CONFRONTING THE DEBT CRISIS: 11 ACTIONS TO UNLOCK SUSTAINABLE FINANCING

Report of the UN Secretary-General's Expert Group on Debt

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Executive Summary

What has been called a "silent" debt crisis is silent no more. Across the Global South, debt burdens are not only reducing prospects for economic growth and long-term resilience but are also crushing sustainable development. In 2023, 38% of developing countries - nearly half of which were located in Africa - spent over 10% of their government revenues on interest payments. Over two-thirds of low-income countries are now either in debt distress or at high risk of it, yet only four - all in Africa - have undergone formal restructuring through the G20 Common Framework. With private creditors holding 54% of external public and publicly-guaranteed debt in 2023, restructuring has become slower, costlier, and more complex.

The Fourth International Conference on Financing for Development (FfD4), set to take place in Seville, Spain, presents an opportunity to address these adverse debt dynamics and assist in getting development back on track. Once it is formally presented and endorsed by heads of state and governments at FfD4, the *Compromiso de Sevilla* will reflect a multilateral commitment to renew the global financing for development framework in the face of serious geopolitical tensions, conflicts, increasing macroeconomic challenges and growing systemic risks. The eleven policy priorities summarized in this document have been identified by the Expert Group on Debt appointed by the UN Secretary-General António Guterres in December 2024, which was tasked with identifying pragmatic and actionable solutions to the debt morass for the Seville conference.

These proposals should be viewed as complementary to the *Compromiso de Sevilla*. Together, they aim to not only assist in breaking the cycle of debt distress but to lay the foundation for unlocking long-term, affordable financing to enable sustainable development. They are structured around three areas: reforming the multilateral financial system; strengthening cooperation between countires, providing technical assistance and capacity-building support to borrowing countries; and encouraging borrowing countries themselves to adopt policies and reforms that result in enhanced debt management and improved financing strategies.

The Expert Group is led by Mr. Mahmoud Mohieldin, the UN Special Envoy on Financing the 2030 Sustainable Development Agenda and co-chaired by Mr. Paolo Gentiloni, former European Commissioner for Economy, Mr. Trevor Manuel, former Minister of Finance of South Africa, and Ms. Yan Wang, Senior Academic Researcher at the Boston University Global Development Policy Centre. UN Trade and Development (UNCTAD) serve as the Technical Secretariat. A list of those consulted and the names of representatives of the UN system who supported the process are included in the Acknowledgements.

I. Background

The global financing landscape has evolved significantly, and not in favor of the developing world. Over the past two decades, repeated crises and deep shifts in the economic and geopolitical order combined with systemic and architectural shortcomings have resulted in mounting obstacles for development finance and have significantly driven up debt levels and service costs. Instead of funding schools and hospitals, or job creation, developing countries are trapped in a vicious cycle of rising interest payments and shrinking fiscal space, privileging their debt service payments over their investment for the Sustainable Development Goals (SDGs).

In developing countries[1], external sovereign debt stocks reached $11.4 trillion in 2023[2]. While the pace of debt accumulation has slowed in recent years and is significantly below pre-pandemic levels, external debt servicing costs have surged, more than doubling since 2014, with developing countries paying $1.7 trillion in 2023 alone. Least developed countries (LDCs) are particularly hard-hit, with the ratio of public and publicly guaranteed (PPG) external debt service to government revenue nearly doubling to 14.6% between 2013 and 2023.

These pressures are intensifying amid growing global uncertainty. Since 2 April 2025, frontier market bond yields have spiked to nearly 10%, reflecting heightened risk aversion by investors[3]. The rising cost of debt servicing is preventing many developing countries from rolling over existing debt and investing in critical sectors. Simultaneously, dwindling sources of official financing and net withdrawals by private investors are limiting investment in sustainable development. In 2024, the number of people living in countries that spend more on interest payments than on critical social services such as health and education increased by 100 million, to 3.4 billion people[4]. A staggering 5.6 billion people live in countries which experienced deteriorating public sector debt dynamics between 2017 and 2023, a period where increases in interest costs outpaced growth in government revenues in over two-thirds of developing countries.

The number of countries classified by the IMF as being in, or at high risk of, debt distress has remained stable at 35 for two years to March 2025[5], but 26 of them (or 74%) have been stuck in this situation since at least 2018. Despite this, only four - Chad, Ethiopia, Ghana, and Zambia - have sought restructuring under the G20's Common Framework for Debt Treatments beyond the DSSI. This raises serious questions as to why so few debt-stressed countries have pursued restructuring, and whether the current mechanisms are fit for purpose. Restructurings have become slower, costlier, and more complex because of the prevalence of private creditors, which held 54% of the external public and publicly guaranteed debt of developing countries in 2023 - up from 40% in 2010[6]. Non-traditional bilateral lenders have also grown in importance.

Looking ahead, the situation is likely to deteriorate further. Global growth is slowing, with projections for 2025 revised downward to 2.3–2.8%, compared to earlier estimates of 2.7–3.3%[7]. The slowdown is expected to affect both developed and developing economies, which will undermine government revenues. Heightened inflationary pressures in advanced economies could stall or reverse policy rate cuts, keeping borrowing costs for developing countries at their current high levels – or raising them further. At the same time, commodity prices are falling, and global merchandise trade volumes could decline by 1.5% in 2025[8], eroding foreign exchange earnings - especially for the poorest and smallest developing economies[9]. These developments will only exacerbate existing debt vulnerabilities.

1 Based on the United Nations classification of developing countries, which includes a number of high-income countries, as well as middle- and low-income countries.

2 UNCTAD calculations based on *World Bank International Debt Statistics*, 2025.

3 UNCTAD, *Trade and development foresights*, 16 April 2025.

4 UNCTAD, *A World of Debt Report,* 2025 (unpublished).

5 IMF, *LIC DSA for PRGT-eligible countries*, 2025.

6 UNCTAD calculation based on World Bank, *International Debt Statistics,* 2025.

7 IMF, *World Economic Outlook*, April 2025.

8 *World Trade Organization, Global Trade Outlook,* 16 April 2025.

9 UNCTAD, *Global Trade Update Plus*, April 2025.

Meanwhile, official development assistance (ODA), which provides crucial low-cost development finance, is stalling. In 2024, it fell by 7.1%[10] - the first decline in years - and based on announced cuts to aid budgets, disbursements in 2025 could be around 20% below their final 2023 levels[11]. Moreover, ODA actions relating to debt plummeted from 7.2% in 2010 to just 0.2% in 2023.

These challenges coincide with widening financing gaps for achieving Agenda 2030, particularly in low-income and least developed countries, where needs are estimated at 15-30% of GDP[12]. The financing gap for the attainment of the Sustainable Development Goals expanded from $2.5 trillion in 2014 to over $4 trillion in 2024 and without a major scale-up of financing, development trajectories - already disrupted by global shocks - will not progress.

The urgency and need for coordinated solutions that address not only debt sustainability but also serve to get development back on track prompted the United Nations Secretary-General António Guterres to establish the Expert Group on Debt in December 2024, with UN Trade and Development (UNCTAD) as Secretariat. The objective of the Expert Group is to identify and promote politically feasible and actionable policies that mitigate the current debt and development crisis, not only to deal with high debt service costs and unsustainable debt stocks - but also to ensure the expansion of new, long-term, and affordable financing. Solutions must not only break the cycle of debt distress but also serve as a foundation for sustainable development.

Several other high-level independent groups have emerged to help shape global discourse and to advance analysis of, and solutions to, the debt and development crisis. These broadly aligned initiatives include the Jubilee Commission, African Leaders Debt Relief Initiative (ALDRI), the G20 Panel of Experts on Africa, the Bridgetown Initiative, and the Expert Review on Debt, Nature and Climate. The Expert Group appreciates and welcomes the contributions of these initiatives and sees value in continued exchange to ensure complementary and reinforcing efforts.

10 OECD, *Official Development assistance (ODA)*, 16 April 2025.

11 UNCTAD, *Aid at the crossroads: Trends in official development assistance*, 2025, 9 April 2025.

12 UNDESA, *Financing for Sustainable Development Report*, 16 April 2024.

II. Proposals

The Expert Group proposes three sets of measures, centered around reforms of the multilateral system, cooperation between countries, and national policy in borrowing countries. All proposed policies aim to support the overarching goal of helping countries break free from the "debt morass" that threatens economic stability, social progress, and sustainable development.

Achieving this goal requires progress in four different outcome areas: i) lowering the cost of new financing; ii) increasing the volume of, and access to, new sources of long-term financing; iii) reducing the cost of servicing existing debt; and iv) reducing levels of existing debt where necessary. Working backward from these desired outcomes, the Expert Group - supported by UNCTAD - identified key choke points and dependencies, such as regular replenishment of the capital bases of development finance institutions.

While bold and ambitious reforms are essential, they must also be pragmatic and feasible for near-term implementation. Proposals with limited prospects for political traction will fall short of driving meaningful change. Thus, beyond technical soundness, policies must be politically feasible, capable of building broad-based support and aligning diverse stakeholders, and contribute meaningfully to the achievement of the required outcomes.

For this reason, the policy proposals of the Expert Group do not address all the desirable or necessary changes that would improve the global debt architecture. For example, large-scale debt cancellations or “haircuts” face significant resistance due in part to the increasingly fragmented and complex creditor landscape.

Alternative approaches also have to be considered. For example, while expanded concessional financing requires substantial multilateral development bank (MDB) capitalization and/or increased donor contributions, scaling-up debt-for-development swaps and credit guarantees may be more feasible in the near term and so should not be overlooked. The latter could play a catalytic role in mobilizing private capital and securing lower-cost resources. Likewise, maturity extensions, though less transformative than haircuts, can alleviate near-term fiscal pressures and enhance debt sustainability with fewer political and legal hurdles.

Applying this approach has led the Expert Group to identify a set of eleven policy priorities. These are not a panacea to the crisis but, if designed and implemented effectively, they offer a realistic and scalable pathway to tangible progress out of the debt morass and toward sustainable development.

These policy priorities fall into three categories. Firstly, reforms to the multilateral system aim to address structural imbalances in the international financial and debt architecture and require broad-based cooperation at the global level. Secondly, policies and strategies that depend on coordination among a smaller group of countries, such as borrower coalitions or technical assistance and capacity building programs. Thirdly, national-level measures can be implemented by individual countries to strengthen their economic resilience, improve debt management, and create conditions for more sustainable financing.

Together, these three sets of solutions offer a multi-layered response to the debt and development crisis - recognizing that no single actor can solve the challenge alone, and that meaningful progress requires action at all levels: global, regional, and national.

A. Multilateral reforms

1. Repurpose and replenish existing funds to enhance liquidity support by extending maturities, financing loan buy-backs and reducing debt servicing amid crises

The Debt Reduction Trust Fund (DRTF) was established as part of the Highly Indebted Poor Country (HIPC) Initiative to provide financial support for the repayment of debt, coverage of debt service and the purchase and subsequent forgiveness of debt. Similarly, the Catastrophe Containment Relief Trust (CCRT) was designed to provide relief on debt service payments to the IMF by freeing up resources to help poor countries meet exceptional balance of payments needs arising from disasters and pay for containment and recovery. Both would need to be repurposed to extend eligibility to middle income countries and would need to provide liquidity support to ensure countries have breathing space amid crises.

Replenishing funds such as these through multilateral and bilateral donations (including through IMF gold sales) could provide a source of immediate fiscal relief and liquidity support for countries. Leveraging existing mechanisms like the DRTF, CCRT, or trust funds under the management of regional development banks, would bypass the need to establish new funds, thereby avoiding procedural and administrative delays and enabling faster deployment of resources.

2. Normalise debt service pauses during crises, including climate-related disasters or other external shocks

Vulnerable countries frequently face climate shocks or other crises that undermine their capacity to service debt and deal with the effects of the crisis. A balance needs to be struck between broad-based country participation, risk premiums and the extent of the risks covered. Introducing automatic and speedy debt service pauses during such events would provide critical breathing space, freeing up resources for emergency response and macroeconomic recovery. Mechanisms like climate-resilient debt clauses (CRDCs) and other state contingent debt instruments can formalize such standstills in debt contracts, improving resilience without requiring lengthy renegotiations[13]. While bilateral and multilateral creditors have started to introduce these CRDCs, their adoption by private creditors remains limited. The design of these instruments should not only ensure their usefulness to borrowers but also their attractiveness to market participants - if their uptake is to increase and the premiums demanded are to be reduced.

3. Reform the G20 Common Framework:

There are several reforms required to remedy limitations and shortcomings in the existing G20 Common Framework. It should:

- Extend access to the Common Framework to all middle-income countries.
- Implement automatic debt service standstill during negotiations.
- Introduce parallel negotiations with creditor committees.
- Strengthen the definition and application of comparability of treatment (CoT) and collective action clauses (CACs).
- Ensure shorter timeframes for completion of the restructuring process.
- Apply the IMF's lending into arrears policy consistently and evenhandedly.

The current G20 Common Framework is widely seen as slow, inefficient, and too narrow in scope as it excludes many middle-income countries facing serious debt distress. Expanding eligibility is crucial to ensuring broader and more equitable access to relief. An automatic standstill on debt service during restructuring negotiations would both provide urgent liquidity relief and create incentives for a timely and constructive resolution. Parallel negotiations between official and private creditors - rather than sequential processes - may provide a route to timely resolution[14]. Clarifying and enforcing comparability of treatment is also essential to ensuring fair burden-sharing across creditors, while increased adoption and strengthening of collective action clauses would help facilitate orderly restructurings and prevent holdout behavior, reducing legal and financial uncertainty for all parties involved. A consistent and evenhanded application of the IMF's lending into arrears policy could provide sufficient liquidity support while incentivizing the participation of otherwise uncooperative private creditors. The adoption of New York's Champerty Bill - which strengthens existing champerty laws to protect sovereign nations from predatory investors who buy up debt for the purpose of litigation - could also assist.

4. Reform the debt sustainability analyses to better reflect the position of developing countries

Since Debt Sustainability Analysis (DSA) frameworks are used to assess a country's fiscal sustainability and are crucial determinants of the extent of debt relief required and access to lending by international financial institutions, the methodology used should be regularly updated to meet prevailing economic circumstances. Most developing countries rely on DSAs produced by the IMF and the World Bank, which have limited scope, a short-term focus and sometimes overestimate the capacity of

13 The experience of the use of CRDCs by Caribbean island states in the wake of Hurricane Beryl in July 2024 is instructive.
14 Hagan & Setser, *Restructuring sovereign debt: The need for a coordinated framework*, 2024.

countries to recover. The prevailing approach also serves to discourage investment in critical public goods, as it fails to differentiate between productive borrowing (e.g. for human capital development, infrastructure or climate resilience) and borrowing for consumption.

Reforms to the DSA frameworks for Low-Income Countries (LICs) and Market Access Countries (MACs) should be accelerated. These updated methodologies should be able to distinguish between liquidity and solvency issues and take account of all forms of external and domestic debt - including contingent liabilities. They should also serve to encourage investment in growth-enhancing public goods by adequately reflecting the net worth of countries rather than only their debt levels.

The treatment of advanced economies and emerging market economies (EMEs) under a single Market Access Country Sovereign Risk and Debt Sustainability Framework (MAC-SRDSF) also presents a problem, failing to adequately reflect the unique debt structures, currency exposures and fiscal risk of EMEs.

5. Re-channel Special Drawing Rights through the IMF's Resilience and Sustainability Trust and multilateral development banks where legally possible

Expanding the capital bases of multilateral and regional development banks and other development finance institutions is a key requirement of scaling-up access to liquidity support and affordable financing to address the SDG financing gap - enabling these institutions to boost their provision of concessional finance and grants, extend the maturities of their lending and lower the cost and reduce the pro-cyclicality of their non-concessional finance. There are a number of potential mechanisms for capital expansion and optimization, including Special Drawing Rights (SDR) rechanneling. SDRs are currently rechanneled through the IMF Resilience and Sustainability Trust, for which borrowing countries pay a tiered interest rate. But the process is slow, and a tracker that is regularly updated with information of amounts rechanneled to beneficiaries would be helpful.

Rechannelling SDRs beyond the IMF requires overcoming legal impediments arising from their reserve asset status. Where legally possible and respecting their reserve asset status, rechanneling SDRs through MDBs such as the African Development Bank and the Inter-American Development Bank could allow for a three to four times leveraging. A potential solution to the rechanneling constraint arising from SDRs reserve asset status could be by modifying quotas to pre-allocate a portion of new issues to MDB recapitalization, before they are allocated to IMF members and become part of their reserves. This would provide a route to replenishing the World Bank's International Development Assistance and other relevant funds through donations.

B. Co-operation between countries

6. Establish a shared information hub to provide technical assistance and guidance on innovative financial instruments, including debt-for-development swaps

Debt swaps can be an effective instrument to reduce debt burdens while directing resources toward critical development priorities such as climate action, nature, health, education, and poverty reduction. However, their use remains limited due to technical complexities, high transaction costs, and the absence of standardized frameworks. Similarly, other innovative financial instruments, such as blue bonds or SDG-linked bonds, remain underutilized despite their potential for positive impact. Establishing a centralized platform or hub could help scale up the use of these instruments by serving as a one-stop resource for technical assistance, capacity building, and knowledge-sharing.

Financial support in the form of credit enhancements or political risk guarantees would also be crucial to further scaling up debt swaps. However, these enhancements would typically require third-party financial backing, which represents an alternative, and politically contentious use of scarce capital.

7. Establish a forum for borrowers to share knowledge and experiences, provide advice and enhance the effectiveness of their representation and voice in international forums

The absence of a dedicated platform for sharing knowledge and elevating the collective voice of debtor countries has long been recognized as a critical gap in the international financial architecture. A borrowers' forum can address this by serving as a peer support and experience sharing platform and assisting in rebalancing the global debt governance by amplifying the collective voice, knowledge, and advocacy of debtor countries. Served by a permanent secretariat, the mandates of such a borrowers' forum could include acting as a collective knowledge repository for South-South peer learning; the provision or facilitation of technical assistance and advisory services; and providing a hub to support both enhanced debt data transparency and the capacity of debtor countries to produce their own debt sustainability assessments. Defining tiers of membership eligibility is key as many debtor countries may be reluctant to share their challenges and experiences when their creditors are in the room, but a number of developing countries are both creditors and debtors[15]. A further description of the Borrowers' Forum is found in Annexure 1.

8. Expand technical assistance and capacity development to debt management offices and treasuries

Expanding technical assistance and capacity development for debt management offices and treasuries is essential to strengthening countries' ability to manage debt in a sustainable and transparent manner. Enhanced institutional capacity supports better decision-making and reduces the risk of future debt distress. Technical assistance programs could support improvements in debt transparency, data collection and reporting, and strengthen national capacities in fiscal management, and the management of liquidity, interest rate and currency risks. Moreover, technical assistance could help countries develop domestic capital markets to scale up local currency lending and improve legal and tax frameworks. Currently technical assistance and capacity building are provided by the UNCTAD DMFAS and the Commonwealth Meridian programmes, as well as the World Bank and the IMF. However, these efforts could be expanded through increased financial resources.

C. National measures

9. Strengthen institutional capacities to address liquidity risks, currency mismatches and interest rate exposure and improve debt management

Exposure to foreign currency denominated debt, interest rate fluctuations and volatile capital flows constitute a significant risk for developing countries. By reducing reliance on foreign currency and high-cost instruments, extending maturities, and minimizing term mismatches, countries can improve the composition of their public debt and reduce its associated costs and vulnerabilities. In addition, the use of risk management tools, such as currency hedging instruments, can help stabilize debt service costs and safeguard fiscal space.

Identifying and mitigating debt crisis risks and managing public liabilities effectively requires timely and comprehensive data on the level and composition of all debt – both external and domestic - and the terms under which it was advanced. Many developing countries currently lack the capacity to record, report and manage their debt effectively, which undermines their ability to effectively engage with rating agencies and investors. While technical assistance programs are essential in helping to strengthen institutional capacities in debt and risk management, countries cannot be over reliant on external support in today's multilateral environment and need to push reforms independently.

15 Based on World Bank IDS data, of 124 developing countries for which the necessary data exists, only 38 are lenders, of which 12 are exclusively creditors/lenders and the remaining 26 are both borrowers and lenders. Twelve of the 26 countries (46%) have lending that is equivalent to less than 1% of their outstanding PPG debt and 20 of the 26 have lending equivalent to less than 50% of their outstanding PPG debt. Only 3 of these borrower-lender countries lend more than they borrow.

10. Improve the quality of investment project pipelines and national country platforms

To unlock new financing on better terms, countries must present well-designed, bankable investment opportunities to investors. Developing a high-quality investment project pipeline - or national investment platform - can help accelerate access to both public and private financing while reducing transaction costs, including those related to instruments such as debt swaps and other forms of innovative finance. A structured pipeline not only facilitates more efficient resource mobilization but also improves the quality and impact of future investments. It ensures that new borrowing supports long-term financial sustainability and development goals without increasing debt vulnerabilities. Moreover, by building enhanced debt transparency and recognizing contingent liabilities, countries can also engage underwriters to securitize project bundles, helping to attract institutional investors and secure better financing terms.

11. Reduce the transaction costs and increase the impact of debt swaps and other innovative financial instruments through scale, standardization and frequency and alignment with national development strategies

To scale up the use of debt swaps and other innovative financial instruments, countries must address the high transaction costs that currently hinder their broader application. These costs can be significantly reduced through aligning swap programmes and other innovative financing instruments with national development objectives and repeating the issuance of these instruments. This helps to create local capacity and provides scope to bring in additional service providers, increasing competition and ultimately reducing transaction costs as well as enhancing transparency.

III. Conclusion

Today's debt crisis is no longer a silent one. Mounting debt servicing costs, limited access to affordable financing, and slow progress on multilateral reform are exacerbating debt vulnerabilities and undermining countries' ability to invest in sustainable development and achieve the SDGs. The Expert Group proposes eleven policies that address the limits of existing debt-resolution frameworks and pursue reforms aimed at reducing debt burdens and the cost of debt service, expanding fiscal space, and strengthening balance-of-payments positions.

The policy priorities identified by the Expert Group respond to this moment of urgency with a pragmatic and outcome-oriented agenda, and serve as a complement to the FfD4 Compromiso de Sevilla, rather than a substitute. By working across three key levels - multilateral reform, plurilateral cooperation, and national-level action - the policies present a multi-layered response to the crisis. If implemented, they could make meaningful progress in alleviating the pressures of the ongoing debt and development crisis.

The Expert Group is mindful of other complementary activities being undertaken by various institutions and groupings, including the G20, the World Bank, and IMF. The Expert Group acknowledges these ongoing efforts and emphasizes the need for their timely and effective implementation. These include:

- **G20 Capital Adequacy Framework and Roadmap** which has the potential to unlock up to 200 billion dollars in additional lending by MDBs, without requiring new paid-in capital. However, this approach has faced significant political and operational hurdles, and thus far remains aspirational rather than actionable. The upcoming World Bank Shareholders' Meeting in November of 2025 presents an important opportunity to move the needle on this crucial proposal.
- **The Three-Pillar Approach**, put forward jointly by the World Bank and the IMF proposes a three-pronged approach to resolving liquidity pressures of countries, through 1) structural reforms and domestic resource mobilization 2) external financial support, including from the IFIs; and 3) where relevant, actions to reduce debt servicing burdens. This approach is shortly to be applied to a handful of pilot countries.
- A review of the **Low-Income Country Debt Sustainability Analysis** (LIC-DSA). While this is a welcome step, the Expert Group stresses the importance of also revising the Market Access Country Sovereign Risk and Debt Sustainability Framework (MAC SDRSF) to better reflect the realities faced by middle-income countries.

While there is no silver bullet, progress is possible. In the current multilateral environment, many of the bold measures required, while desperately needed, have little to no chance of seeing the light of day. However, many of the measures proposed here work within existing frameworks and can be implemented with existing tools and mechanisms. Their success hinges on one crucial ingredient: political will. With leadership, coordination, and a shared commitment to reform, these measures can serve as a realistic and immediate step toward restoring debt sustainability, rebuilding fiscal space, and getting development back on track.

IV. Members of the Expert Group

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The Experts acted in their personal capacities, and the views expressed in this document do not reflect the views of any organizations with which they are associated.

16 Assisted by Shrouk Elbarsiky

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VI. Annexure 1: Borrowers’ forum

Why a borrowers' forum?

The ongoing and systemic debt issues facing most developing countries are contributing to a “silent debt crisis” that is, for the most part, finding expression in unfulfilled development agendas. A forum where borrowers collaborate and support each other could effectively and sustainably address these debt-related systemic issues, filling a critical gap in the global debt architecture by providing a platform that elevates their collective voice, safeguards their interests, and enables peer learning. While the mandate will be for the participating member States to decide, the Forum could directly contribute to improving the sustainability of debt and development finance of borrower countries by:

- Establishing a knowledge repository to facilitate South-South learning.
- Promoting responsible sovereign borrowing and lending practices.
- Ensuring a stronger borrower voice in negotiations on reforms of the international financial and debt architectures.
- Providing a technical assistance hub to promote access to and use of innovative financial instruments, including legal, financial and strategic advisory services.
- Enhancing debt management practices through partnerships with existing technical assistance and capacity building programmes, including developing alternative debt sustainability assessments.

How could it work?

The Borrowers’ Forum would function as a South–South collaborative platform where debtor countries share experiences and strategies for managing debt challenges. Other borrowing forums have waxed and waned, and have struggled with various challenges, such as stigma, creditor pressure, impermanent leadership and limited capacity. We suggest that solutions such as ensuring an inclusive and permanent membership of non-creditor countries, development of strategic goals - including a commitment to transparency - that benefit both borrowers and creditors, and the establishment of a permanent and adequately resourced secretariat, would go a long way to addressing these challenges.

Who would be eligible?

Forum membership should aim to strengthen resilience to achieve sustainable development and financial stability, prevent future crises, and strengthen strategic South-south collaboration, rather than be confined to countries in debt distress. Given that existing mechanisms for creditor–debtor engagement (such as the Global Sovereign Debt Roundtable co-chaired by the IMF, World Bank and the G20 Presidency) exist, and that borrower countries tend to be less forthcoming and less willing to share their concerns and experiences in forums where their creditors are present, Forum membership should primarily be for non-creditors. But account must also be taken of the fact that some borrower countries are also creditors. It is envisaged that a core group of non-creditor borrowers that meets regularly could establish the basis for various types of associate membership for borrower countries with different levels of creditor exposure, that meet on an annual or bi-annual basis. This could be supplemented with regular and structured engagement with other stakeholders and groups – including multilateral creditors such as the IMF and World Bank as well as relevant Member States.