

10 April 2020

OPEN LETTER TO FINANCE MINISTERS

Global business, workers and civil society unite in call for emergency debt relief to enable developing countries to combat the COVID-19 pandemic

Dear Finance Ministers,

We are writing to you on behalf of the International Chamber of Commerce (**ICC**), the institutional representative of over 45 million businesses, the International Trade Union Confederation (**ITUC**), the global voice of the world's working people, and Global Citizen, a movement of engaged citizens who use their collective voice to end extreme poverty by 2030.

The novel coronavirus (**COVID-19**) is unsparing in its harmful effects across the globe. Yet its economic impacts will fall hardest on those least able to shoulder them. For many borrower countries in the International Development Association (**IDA**), the funds required to effectively combat COVID-19 far exceed the resources available to them—even in normal economic conditions. This situation has, of course, been significantly exacerbated by the economic downturn presaged by COVID-19 which has resulted in rapid capital flight, plummeting foreign direct investment flows and significant currency depreciations in all IDA countries.

The net result of this is that many developing countries now face an impossible choice: continue servicing international debt obligations or take the necessary steps to safeguard their citizens from the health and economic ravages of COVID-19.

No government should be forced into making such an illogical trade-off. Without urgent action, we see a fundamental risk that a series of debt defaults will further exacerbate the unprecedented economic downturn already unfolding before us and deliver a fatal blow to the achievement of the Sustainable Development Goals. Moreover, in combatting a virus that—by its very nature—knows no borders, it is imperative that all countries have the necessary resources to eradicate the spread of COVID-19.

In this context, we are writing to urge you to use next week's Spring Meetings of the World Bank Group and International Monetary Fund to take international debt out of the equation in the fight against COVID-19. As part of a broader package of measures to ensure that all governments have the necessary resourcing to protect the lives and livelihoods of their citizens, we call on you—at a minimum—to:

1. Provide immediate relief from debt service obligations

No country should have to choose between servicing sovereign debt repayments or paying nurses and purchasing ventilators, and multilateral response financing should not be diluted by payments to official and private creditors. As such, we lend our collective

voice to the World Bank Group and International Monetary Fund call on all official bilateral creditors to immediately suspend debt payments from IDA countries requesting forbearance, and ask that no interest accrual accompany suspension. We encourage the Spring Meetings to coordinate emergency action on debt including standstills, and a roadmap to systematic and comprehensive debt relief to enable recovery from COVID-19 and achievement of the Sustainable Development Goals.

2. Fund the Catastrophe Containment Relief Trust

The Catastrophe Containment and Relief Trust (**CCRT**) allows the IMF to provide grants for debt relief for the poorest and most vulnerable countries hit by public health disasters. It is essential in freeing up resources of the lowest-income countries to adequately prepare for COVID-19 and respond to its effects. The CCRT is an indispensable part of the multilateral response to the current crises.

In this respect, we applaud the recent commitment of the United Kingdom to contribute an additional £150 million to the CCRT. We call on all donor countries to follow the UK's leadership and immediately scale up funding for the CCRT.

We are concerned that a failure to immediately address the debt and financing needs of developing countries during this unprecedented crisis will result in largescale loss of lives and livelihoods—potentially resulting in a fundamental collapse of social and economic systems. As representatives of the world's workers, businesses and civil society, we cannot let this happen.

We await your urgent action.

Yours faithfully



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ICC



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