



BREAKING THE CHAINS OF DEBT: CIDSE'S CALL FOR JUSTICE AND EQUITY

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As we enter the Jubilee Year 2025, CIDSE supports the global call for debt justice, recognising that unsustainable debt traps millions of people in poverty. In the Global South, debt repayments divert vital resources from health, education and climate action. CIDSE advocates for the urgent resolution of unsustainable debt on the basis of justice, solidarity and ecological responsibility, addressing both historical and contemporary inequalities. In the spirit of the Jubilee, we call for systemic change to create a fairer global financial system for all. To tackle this issue, CIDSE advocates for a few key measures:

Debt Cancellation and Restructuring

A considerable number of low- and middle-income countries find themselves ensnared in a pernicious cycle of debt, which hinders their capacity to allocate resources towards crucial sectors such as healthcare, education, and social protection. CIDSE advocates for the cancellation of unpayable debts, thereby enabling governments to accord the priorities of their people.

The restructuring of debt should entail the cancellation or substantial reduction of unjust and excessive debts. This process necessitates the conducting of meticulous and independent debt sustainability analysis to identify illegitimate debts that should be excluded from repayment obligations. The absence of such measures will inevitably perpetuate the financial burden, impeding economic and social progress and leaving millions vulnerable.

Holding Private Creditors Accountable

A considerable proportion of global debt is held by private creditors, including banking institutions and investment firms, which frequently slow down or decline to participate in debt relief initiatives. This scenario places economically vulnerable nations at the whim of financial institutions that prioritise profit maximisation over human well-being. CIDSE advocates for legislative action by governments, especially in the United Kingdom and the State of New York as other G7 members, to ensure that private creditors contribute to debt relief efforts.

In the absence of mandatory participation from these institutions, the efficacy of debt relief efforts will be compromised, resulting in a state of partiality. The ongoing profit-making activities of private creditors at the expense of debtor nations, who are compelled to reduce essential services, is an inequitable situation. CIDSE is calling upon international bodies such as the G20 and G7 to establish legal frameworks that enforce private creditors to participate in debt relief initiatives on comparable terms or from imposing sanctions on countries that opt to suspend their payments.

Structural Financial Reforms

Beyond the immediate cancellation of debt, CIDSE advocates for long-term reforms in the global financial system to prevent future debt crises. The current financial structure is biased towards wealthy nations and creditors, leaving developing countries with limited autonomy in shaping their economic futures. To address this imbalance, CIDSE supports the establishment of a sovereign debt workout mechanism under the auspices of the United Nations. This mechanism would ensure that disputes regarding debt are resolved equitably and that developing nations are not compelled to adopt detrimental economic policies dictated by creditors.

Additionally, CIDSE calls for greater transparency and fairness in global lending practices so that countries do not fall into unsustainable debt in the first place. Without systemic change, debt crises will continue to recur, trapping nations in cycles of economic dependence and instability.

Justice for the Most Affected

At the heart of CIDSE's position is the belief that debt justice is a matter of human dignity and global solidarity. The burden of debt falls most heavily on the poor, forcing governments to divert resources away from essential public services. By canceling unjust debts and reforming the financial system, countries can redirect funds toward healthcare, education, and environmental protection.

CIDSE calls upon policymakers to act with urgency and moral responsibility, ensuring that debt policies prioritise the well-being of the population over the pursuit of profit. It is imperative that decisive actions are taken to liberate nations from the constraints imposed by unjust debt, thereby enabling them to forge a future that is equitable, sustainable, and centred on the well-being of all.