as well as even greater plunder and impunity for those responsible.

Austerity in its various forms, has pushed impoverished countries into deeper inequality and further debt crises, following IFIs' conditionality and the dominant neoliberal mindset. This prescription has not changed despite conditions showing the heaviest impacts of austerity measures falling on the most vulnerable and marginalized sectors. Up to 85 per cent of the 107 COVID-19 loans negotiated between the IMF and 85 governments have been found to contain austerity plans to be implemented when the health crisis lifts.

This also comes at a time of increasingly catastrophic climate events, which inflict the most destructive impacts on those least responsible for the climate crisis, the peoples of the Global South. Behind World Bank pronouncements that the Bank will stop financing upstream investments in oil and gas after 2019 are scores





of coal, gas and oil projects that it funded and has yet to account for in contributing to climate change. These projects destroyed rainforests and biodiversity, displaced people and entire communities,

locked many countries in the Global South into dependency on the fossil fuel industry, and contributed heavily to the escalation of the climate crisis. Since the 2015 Paris Agreement, the World Bank invested over \$12 billion in fossil fuels, \$10.5 billion of which were new direct fossil fuel project finance. Billions more flow to fossil fuels through mixed operations and indirect funding. Some \$4 billion, or 35 per cent of the World Bank Group's fossil fuel assistance since 2015 went to eight G20 countries, several of which provide the largest sources of public subsidies for fossil fuels.

We refuse to be held hostage by the lenders and global rule-makers who are leading us down a path towards greater inequality, impoverishment, deprivation and ecocide. Urgently, we reiterate the calls we as civil society laid out in 2020, demanding –

1. Immediate debt cancellation by all lenders – international financial institutions, governments and private lenders - to enable people to deal with the multiple crises; and stronger legislation to make it mandatory for private lenders to participate in debt cancellation;
2. Systemic changes in financial and economic systems to stop the accumulation of unsustainable and illegitimate debt, to offer fair and comprehensive solutions to debt crises, and to build more equitable, just and post-carbon societies, including putting an end to lending that leads to the exploitation of peoples and destruction of the environment;
3. The immediate delivery of new, additional and non-debt creating climate finance for adaptation, mitigation and loss and damage, far beyond the unmet \$100 billion/year pledge, that adequately meets the needs of the Global South;
4. Thorough-going national and global review and changes in lending, borrowing and payment policies and practices aimed at preventing the re-accumulation of unsustainable and illegitimate debt, strengthening democratic institutions and processes, upholding human rights and peoples' self-determination, and bringing the IMF, World Bank and other global lenders to justice;
5. Genuine participatory, inclusive debt transparency and accountability mechanisms and processes, including national debt audits, that will critically examine the nature, purpose, terms and conditions, actual use of loans, and the impacts of loan-supported policies and programs;
6. The establishment of a fair, transparent, binding and multilateral framework for debt crisis resolution (under the auspices of the UN and not in lender-dominated arenas) that addresses unsustainable and illegitimate debt and recognizes the priority of human rights obligations for all involved;
7. Reparations for the damages caused to countries, peoples and nature, due to the contracting, use and payment of unsustainable and illegitimate debts and the conditions imposed to guarantee their collection.