Introduction

1. Debt Justice (formerly Jubilee Debt Campaign) is a UK charity working with partners around the world to end poverty caused by unjust debt through education, research and campaigning. Since being founded in 1996 we have played a key role in campaigning for debt relief, including on the Heavily Indebted Poor Countries (HIPC) initiative and Multilateral Debt Relief Initiative (MDRI) as well as the G20 Debt Service Suspension Initiative (DSSI) and G20 Common Framework. Below we address each of the subjects the Committee has asked for evidence on in relation to debt in low-income countries.

Summary

2. Debt levels in lower income countries are at the highest level since the early 2000s. Countries with high debts have already seen falling or stagnating public spending. Private lenders account for 42% of external debt payments by lower income country governments, with 33% to multilateral institutions and 25% to other governments.

3. These percentages are similar to the proportions at the start of the debt crisis of the 1980s and 1990s. In that crisis, private lenders were bailed out by new loans from the IMF and World Bank, incentivising them to keep lending recklessly. When the need for debt cancellation was finally accepted in the 2000s, the debt was primarily owed to public institutions, which therefore bore the cost. While debt cancellation in the 2000s successfully cut debt burdens and increased social spending, no mechanisms were created to prevent crises or make debt restructuring easier. The IMF concludes that today debt restructurings still take place too late and cut debt by too little.

4. At the start of the Covid pandemic the G20 created a debt service suspension scheme, but private and multilateral lenders were not included, so it suspended less than a quarter of debt payments for the countries which applied. This has now been replaced by the Common Framework for Debt Treatments which offers a broader debt restructuring. However, no new mechanisms have been created to increase the ability of debtor countries to make private lenders take part in debt restructuring.

5. The UK has significant responsibility for private lenders. For countries eligible for the Common Framework, the UK has the largest proportion of known private lenders of any country. And 90% of Common Framework country bonds are governed by English law. The UK could play a key role in improving systems for debt relief by passing legislation to make debt restructuring with private creditors easier, and by building on the IMF's lending into arrears policy to politically and financially support debtor countries to remain in default on any private lenders who do not accept a Common Framework debt restructuring. This is needed to both make the Common Framework work effectively, and to build trust with creditor governments such as China who have been scarred by participating in debt relief initiative while Western private lenders have not.

a) The current debt levels in low-income countries

6. External debt payments in low- and middle-income countries have increased 120% between 2010 and 2021 and are higher than at any point since 2001. Average government external debt payments were 14.3% of government revenue in 2021, up from 6.8% in 2010.[1]

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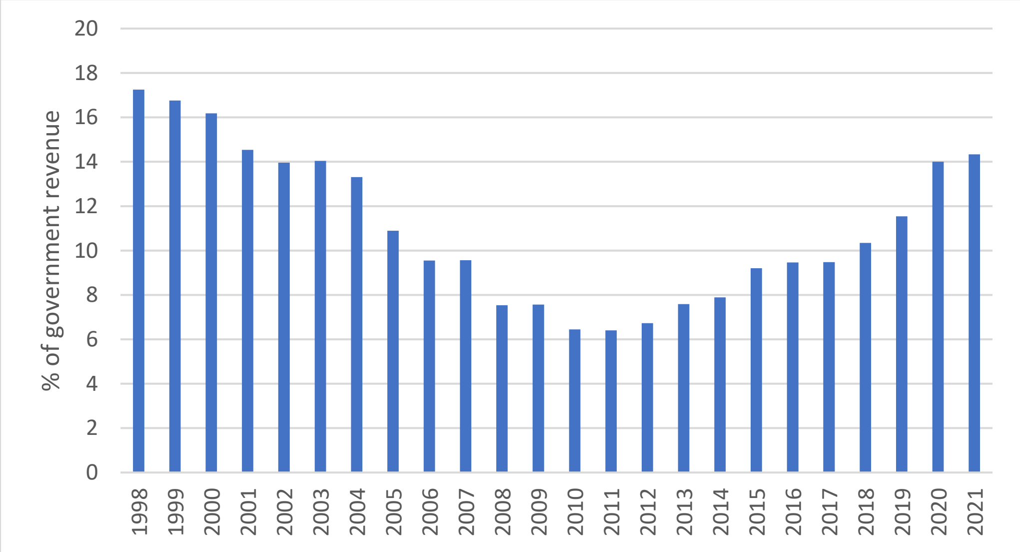
[1] The figures are calculated by Debt Justice from IMF and World Bank sources. https://jubileedebt.org.uk/press-release/growing-debt-crisis-to-worsen-with-interest-rate-rises

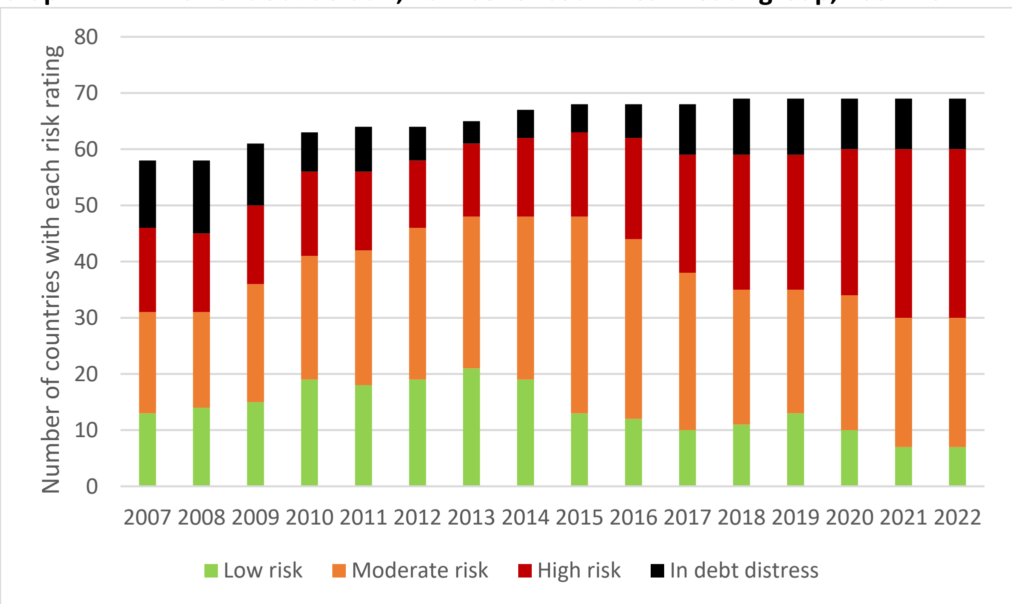
7. Debt payments as a proportion of government revenue are a much better guide to debt levels than debt as a percentage of GDP, as the latter takes no account of the interest rate on the debt, when debt payments are due to be made, how much tax revenue a government is collecting with which to pay the debt, who the debt is owed to and the currency the debt is owed in.

Graph 1. External government debt principal and interest payments as a percentage of government revenue, unweighted average for 126 low and middle income countries, 1998-2021[2]



8. The IMF assesses debt default risk for 69 low- and middle-income countries. Of these 69, nine are in debt distress, meaning they are in default on some external debt. Thirty are at high risk of debt distress, 23 moderate risk and just seven at low risk. In contrast, in 2013, four were in debt distress, 13 at high risk, 27 moderate risk and 21 low risk.

Graph 2. IMF risk of debt default, number of countries in each group, 2007-2022[3]



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[2] The figures are calculated by Debt Justice from IMF and World Bank sources. The average is an unweighted average, ie, all countries are counted the same, regardless of their size. https://jubileedebt.org.uk/press-release/growing-debt-crisis-to-worsen-with-interest-rate-rises

[3] The original source is multiple assessments by the IMF, but which are recorded by Debt Justice at https://data.debtjustice.org.uk/

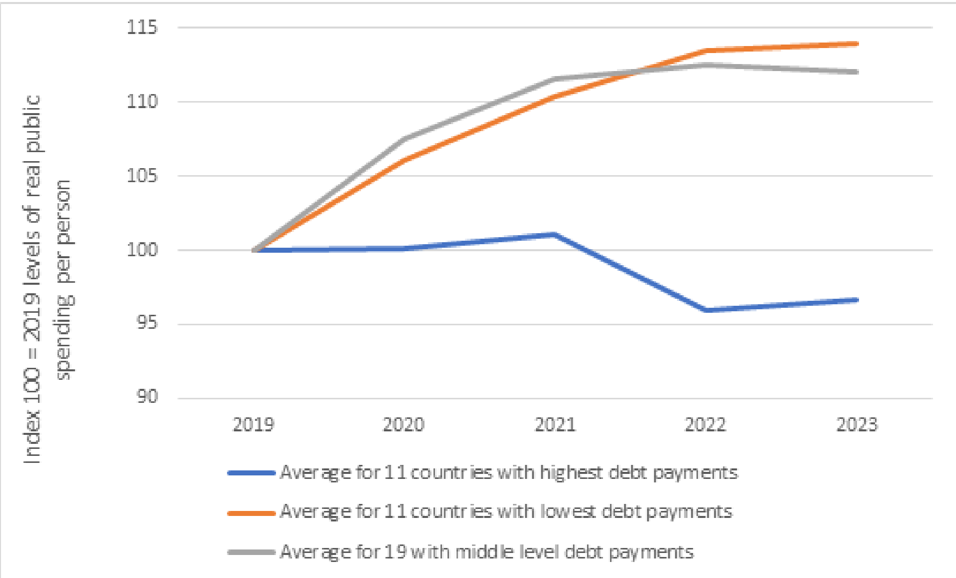
b) The impact on development of high levels of debt, including the ability of countries to respond to climate change and the pandemic

9. Increasing public spending is vital to reduce poverty, and to be able to respond to climate change and the pandemic. But high debt levels prevent spending in these crucial areas. Before the Covid pandemic began, 64 low- and middle-income countries (out of 121 with data) were spending more on external debt payments than public healthcare.[4] Debt Justice has estimated that lower income countries are spending five times more on debt payments than projects to protect people from the impacts of climate change.[5]

10. Research by Debt Justice in 2019 into 60 lower income countries with IMF data found that, of the 15 countries spending over 18% of revenue on debt payments, 14 saw real public spending per person fall between 2015 and 2018. On average, these 15 countries had cuts in public spending of 13% between 2015 and 2018. In contrast, for the 30 countries with the lowest debt payments, public spending increased by 14% between 2015 and 2018.

11. Our research in 2022 has found that this pattern has continued. For 40 countries with IMF data, of the quarter with the highest debt payments, public spending will fall by a further 3% between 2019 and 2023, compared to an increase of 14% for the countries with the lowest debt payments.

Graph 3. Index of change in real public spending per person between 2019 and 2023, grouped by level of debt payments



c) An examination of where low-income debt is concentrated, and who holds the debt

12. Of external debt payments by low-and lower middle-income countries between 2022 and 2028, 42% are to private lenders, 33% to multilateral institutions and 25% to other governments (11% China, 8% G7 governments, 6% others).

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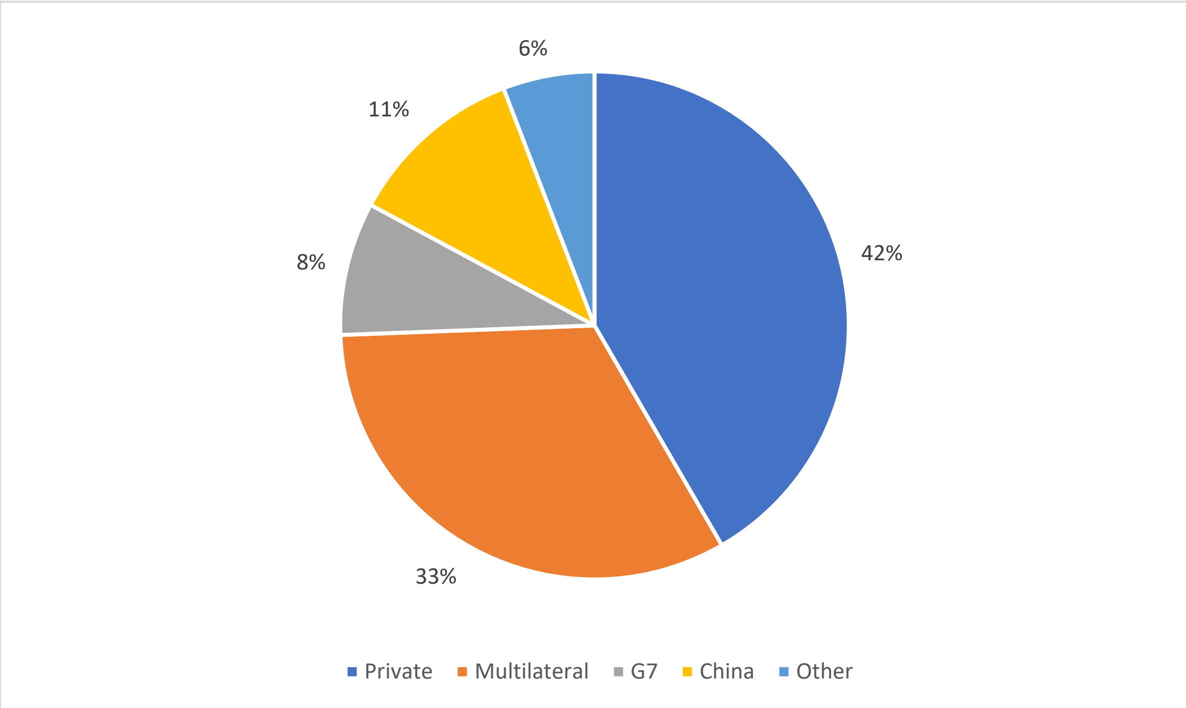
[4] https://www.theguardian.com/business/2020/apr/12/pressure-grows-for-developing-world-debt-relief-over-coronavirus
[5] https://jubileedebt.org.uk/wp-content/uploads/2021/10/Lower-income-countries-spending-on-adaptation_10.21.pdf

Graph 4. Low and lower middle income country external debt payments 2022-2028 by creditor group[6]



13. Of the private debt payments, 76% are bonds, 24% other forms of loans. For the low-and lower middle-income countries bond payments between 2022 and 2028, all are governed by English or New York law (51% are English law, 49% New York law).[7] Other private debts are also likely to be governed by English or New York law. For example, all of the loans disclosed through the International Institute for Finance and OECD's loan registry are governed by English or New York law.[8]

14. There is a lack of transparency over who the private lenders are. There is database, and are no regulatory rules, for disclosure of loans and claims by private lenders. Research by Eurodad has found that where information has been published, the asset manager BlackRock is the largest known holder of lower-income country bonds.[9]

15. Zambia is one of the first three countries to apply for the G20 Common Framework. BlackRock is the largest known holder of Zambia's bonds.[10] In September 2020 the Zambia External Bondholder Committee, with BlackRock as one of its members, refused Zambia's request to suspend debt payments under the G20 Debt Service Suspension Initiative.[11] In contrast,

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[6] Calculated by Debt Justice from World Bank International Debt Statistics database and IMF website.
[7] https://debtjustice.org.uk/wp-content/uploads/2022/05/G7-responsibility-for-debt-payments_Briefing_05.22-1.pdf
[8] https://data-explorer.oecd.org/vis?lc=en&df[ds]=DisseminateFinalDMZ&df[id]=DSD_DEBT_TRANS_COLL%40DF_MICRO&df[ag]=OECD.DAF&df[vs]=1.0&av=true&pd=2020%2C2021&dq=.......&ly[rw]=DD_ID%2CREF_AREA%2CRECIPIENT_TYPE%2CTIME_PERIOD%2CFIN_TYPE%2CCURRENCY%2CINTEREST_RATE%2CINTEREST_RATE_TYPE%2CCLAIM_RANK
[9] https://assets.nationbuilder.com/eurodad/pages/2307/attachments/original/1621949568/sovereign-bond-report-FINAL.pdf?1621949568
[10] https://debtjustice.org.uk/press-release/blackrock-could-make-110-profit-out-of-zambias-debt-crisis
[11] Newstate Partners LLP. Zambia External Bondholder Committee: Response to Consent Solicitation Request/Default on US Dollar Bonds due 2024. 16/11/20. DebtWire has reported that BlackRock is one of the members of the Committee https://www.mergermarket.com/assets/Zambia%20Sovereign%20Report%20-%20FY19.pdf

government lenders agreed to Zambia's request and suspended $600 million of debt payments in 2020 and 2021. $470 million of debt payments suspended were to China.[12]

16. Debt Justice estimates that BlackRock could make 110% profit from its trading of Zambian bonds, if paid in full. This is because BlackRock bought the bonds on the market at a low price because of Zambia's inability to pay, and the average interest rate on its bonds is 8.1%.[13] Debt Justice and the Zambian Civil Society Debt Alliance have written to BlackRock several times in 2022 to discuss their approach to Zambia's debt restructuring negotiations, without response. We have calculated that Zambia needs 66% of its private and bilateral debt cancelled, and all interest payments, for the debt to be classed as sustainable under IMF rules.[14]

d) Lessons learned from previous debt-relief initiatives such as the Highly Indebted Poor County (HIPC) Initiative, Multi-lateral Debt Relief Initiative (MDRI) and Debt Service Suspension Initiative (DSSI);

17. The HIPC and MDRI initiatives were introduced in the late 1990s and 2000s as a response to the debt crisis that overwhelmed many countries in the 1980s and 1990s. The initial response to the crisis in the 1980s and 1990s was for multilateral institutions to lend more money which enabled the debts to keep being paid, and effectively bailed out previous lenders.

18. For countries eligible for the HIPC initiative, between 1980 and 1984, 48% of their external debt payments were to private lenders, 30% to multilateral institutions and 22% other governments. By 1996-2000 this had changed to 10% to private lenders, 59% to multilateral institutions and 31% to other governments.[15] When debt cancellation was finally agreed through the HIPC and MDRI initiatives in the 2000s, it was public lenders who paid the costs, while private lenders had been bailed out.

19. Without early debt cancellation, the crisis dragged on for two decades, with severe humanitarian and development impacts. By bailing out the original lenders, rather than making them cancel debts, the costs of debt cancellation fell on public institutions rather than private lenders. This was both an unfair and unnecessary use of resources, and encouraged private lenders to lend recklessly again, because it created the expectation they would be bailed out. Today, debt payments for the countries which were eligible for HIPC are again primarily to private lenders (around 50%) with 20-30% of their payments to multilateral institutions and other governments respectively.

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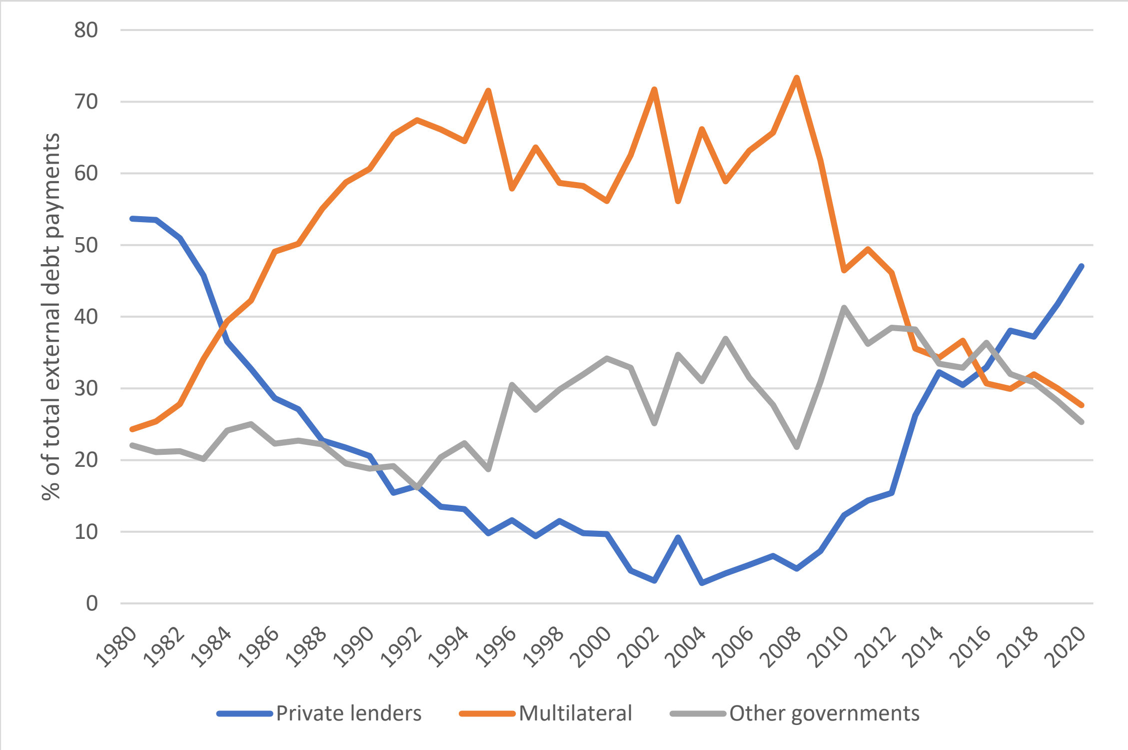
[12] https://jubileedebt.org.uk/wp-content/uploads/2021/10/How-the-G20-debt-suspension-initiative-benefits-private-lenders_10.21.pdf
[13] https://debtjustice.org.uk/press-release/blackrock-could-make-110-profit-out-of-zambias-debt-crisis
[14] https://www.bloomberg.com/news/articles/2022-02-04/zambia-s-creditors-should-cancel-two-thirds-of-debt-groups-say
[15] Calculated by Debt Justice from World Bank International Debt Statistics database.

Graph 5. External debt payments for HIPC countries by creditor grouping, 1980-2020[16]

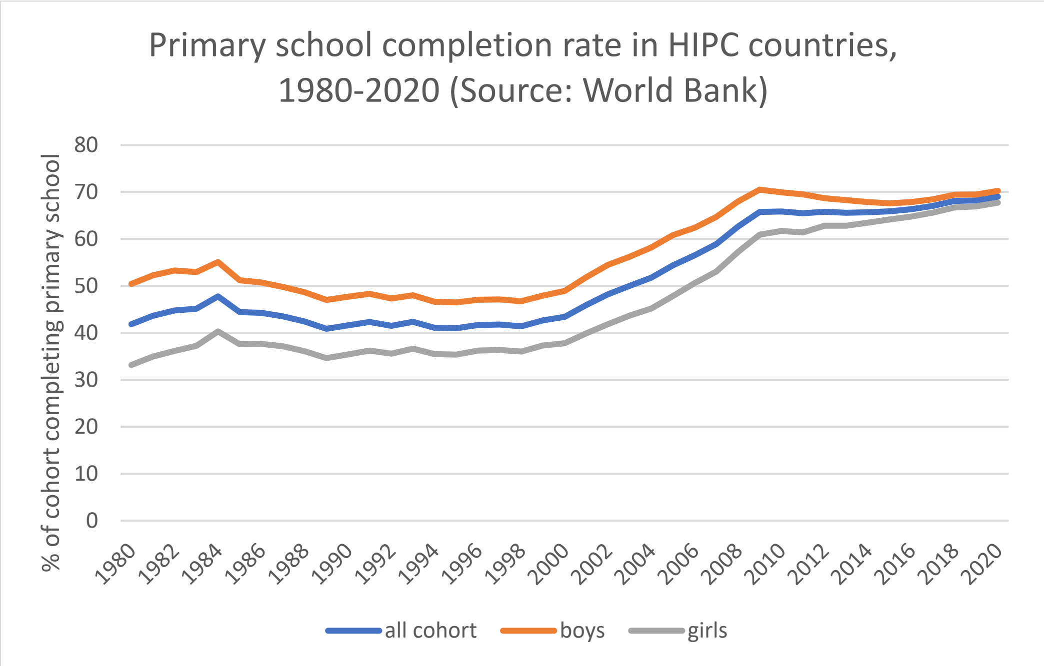


20. Through HIPC and MDRI, around $130 billion of debt was cancelled for 36 countries.[17] In the years immediately following debt cancellation, those countries saw significant increases in public spending on social services, and tangible improvements in those services. According to the IMF and World Bank, "poverty reducing" expenditure increased by around 40% in the years after countries benefitted from debt relief through HIPC and MDRI.[18]

21. In HIPC countries, primary school completion rates fell at the start of the debt crisis in the 1980s, and then stagnated through the 1990s. During the period of debt cancellation in the 2000s they rose, with the gap between girls and boys narrowing. In the 2010s the gap has continued to narrow, but overall completion rates have stagnated.

[16] Calculated by Debt Justice from World Bank International Debt Statistics database.
[17] Somalia and Sudan may also still complete the initiatives.
[18] https://www.imf.org/en/Publications/Policy-Papers/Issues/2019/08/06/Heavily-Indebted-Poor-Countries-HIPC-Initiative-and-Multilateral-Debt-Relief-Initiative-MDRI-48566

Graph 6. Primary school completion rate, average for HIPC countries, 1980-2020[19]



22. Overall HIPC and MDRI were a success in bringing down debt payments, increasing social spending and improving social outcomes. But the schemes made no attempt to prevent future crises.

23. One further issue with HIPC and MDRI was that they did not include any mechanism to compel private creditors to take part in the debt cancellation, in particular 'vulture funds' which specialise in buying defaulted debt at low prices, then pursuing aggressive legal strategies to seek repayment in full. Zambia and Liberia were sued by vulture funds in the UK Courts in the 2000s.

24. Parliament passed the Debt Relief (Developing Countries) Act in 2010 in response. The Act was initially trialled for one year, then made permanent by the coalition government in 2011. The Act prevented any creditor from using UK Courts or English law to sue for more than they would have received if they had taken part in the HIPC debt relief process. It therefore effectively enforced HIPC debt relief on all debt governed by English law. The government estimated it saved HIPC countries £145 million.[20] The Act showed it is possible to make private lenders take part in internationally agreed debt relief.

25. At the start of the Covid pandemic, the G20 agreed the Debt Service Suspension Initiative (DSSI). Under the DSSI G20 governments offered to suspend debt payments for 73 eligible countries. They also said that: *"Private creditors will be called upon publicly to participate in the initiative on comparable terms."* They also asked *"multilateral development banks to further explore the options for the suspension of debt service payments over the suspension period"*.[21]

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[19] Calculated by Debt Justice from World Bank World Development Indicators database.
[20] https://www.gov.uk/government/news/government-acts-to-halt-profiteering-on-third-world-debt-within-the-uk#:~:text=In%20April%202010%2C%20the%20UK,Poor%20Countries%20(HIPC)%20Initiative.
[21] http://www.g20.utoronto.ca/2020/2020-g20-finance-0415.html

26. However, neither private or multilateral lenders offered a suspension of debt payments, and G20 governments took no measures to make a suspension happen. Therefore, it became a scheme purely to suspend debt payments to other governments, which then come due to be paid with accrued interest later in the 2020s. The suspension ended at the end of 2021.

27. 46 of the 73 eligible countries applied for the suspension. On average these 46 countries had just 23% of their external debt payments suspended during the pandemic.[22] This is because the 46 countries still paid $14.9 billion to private lenders and $10.4 billion to multilateral institutions. $12.9 billion of debt payments were suspended to governments,[23] with at least $5.7 billion of these payments to China.[24]

28. The DSSI shows that rapid action on debt is possible, but that failure to include all creditors in debt relief makes its impact limited. Furthermore, we have been told by multiple sources (under Chatham House Rules) that the DSSI has led to a loss of trust by China in the West's willingness to deliver on debt relief. China fears taking further action in case it again provides debt relief, but Western private lenders, and multilateral institutions, do not.

e) The relative merits of debt cancellations compared with debt relief;

29. Debt cancellation and debt relief are on the same sliding scale of interventions. Debt relief can include cancelling debt, but also just changing interest rates or the time a debt is to be paid over. The crucial issue is whether the process of debt relief, restructuring or cancellation leads to debts becoming sustainable, measured by whether a country can meet the basic needs of its population, whether economic recovery occurs, and whether it prevents repeated defaults and restructurings.

30. However, the tendency is for creditors to agree the bare minimum of debt relief in restructurings to enable the debt to start being repaid, leaving a country at risk of a stagnating economy and public services and needing to restructure debt again in the future. As the IMF has said: *"debt restructurings have often been too little and too late, thus failing to re-establish debt sustainability and market access in a durable way"*.[25]

31. A 2018 review by the IMF found that in high debt countries where there was a restructuring as part of an IMF programme, 45% were successful, 40% partially successful and 15% unsuccessful. In contrast, in programmes in high debt countries without a restructuring, just 5% were successful, 45% partially successful and 50% unsuccessful.[26]

32. Furthermore, if debt restructurings are large enough, they are the way to be able to borrow from private markets again. As Scope Ratings has said: *"If an economy's debt sustainability is adequately enhanced via public and private sector debt relief, this could support stronger market access and lower borrowing rates longer term and, with this, potentially a stronger credit rating long term."*[27]

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[22] https://debtjustice.org.uk/press-release/g20-initiative-leads-to-less-than-a-quarter-of-debt-payments-being-suspended
[23] https://g20.org/wp-content/uploads/2022/02/G20-FMCBG-Communique-Jakarta-17-18-February-2022.pdf
[24] https://debtjustice.org.uk/press-release/g20-initiative-leads-to-less-than-a-quarter-of-debt-payments-being-suspended
[25] IMF. (2013). SOVEREIGN DEBT RESTRUCTURING—RECENT DEVELOPMENTS AND IMPLICATIONS FOR THE FUND'S LEGAL AND POLICY FRAMEWORK. https://www.imf.org/external/np/pp/eng/2013/042613.pdf
[26] https://www.imf.org/~/media/Files/Publications/PP/2019/PPEA2019012.ashx.
[27] https://www.scoperatings.com/ScopeRatingsApi/api/downloadstudy?id=d89d0b31-d96a-4cfb-a7a7-6558e499080d

f) The criteria used to determine eligibility for debt relief schemes, and whether this should be expanded to, for example, middle-income countries;

33. Of the 73 countries eligible for the G20 DSSI and Common Framework, 23 are low-income, 38 lower middle-income and 12 upper middle-income. Eligibility is based on whether countries are eligible to borrow at lower interest rates from the IMF's Poverty Reduction and Growth Trust (PRGT) and the World Bank's International Development Association (IDA).[28]

34. The Common Framework is of potential use to any country with external debt payment difficulties, but in practice cannot be used by countries with sustainable debts; applying would not lead to any debt being restructured.

35. Several ineligible middle-income countries in or at risk of default could benefit from the Common Framework. These include Lebanon, Sri Lanka and Suriname, all currently in default, and El Salvador, Egypt, Tunisia and Ukraine, all of whose bonds are trading at low prices indicating risk of default and that private external lenders are not willing to lend more.[29] Many of the countries that need debt restructuring are therefore excluded from the international process which may be able to provide one.

36. Furthermore, expansion of Common Framework eligibility should not stop at middle-income countries. To be classed as a high-income country by the World Bank requires a GDP per person of just £10,000 a year ($12,696). There are several countries in this grouping whose incomes are not high compared to the UK and are vulnerable to multiple challenges. For instance, small island states including Antigua and Barbuda, the Bahamas and Barbados have some of the highest debt levels globally and are particularly vulnerable both to the impacts of the pandemic (e.g. through lost tourism) and climate change (e.g. increased strength of tropical storms).

g) The implementation of the Common Framework for Debt Treatment;

37. The Common Framework was agreed in November 2020. The same list of 73 countries are eligible for it as the DSSI. Three countries applied for a debt restructuring using the Common Framework in early 2021, but none have had any debt restructured yet (Chad, Ethiopia and Zambia).

38. Under the Common Framework, when a country applies for a debt restructuring the IMF conducts a Debt Sustainability Analysis to assess how much debt needs to be cancelled to make it sustainable. The IMF does not have a clear definition of sustainable debt. Civil society organisations have previously argued that restructuring should reduce a country's IMF evaluated debt risk to "moderate" with space to absorb shocks.[30] In practise, the IMF has now said this for Ethiopia and Chad's restructurings. It should continue to do so for Zambia and future restructurings.

39. The debtor country then seeks to negotiate the necessary debt restructuring from its bilateral and private creditors. Multilateral lenders are excluded. The G20 have stated that private creditors should provide debt relief on at least the same terms as bilateral creditors, known as comparability of treatment. However, the Common Framework does not provide any new mechanism to require private creditors to cancel debt on the same terms as bilateral lenders.

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[28] https://www.imf.org/-/media/Files/Publications/PP/2020/English/PPEA2020016.ashx
[29] https://debtjustice.org.uk/wp-content/uploads/2022/05/G7-responsibility-for-debt-payments_Briefing_05.22-1.pdf
[30] https://jubileedebt.org.uk/wp-content/uploads/2019/10/IMF-policy-on-debt-restructurings_English_10.19-1.pdf

40. If any creditors refuse the restructuring, there is a risk that creditors who are willing agree the restructuring deal, while the recalcitrant creditors get paid in full. This would break the commitment to comparability of treatment, meaning that willing creditors are effectively bailing out recalcitrant creditors. It would likely lead to less debt restructuring than needed, leaving debt as a burden holding back recovery in the country concerned, while risking further restructurings being needed in the future.

41. Alternatively, there is a risk that willing creditors do not finalise the restructuring deal because of the refusal of recalcitrant creditors. This leaves the debtor stuck, not being able to finalise a restructuring deal with anyone. It may mean the process drags on for years, preventing recovery. Or it may mean the debtor agrees a smaller level of restructuring than needed, again holding back recovery, and risking the need for further restructurings in the future.

42. The IMF has a lending into arrears policy which could address these problems. Under the policy, if private lenders refuse a restructuring which would reduce the debt to sustainable in line with an IMF assessment, then the IMF can still lend to the debtor, so long as they default on the recalcitrant creditors. This gives debtors greater power in restructuring negotiations because it gives them political and financial support not to pay creditors who are unwilling to agree the level of restructuring needed. The G20 and IMF could build on the IMF's lending into arrears policy by clarifying that the Common Framework process will be:
    a) The IMF Debt Sustainability Analysis says how much debt restructuring is needed to reduce the debt risk to at least moderate, with space to absorb shocks
    b) The debtor seeks to negotiate this level of restructuring with all its bilateral and private creditors
    c) If any creditors do not agree to the restructuring, willing creditors should still implement the restructuring, and the IMF should agree any loan programme, but only if the debtor agrees to default (or remain in default) on recalcitrant creditors until they agree to the restructuring deal
    d) The IMF and willing creditors publicly make it clear that the reason for the default is the unwillingness of recalcitrant creditors to agree a necessary debt restructuring, and that the debtor negotiated in good faith

43. If the IMF and G20 agreed to this process publicly, it would mean that all creditors would be more likely to agree the necessary restructuring in the first place. By making it clear that the consequence for them of not agreeing a deal is default, and a default which can be sustained because the debtor is getting financial and political support from elsewhere, it would mean they are more likely to agree the deal in the first place. Adopting the policy as set out above would make the restructuring process quicker and extended defaults less likely.

h) What role the UK Government could and should play in low-income debt relief – both through bilateral and multi-lateral initiatives; and role of the private sector in low-income debt relief, the role of the City of London and UK financial system, and how private debt holders can be incentivised to participate in debt relief programmes.

44. The UK has a key role in improving the systems for debt relief. The UK is the home of the greatest number of private lenders. For countries eligible for the Common Framework, of private external loans where the World Bank has information, 30% of the loans are owed to lenders based in the UK, 18% to lenders in China, and 7% to lenders in the US.[31]

[31] https://www.theguardian.com/world/2021/feb/21/uk-urged-take-lead-easing-debt-crisis-developing-countries-g7

45. Most importantly, around half of international private debt contracts (with public information) are governed by English law. Furthermore, 90% of bonds of countries eligible for the Common Framework are governed by English law.[32] Through the Debt Relief (Developing Countries) Act 2010, the UK has past experience at using legislation to ensure private lenders comply with internationally agreed debt relief.

46. The UK should pass legislation to close loopholes so that private lenders are incentivised to take part in debt relief. Two possible legislative options are:

47. a) Replicate the UK Debt Relief (Developing Countries) Act by stating that no creditor can sue for more than they would have got if they had taken part in the Common Framework for debt restructuring, or any other internationally agreed debt restructuring the UK government is party to, for instance all restructurings agreed by the Paris Club.

48. b) Make a debt restructuring binding on all private creditors if agreed by 66% of them or more. It would ensure that, when at least two thirds of private creditors vote to agree to a restructuring, it would be binding on the minority who voted against, as is the case in corporate debt renegotiations.

49. The other relevant legal jurisdiction is New York. The New York State Assembly is currently considering legislation along the lines of both a) [33] and b)[34] above. The UK parliament should work with the New York State Assembly on legislation to ensure efforts are complementary and to reassure both sides that the other will take action.

50. The IMF and World Bank have both called on the UK to pass legislation to make debt restructuring with private creditors easier. In April 2022, Managing Director of the IMF Kristalina Georgieva said: *"We also are pressing for some of the changes, legal changes that need to happen in New York, in London, to close loopholes for vulture funds and others to prevent debt resolution."*[35] Previously David Malpass, President of the World Bank, has said: *"Given the depth of the pandemic, I believe we need to move with urgency to provide a meaningful reduction in the stock of debt for countries in debt distress. Under the current system, however, each country, no matter how poor, may have to fight it out with each creditor. Creditors are usually better financed with the highest paid lawyers representing them, often in U.S. and UK courts that make debt restructurings difficult. It is surely possible that these countries—two of the biggest contributors to development—can do more to reconcile their public policies toward the poorest countries and their laws protecting the rights of creditors to demand repayments from these countries."*[36]

51. The UK can also publicly support debtors to remain in default on any creditors who refuse to accept a Common Framework debt restructuring, as outlined in section g) above, and push for the IMF and G20 to take the same approach.

52. Private lenders must be incentivised to take part in debt restructuring to ensure that:

- debt relief achieves the aim of reducing debt to a sustainable level

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32 https://debtjustice.org.uk/press-release/g20-debt-suspension-request-90-of-bonds-governed-by-english-law

33 https://www.jubileeusa.org/new_york_taxpayer_and_international_debt_crises_protection_act?utm_campaign=pr_ny_bill&utm_medium=email&utm_source=jubileeusa

34 https://www.nysenate.gov/legislation/bills/2021/S6627

35 https://www.imf.org/en/News/Articles/2022/04/21/tr220421-transcript-of-the-imfc-press-briefing

36 https://www.worldbank.org/en/news/speech/2020/10/05/reversing-the-inequality-pandemic-speech-by-world-bank-group-president-david-malpass

- private lenders are not bailed out, so as to make lenders more responsible in the future
- trust is built with China so that it does not fear it will again provide debt relief but Western lenders do not