
We demand financing for Reparations, Justice and Equity towards building a better, more equitable and sustainable world



In the midst of multiple crises, the International Monetary Fund and the World Bank hold their Spring meetings with an agenda that still revolves around the expansion of borrowings and the privileging of private investors and corporations as responses to the defining challenges of our times – the development crisis and the state of climate emergency.

The burning question is how to scale up and mobilize the trillions of financial resources required to stem the crises and meet the needs of people and the planet, including loss and damages. We see a growing push by rich country governments, international financial institutions (IFIs) and lenders for solutions promoting more loans and private investments, even as the COVID-19 pandemic further accelerated public debt accumulation and worsened the already dire economic conditions and persistent inequalities in many vulnerable countries.

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.

Public debt soared by close to \$2 trillion in more than 100 developing countries (excluding China) at the peak of the pandemic, building up swiftly on already high debt levels from more than a decade ago. In Asia, home to over 60 percent of the world's poor, government debt rose even higher and faster, and amounted to 75% of GDP in 2022 as compared to 56% in 2019. Central banks are also raising interest rates, which even more exacerbates the problem. In 2021 alone, developing countries paid \$400 billion in debt

service, more than twice the official development aid they received.

Debt relief measures promoted by the G7/G20 and IFIs have proven inadequate and futile as shown by more countries now nearing bankruptcy or are already in default such as Pakistan and Sri Lanka. Behind liquidity and insolvency problems that these schemes narrowly address, is the crisis of millions of people living in greater poverty and deprivation as debt accumulates and repayments constrict fiscal space, to the detriment of needs and rights.

Debt swaps or debt reduction schemes in which the lenders exchange part of the debt owed to them for another asset are being pushed as innovative finance that addresses both climate and debt burdens. But lessons from debt-to-climate swaps show us that at best, these allowed borrowing countries to clean their books and to borrow again. At worst, they introduced new conditionalities, displaced communities, and proved too little and too lengthy and complex to make a difference in reducing climate risks or supporting vulnerable groups.



There has also been a massive push for private financing of development programs mainly via public-private partnerships (PPPs). PPPs have seen many failures in the Global South, and are leading to major changes in national and local level laws and policies which encourage private investors without providing adequate regulation of their profit-seeking behavior. Many PPPs have proven costlier for the public purse, riskier for the public sector and thus burdensome for citizens, especially the poor and low-income.

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All these have been taking place in the midst of the climate crisis that is hitting peoples of the Global South the hardest. Very little climate finance is being delivered, and mainly

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through loans and debt-creating schemes. These unjustly shifting the responsibility and financial burden from rich countries to the peoples of the Global South who least contributed to the climate crisis and are already burdened by decades-old unsustainable and illegitimate debts. Seven Asian countries ranked among the top 10 countries¹ in the [2022 World Risk Report](#) facing the highest disaster risks. They count among South countries falsely promised climate finance amounting to \$100 billion a year by 2020. With this pledge largely unmet by rich countries, climate change costs in developing countries now run to an estimated \$1.2 trillion/year by 2060.

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Under these conditions, we view with grave alarm the growing prospects of a deeper debt trap and greater private gain in current initiatives claiming to forge a new, ambitious global finance pact. However high the targets for scaling up climate and development finance, but without financing for reparations, justice and equity, we cannot hope to move from where we are, a world held captive by the self-aggrandizing interests of corporations and elites.

We, movements and peoples' organizations, fighting for profound changes in the global financial architecture towards building a better, more equitable and sustainable world demand financing for Reparations, Justice and Equity towards building a better, more equitable and sustainable world.

The scaling up of development and climate finance must be premised on the following:

Cancellation of unsustainable and illegitimate debt to free up public funds from debt service and ensure fiscal space for long-term development beyond recovery.



¹ Philippines, India, China, Indonesia, Myanmar, Bangladesh and Pakistan

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Fulfillment of the obligations of Global North governments to deliver adequate, predictable and non-debt creating climate finance for urgent climate actions in the Global South, including for Adaptation and Loss and Damage. This is part of the

reparations for climate debt. Climate Finance is not aid or assistance. Climate Finance should not be used as an instrument for the promotion and expansion of private profit.

Ending public financing for the fossil fuel industries and false solutions; And ensuring climate finance and public investments for the rapid, equitable and just energy transition in the Global South.

Ending international public finance for fossil fuels and prioritizing finance for just energy transition is critical in meeting climate targets and achieving energy security for developing countries. We reject the promotion of false solutions, such as the expansion of fossil gas as alternative fuel, the use of hydrogen and ammonia and carbon capture use and storage (CCUS) technologies. They serve as dangerous distractions from urgent fossil fuel phaseout, extend the life of gas and oil projects, and hide the lack of climate ambition.



Governments of the Global North cannot claim they do not have enough funds to fulfill their climate finance obligations towards the Global South as provided for under the UN Framework Convention on Climate Change. Their subsidies and support for fossil fuels is multiple times more than the meager amounts of Climate Finance they are actually providing. There have been several proposals for raising public revenues of the Northern corporations and extremely wealthy elites - those most responsible for climate change - to cover domestic needs for climate action as well as international obligations towards climate reparations.

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Stepping up efforts to curb tax abuses and other types of illicit financial flows, scaling up domestic resource mobilization to finance urgent climate action, by progressively taxing wealth and income and fixing the flaws of the international tax architecture.

Progressive taxation is one of the keys to building sustainable economies and raising adequate public resources to finance climate action urgently needed to stem the crises, address loss and damage, and meet other sustainable development goals and commitments. Introducing a wealth tax and other progressive tax policies will strengthen governments' capacities to mobilize domestic resources and finance public services and climate actions. This will also reduce the reliance on debt and regressive taxation that disproportionately and unfairly overburdens women and other marginalized sectors. The fundamental

flaws of national and international tax systems that enable massive tax abuses and wealth hoarding need to be urgently fixed in order to plug the leaks that drain economies of precious

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resources. Fixing the flaws of the international tax architecture can only be done under the auspices of the United Nations where all countries can negotiate on equal footing. Efforts to promote the adoption of a universal UN Framework Convention on Tax and a global tax body should be supported. ■