

AMIDST COVID AND CRISES:

Peoples' Challenge to the Finance in Common Summit:

- **End financing of fossil fuels and other harmful projects**
- **Cancel the debt of developing countries**
- **Defend and protect people and the planet**



We, movements and organizations of people from the Global South, challenge the leaders of the 450 public financial Institutions participating in the first-ever Finance in Common Summit on November 9-12, 2020 to act decisively and fulfill their mandate to uphold public interests.

Our long and varied experiences with public financial institutions show that many fall very short of this mandate, and in many instances they act in contradiction.

The multiple crises of the COVID-19 pandemic, the global economic recession, and the intensification of climate change are pushing us deeper into unparalleled poverty and precarious existence.

Public financial institutions control \$2 trillion in public money and therefore, wield enormous power. This power must be used not only to alleviate people's sufferings and empower them to live humanely in these times of catastrophes. This power must be used to build a new global order that is

truly just, equitable, and gives primacy to the rights of people and the well-being of the planet.

We challenge public financial institutions to begin with these urgent actions:

1. End public financing of fossil fuels and other harmful projects.

It is simply unacceptable in that in the face of great need for immediate financing for health, social protection, and economic assistance for communities and people hardest hit by the multiple crises, that public financial institutions continue to finance fossil fuels. Every year, over \$77 billion in public funds are being channeled to fossil fuel projects through the financial institutions of G20 governments. Public development banks have also provided COVID-19 recovery financing to bail out fossil fuel companies. The 2019 United Nations Environment Programme (UNEP) Production Gap report shows that governments worldwide are planning to produce 120% more coal, oil, and gas by 2030 than what is compatible with the 1.5°C warming limit called for by the Paris climate agreement.

Public financing of coal, oil, and gas must end now to pave the way for a rapid reduction in the production and use of fossil fuels. This must be accompanied by significant scaling up of public financing to support the swift and just transition to renewable and democratic energy systems.

Insistence on public financing for fossil fuels will have far-reaching consequences. We only have a narrow window of time to prevent climate change from reaching irreversible catastrophic levels. And this window is closing fast.

Public financial institutions must also stop funding other projects and promoting policies that are harmful to people and communities and to the environment. These policies and projects include privatization of essential services that violate peoples' rights, including the right to water, extractive industries that destroy local livelihoods and damage the environment, so-called development projects that result in land-grabs, deforestation, displacement of indigenous peoples and other communities, and deepening of the exploitation of women and workers.

2. Cancel the debt of developing countries.

We have struggled staunchly against the long-standing debt problem and its attendant burdens and devastating consequences.

Over \$300 billion is spent annually by the Global South for payments of Public External Debt to bilateral, multilateral, and private lenders. This money is needed crucially for public investment on vital healthcare to fight Covid-19, for economic and structural assistance to affected, vulnerable,

and marginalized individuals, families, and communities, and to rebuild economies towards more just, equitable, climate resilient, and sustainable systems. The responses to the debt problem have been severely insufficient and ineffective in the best case, and on many occasions, counterproductive. We demand much more than "debt relief." We demand debt justice now.

We reiterate the global Open Letter to all governments and international institutions and lenders signed by more than 560 organizations from 93 countries calling for unconditional cancellation of public external debt payments for at least 4 years by all lenders as an immediate step, and a clear program towards the unconditional cancellation of outstanding debts and comprehensively addressing unsustainable and illegitimate debt.

We also demand that public financial institutions stop using loans as the main financial instruments in response to the multiple crises. Public development banks have thus far offered zero debt cancellation and instead are lending in the hundreds of billions of dollars for the so-called COVID-19 response measures. It is such a perversion and travesty of justice that our countries will be left with greater debt burdens in the wake of this multiple crises.

Beyond declarations of platitudes, we demand decisive and concrete actions now in response to this state of global emergency.

