R18 Restructuring foreign debt

Proposer: Partido Verde Argentina

Resolution text

The Global Greens support the restructuring of the foreign debt of developing countries, based not only on financial criteria, but also considering climate and environmental imperatives.

The Global Greens acknowledge that restructuring of foreign debt will enable developing countries to invest in addressing the climate crisis and protecting nature in line with the Paris Agreement and the 2030 Agenda.

The Global Green acknowledge that:

- For many developing countries, their debt burden provides an overwhelming barrier to addressing climate change.
- Developing countries are among the most vulnerable to climate change.
- Reconversion of foreign debt (also called 'debt-for-climate swaps') can help developing countries take climate action.
- Debts can be 'bought back' in local currency and reinvested in climate protection.
- Debt-for-climate swaps allow debtor countries to make payments in local currency for climate projects, instead of continuing to make external payments on outstanding loans in 'hard' currency (money issued by a politically and economically stable nation).
- This means debtor countries can reduce their foreign debt without drawing down scarce foreign reserves.

The Global Greens advance that the benefits of the restructuring of foreign debt could include:

- Support for forest conservation and protection of other carbon sinks.
- Boosting clean and efficient energy.
- Reducing short-lived climate pollutants.
- Cleaning up air pollution.

The Global Greens acknowledge the following potential additional benefits:

- Revenue generated by debt-for-climate swaps projects can be used to buy and install climate-friendly technologies.
- Debt-for-climate swaps projects also provide valuable information that can enable environmental legislation, including a moratorium on deforestation permits and recognising indigenous people's territories.

The Global Greens resolve that the restructuring of foreign debt should be scaled up to meet the rapidly increasing costs of both global debt and climate impacts.