

## CLIMATE FINANCE IN THE JUBILEE YEAR

Why debt relief is more important than ever for climate and nature justice  
CIDSE Policy Brief<sup>1</sup>, June 2025

### WHAT IS A JUBILEE YEAR?

There is a Jubilee every 25 years in the Catholic Church. It is a special, holy year of forgiveness in which Pope Francis has invited us to renew our relationship with creation. Historically, Jubilee years have also seen the cancelling of debts and redistribution of wealth. *Laudato si'* clearly tells us that developed countries have an obligation to repay the "ecological debt" they owe, by assisting poorer countries. In the Jubilee tradition, debt relief must be a central pillar of this support.

25 years ago, Jubilee 2000 created an enormous international movement that relieved **\$130 billion** of poor nations' debt. The Catholic Church is leading the Jubilee revival by calling for fundamental reforms to the international financial architecture, necessary to tackle the entwined, systemic crises of unsustainable and unjust debt and climate change. Jubilee 2025 can be a turning point in history.

### WHY IS DEBT IMPORTANT TO THE CLIMATE DEBATE?

#### 1. Countries crippled by debt interest payments cannot afford life-saving climate action

Without debt relief, much of the indebted Global South simply will not have the money to invest in their green transitions and protect their citizens from devastating climate impacts. In 2021, lower income countries spent **over five times** more on external debt payments than on adaptation, while **nearly half of humanity** lives in countries that spend less on education or health than debt interest. Clearly, it is challenging for governments in this position to phase out their lucrative fossil fuel extraction and instead spend money on solar panels and flood defenses. In an era of large reductions to USAID and European aid, grant-based climate finance and debt relief must be forthcoming.

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<sup>1</sup> This policy brief was co-authored by CAFOD, KOO, Maryknoll Office for Global Concerns, SCIAF, and Caritas Zambia.

## 2. Loan-based climate finance creates a debt-climate trap

Most (69.4% of) climate finance is provided as loans, with interest to pay. A [2022 paper](#) from Debt Justice and CAN International states that, without adequate grant-based finance for Loss and Damage and adaptation, Sub-Saharan African countries will have to take on nearly \$1 trillion in debt by 2032.

The New Collective Quantified Goal on Climate Finance (NCQG), agreed at COP29, is insufficient: it targets just \$300 billion a year by 2035 (when at least [\\$1.3 trillion](#) is needed), without guarantees of grants. It also hugely increases the role of multilateral development banks, who overwhelmingly provide climate finance as loans: just [6.7%](#) of their lending in 2023 was grants.

## 3. The climate crisis fuels growing debts

These interlinked crises intensify each other. When a natural disaster hits a low-income country, they often borrow money to rebuild, due to lack of an adequately funded global Loss and Damage funding instrument. This increases their debt burden and risk, raises future interest rates on loans, and means reduced spending on climate adaptation. This all makes a future natural disaster more likely and worse, beginning the cycle again.

A sobering [article](#) by Bola Ahmed Tinubu, President of Nigeria, reminds us that the total debt of African governments is less than two-thirds of Germany's; this is something the developed world can absolutely address. Mia Mottley likewise [notes](#) that a lot of this debt comes from climate breakdown, not corruption or more extravagant spending than anyone else. Indeed, Africa's average debt-to-GDP ratio is only half the G7 average.

## 4. Global North conditions on debt bailouts exacerbate fossil fuel exploitation

Argentina is a country facing unsustainable debt. More than [1 in 4](#) of all the dollars lent as International Monetary Fund (IMF) loans have been made to Argentina, and through this lending the IMF is [actively encouraging](#) them to "boost investment in energy production and transport in vast shale oil and gas reserves of Vaca Muerta."

Needing to pay back huge foreign loans, in foreign currency, makes necessary this exact kind of extractivism: exploiting fossil fuels - and producing energy-intensive crops - for export to the rich North. Without meaningful debt relief, many countries will have no choice but to make use of their natural resources, harming the environment in the process.

## 5. Debt and climate breakdown are unjust legacies of the same Global North exploitation

In his remarks to the COP29 climate summit, Pope Francis said that "ecological debt and foreign debt are two sides of the same coin, mortgaging the future." This references the fact that the Global South has been exploited twice over: once through the enormous greenhouse gas emissions of the industrialised Global North, and secondly via their capitalistic extractivism and private sector's predatory lending. Therefore, this Jubilee Year, there is a moral imperative for developed countries to tackle these crises.

## WHAT ARE THE STAKES FOR THE GLOBAL SOUTH?

Zambia defaulted on its debt during the COVID pandemic in 2020, and has since then been going through a painful restructuring process characterised by huge cuts to state support for health and education. Edmond Kangamungazi, Economic and Social Accountability Programme Specialist at Caritas Zambia, said “People are suffering; they have been deprived of social services in many of the communities that Caritas Zambia has visited. Behind each debt repayment that the government makes is a sacrifice of dignity, a reinforcement of poverty, and a fading of hope in many people.”

*“Debt relief is not only economic justice; it is the restoration of humanity’s rightful hope for a sustainable future. Debt relief is an act of justice that rescues dignity, heals poverty, and restores hope for lasting climate resilience and ecological harmony”.* Edmond Kangamungazi, Caritas Zambia

## WHAT NEEDS TO CHANGE?

The good news is that, because debt and climate issues feed each other, many policy interventions can tackle both at the same time. There is more than enough wealth and capital globally to meet these challenges; we need political leadership to better distribute it. And the costs of inaction are in the long-term **much greater** than acting now. As Catholic actors, we are calling for the following measures that governments could pursue to remedy this polycrisis:

- ✓ **A proper plan for much more grant-based climate finance**  
If climate finance continues to come as loans, low-income countries will remain trapped in debt spirals. Countries could step up in this respect and provide grant-based finance bilaterally, explore polluter-pays taxation, and reform Global North-dominated international financial institutions. The ‘Baku to Belém **Roadmap** to \$1.3T’ is one route through which unlocking new finance flows will be considered, and must be a significant step forward.
- ✓ **Fix the broken debt system**  
All governments must support and enact a UN-based framework for relieving, and preventing the accumulation of, unsustainable and illegitimate debts. The UN must provide rules-based mandatory frameworks to promote responsible lending and borrowing, transparency, and sustainable approaches to debt (with human rights and other social, climate and development considerations at the core). Moreover, debts to the private sector should be tackled by introducing legislation in key jurisdictions, like the UK, US and EU, to compel these lenders to take part in restructuring processes. Finally, existing and future arrangements must include provisions for the automatic cancellation of debt payments for a set period following a catastrophic climate event. Without these steps, there simply won’t be enough fiscal space for climate action.

✓ **An end to harmful conditionality**

The IMF and World Bank, as increasingly central climate finance providers globally, must properly embed the Paris Agreement's 1.5°C target in all their lending operations, particularly energy and agriculture projects. Otherwise, conditions on their loans will continue to tie the hands of low-income countries, forcing them to emit through extraction of fossil fuels and use of chemical fertilisers. IMF policies that compel low-income countries to use bailout packages to pay profitable foreign lenders, while implementing devastating austerity policies at home, must also end. These policies suppress development and undermine climate action.

✗ **Avoid debt-for-climate swaps**

These are problematic instruments as, if a government does not have enough resources to pay its creditors, it is unlikely they have enough to sustainably fund climate action. Swaps therefore risk budget raids from health and education departments, particularly as a lot of money is given to large agencies for the administration of such swaps. Creditors can also exert influence over where the money is spent, diluting countries' sovereignty and further entrenching the interests of the powerful.

This Jubilee year, we must stand shoulder to shoulder with all people threatened with the loss of their lives and livelihoods. We repeat our call for comprehensive debt relief and systemic reforms to the international financial architecture, to finally free us from the insidious debt-climate trap.

## FURTHER READING

- CAFOD, 2024. [\*Fair finance for the climate fightback: Where should the money for international climate finance come from?\*](#)
- CAFOD, SCIAF, Caritas Internationalis, 2024. [\*Jubilee 2025: The new global debt crisis and its solutions\*](#)
- CIDSE, 2024. [\*Innovative sources of Public Finance for Climate Justice\*](#)
- Pope Francis, 2015. [\*Laudato si'\*](#)

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CIDSE is an international family of Catholic social justice organisations. We work with global partners and allies to promote justice, harnessing the power of global solidarity to achieve transformational change for people and the planet. We challenge systemic injustice and its destructive impacts through connecting, mobilising, influencing and telling stories of change. We promote environmentally and socially just alternatives to allow everyone to thrive in our Common Home. CIDSE's work is guided by Catholic Social Teaching and Gospel values.

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# ANNEX - LIST OF ENDORSEMENTS

## FAITH LEADERS

1	Luigi Bressan	Archbishop of Trento	Italy
2	Gerardo Alminaza	Bishop of San Carlos	Philippines
3	Paul Cummins	Diocesan Administrator of the Diocese of Plymouth	United Kingdom
4	Brian McGee	Bishop of Argyll and the Isles	United Kingdom
5	Patrick McKinney	Bishop of Nottingham	United Kingdom
6	Stephen Wright	Bishop of Hexham and Newcastle	United Kingdom

## FAITH-BASED ORGANISATIONS

### International

- 7 Caritas Internationalis
- 8 Franciscans International
- 9 Islamic Relief Worldwide
- 10 Laudato Si' Movement
- 11 Pax Christi International
- 12 School Sisters of Notre Dame

### Regional and national

13	Act Church of Sweden	Sweden
14	Afro-Asian Institute Salzburg	Austria
15	Afro-Asiatisches Institut Graz	Austria
16	American Friends Service Committee	United States
17	Bruder und Schwester in Not der Diözese Innsbruck	Austria
18	Caritas Europa	Europe
19	Caritas Philippines	Philippines
20	Carmelite NGO	United States
21	Catholic Climate Covenant	United States
22	Catholic Womens' Movement Austria (KFBÖ)	Austria
23	Center for Economic and Social Rights	United States
24	Centre Arrupe Madagascar	Madagascar
25	Claretian Team at the UN	United States
26	Comisión Diocesana Ecología Integral. Archidiócesis de Madrid	Spain
27	Comisión General Justicia y Paz	Spain
28	Cordaid	The Netherlands
29	Daughter of Charity of Saint Vincent de Paul	United States
30	Development and Peace - Caritas Canada	Canada
31	Ecumenical Committee for Social Development (CEDES)	Mozambique
32	Ecumenical Council of Churches in Austria	Austria
33	Fastenaktion	Switzerland
34	Focsiv	Italy
35	Franciscan Peace Centre	United States

36	Franciscan Sisters of the Sacred Heart	United States
37	Green Mountain Monastery + The Thomas Berry Sanctuary	United States
38	Group for the Development of Women and Girls (GDMR)	Mozambique
39	Hilfswerk Initiative Christlicher Orient	Austria
40	Holy Cross Sisters	United States
41	Instituto Mexicano de Doctrina Social Cristiana	Mexico
42	Islamic Relief Worldwide	United Kingdom
43	Jesuit European Social Centre	Belgium
44	Jesuit Missions	United Kingdom
45	KAIROS Canada	Canada
46	Karit Solidarios por la paz	Spain
47	Katholische Aktion Österreich (KAÖ)	Austria
48	Kentro Christian Network	Canada
49	Kirkens Nødhjelp / Norwegian Church Aid	Norway
50	Manos Unidas	Spain
51	Maryknoll Fathers and Brothers	United States
52	Maryknoll Sisters of St. Dominic, Inc.	United States
53	Medical Mission Sisters	United States
54	Mensche für Andere-jesuitenweltweit	Austria
55	Misereor	Germany
56	Missio Austria (Pontifical Mission Societies in Austria)	Austria
57	Missionsprokur St. Gabriel International	Austria
58	Missionsstelle der Diözese Linz	Austria
59	MIVA Austria	Austria
60	Movimiento Franciscano Justicia, Paz e Integridad de la Creación	Bolivia
61	New Mexico & El Paso Region Interfaith Power and Light	Canada
62	Operation Noah	United Kingdom
63	Österreichische Ordenskonferenz	Austria
64	Passionist Solidarity Network	United States
65	Passionists International	United States
66	Pax Christi Colombia	Colombia
67	Pax Christi USA	United States
68	Presentation Sisters Union - USA Unit	United States
69	Red Eclesial Gran Chaco y Acuífero Guarani (REGCHAG)	Latin America / Cono Sur
70	Red Franciscana para Migrantes de las Américas	Italy
71	Red Justicia y Paz en la Patria Grande	Latin America and the Caribbean
72	Scottish Catholic Justice and Peace Commission (Justice & Peace Scotland)	United Kingdom
73	SELACC - Caritas Latin America and the Caribbean	Latin America and the Caribbean
75	Sisters of Charity Federation	United States
76	Sisters of Mercy of the Americas Justice Team	United States
77	Sisters of Our Lady of Apostles	Italy
78	Sisters of Saint Francis Rochester Mn	United States
79	Sisters of St. Francis, Clinton, Iowa	United States
80	Social Justice and Ecology Secretariat (SJES)	Italy

81	Teilen spendet Zukunft. Förderverein der Katholischen Frauenbewegung	Austria
82	The Parliament of the World's Religions - Climate Action Task Force	United States
83	Trócaire	Ireland
84	VIVAT International	Italy
85	Welthaus der Diözese Innsbruck	Austria
86	Welthaus Graz	Austria
87	Welthaus Wien	Austria
88	Wheaton Franciscan Justice, Peace, and Integrity of Creation (JPIC) Office	United States