

**Statement on behalf of Social Justice in Global Development (SocDevJustice)
on behalf of the NGO Committee on Financing for Development at
Panel II on Developing Durable Solutions to Recurrent Debt Crises,
Financing for Development Forum, United Nations, 14 April 2021
Ms. Eva Hanfstaengl, Executive Director**

Mr. Moderator,

I am speaking on behalf of SocDevJustice and the NGO Committee on FfD. It has been highlighted by speakers yesterday that neither the G20 “DSSI Initiative” nor its Common Framework go far enough. It is thus high time to move beyond the present initiatives to a more comprehensive approach to resolve debt crises in a fair, impartial and transparent process. As we saw in the resolution of the debt crises of the HIPC countries in the 90s, the process required two decades to go from standard Paris Club refinancing to the MDRI. The need to shorten such a painful and lengthy process and start a comprehensive reform is obvious.

We therefore hope that the FfD process will start a **new multistakeholder dialogue** on improving the rules for handling debt crises and work towards a new debt framework, which should also work towards harmonizing principles on responsible lending and achieve greater transparency. Civil society need access to debt data as they have to know what their governments are borrowing on their behalf and what claims their creditors have on their governments. In addition, credit rating agencies need to be reformed as their assessments of risk in lending are key.

Additional grant finance would lessen the need to borrow heavily from development partners, which could be generated by meeting the 0.7% ODA commitment. Moreover, establishing a financial transaction tax in major financial markets could channel more grant financing to development banks.

The pandemic has raised awareness of the need for deeper international cooperation. If the opportunity for larger steps is missed this year, the international community will surely fall short of its commitments to reach the SDGs.

Thank you

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