

**GLOBAL SOUTH CIVIL SOCIETY ORGANISATIONS DEMAND JUSTICE AND A
CHANGE TO THE RULES ON DEBT AND FINANCIAL ARCHITECTURE**

We, more than 70 experts and activists from civil society organisations, social movements, and networks across the globe, gathered in Bogota, Colombia on 20-21 September 2023, in a meeting convened and led by the South, with the aim of highlighting a Southern perspective in defining the challenges related to debt and the financial architecture, and in determining solutions that must be guided by the needs and voices of those most affected: the peoples of the Global South.

We affirm in this Southern-led meeting that South-South coordination is crucial for providing alternatives and demands from a feminist and decolonial perspective. The current neoliberal approach of economic transformation has led to growth of the Global North at the expense of the planet and the wellbeing of the people in the Global South. We further affirm that the current debt problems are rooted in colonial dynamics, and the proposals to address them with more private finance are nothing more than a neocolonial strategy from the power of capital in the Global North.

The poly-crisis facing Global South countries is reversing hard-won gains in poverty reduction as deep fiscal consolidation and austerity programmes dominate macroeconomic policy. Global debt policies launched by the IMF and the G20 failed, and many Global South countries are required to service multilateral, bilateral, and private sector debt crippling their ability to respond to domestic socio-economic pressures, and in effect de-invest in public services.

Global South's constraints are both historical and contemporary. The colonial and neo-colonial order continue through soft diplomacy and drip dependency in the form of official development assistance, foreign direct investment, and the promises of billions from the Global North private sector; coated with policy interventions that have seemingly targeted creating a hospitable environment for foreign capital to enter and exit Global South with minimal values being retained on Southern countries. This extractivism in policy advice has been long argued as contributing to the underdevelopment of the Global South.

We are alarmed that Southern countries remain locked in a vicious cycle of debt, climate, and extractivism, which deepens their dependence on commodities, increases environmental harm, and at the same time, sustains the uneven power structures between North and South, between lenders and borrowers.

We also stress our major concern that the heaviest impacts are borne by millions of working people, particularly women in the global south, who undertake unpaid work and bear the costs of grossly inadequate social services, the loss of livelihoods, and the dislocation of homes and communities, all of which affect their health and wellbeing.

We acknowledge that the debt crisis is intertwined with, and compounds, the multiple crises, with the climate emergency threatening the survival of the planet and humanity, and the risk of not achieving the Agenda 2030 remains high.

We are concerned that the international financial architecture has continuously failed to deliver adequate development financing and fair debt resolution for the debt crisis in the Global South. This crisis has led to a rising number of countries in default. The majority of Southern countries are accumulating unsustainable debt levels and experiencing an increasing burden of debt payments that consume public budgets over expenditures in health, education, social protection, climate, and other basic needs.

The global financial architecture does not need a simple evolution, it needs a radical transformation. The financial architecture is not just about finance, it is about foreign policy to the extent Global South interacts in an ever-interconnected world.

The debt problem is not an isolated issue, but is grounded within the broader economic system. We acknowledge that unsustainable Southern debts are underpinned by an unjust system that requires a broader structural transformation based on justice, where the reparations for historical and present social, climate, and ecological debts are placed at the centre. We further take note that it is essential to implement the principle of Common But Differentiated Responsibilities (CBDR), making the Global North's accountable for its historical climate and ecological debt to the Global South.

We affirm that each Southern country must be able to determine its own development path, without being trapped in debt and dependence on global markets and policies decided by a few countries that concentrate power and capital.

We strongly demand **unconditional cancellation of all unsustainable and illegitimate debts from all creditors, for all Southern countries.**

We, as CSOs and networks that historically work on debt across the globe, demand to decision makers at national, regional, and global levels:

- Reform of the global debt architecture that addresses unsustainable and illegitimate debts, by bringing transformative change to the current unfair and persistently unbalanced rules. Towards this end, we further demand:

- Automatic debt service cancellation mechanism that protects countries of the Global South from extreme events related to political, climatic, environmental, economic, and security shocks.
- Improved debt contracts aligned with responsible borrowing and lending principles, including state contingent clauses, such as climate or pandemic clauses.
- Binding responsible lending rules for all creditors, including private lenders of sovereign debts.
- The elimination of austerity and fiscal consolidation measures and IFIs' conditionalities.
- Advance towards the establishment of a fair, independent, transparent, timely and binding multilateral framework for debt crisis resolution (under the auspices of the UN and not in lender-dominated arenas).
- Call for the development of a new Debt Sustainability Assessments (DSAs) approach and methodology, managed under an independent multilateral framework, including the following criteria:
 - Prioritise Sustainability of Life over Sustainability of Debt. Sustainability should not be assessed by a country's capacity to repay its debt but by a country's capacity to fulfil essential investments and expenditures for the well-being of the population such as health, education, social protection, and climate.
 - Include gender and human rights impact analyses in debt restructuring / DSAs.
 - Include a comprehensive current debt landscape in the analysis, such as domestic debt, state-owned enterprises debt, hidden debt, and collateralised debt, among others.
 - Promote that countries run their own DSAs with more realistic projections and assumptions, and with information publicly available for citizens.
- Transparency, accountability, and access to quality of information on sovereign debt in both borrowing and lending countries. We urge the establishment of a public global debt registry that includes all debt contracts and lenders, including bondholders.
- The establishment of legislation, both in borrowing and lender countries, to ensure a democratic and transparent governance and management of sovereign debt and fair debt resolution.

- Provision of and greater access to grants, concessional and additional financing to meet the immediate and long-term requirements of the Global South to meet the Agenda 2030 and Climate Agenda. Towards this end, we further demand:
 - Debt cancellation to finance climate adaptation needs and energy transition.
 - New fair Special Drawing Rights allocations to provide liquidity to finance Agenda 2030 and the Climate Agenda, without creating new debt.
 - The fulfilment of climate finance, mitigation, and development finance commitments by Global North governments.
 - Funds for loss and damage, together with climate finance, should follow the principles of fair financing, non-debt creating funds and without conditionalities. The Loss and Damage Fund should provide public grants through accessible windows and it should be managed by an independent entity under a democratic governance, and not by IFIs.
- Stop promoting and pushing debt-creating solutions to the climate crisis, that are false solutions, particularly market-based approaches and debt swaps that prioritise private interests.
- Stop promoting private finance leveraging with public resources, which creates fiscal risks and increases debt.
- Stop sustaining developed countries' high debt levels with high interest costs transferred to the South.
- Challenge the methodologies, role and existence of private credit rating agencies, promoting a multilateral initiative instead.
- Democratise global economic governance and promote the UN at the centre. Towards this end:
 - Promote the presence and formal participation of Southern country groups such as the V20, G77 and other regional groups in international decision-making processes.
 - Promote exchange and coordination amongst Global South borrowing countries, to rebalance the power within debt negotiations and debt architecture governance.
- Promote domestic resource mobilisation within the framework of progressive tax systems and fight illicit financial flows, to reduce growing debt and achieve fiscal sustainability.

GLOBAL MEETING ON DEBT

We commit to promoting engagement, empowerment, and awareness raising amongst citizens in the Global South around the causes, origins, and impacts of unsustainable debts and the agenda for a just transformation of the international financial architecture. We further commit to building stronger alliances with other movements to advance debt justice.

Bogota, September 21, 2023

Organisations that participated:

