Acknowledgments

In this International Conference for Development, one of the central points that brings us together at this table is External Debt.

This morning, the International Conference on Financing for Development was inaugurated, which addresses how to achieve the 2030 Agenda with only five years remaining. The previous international conference was in 2015; ten years have passed, and the international context has changed radically. We are facing a deep crisis of multilateralism, a rise in protectionism, and an escalation in military spending. Nevertheless, we believe that hope is still possible.

Behind this conference lies two years of negotiations and the sharing of plural thoughts. A journey together that is visible in the 2030 Agenda, expressing a global desire from businesses, countries, and entities to commit to good financing for development. This morning, over 11,000 accredited participants were present at the opening, thousands of organizations, hundreds of documents were produced, and during these days, many events like this one will take place both inside and outside FIBES, with a common goal and desire to work together to build sustainable development for all.

This is not a new problem, and unfortunately, it has reached scandalously unacceptable proportions. Debt, when managed prudently, is an important tool for financing investments in sustainable development. However, the current architecture of debt does not promote sustainable development, and we are facing a vicious cycle.

We ask for measures to ensure that debt and the burden it imposes on developing countries move from a vicious cycle to a virtuous circle that promotes sustainable development.

We do this with the belief that it is POSSIBLE.

The use of debt is often employed by governments to finance expenditures, protect, and invest in their populations, and pave the way for a better future. However, when public debt grows excessively and when its costs outweigh its benefits, it becomes a heavy burden. This is exactly what is happening today in the developing world. As UNCTAD points out, global public debt reached a historic high of $102 trillion in 2024. Although public debt in developing countries accounted for less than a third of the total ($31 trillion), it has grown twice as fast as in developed economies since 2010.

How is it possible that this enormous problem of External Debt has reached such dimensions?

We are facing a shared responsibility: on one hand, the governments of debtor countries contracted this debt with flawed criteria, seeking short-term profitability, and now, decades later, other governments must face repaying a debt they did not incur, often by borrowing again under unacceptable conditions. On the other hand, creditors provide financing with excessive financial conditions, knowing that repayment will be difficult, and when the situation becomes unsustainable, they refuse to offer help or debt relief. Creditors, largely private creditors, act like vulture funds, demanding repayment. Finally, international financial institutions' loan policies foster these behaviors on both sides, policies that repeatedly avoid both debt resolution and structural reform of the international financial architecture, which reproduces these crises while entire generations lose hope for development.

As a result, half of the Least Developed Countries in the world face a serious over-indebtedness situation, estimated at $9 trillion.

Consequently, these countries are forced to allocate many of their scarce resources to paying off debt interest. Low-income countries pay around $13 billion annually as debt service, and middle-income countries pay $1.3 trillion. Debt service has increased by more than 50% since 2015.

In 48 developing countries, more resources are allocated to debt payment than to ensuring basic rights for their populations. In fact, 3.3 billion people live in countries that spend more on debt service than on health, and 2.1 billion people live in countries that spend more on debt service than on education.

Moreover, in current negotiation mechanisms and multilateral institutions capable of proposing solutions, these countries are barely represented, being forced to accept asymmetric negotiations that directly affect development, welfare, and the dignified living conditions of their citizens.

However, we cannot resign ourselves to seeing so many populations trapped in a vicious cycle of poverty and debt, because behind all these figures are faces and human lives that will not be able to enjoy a full, dignified life as every human being deserves.

One of the agreements established in the final document of the Conference is to strengthen debt management, transparency in debt and borrowing, and responsible lending, which are essential to address the accumulation of public debt and increasing vulnerabilities. A working group will be established, together with the IMF and World Bank, to propose a consolidated set of voluntary guiding principles on sovereign lending and borrowing, as well as proposals for their implementation. From here, we urge that these guiding principles take into account the principles established by the Jubilee Commission. This Commission has developed feasible proposals that require the political will of states and institutions to achieve them.

- No net financial transfers from over-indebted countries to creditors. (Instruments)
- Implement deep and timely debt restructurings to ensure real sustainability. (Instruments)
- Avoid private rescues financed by multilateral institutions like the IMF. (Instruments)
- Promote strategic public investment in the long term, aimed at sustainable and just development. (Instruments)
- Create transparent and equitable international mechanisms for resolving sovereign debt crises. (Instruments)
- Promote a shift towards an international financial architecture that supports inclusive and sustainable development, aligned with the Sustainable Development Goals (SDGs). (Institutions)

Short-term measures can be taken, but not just in the short term—long-term measures are also essential to promote sustainable development. The solution to external debt does not lie, as indicated in the Jubilee document, in austerity policies, but in policies aimed at growth from the keys of sustainable development, and therefore in its three components: economic, environmental, and social. For this, it is essential to establish a debt architecture oriented to development that promotes responsible borrowing and lending, supports developing countries in reducing their capital costs and improving fiscal space, achieves efficient, fair, predictable, coordinated, timely, and orderly debt restructurings, and is based on greater transparency and reporting on debt, as well as on robust and transparent analysis of sovereign debt sustainability, which is crucial for the proper functioning and fair price-setting of debt markets.

If this conference fails to change the course of events, we will be facing a missed opportunity to correct one of the greatest injustices of the global financial system. Because the persistence of this debt will keep many countries trapped in a cycle of poverty and economic dependence, unable to invest in fundamental areas like education, health, infrastructure, or sustainable development.

This could have several serious consequences:

- **Perpetuation of poverty**: Resources allocated to debt service will continue to be a heavy burden, preventing countries from financing essential projects for the well-being of their populations. Social and economic inequalities could worsen, as the most vulnerable would be most affected by the lack of investment in their basic needs.

- **Increased political and social instability**: The lack of progress in debt resolution could create an atmosphere of frustration, protests, and social conflict in debtor countries. Popular discontent over persistent inequality and lack of opportunities could lead to increased political instability.
- **Greater concentration of wealth**: Instead of promoting equitable development, the economic system would continue to favor wealthier countries and large multinational corporations, while the poorest struggle to access essential resources. This could perpetuate the concentration of wealth and power in the hands of a few.
- **Impact on the SDGs**: The inability to cancel debt will severely impact developing countries' ability to achieve the Sustainable Development Goals, especially those related to eradicating poverty, providing quality education and health, and combating climate change.

In summary, if we do not advance in the cancellation of debt in poor countries, we will fail in our global responsibility to promote a fairer and more equitable world. The opportunity to correct these disparities and build a more inclusive future will diminish further, leading to severe consequences for both the poorest countries and the global community as a whole.

And we all have a responsibility. The United Nations can urge governments to commit, but we, as citizens, must demand that our governments fulfill it. We can and must do so.

The proposed transformation seeks to ensure that the global economy serves all people, especially the most vulnerable, by building a society based on fraternity, economic justice, and global solidarity.