

Update for Eurodad members and partners

Debt Justice

April - July 2022

A. Debt-related processes on a global level

Neither G20 nor IMF/World Bank deliver real solutions at the Spring meetings

This year's IMF-World Bank Spring Meetings provided the strongest proof yet of the urgent need for a reform to the global economic architecture and governance, as the spillovers from the Ukraine war increased the complexity of the multiple crises facing the world.

Previous to the spring meetings, a coalition of 34 CSOs expressed their concerns regarding the rapid worsening of debt distress and fiscal conditions in many low- and middle-income countries. In a letter addressed to G20 governments, the CSOs advocated for:

- An open-ended intergovernmental discussion about the Common Framework and further reforms needed in the international debt architecture.
- Short-term improvements in debt resolution expanding access to all countries in need, providing debt standstill throughout debt restructuring negotiations, and clarifying and enforcing comparability of treatment by private creditors.
- Legislative protection and financial support to debtor countries who need to default on recalcitrant creditors, while debt cancellation and restructuring from other creditors should go ahead.
- Make sure that the G20 and G7 do not provide privileged access to the IIF and private creditors or financial sector representatives to their working groups, meetings and policy makers.

[Read the letter here.](#)

However, neither the G20 nor the IMF and World Bank presented the world with the ambitious solutions it needs and instead continued with either the same failed responses or no clear plan at all. In our reaction, we call for decision-making to shift to the UN: "the most democratic global governance space we have."

[Read our full media reaction here.](#)

Here you can also read reactions from our sister networks [AFERODAD](#), [Latindadd](#) and [APMDD](#).

FfD Forum and CS group on FfD back at the UN

This year's Finance for Development Forum took place during the last week of April 2022 in hybrid mode, allowing in-person participation also for civil society organisations. Eurodad, together with our partners from the Civil Society group on FfD, participated at the FfD Forum in New York's UN headquarters, bringing in our common views on debt architecture reform.

See here our [full intervention on debt architecture reform](#) and [here other Eurodad inputs at FfD Forum](#).

Check here the [CS group on FfD joint inputs to the FfD Forum process](#), including our response to the [FfD Outcome Document](#).

G7 does not deliver on debt either

The G7 summit took place in late June in Schloss Elmau, Germany. Previous to the summit, civil society organised several campaigning and joint letters, also calling for more ambitious and structural action on debt-related issues.

Debt groups launched a [statement](#) calling on the G7 to cancel the debt in the face of the health, economic and climate crises. Led by our Asian sister network, APMDD, we participated in the social media campaigning, while several CSOs and social movements organised street actions.

[See more on Twitter under #CancelTheDebt.](#)

A coalition of civil society organisations, including Eurodad, also published a joint [statement](#) urging G7 leaders to take action to support the global economy by eliminating the IMF's harmful surcharge policy. The statement builds on the momentum of the [letter](#) released in advance of the IMF and World Bank Spring Meetings last April, which was signed by over 180 organisations from around the world.

As expected, the G7 did not deliver anything relevant on debt. The communique is available [here](#).

See here [Latindadd](#), [Erlassjahr](#) and [Jubilee USA](#)'s reactions to the G7 summit.



B. Selected country and regional updates

A full-blown debt crisis in the global south

Countries in the global south are facing a multiplicity of crises, including a dire increase in debt problems. The war in Ukraine has exacerbated inflationary tensions, affecting grain, fertiliser and energy supplies and prices. According to the UNDP, food and energy inflation has already [pushed 71M people into poverty](#). With more than 276 million people facing food insecurity, the UN Secretary-General is calling for debt relief to keep the most affected [“economies afloat and their people thriving”](#).

Governments in the global south, which in many cases entered 2020 with already high public debt levels, have been taking up more loans to deal with the impacts of the pandemic and refinancing existing debts. Monetary policies in the global north are resulting in even higher interest rates for emerging and other global south countries, limiting borrowing for debt refinancing. Now more than [half of low-income countries are in debt distress or at high risk of debt distress](#). Lebanon, Zambia and Sri Lanka have already defaulted. The prospects are that [more countries](#) will be facing debt defaults in the second half of 2022.

Eurodad regularly updates [this document](#) with the latest news on debt restructurings in the global south. Here's a brief selection of what is going on in several of these countries.

Sri Lanka

Sri Lanka is in its [worst financial crisis](#), severely impacting the livelihood of its people, with high increases in food prices or shortages of fuel and energy. The majority of Sri Lankan debt is owed to [private creditors. China is the country's biggest bilateral lender](#). In May, Sri Lanka [defaulted](#) for the first time on its external debts. Sri Lanka is not eligible to apply for the Common Framework, because it is classified as a Lower-middle-income country.

At the end of June, [Hamilton Reserve Bank, sued Sri Lanka asking for full repayment of principal and interest \(ca \\$250 million, due July 25\)](#). While under the pressure of a devastating humanitarian crisis, the government started discussing with the IMF an agreement for a new loan. Social mobilisation has recently forced the President and Prime Minister to resign.

Zambia

Zambia was the first country to default on its sovereign debt as a result of the pandemic. Together with Chad and Ethiopia, Zambia requested a debt restructuring through the G20 Common Framework on February 5th 2021.

Without a clear timeline, things are moving slowly: a [creditors committee met for the first time on June 16th](#) 2022, with China and France co-chairing. Official creditors are expected to offer assurances to unlock the IMF funds to the country by the end of July. In fact, all three countries, Zambia, Chad and Ethiopia, are supposed to have meetings with their creditor committees in the upcoming month.

Of [Zambia's external debt](#), 46% is owed to private lenders, 22% to China, 8% to other governments and 18% to multilateral institutions. The debt to multilateral institutions is not included within the Common Framework debt restructuring. According to calculations by [Debt Justice and Zambian Civil Society Debt Alliance](#), around two-thirds of the external debt owed to private lenders and other governments needs to be cancelled to bring down debt to sustainable levels.

JCTR published an [audit report on Zambian debt](#) in March. Debt Justice UK launched a campaign to demand that BlackRock, one of Zambia's biggest lenders, cancel the country's debt: [BlackRock cancel Zambia's debt!](#)

Ghana

Ghana's levels of debt have been [dramatically increasing](#) since when the country was declared at high risk of debt distress in 2015, despite experiencing a previous decade of economic boom. Ghana's last IMF loan (2015-2019) left serious scars in the collective memory of the country, due to heavy austerity measures. As a result, Ghana's authorities have been [very vocal in their refusal](#) of a new IMF loan... until this month, when [news broke out](#) that Ghana is negotiating a new loan with the IMF.

A group of CSOs led by the Integrated Social Development Centre in Ghana is preparing a statement calling for debt cancellation. They identify that a new loan without significant debt restructuring will be used to bail out private creditors and implement further austerity measures that directly impact Ghanaians' lives.



C. New Resources and CSOs updates

Eurodad Conference

Eurodad's conference "Reboot the system: Defining joint strategies for economic justice" finally took place in Brussels after two years of meeting online and three since we last met in person as a network.

Over the course of two full days of panel discussions and workshops, our members, allies, partners and like-minded academics analysed and strategised ways to bring about much-needed change to achieve economic justice for all.

[See the highlights here.](#)

Eurodad Debt strategy meeting

Ahead of the conference, Eurodad organised a Debt strategy meeting with partners. We gathered to take stock of where we are in terms of debt dynamics and policies, to discuss strategies and to share concrete plans and decide on joint advocacy plans going ahead.

A report of the meeting was sent to participants. Write a message to icrotti@eurodad.org if you would like to receive it as well.

A feminist approach to sovereign debt problems: how to shift from debt sustainability to care sustainability?

Eurodad, Latindadd and Equidad de Genero, Ciudadania y Familia's panel was accepted to be part of the [International Association for Feminist Economists \(IAFFE\) 30th annual conference](#), on June 29th. It aimed to analyse how to define feminist alternative approaches to debt sustainability.

Members resources

What kind of economic growth do women need? Proposals for development with a gender perspective in Latin America and the Caribbean

By Latindadd

This document examines the inadequacy of Gross Domestic Product (GDP) as a measure of economic performance. Although GDP is a widely used indicator, it is also inadequate when fully evaluating the situation of the economy of a country and even less the situation of women.

[Read the document in English, Spanish and Portuguese here.](#)

UN Financing for Development Forum 2022

by Global Policy Forum

This year's Financing for Development Forum again addressed many relevant issues but made few concrete decisions. Pressure is therefore growing to convene a new International Conference on Financing for Development at the level of heads of state and government. However, at this year's FfD Forum, the G77 was not yet ready to set a concrete date and mandate for FfD4.

[Read the article here.](#)

Countries in debt crisis cut public spending in face of soaring prices

by Debt Justice

New figures released by anti-poverty campaigners Debt Justice show that countries in debt crisis are expected to spend less in 2023 than in 2019, despite the urgent need for public expenditure in response to surging food and fuel prices.

[Read the briefing here.](#)

African governments owe three times more debt to private lenders than China

by Debt Justice

Debt Justice has launched new figures showing that African governments owe three times more external debt to private lenders than to China. The interest rates on private loans are double those on Chinese loans.

[Read the briefing with the detailed figures here.](#) The figures have been reported by Reuters [here](#).

Debt and climate: Two sides of the same crisis

by CNCD 11.11.11

This article, published by CNCD 11.11.11, argues that each state must invest massively in a low-carbon economy and robust adaptation measures to counter global warming. These investments are not only a matter of survival for billions of people but can also enable longer-term economic prosperity. However, debt is a major obstacle to these goals.

[Read the article here \(available in French only\).](#)



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Video expert interviews on the need for private creditor legislation and the role of the G7

By *Erlassjahr.de*

Erlassjahr.de published two video interviews with three eminent experts (Lee Buchheit, Anna Gelper, Matthias Goldmann) on the need for private creditor legislation and the role of the G7. The first one is

more general and directed at the G7 leaders' summit that took place in June: "[G7 in Germany: Take action on global debt crises!](#)". The second video "[Solving global debt crises – what role for private creditor legislation?](#)" is more technical (and much longer) about the role, elements and assessment of risks of national legislation.

D. Upcoming Events

An overview of the official events in 2022 is available [here](#). In the next months, it is relevant to highlight:

- 15-16 July: G20 Finance Ministers and Central Bank Governor Meeting & high-level seminar
- 8-9 August: Latindadd and RJF-ALC Regional Conference "After the Pandemic, the War. Latin America and the Caribbean facing the economic challenges arising from the worsening of the crisis". Hybrid.
- 24-26 August: [African Conference on Debt and Development II](#) (AfCoDD) 2022 "From Recovery to Reform: Sisi Ndio Tuko – Stop the Bleeding"
- 13-27 September: [77th UN General Assembly \(UNGA 77\)](#)
- 13-14 October: 4th Finance Ministers and Central Bank Governor Meeting
- 14-16 October: World Bank Group and International Monetary Fund Annual Meetings
- 19-20 October: Finance in Common Summit III
- 7-18 November: COP27
- 5-7 December: UNCTAD's International Debt Management Conference

If you have any comments or questions, please contact Iolanda Fresnillo at ifresnillo@eurodad.org or Ilaria Crotti at icrotti@eurodad.org

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