Continued on page 2

Asia-wide mobilisations slam more loans for the South, demand finance for reparations, justice and equity

Protests held in seven major cities in Asia greeted the opening day of the much vaunted Summit for a New Global Financial Pact last June 22 in Paris, an initiative led by French President Emmanuel Macron. Demonstrators gathered in city landmarks and in front of the French embassy in Dhaka, New Delhi, Jakarta, Lahore, Kathmandu, Colombo and Manila. They called on governments of wealthy countries participating in the summit to acknowledge their responsibility to provide “reparations which include adequate and unconditional non-debt creating finance to save people and the planet.”

“In the midst of the multiple crises that is pushing billions of people into extreme poverty and the planet over disastrous tipping points, we are witnessing the rise of flawed and deceptive initiatives that claim to address the need for financial solutions to support developing countries” said Lidy Nacpil, coordinator of Asian Peoples’ Movement on Debt and Development (APMDD).

“We reject the push for more debt-creating finance, profit-oriented private investments, and flawed market based schemes supposedly to support development and climate actions in the Global South. We are not asking for charity or aid. Instead, we demand reparations and justice from the wealthy countries of Global North for the huge historical, social, ecological and climate debts they owe our people,” Nacpil said.
Nacpil added: “Towards this, we call for the full provision of adequate, predictable, and non-debt-creating climate finance, the cancellation of unsustainable and illegitimate debt by all lenders, the application of wealth taxes, and an end to illicit financial flows and the tax abuses of multinational corporations.

“The summit’s recognition of the climate emergency is welcome. But the governments of rich countries, international financial institutions (IFIs), and other profit-driven interests in this summit are only offering more loans that will trap developing countries into more debts, and more derisking and incentives to make it easier for the private sector to make profits,” said Dilena Pathragoda of the Colombo-based Centre for Environmental Justice.

“Other social justice networks and coalitions criticized the Summit as a “distraction” in the midst of worsening multiple crises. The Civil Society on Financing for Development Mechanism showed this to be “yet another initiative of powers in the Global North to strengthen their undemocratic governance and political hegemony by usurping roles and functions of legitimate intergovernmental institutions...Ultimately, this so-called Summit is a distraction from the urgent need for a profound reform of the international tax, debt and financial architecture under the aegis of the United Nations, such as establishing a multilateral legal framework that would comprehensively address unsustainable and illegitimate debt, including through extensive debt restructuring and cancellation, and agreeing on an intergovernmentally negotiated UN Tax Convention to comprehensively address tax havens, tax abuse by multinational corporations and other illicit financial flows, among others.”
Research finds that rich industrialized countries, big oil corporations, and billionaires with substantial financial investments in carbon-emitting companies are most responsible for climate change. Some 23 rich industrialized countries are responsible for 50 percent of all historical emissions and 125 billionaires are each responsible for one million times more greenhouse gas emissions than the average person.

A new study calculates that rich, industrialized countries responsible for excessive levels of greenhouse gas emissions could be liable to pay $170 trillion in climate reparations by 2050 to ensure targets to address climate change impacts are met. Almost $6 trillion annually is proposed to be paid to historically low-polluting developing countries that must transition away from fossil fuels despite not having yet used their “fair share” of the global carbon budget.

Demanding “finance for reparations”, APMDD member organizations led a regionally-coordinated action in seven different countries. 50 people staged an action in front of the National Museum in Dhaka. Participants of the action were Waterkeepers Bangladesh, EquityBD, Bangladesh Krishok Federation, YouthNet, BROTEE, CLEAN Bangladesh, Global Thinkers Society, Center for Policy Research and Development.

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40 vendors of the National Hawkers Federation and All-India Women Hawker Federation protested outside of the Hyderabad House, which hosts all foreign dignitaries in New Delhi.
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**Indonesia**

Women led the action and demanded reparations in front of the French Embassy in Jakarta. Organizations who participated were Koalisi Perempuan Indonesia (KPI), Aksi! for Gender, Social and Ecological Justice, Solidaritas Prempuan (SP), JALA-PRT, Madani, WALHI, and Kruha.

**Pakistan**

The Pakistan Kissan Rabita Committee, along with the Labour Education Foundation, Crofter Foundation, Aman Foundation, Tameer Nau Women Workers’ Organization, mobilized 50 participants to join the action held outside of the Lahore Press Club.

**Nepal**

Digos Bikas Institute and Rural Reconstruction Nepal (RRN) staged their action in front of the French Embassy in Kathmandu. Additionally, they handed over a “letter of concern” to Leela Devaradjalou, the Deputy Chief of Mission.

**Sri Lanka**

Protesters led by the Centre for Environmental Justice had a security issue near the Colombo French Embassy but they still successfully pushed through in another venue.
No more false debt solutions! An open letter to the governments of the G7 states

Excellencies,

As you, leaders of seven of the world’s richest countries convene for your 49th summit, many Asian countries of the Global South are gripped more tightly than ever in a multiple crisis of development and climate change. Yet the level of development and climate finance needed for survival and beyond, remains far below what is required to undertake deep, wide and transformative changes for people and the planet.

There was a momentous opportunity for your governments to step up in 2020 at the onset of the COVID-19 pandemic, when you committed “to support the poorest and most vulnerable countries as they address health and economic challenges associated with COVID-19.” But tragically it was missed, like many other opportunities you have lost in taking heed of the conditions and calls of the developing world and embarking on meaningful change.

Instead, you pushed solutions that missed the mark, as evinced by today’s sharper inequality divides within and across countries, further debt accumulation and crushing debt service, and by the millions more pulled into extreme poverty and rendered more vulnerable to intensifying climate change. Only last year under the German presidency, you claimed special responsibility for shaping a future of “prosperity, stability and solidarity”, including achieving sustainable solutions for critically debt-trapped countries. But we find no substantive, decisive steps in this direction.

Your governments vigorously supported the G20/Paris Club’s Debt Service Suspension Initiative (DSSI) which was limited to less than half of developing countries, and has proven grossly inadequate in matching the depth and breadth of the debt catastrophe. You left behind middle-income countries (MICs) where 80% of people falling into absolute poverty due to COVID-19 struggled to survive. DSSI’s mere deferral has come with a backlash of more oppressive repayment obligations from 2022 onwards, and under much more trying economic and financial conditions, absent additional debt reduction measures. You also promoted the development of DSSI’s successor, the Common Framework for Debt Treatments beyond DSSI, which still fails to compel the participation of private sector lenders, a flaw that has led to their bailout with the new loans from multilateral institutions.

You must also be held to account for your continued support of such failed and futile debt “relief” mechanisms that exclude MICs, in the face of the deeper debt trap into which MICs like Sri Lanka and Pakistan have fallen.

Meanwhile, your governments, together with international financial institutions and lenders are at the forefront of promoting more loans and private investments as so-called win-win solutions to both the development and climate crisis. In doing so, you are plunging Global South countries into a greater debt debacle that will cause more deprivation and misery, while evading your historical responsibility for the climate emergency and unjustly shifting your obligation to deliver grants-based climate finance to peoples of the Global South, who least contributed to the crisis of climate change.

Reiterating our call and demands, we strongly urge your governments to —

1. **Cancel the debt for countries in need**, including public debts of a questionable and fraudulent nature that violated human rights and contributed to exacerbating the climate crisis.

2. **Support the elimination of IMF surcharges**, which penalizes the most debt-distressed countries and further erodes the capacity of developing countries to respond to urgent social needs.

3. **Enact/strengthen national legislation to require the participation of private creditors in debt relief**, which is a key element in any serious wide scale debt reduction or restructuring effort.

4. **Immediately deliver new, additional and non-debt creating climate finance for adaptation, mitigation and loss and damage**, much more than the unfulfilled $100 billion/year pledge, to adequately meet the needs of the Global South.
Pakistan and Sri Lanka, along with other developing countries, are facing complex and deeply rooted multiple crises. Profound changes in existing systems and structures are urgently needed to begin surmounting these crises. But yet again, the International Monetary Fund (IMF) and the World Bank persist with old, rehashed, and failed solutions at the 2023 Spring Meetings last April in Washington, D.C., they again renewed their commitment to eradicate poverty globally and again vowed to explore alternative strategies to tackle ongoing issues that hinder development and impact the lives of the underprivileged.

The credibility of these international financial institutions (IFIs) is waning as countries face the imminent threat of financial collapse, unable to meet their soaring debts which have risen to their highest level in half a century.

The current political turmoil in Pakistan adds another layer of misery to millions of people in this debt-trapped country. For Sri Lanka, the relative calm on the surface may be short-lived as it embarks on the hard road of austerity charted by the International Monetary Fund.

As feared, there was no sign of forthcoming relief from the Bretton Woods institutions’ meeting last April, who continued to promote more borrowings and de-risking private sector investments among their main fiscal responses.

Once again, the IMF and the World Bank, the Bretton Woods institutions sought to prove their relevance in a world wracked by deepening multiple crises. At the 2023 Spring Meetings, they “recommitted to... the vision of a poverty-free world and pledged to explore new solutions to tackle an ever-present set of threats to development and the lives of the poor...”

But the avowals of these international financial institutions (IFIs) hold increasingly less water as countries teeter at the edge of bankruptcy and default with debts accumulating to a 50-year high.

They did not delve into persistently high inflation rates and more burdensome debt service payments and how this is further deepening inequality and poverty.

They did not look closely at skyrocketing prices of basic goods, acute food and fuel shortages, and intensifying climate change in countries that are also cutting back on badly needed social spending to meet debt repayments.
PAKISTAN

Pakistan is one of these countries. By the World Bank’s own figures, 11 million people in South Asia added to the global poverty headcount of almost 660 million. Inflation has reached an unprecedented 37.5%, the highest since 1973, with dire results for the Pakistani people. Food inflation ballooned by 47.15% in March from a year before. Transport prices have also soared by 54.94%. Pakistan has increased taxes to raise more revenues amounting to $643 million, a key IMF conditionality for Pakistan to avoid a default. But despite austerity and more taxes, the overall fiscal deficit still rose by 22.7% due to higher interest payments. On top of these, the IMF is collecting millions of dollars from Pakistan in the form of surcharges that the Fund levies for high debt levels and failure to pay outstanding obligations on time.

Still, the Pakistan government prioritizes meeting debt repayments this year, jumping from pillar to post to borrow more. Some 10 million remain without access to safe drinking water six months after the monsoon floods that global warming and glacial melt made catastrophically worse. In recent weeks, flour shortages have plagued Pakistanis, several of whom were killed and injured in the long queues for the staple. Still, more than $22 billion will be collected from the Pakistani peoples for debt repayments maturing in 2023. IMF negotiations for a delayed $1.1 billion loan tranche, part of a $6.5-billion bailout agreed in 2019, drag on while foreign exchange reserves dwindle.

SRI LANKA

For Sri Lanka, the IMF bailout package of nearly $3 billion-worth further adds to the country’s debt levels and clears the way for this debt-dependent country to access more debts. In the meantime, it remains at the mercy of the Fund’s austerity conditionalities attached to debt restructuring. Inflation is still staggering at 59 percent and nearly 30 percent of the population is experiencing food insecurity, according to the UN.

Sri Lanka also illustrates the failure of G20 debt reduction schemes – promoted vigorously by the IMF and the World Bank – to require the participation of private creditors in addressing the debt crisis. Following Sri Lanka’s default in 2022, it was sued for full payment by the Hamilton Reserve Bank which holds $250 million of the country’s 5.875% International Sovereign Bond by the Hamilton Reserve Bank. Negotiations are still ongoing with other private creditors holding $1.633 billion of Sri Lanka’s International Sovereign Bond.

The burden of filling in the gaps to provide even minimally for their families and children often falls heavily on women, at the expense of their own health and well-being amid the pandemic. One in four households in Sri Lanka is headed by women, of which half are widows and face persistent difficulties of juggling family responsibilities with paid and informal, precarious work, discriminatory attitudes toward women, limited access to finances, and inadequate social protection, among others.
As expected, the IMF and the World bank affirmed their support for strengthening the Common Framework to debt treatments, the successor to the failed Debt Service Suspension Initiative. Both measures have proven ineffective in bringing private lenders to restructure public debts in any significant terms that will enable Southern borrowers grappling with crises.

Enhancing the Common Framework was discussed at the Spring meetings, particularly in the Global Sovereign Debt Roundtable, a World Bank-initiated process that suffers from the same opacity and democratic deficits in the IFIs. Only a few borrowing countries have been invited to participate in this process that also includes from its first meeting in February 2022 bilateral and private lenders. Again, we see the sidelining of long-standing civil society calls for a fair, transparent, binding and multilateral framework for debt crisis resolution under UN auspices where sovereign debt issues and resolutions can be democratically discussed.

Another highlight of the Spring meetings was to declare progress with the rollout of the World Bank’s so-called Evolution Roadmap. As a way of mobilizing greater climate finance, its key tracks are to reform multilateral development banks to expand their lending capacity and leverage or de-risk private finance with public money and investments in order to attract more buy-in by private actors.

What this clearly forebodes is even more accumulation of debt and promotion of unaccountable private finance for Sri Lanka, Pakistan and many other global South countries which are also among the most climate-threatened in the world. In effect, the Evolution Roadmap maintains the IFIs’ stance that surviving the climate emergency reverts back to debt-trapped Pakistan, even as it contributed less than 1% of global carbon emissions and is owed a climate debt and reparations by global North countries.

Pakistan and Sri Lanka count among many other global South countries similarly situated in multiple crises that are systemic in nature and character, and require no less than systemic and structural change.

The World Bank and the IMF are clearly in no position – by virtue of the interests they represent and protect, and a track record of aggressively promoting debt dependence and austerity conditionalities – to immediately provide just solutions that borrowing countries need, much less transformative solutions over the long term.

Reiterating our demands, we stress the need for unconditional and immediate cancellation of unsustainable and illegitimate debts of Sri Lanka, Pakistan and all countries of the South!

We roundly reject the false debt solutions promoted by the IMF-World Bank and other international institutions, the G20 and the Paris Club!

We call on peoples’ organizations and movements to mount wider, stronger actions for debt justice and for the transformation of an exploitative international financial architecture to one that works for people and planet.
Last April 12, APMDD joined debt justice groups and partners in holding a session dubbed “Achieving debt crisis resolution that delivers today and in the future,” at the Civil Society Policy Forum of the IMF and World Bank. The event was lead-organized by Latindadd and co-sponsored by APMDD, AFRODAD, Jubilee USA, Eurodad, SLUG, Arab Watch Coalition, SEATINI Uganda, Society for International Development, ActionAid and Christian Aid.

The panel discussion revolved around the worsening economic situation across all developing regions, marked by increasing debt burdens in low- as well as middle-income countries, and the failure of G20 and Paris Club debt relief measures to rise to the challenge. Supported by the IMF and the World Bank, these moves provide no genuine solutions and only point to ever-increasing debt dependence and accumulation.

In the Latin America and Caribbean region, indicators spell out declining economic growth, uncertainty, inflation and debt risks. However, as Latindadd notes, “the responses suggested by multilateral organizations and the G20 focus on a return to fiscal rules, fiscal adjustment measures, increased borrowing through the extension of IMF and Multilateral Development Bank loans, as well as increased private financing. The IMF and the World Bank (WB) point out that global uncertainty is part of the collateral effects of the war and that, compared to what they expected last fall, the economy seems to have been more resilient, and the worst macroeconomic risks would not have materialised.”

The situation is not substantively different in other Global South regions where solutions being applied do not reflect changes in the lending and borrowing landscape, such as the shift from concessional to non-concessional types of loans sourced from capital markets. This has precisely paved the way for countries like Zambia and Ghana to sink into deeper debt catastrophes.

In Asia, external borrowings of low and middle-income countries in East Asia, the Pacific and South Asia regions broke records at $1.23 trillion by end-2020 or almost their entire export earnings for the year. In the same period, they paid $115 billion in debt service to international financial institutions and private lenders, or $98 billion more than in 2019.

Conditions are particularly dire in the South Asia region. In Pakistan, for example, some 10 million people, many of them children, are still without access to safe drinking water six months after the monsoon floods that global warming and glacial melt made catastrophically worse. But more than $22 billion will be collected from the Pakistani people as debt repayments within 2023.

Patricia Miranda (Latindadd) moderated the interventions of panelists which included Jason Braganza (Afrodad), Maria Colodenco (former head of International Affairs of the Argentine Economic Ministry), Mark Flannagan (IMF) and Mae Buenaventura (APMDD). •
The Asian People’s Movement on Debt and Development (APMDD) successfully wrapped up a three-day Asian Conference on Finance held last May 30-June 1 in Quezon City, Philippines. The event aimed to reaffirm, update and refine unities among APMDD members and close partners around a comprehensive platform that articulates common analyses, critique, strategic demands and immediate policy agenda for the mobilization of finance that address the multiple crisis and the requirements for economic, development and climate actions.

The conference objective proceeds from the dire situation in many Asian countries where intensifying multiple crises continues to wreak further havoc on the lives of people and communities already burdened with long-standing social, economic, and political injustices.

The conference brought together 90 leading activist-leaders and campaigners from among 48 APMDD member-organizations and close network partners. They were able to foreground the issues and demands of their impoverished and climate-threatened populations in Pakistan, India, Nepal, Bangladesh, Sri Lanka, Philippines, Myanmar, Thailand, and Indonesia.

The Campaign for Tax and Debt Justice

Participants highlighted critical flaws in national and global tax systems, which, according to the Tax Justice Network, cost nations an estimated $483 billion annually due to global tax abuse. Discussions also highlighted the stark contrast of greater inequalities as billionaires in Asia alone are estimated to have enriched themselves by around $1.46 trillion amid the pandemic.

Calls were reiterated for progressive and fair tax systems, gender justice in taxation, public control over essential services, and respect for national sovereignty in the global tax system. These steps are key to reforming the global financial and economic system, away from its current extractive and exploitative nature over human life and the earth’s resources.

Also a major area of discussion is the deepening debt trap in several Global South countries in Asia, a situation shared by other developing regions. Globally, total external debt surged by 5.6% to $9 trillion in 2021, and levels continue to rise in the wake of inadequate, short-term and temporary solutions to the problem. This alarming situation, compounded by rising interest rates and soaring borrowing costs, threatens a global recession and financial crises in developing nations. Higher debt combined with increased costs of borrowing have shrunk fiscal space, curtailing the ability of Asian countries to allot more resources for social spending.

Several Asian countries, including Sri Lanka, Pakistan, Bangladesh, Maldives, Mongolia, Laos, Philippines, and Indonesia, find themselves grappling with high inflation and ballooning debts. The conference discussed significant initiatives to address this, including engagement with the UN Financing for Development, the Global Week of Action for Economic, Debt, and Climate Justice, and national debt audits.

Pushing for Systemic Changes

Throughout the conference, participants intensively engaged in discussions on overhauling and re-shaping public policy in ways that firmly put people and the sustainability of the planet at the center. The challenge is to mount bolder and bigger fights, which all contribute to advancing the overarching struggle for system change.

APMDD Conference on Finance presses for Reparations, Justice, Equity and System Change
As part of the Civil Society Financing for Development (CS FfD) Mechanism, APMDD participated in the UN’s Financing for Development Forum 2023 last April 17-20 at UN Headquarters, New York, and brought focus to critical positions on debt, tax and fiscal justice. APMDD has long been active in engaging FfD spaces and processes, and supports the call that it is high time to convene a 4th FfD international conference in the face of long-festering systemic and structural problems that COVID-19 laid bare.

Since the last global gathering that produced the Addis Ababa Action Agenda and the Sustainable Development Goals, FfD forums have been held annually to review progress on development outcomes and means of implementation. The Forums provide an intergovernmental platform for inclusive, multi-stakeholder dialogue to address the current global challenges and advance policies for financing long-term sustainable development priorities.

Mae Buenaventura, lead discussant on behalf of APMDD, the CS FfD mechanism (including the Women’s Working Group on FfD), delivered these alliances’ insights and calls during the panel discussion on “Remaking the international financial architecture to achieve the SDGs”. Under the overarching focus of reforming the global financial system, these measures are key:

- the need to democratize global economic governance, and urge member states to reclaim the centrality of the UN, as well as pave the way for reforming the governance of international financial institutions. We reiterate our call for a fair, transparent, binding and multilateral framework for debt crisis resolution under UN auspices where sovereign debt issues can be discussed democratically, including canceling unsustainable and illegitimate debts for countries in need.
- the urgency of ensuring monetary, financial and economic sovereignty. Global south countries must have autonomy over capital account management, including capital controls. Currency hierarchies must also be corrected to stop speculative capital flows and currency depreciations.
- the critical importance of regulating the asset management industry, and additionally regulating credit rating agencies, by convening a universal, intergovernmental commission under ECOSOC, including possibly establishing an international public credit rating agency at the UN. Adopting a UN Convention on the asset management industry could also limit the systemic threat posed by its claims of crisis on fiscal resources. Failing banks should not result in even bigger financial institutions, as in the case of UBS’ takeover of Credit Suisse.
- the urgency of stopping speculative trading, particularly in food, water and other goods, services and resources essential to fulfilling human rights.

For her part, Jeannie Manipon delivered the interventions of APMDD, CS FfD mechanism and the Women’s Working Group on FfD in the panel discussion on “Advancing international tax cooperation and tackling illicit financial flows to safeguard and mobilize domestic resources”. She underscored:

- the stark inequality in global governance, where those who bear the heaviest impacts of multiple crises are the ones with the least representation and access to decision-making processes, and the important role that the UN as a multilateral space, must play in this regard.
- the need to plug the loopholes in the international financial system that allows the loss of billions of revenues to tax avoidance and tax-related illicit financial flows.
- the milestone achieved in the adoption of the UN Resolution on international cooperation on tax matters and the need to follow through with negotiations for a framework convention that will set global standards and norms on tax matters, that are fair, transparent, accountable, and responsive to the needs of people and the planet, especially of peoples and countries of the Global South who have long borne the brunt of a broken international tax system.

Click here for the full texts of all CS FfD interventions at the 2023 FfD Forum.