FEMINIST ACTION NEXUS
for Economic and Climate Justice

Unpacking the Bridgetown Initiative: A Systemic Feminist Analysis & Critique

WHAT IS THE BRIDGETOWN INITIATIVE AND WHERE DID IT COME FROM?

Ahead of COP27, the Prime Minister of Barbados, Mia Mottley, announced the Bridgetown Initiative, a political agenda for reform of the global financial architecture and development finance in the context of three intersecting global crises (debt, climate, and inflation). The Bridgetown Initiative proposes the creation of new instruments and reform of existing institutions to finance climate resilience and the Sustainable Development Goals (SDGs). Avinash Persaud, advisor to PM Mottley and lead proponent of the Bridgetown agenda, suggests several overarching mechanisms to make funding available:

- increasing **liquidity** (via Special Drawing Rights - SDRs);
- increasing **lending** (primarily through the MDBs);
- increasing **private sector investment** for “green transformation”;
- **IFI reform**; and
- other structural shifts in macroeconomic governance including around tax, trade, IDA, etc.

The Bridgetown agenda also pushes for the inclusion of **disaster and pandemic clauses** in all loans issued by major lenders, to ensure automatic debt suspension in the event of climate or other major disruptions.

HOW HAS THE BRIDGETOWN AGENDA EVOLVED?

In the months since its initial presentation, several updates to "Bridgetown" have emerged, including an **unofficial document** circulated during the World Bank/IMF Spring meetings and then **an overview** presented by PM Mottley at the UN in April 2023. As "**Bridgetown 2.0**" has yet to be published (at the time of writing - early May 2023" with "at the time of publication - mid-June 2023), the specifics of the proposals seem to be evolving, and unfortunately, becoming less progressive.

The original Bridgetown Initiative published in 2022 proposed increases in emergency liquidity, an additional $1 trillion in multilateral lending, and private investment in climate resilience backed by MDB lending and/or Special Drawing Rights. Bridgetown 1.0 called for the suspension of interest surcharges, the re-channeling of at least $100 billion in SDRs plus an additional issuance of $650 billion, and the operationalisation of the IMF's Resilience and Sustainability Trust (RST). (Barbados has since been one of the first countries to **reach agreement on an RST loan**, and **concerns have been raised** regarding the private sector orientation of the RST and its reliance on a model of public debt for private sector profit.)

These proposals, primarily directed at the IMF, were accompanied by calls to the World Bank and other MDBs to scale up their concessional lending (using all available "headroom") to enable countries to fund development and climate action. Bridgetown also called for new multilateral mechanisms to provide financing for countries in the immediate aftermath of disasters and to "accelerate private sector investment in the low carbon transition," on a project basis rather than by country.

The updated agenda announced by Mottley and Persaud at the UN in late April drops the proposal for an additional SDRs issuance, and halves the amount of MDB lending proposed ($500 billion rather than $1 trillion) in line with the UN Secretary-General's proposal of an **SDG Stimulus**. Emphasizing the private sector even more than the first iteration, Bridgetown 2.0 calls for $1.5 trillion in private investment "in the green transformation." Many of the more progressive proposals from the internal document shared before this announcement have been dropped: IDA replenishment, emissions and corporate taxes, and surcharge suspension. Importantly, where the unofficial document mentions debt cancellation, Mottley's UN announcement instead refers to debt sustainability and restructuring, "with long-term low interest rates."

According to Reuters (26 May 2023), a new elaboration of Bridgetown 2.0 has been shared with governments ahead of the Paris Summit for a New Global Financial Pact, though not yet published. This latest version includes a proposal of $100 billion in foreign exchange guarantees, to "cut the excessive macro-risk premia" on investments in more volatile currencies. This is in line with the proposal outlined by Avinash Persaud in the unofficial document shared in April during the World Bank/IMF Spring meetings, which called for the creation of a Just Green Investment-Financing Investment Trust (JGT-FIT) through currency hedging for long-term investments.

As the Bridgetown Initiative continues to be rehashed in private discussions and global policy spaces, it's likely that its orientation will continue to shift to become more palatable for Global North power brokers. The opening created by the leadership and moral authority of Prime Minister Mottley risks being narrowed into a private sector agenda that easily fits into dominant discourses at the World Bank and IMF, as well as individual initiatives outside the scope of the multilateral agenda, as outlined below.[1]

WHAT GLOBAL MULTILATERAL PROCESSES ARE BEING INFLUENCED BY THE BRIDGETOWN INITIATIVE?

Summit for a New Global Financial Pact, Paris, June 22-23: French President Emmanuel Macron sees Bridgetown initiative as a way of anchoring his pledge for greater "solidarity with the Global South." India, as current G20 president, and France will be co-hosting the Summit, together with a steering committee including the UN, the Bretton Woods Institutions, and other governments including the U.S. and Barbados. The Summit will address four main objectives (echoing Bridgetown) through four working groups composed primarily of Global North governments and other creditors: increasing fiscal space, especially of the most indebted countries; fostering private sector development in LICs; green energy transition; and innovative financing for climate-vulnerable countries. Several of Bridgetown's proposals are likely to receive airtime in both the Summit discussion and its outcome (the "new global financial pact") through specific tracks on "Innovating with instruments and financing" in the context of climate vulnerability and on "Creating a conducive environment for the private sector".

1 Mariama Williams, respected expert on development and climate based in Jamaica, worries that "by the time we get to the final [verison of Bridgetown], it will be so watered down that the transformative element will hardly be there—but countries [won't be able to] walk away from it, because it was presented by Barbados." From her remarks during the Eurodad webinar of 23 May, "**Rebranding or reshaping the global financial architecture? MDBs reform, Bridgetown Initiative and the New Global Financial Pact**."

World Bank/ IMF Annual Meetings in Marrakech, October 9-15:

During both the spring meetings this past April and the upcoming annuals, civil society and governments are engaging with the proposals outlined in the Bridgetown agenda and in similar broad-scale proposals like the V20's "Accra to Marrakesh Agenda" (launched in April 2023) within the context of ongoing pushes for reform of the international financial architecture. The World Bank's Evolution Roadmap process emphasizes de-risking in a similar approach to Bridgetown's, reducing the role of the state to facilitating, or "escorting,"[2] more lending for development and climate action.[3] As Jean Saldanha explained in a recent Eurodad webinar on Bridgetown, the "problematic singular focus on private finance" shared by both ongoing discussions in the Bretton Woods Institutions and the Bridgetown Initiative has led to concerns among the economic justice movement that follows these discussions in detail.

UNFCCC Conference of the Parties (COP28) under the presidency of the United Arab Emirates (UAE), November 30 - December 12:

COP28 will advance discussions on securing financing for the new loss and damage fund as well as broader considerations of the relevance of economic and gender justice to the climate policy arena (particularly through the framing of just transition). Analysis by Liane Schalatek among others raises the concern that Bridgetown distracts from hard-won principles in the climate finance space such as common but differentiated responsibilities and respective capabilities, and polluter pays. In particular, Liane warns that Bridgetown and the New Global Financial Pact are "accelerating a trend of the 'Wall Streetification' of the UNFCCC climate finance discourse," with increasing attention to financing tools and instruments, asset classes, and leveraging, thereby adding to the profits of Global North-based financial institutions. By imagining new ways for the MDBs to provide climate finance (through lending), Bridgetown also contributes to displacing the responsibility for climate finance away from the UNFCCC funds, which are governed at least in principle by both North and South countries and include scope for grants in addition to loans.[4]

The details of how these processes will be influenced by Bridgetown will unfold over the next few months and beyond, representing an important arena for feminist intervention.

2 This term is used by Professor Daniela Gabor, UWE Bristol, in her discussion of how the Washington Consensus has become a "Wall Street Consensus," with implications for debt creation, privatization, and a misplaced focus on institutional investment for development. See her remarks during the Eurodad webinar mentioned in footnote 1.

3 Bhumika Muchhala of Third World Network expands on this analysis in her recent remarks to the UN High Level Dialogue on Financing for Development (22 May 2023): "However, the World Bank's Evolution Roadmap, published last month in April 2023, reinforces a 'private turn' in its financing approach. This means a central focus on incentivizing private investors through a pipeline of bankable projects and assets with green or sustainability credibility; where incentivizing entails a transfer of risks from the private sector and onto state and citizens. What about the plethora of risks to social equality, the resilience of public systems, climate justice, policy space for structural transformation, and state accountability to citizens?"

4 See webinar mentioned in footnote 1 above.

WHAT OPPORTUNITIES DOES BRIDGETOWN PRESENT, FROM A SYSTEMIC FEMINIST LENS?

Bridgetown outlines broadscale proposals for systemic reform, with significant implications for both the climate and development landscapes. As a Global South, small island state led agenda that speaks the language of the IFIs, the initiative has opened space for debate about our global economic and financial governance in the context of the climate emergency—and an acknowledgement that major systemic changes are required for countries to escape their debt, development, and climate crises. As the first proposal by a Global South government for large-scale reform of both climate and development finance, Bridgetown is already shifting overarching global narratives pertaining to these policy arenas and their increasing overlap.

In addition to framing these constraints in the context of systemic changes, the Bridgetown agenda sets the stakes much closer to where they need to be for climate and SDG action. As Avinash Persaud **has said**, Bridgetown is "the only plan close to addressing the scale of the problem" of the economic and climate polycrisis. Rather than fixating on small changes, Bridgetown asks what is really required of our international systems to get countries out of the triple bind they are in.

Additionally, Bridgetown is broadening the conversation around climate vulnerability, and attempting to translate the nuances of the situation of many middle income countries, especially small island states, beyond the stringent classifications of income that determine eligibility for climate finance and concessional lending.[5]

The specific mechanism of a disaster clause represents a successful innovation on the part of Barbados and other Caribbean countries, building on the introduction of a "hurricane clause" by Grenada in 2015,[6] and an outcome of its own skilful negotiation with the IMF. Bridgetown proposes that an automatic debt suspension in the case of an emergency be included in all lending going forward—but this needs to be applied to all debt, retroactively and across the board, in order to make a real difference. Its application will depend on case-by-case approvals, with no guarantee it will apply across the board. At the same time, this very specific solution cannot take the place of broader efforts for debt justice through cancellation and restructuring, as a precondition for imagining a model of debt going forward that is both just and sustainable–if that is even possible.

5 This analysis was presented by Liane Schalatek, Vice Director of Heinrich Boell Foundation - North America, in a **recent webinar convened by Eurodad and partners**.

6 For more on this context, see the Financial Times **"'Hurricane clause' in bonds helps countries struck by disaster"**, from 1 June 2019, which also mentions the consulting firm **White Oak Advisory**, which was behind both Grenada and Barbados's successful negotiations to include this clause in specific debt agreements.

WHAT ARE THE RISKS AND CRITIQUES, FROM A SYSTEMIC FEMINIST PERSPECTIVE?

As the brainchild of one government with a very specific set of circumstances, Bridgetown questions only *some* of what needs to be challenged and uprooted about global debt regimes, IFIs, and the involvement of the private sector in "green transformation." The agenda is missing a feminist lens; it speaks from the position of a middle income country able to access concessional lending (rather than from the position of the most indebted countries with least fiscal space); and it hands to the private sector an even larger role in development/climate spending than encouraged by frameworks like the Addis Ababa Action Agenda (2015).

Additionally, Persaud's understanding that development and climate are "two sides to the same coin" collapses the separate regimes and financing obligations into one.[7] From a practical perspective, this makes sense: countries need cash to pay for climate mitigation, adaptation, and loss and damage, and to spend on social programs that would improve the lives and fulfill the rights of women, gender-diverse, and other people facing systemic discrimination. Many of the constraints are shared, and mutually reinforcing (see **ActionAid (2023) on debt and climate**). But Bridgetown's conflation of development and climate risks undermining the requirement of climate finance to be "new and additional" to existing aid, and muddies the rationale for climate finance as rooted in the historical and ongoing obligations of industrialized countries. It also highlights tensions between lower income countries pushing for grant-based climate and development finance and middle income countries like Barbados that have more access to concessional and market-based loans,[8] rather than grounding itself in Global South solidarity.

Grounded in the *realpolitik* of most Global South countries' inability to access cheap credit, Bridgetown sets its sights on long-term concessional finance. While this would be an improvement over the funding currently available to the majority of countries, especially those classified as low income, it risks further entrenching a debt-based model for climate and development finance. Much of the research done by the debt and development ("DAD") networks has shown that reliance on loans and on the private sector, with the role of the state reduced to "de-risking" and encouraging these investments, is completely inappropriate in advancing either development or climate aims.[9]

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7 In the unpublished version of Bridgetown 2.0, Persaud writes, "[I]t has been clear that in articulating this framework, we must emphasise the increasing inseparability of development from climate; and in particular the inseparable of development from resilience building, climatic loss and damage and the just green transition."

8 Persaud is still grappling with this tension, as indicated in his recent **interview in *Sierra* magazine**: "Now there's some people who already get concessional money who are rightfully concerned that we may be taking money away from their very important public health, education, infrastructure, and social services needs. That is nobody's intention. Having listened carefully to that concern, we're not proposing a change to the concessional arrangement. But we are proposing that in addition to the concessional arrangement for the poorest countries, there is 50-year debt at low cost that goes to climate vulnerable countries when they're investing in resilience that will save them money in the future."

9 See Eurodad (2022) ***History RePPPeated II: Why Public-Private Partnerships are not the solution*** and its preceding report (2018), ***History RePPPeated - How public-private partnerships are failing***, both produced in cooperation with many economic justice and debt organizations including Afrodad, Asian People's Movement on Debt and Development (APMDD), Latindadd, and many others.

And perhaps most concerningly, Bridgetown operates completely outside the frameworks of multilateral agreements and structures such as the UNFCCC and the 2030 Agenda. Persaud has spoken in interviews of his analysis that Global North countries' commitments to climate finance are unlikely to be made, at least not in time to prevent the next round of climate disasters to those on the front lines.[10] Justice-oriented feminists might agree that the decades-long, binding process under the United Nations is not working, but our solution would be to strengthen it—according to its principles of common but differentiated responsibilities and polluter pays, among others[11]—not to go around and thereby undermine it.

Overall, Bridgetown represents yet another challenge to multilateralism[12] and the displacement of responsibility for global public goods onto the private sector. Bridgetown's goal of "leveraging" $3-4 trillion of private investment into climate resilience and the SDGs agenda through providing "**significant incentives to redirect private savings**" is a rehash of the "billions to trillions" narrative: the **unfounded promise** that the private sector will fill the gaps in financing development. The worry is that the Bridgetown Initiative will simultaneously dilute and distract from the obligations of Global North countries to provide development and climate finance, by displacing responsibility onto the MDBs and the private sector. Instead, we would hope for a reinvigoration of the UNFCCC and Financing for Development processes, with rich countries fulfilling their existing pledges and contributing significant resources to the people and countries their economic trajectories have harmed – in the form of grants, financed through taxation.

If the Bridgetown agenda is taken up by the MDBs and donor governments (as Macron's embrace in France's pre-G20 summit would indicate), it risks further entrenching a very specific worldview and modalities for implementation, based on political cynicism and the profit imperative rather than obligations and rights. As Mae Buenaventura of the Asian People's Movement on Debt and Development (APMDD) explained in a recent webinar,[13] debt-based climate finance means that the Global South pays the price to mitigate and adapt to climate crises they did not cause—the very opposite of climate justice.

10 "So we've decided that rather than emphasize the justice issue—which is a genuine, legitimate issue—we will find a solution by finding the finance to transform the world, instead of saying who's to blame. I fully get the justice story. I fully believe it's right. I'm happy for people to talk about it. But it's not going to move us any further. In fact, it's stopping us from moving. We need a global coalition. And so the issue for me is, not: How do I get developing countries concerned about this? Because they're seeing it all the time. It is: How do I get developed countries to fully buy into this?" Persaud **interviewed** by Steve Herz, published 1 May 2023, Sierra.

11 See remarks by Liane Schalatek, Heinrich Boell Foundation Washington DC, at the **Feminist Climate Finance Strategy Session** co-convened on 1 March 2023 by the Feminist Action Nexus for Economic and Climate Justice and the Women and Gender Constituency (**recording**; **slides**).

12 See Rosa-Luxemburg-Stiftung and Global Policy Forum (2022): ***We Get the UN We Fund, Not the UN We Need: How the UN Opened Its Doors to Private Funding and Networked Multilateralism***, by Elena Marmo.

13 **"Reform or Regress? From the World Bank's Evolution Roadmap to the Bridgetown Agenda,"** hosted by Eurodad and partners on 6 April 2023.

WHY SHOULD FEMINISTS CARE?

As these moments for discussion of Bridgetown's proposals open up throughout this year, across both the economic and climate policy arenas, they create opportunities for feminist analysis to inform and influence the debates, particularly on debt and on climate finance. The uptake of Bridgetown's proposals in global policy arenas offers an opening to advance the systemic analysis put forward by Global South / majority world feminists for decades—and to challenge the aspects of Bridgetown that are at odds with our visions, as outlined above.

By intervening in conversations around Bridgetown and the New Global Financial Pact, feminists across the climate and economic justice movements, especially those from grassroots, national or regional organizations in small island developing states (SIDS) and Global South/ majority countries, aim to influence the discourse and eventual implementation of these new approaches. Increasing governments' "fiscal space" is core to enabling the allocation of revenue to their own priorities, including social protection, gender equality and climate action. A rights-based, people-centered approach to international economic and financial governance is fundamental, and one that feminists are advocating alongside, and often in opposition to, the proposals surfaced by the Bridgetown Initiative.

WHAT WOULD WE PROPOSE INSTEAD? TOWARDS A FEMINIST VISION FOR STRUCTURAL JUSTICE

Analysis put forward by feminists addresses the systemic changes required in global economic, financial, and climate governance, in a way that addresses the root causes of debt crisis and underfunding of public services and social protection. Rather than continuing to embrace the false hope of the private sector as the savior of development (and now climate), feminist visions call for a democratization and complete reconfiguration of the economic and financial systems that govern and constrain the policy choices of most world governments.

Examples of feminist systemic proposals on the topics encapsulated in the Bridgetown agenda include:

End the Sovereign Debt Crisis[14]

- Enact a new multilateral mechanism for sovereign debt cancellation and workout, under the auspices of the United Nations, to support states in restructuring or canceling debts owed to all creditors, in an equitable and transparent manner. Restructuring and cancellation should

14 See also remarks by Carola Mejía Silva of Latindadd at the UN High Level Dialogue on Financing for Development (22 May 2023).

be based on debt sustainability assessments that meaningfully integrate climate financing, gender equality, and human rights impact assessments.

- Align debt restructuring and cancellation to address the need for climate reparations for historical carbon emissions and loss and damage, and climate finance owed by developed countries according to their fair shares.
- Unconditionally cancel public external debt for at least the next four years, to enable Global South countries to fund climate action and the 2030 Agenda.
- Redirect public resources from servicing predatory, illegitimate, and colonial loans towards climate action and gender-responsive public services to reduce and redistribute unpaid care work and promote collective wellbeing.

Democratize Economic and Financial Governance

- Reform global economic governance structures founded on colonial era inequities and power, especially the IMF and World Bank, to guarantee fair participation in decision-making for Global South countries and align these institutions according to their priorities and needs.
- Restore the role of the United Nations in leading decision-making on macroeconomic issues of debt, tax, and trade as well as regarding emerging issues such as digitization and internet governance.
- End the extension of conditional loans that promote austerity, shifting to grants that target domestic social welfare and the provision of public goods and services.

Challenge Corporate Capture through Regulation and Fiscal Measures

- Limit corporate power within global economic governance and require corporations to meet their extraterritorial obligations, including by strengthening the UN Guiding Principles for Business and Human Rights and enacting a legally binding international treaty regulating transnational corporations for human rights and accountability.
- Require and implement ex-ante and periodic human rights, environmental, and gender impact assessments of all economic policies, private financing, and trade and investment agreements; revise or terminate any economic activities or agreements incompatible or detrimental to human rights and the environment.

These proposals are drawn from the **Key Demands** of the Feminist Action Nexus for Economic and Climate Justice, which cover debt, tax, trade, climate finance, IFI reform, and challenging corporate capture of multilateral spaces. The Key Demands are based on the Action Nexus Blueprint, ***A Feminist Agenda for People and Planet: Principles and Recommendations for a Global Feminist Economic Justice Agenda*** (Diyana Yahaya, 2021) and ***A Feminist and Decolonial Global Green New Deal: Principles, Paradigms, and Systemic Transformations*** (Bhumika Muchhala, 2021), and informed by feminist systemic analysis encapsulated in, among others, the Feminist Coalition for a Green New Deal, the Feminist COVID-19 Collective, and the feminist activists gathered at the Beijing+25 convening in Mexico City (2019).[15]

WHO IS TRACKING THIS?

Both the economic and climate justice movements are examining the Bridgetown agenda as a point of entry for advocacy and engagement. Specific constellations of organizing around this include:

- Debt justice leaders like Eurodad, APMDD, Latindadd, Afrodad, and Debt Justice (UK);
- INGOs working on economic justice and the IFIs, including those convened by ActionAid USA and the Bretton Woods Project in two recent strategy sessions (October 2022 and April 2023): ActionAid International, Oxfam International, Recourse, Christian Aid;
- Climate organizations, especially CAN-International and the Big Shift Campaign, which has decided to prioritize Bridgetown; CAN-Finance Group holding big tent calls on Financial System Transformation; others include Oil Change International, Friends of the Earth, Power Shift Africa, GFLAC (Climate Finance Group of Latin America and the Caribbean) and Urgewald;
- Regional and Global South based organizations including Third World Network, Arab Watch Coalition, Tax Justice Network-Africa;
- Think tanks such as CEPR and the Boston University Global Development Policy Center;
- Feminist organizations like Equidad de Género, Ciudadanía, Trabajo y Familia and Gender Action;
- Regional Caribbean organizing around climate and economic justice; and
- the Women & Gender Constituency of the UNFCCC, which is working to influence the COP28 Presidency (UAE) to take on feminist analysis on debt justice, just transition, and accountability and transparency.

As we continue to track the policy spaces in which Bridgetown seeks to intervene—namely the Paris Summit for a New Global Financial Pact (June 2023), the World Bank/IMF Annual Meetings (October 2023), and COP28 (November-December 2023), collective feminist analysis and advocacy will be essential. Amplifying the need for structural change and reorienting the conversation towards our progressive, systemic alternatives is fundamental in working to achieve global economic and financial governance that redresses injustice and protects people and planet.

15 Also of interest are recent articulations of a new (ecosocial, feminist and anti-racist) social contract outlined by UNRISD, ITUC, Christian Aid, and others.

ANNEX 1

THE EVOLUTION OF THE BRIDGETOWN AGENDA

Bridgetown 1.0 (Barbados government webpage, mid-2022)

1 Provide Emergency Liquidity

- Return access to its unconditional rapid credit and financing facilities to previous crisis levels;
- Temporarily suspend its interest surcharges;
- Re-channel at least US$100 billion of unused Special Drawing Rights (SDRs) to those who need it, and;
- Operationalise the Resilience and Sustainability Trust by October 2022.
- G20 should agree an ambitious Debt Service Suspension Initiative that includes all Multilateral Development Bank (MDB) loans to the poorest countries, and COVID-related loans to the middle-income.
- Major issuers of debt to the markets should help normalise Natural Disaster and Pandemic Clauses in all debt instruments to absorb shocks better.

2 Expand Multilateral Lending To Governments By US$1 trillion - for SDGs and climate resilience

- MDB shareholders should implement the recommendations of the independent G-20 Capital Adequacy Frameworks Review by the end of 2022
- World Bank and other MDBs must use remaining headroom, increased risk appetite, new guarantees and the holding of SDRs to expand lending to governments by US$1 trillion. New concessional lending should prioritise attaining the SDGs everywhere and building climate resilience in climate-vulnerable countries.

3 Activate Private Sector Savings For Climate Mitigation and Fund Reconstruction After A Climate Disaster Through New Multilateral Mechanisms

- We need a global mechanism for raising reconstruction grants for any country just imperilled by a climate disaster.
- New issuance of 500 billion SDRs (US$650 billion) or other low-interest, long-term instruments to back a multilateral agency that accelerates private investment in the low carbon transition, wherever it is most effective.

Bridgetown 2.0 (Unofficial document, circulated early April 2023)

1. **We call for a substantial replenishment of IDA.**

2. **We call for a system of international finance to mobilise the more than $2trn a year of finance needed by developing countries as a whole:**
    - catalyse private savings to finance those things with revenue attached, like much of the climate mitigation and sustainable agriculture agenda (circa $1.65 trn per year);
    - use new super-long-term, low-cost lending instruments from expanded MDBs to finance those things with no revenues but savings, like much of the resilience agenda, some investments in natural capital and public health (circa $250bn per year);
    - use new sources of revenues for those things for which there are no revenues and few savings, like much natural disaster loss and damage, the social costs of the green transition and some expenditures for public health and biodiversity (circa $100bn per year).

3. **To drive private savings into developing countries we propose establishing a Just Green Transition, Financing Investment Trust or a JGT-FIT. It would sit within the network of MDBs and provide cheap long-term currency hedges for the local currency revenues of the $1.65trn a year of just green transformation projects. A pilot could start this year with new capital of $5bn.**

4. **We must expand MDB lending by $1trn for the SDGs by reforming callable capital and re-channelling SDRs.**

5. **Part of this new lending must be used to give climate-vulnerable countries investing in climate resilience access to super-long-term, low-cost terms, like 50-year debt at IBRD borrowing rates.**

6. **We need new revenue sources to fund the Loss and Damage fund, such as:**
    - **an international levy on GHG emissions** not currently captured domestically, such as an emissions tax, including a specific methane tax, on shipping, fossil fuel and agricultural sectors;
    - 30% of proceeds from the **new global minimum corporate tax** and the CBAM or other similar initiatives;

7 **To make the international financial system fitter for a new world of shocks, we call for adopting natural disaster clauses in all financing instruments, from sovereign borrowers to MDB lenders.**

8 **In similar vein we call on the IMF to widen and lift access limits and suspend interest rate surcharges in periods of international financial stress like now.**

9 **We need to make debt more sustainable. Much of today's problem is the level of debt held by private creditors. We need to make private debt restructuring within IMF programs more attractive for countries, in part through greater transparency and predictability around governments' ability to achieve fiscal targets in more locally acceptable ways. IMF debt sustainability analysis, used by many others, should lower the weight on debt that finances investments that build resilience and provide future cost savings compared to debt that does not, giving space for resilience investments.**

10 **official debt: improving the common framework, co-ordinating with developing country lenders and where appropriate cancelling official debt.**

Bridgetown 2.0 (Announced at UN, outlined in press release, 26 April 2023)

1. Provide immediate liquidity support including **rechannelling at least $100 billion of unused Special Drawing Rights** through the IMF and multilateral development banks.
2. Restore debt sustainability today and in the long-term and support countries in **restructuring their debt** with long-term low interest rates.
3. Dramatically increase **official sector development lending to reach $500 billion annual stimulus for investment in the SDGs** (SDG Stimulus).
4. Mobilize more than **$1.5 trillion per year of private sector investment** in the green transformation.
5. Transform the **governance of international financial institutions** to make them more representa-tive, equitable and inclusive.
6. Create an **international trade system** that supports global green and just transformations.

ANNEX 2

RESOURCES AND FURTHER READING

ActionAid (2023): *The Vicious Cycle: Connections Between the Debt Crisis and Climate Crisis*

APMDD (2022): "To Governments at the COP27 and the G20 Summit: Deliver actions on climate and economic justice!"

Bretton Woods Project (2022): "Resilience and Sustainability Trust's first loans promote climate PPPs, raising concerns they may create fiscal risks"

Élysée (Government of France) (2023): Background Concept Note for Paris Summit; Official Concept Note for Paris Summit; Summit Overview (Slide Deck); Summit website

Fresnillo, Iolanda and Ilaria Crotti (2022): *Riders on the storm - How debt and climate change are threatening the future of small island developing states*. Eurodad

Government of Barbados (2022): The Bridgetown Initiative

Herz, Steve (2023): "The Global Climate Breakdown: A Reform Agenda for the World Bank and the IMF. A conversation with professor Avinash Persaud." Sierra Magazine.

Lustgartn, Abrahm (2022): "The Barbados Rebellion." New York Times Magazine.

Mejía Silva, Carola (2023): *Climate crisis, debt and recovery in a context of multiple crises A look from a Climate Justice perspective in Latin America and the Caribbean*. Latindadd

Persaud, Avinash (2022): "Bridgetown Initiative calls for new Global Climate Mitigation Trust financed via Special Drawing Rights". Bretton Woods Project.

Persaud, Avinash (2022): "Breaking the Deadlock on Climate: The Bridgetown Initiative." Géopolitique, Réseau, Énergie, Environnement, Nature (GREEN), Issue 3.

Reuters (2023): "Exclusive: IMF, others should give $100 billion climate foreign-currency guarantee, document says"

United Nations (2023): "With clock ticking for the SDGs, UN Chief and Barbados Prime Minister call for urgent action to transform broken global financial system" Press Release (cross-posted on Barbados and CARICOM official websites).

World Economic Forum (2023): "The Bridgetown Initiative: here's everything you need to know"