

On the occasion of the 2022 G7 Summit

Cancel the Debt in the face of the health, economic and climate crises!

This year's G7 Summit is again approaching in a world that has seen little progressive change but has instead fallen deeper into debt bondage, inequality and impoverishment under a neoliberal system led and maintained by the richest countries. Bearing the heaviest yoke of debt burdens are the billions of people in the global south who have experienced the greatest threat to their survival and human rights during the COVID-19 pandemic. They remain in the grip of the multiple crises of health, economic recession, and intensifying climate change. These crises worsen under the weight of the accumulation and servicing of unsustainable and illegitimate debts, as well as fiscal consolidation under IMF loans. This has in turn led to worsening inequality, particularly among women, minorities, refugees and other marginalized groups.

The G7, with the support of the International Monetary Fund, the World Bank and private lenders, have persisted in pushing their debt "relief" measures – with dire consequences – and now promise "enhancements" in the face of failure. Many countries in the global south that entered the pandemic with existing high levels of debt are now deeper in debt than before as a consequence of both fiscal stimulus response measures to the pandemic and a low interest rate in a global context. This has fueled excessive lending and borrowing. As we warned, the inadequate, piecemeal, temporary and debt-creating responses of the G7/G20 solutions have missed the mark and only made conditions worse. They have shown, once more, their inadequacy in enforcing the participation of private lenders, to which global south countries have become heavily exposed. They have proven once again to be false solutions that are only eroding more livelihoods, deepening inequality, exacerbating the climate crisis, and threatening more lives, particularly in the wake of the current food and fuel price inflation shock.

Totally ignored is a [major call from the global debt justice movement for the unconditional cancellation of public external debt payments by all lenders](#) – bilateral, multilateral and private – for all countries in need for at least the next four years as an immediate step, and a clear program towards the unconditional cancellation of outstanding debt. No heed has been paid to the decades-long call by debt justice movements to establish a transparent and binding multilateral framework for debt crisis resolution that addresses unsustainable and illegitimate debt and provides systematic, timely and fair restructuring of sovereign debt, including debt cancellation, in a process convening all creditors.

Much of this debt is unsustainable and illegitimate. Loan conditionalities of austerity have contributed to the vulnerabilities of the global south to multiple crises that continue to plunge peoples into greater deprivation. Yet, payments for these debts continue to be claimed, without the benefit of any audit or review as to their questionable nature and terms. There also appears to be little serious concern for increasingly catastrophic climate change risks, and no regard for the scale and gravity of COVID-19's adverse impacts on peoples' health and lives, livelihoods and incomes, and the overall enjoyment of human rights. It is increasingly clear that the financial priorities of creditors supersede the human rights of people and nations across the global south.

We stress anew the urgency of canceling unsustainable and illegitimate debts to free up resources for immediate needs – for vital and universal healthcare, social protection, and other essential services and rights; to secure the safety and well-being of people and communities; to provide economic and structural assistance to affected, vulnerable and marginalized individuals, families and communities; to undertake urgent climate action, and build economies that are equitable, that uphold human rights, promote gender, race and ecological justice, and are climate resilient and compatible with the health of the planet.

Funds freed from debt cancellation should not be counted as part of fulfilling the obligation of global north and G7 countries to deliver climate finance for the global south. The refusal of global north leaders to meet their full obligations is costing the global south dearly in terms of urgently needed adaptation programs, coverage of climate-related loss and damage, ecological restoration, and the rapid and just transition out of fossil fuel energy systems. Meanwhile, more loans are being pushed forward as climate finance and there is a persistence in fossil fuel lending, plunging the global south deeper into debt, and exacerbating the climate crisis. The G7 and G20 are peddling more inadequate and/or false solutions such as debt-for-climate swaps which, at best, have brought meager relief, and at worst, legitimized dubious and harmful loans and brought in costly terms and conditionalities.

With stronger voices and an ever-growing reach, we reiterate our demands for debt justice:

- for immediate debt cancellation to enable people to deal with the multiple crises; to that end the G7 countries should enact national laws that make it mandatory for private creditors to participate in debt relief;
- for an end to the exploitation of peoples and destruction of the environment through lending;
- for 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;
- for stopping over-reliance on borrowing by supporting structural transformation across the global south towards economic diversification and policy autonomy; and
- For 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.

Join the Days of Action in the lead-up to and during the G7 Summit, from 24 - 28 June!
(More details to follow.)

SIGNATORIES