bond

Bond briefing on the UK's 2027 G20 Presidency

The opportunity

With the UK's 2027 G20 presidency fast approaching, the government has a historic opportunity to champion the global financial reforms that could improve people's lives, both in the UK and around the world. By using the UK's G20 presidency to tackle unjust debts and corrupt illicit financial flows and implement fairer tax rules, we can support low- and middle-income countries to invest more in their own public services, address the climate crisis and lift communities out of poverty at no cost to the UK taxpayer.

The UK and its overseas territories are at the centre of a financial system that allows money and resources to flow away from the lowest-income and most-climate vulnerable countries, rather than towards them. Many climate-vulnerable countries spend vastly more on servicing debt than investing in climate resilience. This creates a vicious circle: countries are forced to borrow to respond to various crises, while debt repayments and financial outflows prevent them from building the resilient, sustainable economies needed to avoid excessive borrowing when future crises hit. Action to fix the system could free up hundreds of billions for development and climate action at no cost to the Treasury or the ordinary UK taxpayer and end Britain's facilitation of exorbitant interest payments, tax avoidance and hidden wealth.

The UK's G20 presidency offers a once-in-a-generation opportunity to take action.

The UK is well placed to act. The City of London, British Overseas Territories and Crown Dependencies occupy central positions in global finance. This gives the UK significant leverage over the rules governing debt, taxation, ownership and illicit finance, while the upcoming G20 presidency presents a rare opportunity for the UK to lead this transformation.

The prize: a financial system that serves people and planet

The choice is ultimately about what we want the global economy to do. **We can continue to accept a system in which wealth flows upwards and outwards, leaving countries trapped in debt, climate vulnerability and underinvestment.** Or we can change the rules so that finance serves its proper purpose: **supporting productive economies, decent lives, resilient communities and a liveable planet.**

This is not charity. It is about changing rules, not writing cheques. It is possible to build a global economy that works for people and planet, creating a stable, prosperous and resilient world economy from which the UK will directly benefit.

Three fixes for a broken system

1. Fix the debt system

The vast majority (90%) of debt that low-income countries owe to private lenders sits under English law. A legislative fix to close the loophole that lets vulture funds sue for full value in UK courts after pricing in default risk would speed up debt relief. It would also strengthen the UK's hand in reforming the G20 Common Framework, in line with Gordon Brown's 2010 legislation.

Debt is one of the main reasons countries cannot adequately fund public services or respond to climate change. Private lenders are now the largest creditor group globally. These lenders, often charge the lowest-income countries interest that are far higher than the ones available to richer countries.

Since 2022, private lenders have extracted **more than $141bn more in interest from developing economies than they have lent**. Thirty-two African countries spend more on external debt payments to private creditors, including wealthy banks and hedge funds, than they do on their health and education systems.

Bringing debt servicing costs down to a more sustainable share of government revenue could, on one modelled estimate, mean 11 million more people access clean water, 23 million more access basic sanitation, 3 million more children go to school and 250,000 new teachers are recruited. This is enough to not only offset but reverse the impact of recent UK aid cuts and produce net gains.

The UK should:

1. Introduce debt justice legislation which requires private creditors operating under English law to participate fairly in sovereign debt restructurings and share losses alongside other creditors.
2. Use the G20 presidency to introduce ambitious reforms to the G20 **Common Framework** so that debt relief is deeper, faster and more sustainable. Debt payments should be suspended while negotiations take place.
3. Reform the multilateral system to build democratic, transparent and accountable institutions that can deliver high quality and affordable financing.

These three actions would build on the UK's historic role in debt relief, while updating the legal framework for a fundamentally changed global debt landscape.

2. Fix the tax system

Current global tax rules are not fair or robust. The global tax system allows enormous amounts of wealth and corporate income to escape taxation. This deprives countries of the resources they need to adequately fund public services and invest in their futures. The UK and its overseas territories sit at the heart of this system. An estimated **25% of global tax evasion is facilitated by Britain and its overseas territories,** representing more than $100bn a year.

The UK should:

1. Deliver fully public, accessible and transparent registers, without loopholes or restrictive filters, of the **beneficial owners** of companies registered in British Overseas Territories.
2. Use the G20 presidency to support international efforts towards a **global minimum tax on extreme wealth** and other **taxes on major polluters in line with the "polluter pays" principle.**

The principle is simple: **wealth should not be able to escape the responsibilities that come with it.**

3. End corrupt financial flows

Billions of dollars leave low-income countries every year through corruption, money laundering and other illicit financial flows. Much of this wealth is hidden or moved through international financial centres, including the UK, British Overseas Territories and Crown Dependencies. An **estimated £325bn of illicit funds are held in UK accounts and assets**, rising to £788bn when Crown Dependencies and British Overseas Territories are included.

The UK should:

1. Strengthen systems for identifying the true owners of companies and assets.
2. Increase scrutiny of shell companies and the financial networks that enable money laundering.
3. Strengthen the capacity of the UK and partner countries to **track, seize and recover stolen assets** to ensure recovered assets can be returned to the countries and communities from which they were stolen.

Why this matters in the UK

Global financial reform is often presented as something the UK does *for* poorer countries. But the same economic system is contributing to insecurity and instability at home.

Global financial shocks, conflict and climate-related disruption affect food and energy prices in the UK. Economic instability abroad affects investment and borrowing costs in Britain. Weak and indebted economies are less able to build resilient supply chains or become strong trading partners. Fixing the global financial system therefore means building **shared resilience**.

A fairer system would:

- **Reduce economic insecurity:** Countries with more fiscal space can invest in resilient food, energy, health and infrastructure systems, reducing their exposure to global shocks.
- **Support climate action:** Debt relief and fairer taxation can free up lower-income countries' resources for climate adaptation and transitioning to more sustainable economies.
- **Build stronger trading partners:** Sustainable growth in lower-income countries creates new markets and opportunities for British businesses.

A campaign building

A coalition of Bond's members have come together to mobilise trade unions, climate groups, faith movements, domestic think tanks, campaign organisations, academic institutions and community groups across every UK postcode to demand action to fix the system for ordinary working people at home and abroad.

The campaign, which is supported by the Children's Investment Fund Foundation and a growing group of funders, aims to build public and political support throughout the UK's G20 presidency and up to the next general election. We would rather do this with you than around you and are keen to work with government and parliamentarians as the campaign progresses.

Bond is the UK network for organisations working in international development and humanitarian assistance. For more and information on anything covered in this briefing, please contact Maria Finnerty, G20 and Global Reforms Policy Manager at Bond: mfinnerty@bond.org.uk