

To: European delegates at the UN in NY, EC officers working on FfD, European Finance ministries.

29 May 2025

Dear Sir/Madam,

Many countries are in severe debt crises, with external debt payments at the highest level for three decades. This crisis is compounded by a status quo led by the G20, IMF and World Bank which considers that debt cancellation is not needed, allows private creditors to drag out debt relief negotiations for years, and leaves countries highly indebted even after debt relief is finally agreed. The status quo allows debt contracts to remain secret, blocks rules on responsible lending and borrowing, and so ensures the repetition of debt crises.

It is urgent and vital that the 4th UN Financing for Development Conference takes bold action to enable countries to create a new financial architecture which resolves current debt crises in a fair, fast and deep way, and prevents future crises through rules on transparency and responsible lending and borrowing.

We are deeply concerned about the position of creditor countries, particularly European countries and the European Commission, systematically blocking any significant reform of the debt architecture, protecting a status quo of the IMF, World Bank and G20 troika, in which creditor governments hold the decision making power.

Instead of backing proposals for more inclusive and democratic debt architecture, European countries are limiting their offer to improving the failed Common Framework, promoting debt swaps and state contingent clauses. Strengthening the Common Framework won't deliver on sufficient, comprehensive and fair solutions for borrowing countries, as it remains a voluntary framework designed to protect creditors' interests. The EU also proposes an "annual dialogue between the UN, the Paris Club and other official creditors, with the IMF and the World Bank as observers". We have doubts that a non-inclusive once in a year dialogue can address the multiple challenges of the debt architecture.

As European representatives continue defending an unfair and dysfunctional status quo at FfD4 negotiations, they are condemning millions of people to decades of austerity stagnation and human and environmental rights violations caused by unsustainable debt, as happened in the 1980s and 1990s.

In this context, we call on European UN Member States and the European Commission to support the efforts of global south governments that try to achieve ambitious and positive outcomes at the Sevilla Conference, as supported by the [Deve Committee at the European Parliament](#). Success can only be achieved in Sevilla if Member States support the following proposals in the FfD4 outcome document:

Para 43e: on establishing an 'intergovernmental process at the United Nations with a view to closing gaps in the debt architecture and exploring options to address debt sustainability, including but not limited to a multilateral sovereign debt workout mechanism and global debt authority'

Para 43 e) alt2: *“With a view to closing gaps in the debt architecture, we will initiate an intergovernmental process at the United Nations, under the General Assembly in its 80th Session, to establish an international convention, which includes, inter alia, a multilateral sovereign debt mechanism.”*

We particularly welcome the proposal to establish an international convention. We suggest that member states merge 43 e) alt2 and 43 e) to move towards a comprehensive debt architecture reform through a UN Convention on Sovereign Debt which should establish:

- A fair and transparent multilateral sovereign debt resolution mechanism, in order to deliver on faster, fairer and more orderly debt restructurings and cancellation for the borrowing countries.
- Binding principles of responsible sovereign lending and borrowing, and promoting legislation, both in lender and borrower countries, that mandates transparent and fair governance and management of sovereign debts.
- New approach to debt sustainability framework and analyses (DSAs), ensuring that the assessment is aligned with human rights, climate and sustainable development needs, including ex-post and ex-ante gender, human rights and environmental impacts assessments and audits to identify illegitimate, illegal and odious debts.
- Automatic debt service cancellation mechanism that protects global south countries from extreme climate, environmental, economic, health, food and security shocks.
- Major jurisdictions to pass domestic legislation to limit holdout creditors and facilitate effective debt restructuring
- Strengthen measures to curb corrupt lending and borrowing, including through fully utilizing the United Nations Convention against Corruption
- A binding single global debt registry, independent from creditors, to promote transparency and accountable borrowing and lending.

The debt status quo which has led to repeated debt crises over the past years is built on the legacy of colonialism and imperialism by the global north in the global south. In this sense we strongly support the following proposal in para 10 of the Global Financing Framework section:

“We acknowledge that it is an imperative for developed countries enriched through the colonial action to pay the colonial financial debt to these countries that have suffered the impacts of colonialism, by which an international scheme must be created for the countries to claim and monitor the just payment.”

The global north, including European countries, owes an unfathomable debt to the global south. By supporting global south proposals to make the debt system work in a fairer and more sustainable way, European governments can take some steps towards righting these wrongs in the eyes of the people of the global south and anyone interested in justice, accountability and sustainability around

the world. We call on all European member states to register their support, individually or through the European Union representatives, for these key proposals in the ongoing negotiations, and ensure a strong outcome on debt.

The undersigning organisations:

1. Eurodad (European Network on Debt and Development) (Europe)
2. 11.11.11 (Belgium)
3. ACT Alliance EU (Europe)
4. Act Church of Sweden (Sweden)
5. ActionAid International (Global)
6. AG Globale Verantwortung (Austria)
7. Alliance Sud (Switzerland)
8. Allt åt alla Malmö (Sweden)
9. Arab NGO Network for Development (ANND) (Lebanon)
10. Bond (UK)
11. Caritas Europa (Europe)
12. Catholic Agency for Overseas Development (CAFOD) (UK)
13. CCFD-Terre Solidaire (France)
14. Center for Economic and Social Rights (CESR) (Global)
15. Christian Aid (Global)
16. Community Focus Group (CFG) (Kenya)
17. Co-ordination office of the Austrian Bishops' Conference for international development and mission (KOO) (Austria)
18. Coordination SUD (France)
19. Debt for Climate (Global)
20. Debt Justice Norway (Norway)
21. Debt Justice UK (UK)
22. Decolonial Europe Collective (Europe)
23. Delinking & Degrowth Collective (Global)
24. Financial Justice Ireland (Ireland)
25. Futuro en Común (Spain)
26. German NGO Forum on Environment & Development (Germany)
27. Global Policy Forum Europe (Germany)
28. La Coordinadora de Organizaciones para el Desarrollo (Spain)
29. National Society of Conservationists - Friends of the Earth Hungary (Hungary)
30. Observatori del Deute en la Globalització (ODG) (Spain)
31. Oxfam (Global)
32. Plataforma Portuguesa das ONGD (Portuguese Platform of Development NGOs) (Portugal)
33. Plateforme Française Dette et Développement (PFDD) (France)
34. Recourse (Global)

35. Regions Refocus (Global)
36. SCIAF, the Scottish Catholic International Aid Fund (UK)
37. Society for International Development (Global)
38. The Ecosocialist Collective Lund (Sweden)
39. WEED - World Economy, Ecology & Development (Germany)
40. Wemos (Netherlands)
41. Women in Democracy And Governance (WIDAG) (Kenya)