NOW IS THE TIME TO ACT

SIX REFORMS FOR THE G20 COMMON FRAMEWORK FOR DEBT TREATMENTS

WITH A FOREWORD BY THE AFRICAN UNION COMMISSION

Save the Children

Debt Justice

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With thanks to: Christian Aid, Action Aid and End Water Poverty for contributions to the case studies.

This report is endorsed by these organisations.

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Cover photo and here: Sarah, 11, in Malawi. Photos: Thoko Chikondi/ Save the Children

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Foreword from the African Union Commission

Africa stands at a critical moment. Across our continent, governments are striving to create opportunities, build climate resilience, invest in peace and stability, and deliver Agenda 2063. Yet many are doing so under heavy debt burdens. The African Economic Outlook 2026 projects Africa's average public debt at 61.4 per cent of GDP in 2026. African sovereigns rated by S&P Global are also expected to face more than USD 90 billion in external principal repayments during the year. Latest continent-wide data show that external debt service principal and interest absorbs approximately 31 per cent of government revenues. As of March 2026, 21 African countries were at high risk of debt distress or already in distress, while the continent faced an annual development financing gap exceeding USD 1.3 trillion for the attainment of the Sustainable Development Goals by 2030.

These figures represent classrooms that cannot be built, health facilities that cannot be adequately equipped, social protection programmes that cannot be expanded, and opportunities that cannot be created. Every dollar diverted to unsustainable debt payments is a dollar unavailable for investing in Africa's children and its future.

Recognising both the urgency of the present crisis and the need to prevent its recurrence, African Heads of State and Government adopted the Common African Position on Debt on 15 February 2026. The Common African Position provides a unified continental framework for debt sustainability, debt restructuring and access to affordable development financing. It combines urgent debt resolution with stronger debt governance and advocates an international debt architecture that is fair, transparent, predictable and development-oriented.

Within this broader agenda, reforming the G20 Common Framework remains an immediate priority. Since its establishment in November 2020, only four African countries Chad, Ethiopia, Ghana and Zambia have sought treatment under the Framework. Their experiences have exposed lengthy negotiations, uncertainty over creditor participation, insufficiently deep debt relief and the absence of predictable timelines, leaving countries facing prolonged economic and social challenges.

We thank Save the Children UK and Debt Justice UK for this timely report and its practical recommendations for making sovereign debt restructuring faster, fairer and more effective. Its proposals reflect priorities repeatedly championed by African leaders, including sufficiently deep debt relief; suspension of debt-service payments during negotiations; legislation to prevent private creditor holdouts and litigation; clearer comparability of treatment; predictable timelines; and greater transparency.

The United Kingdom's G20 Presidency in 2027 provides an important opportunity to translate these proposals into action. With the Common African Position on Debt providing an African-led blueprint, the African Union encourages G20 governments, international financial institutions, creditors and all stakeholders to support a fairer debt architecture that protects development and invests in Africa's children and shared future.

H.E. Francisca Tatchouop Belobe
Commissioner for Economic Development, Trade, Tourism, Industry and Minerals (ETTIM) Department, African Union Commission

The Six Reforms needed to fix the Common Framework

1 **Countries should exit the process with much deeper debt relief** – the G20 needs to agree that debt restructurings should reduce debt risk to moderate with substantial space to absorb shocks. This would also ensure enough fiscal space is freed up for countries to further prioritise development goals and ensure robust economic activity. Making clear how much debt relief is on offer will also help debtor countries when deciding whether to apply.

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2 **A suspension of debt payments during restructuring negotiations** – which could be enforced by the UK or by collective G20 action.

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6 **Improved debt data transparency** – beyond the Common Framework process but highly relevant to it, is the need for much greater debt transparency. The G20 should push for one international debt registry, consolidating data from both debtors and lenders.

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Fixing the G20 Common Framework is a collective action problem. The recommendation of this report is that G20 Finance Ministers endorse it, and that unilateral and collective action is taken by G20 members, the IMF and the World Bank to implement the proposals. With growing consensus amongst members, international institutions and civil society, the time for action is now and the G20 is the right place to start. Success could contribute to the broad conditions needed for greater global stability – with positive effects that ripple down to local postcodes, across both G20 and non-member countries. In the following sections are the details of how each of these changes could be implemented.

Introduction

Progress on global poverty reduction has stalled as conflict, inequality and the climate crisis continue to deepen. Children are bearing the greatest burden. In 2024, a record 743 million children – one third of the world's child population – were exposed to extreme heatwaves,[1] while 18.2 million children were born into hunger.[2] These challenges are increasingly interconnected. Shocks triggered by conflict, pandemics and climate-related disasters can reverberate across borders, disrupting trade, increasing food and energy prices, and undermining economic stability worldwide. The 2026 conflict in the Middle East, the Covid-19 pandemic and the war in Ukraine have all demonstrated how global events have real consequences for children and families in local communities everywhere. Economists warn that the incoming 'super' El Niño could cause a 15.8% surge in global food commodity prices and increase extreme weather impacting lives and livelihoods.[3] The El Niño is another example of how the effects of one event, in this case a single climate pattern, can ripple across countries and economies worldwide.[4] The impacts land first and most acutely in local communities. What is clear is that we cannot afford to keep failing to act on the solutions to address our shared global challenges.

At precisely the moment when countries need to invest in resilience, growth and human development, many low- and lower-middle income countries (LLMICs) are constrained by unsustainable and unaffordable external debt payments. High debt servicing costs are reducing the fiscal space for essential investments in health, education, climate adaptation and food security. Some countries are stuck in contexts where they cannot access new borrowing but the consequences of repaying debts are taking a significant financial toll. While this report focuses on external debt and the Common Framework, it's important to acknowledge that domestic debt vulnerabilities are also an important challenge in many countries. While relief on existing debt stocks is only one part of a wider development financing agenda – which also includes international public finance, new affordable borrowing, domestic resource mobilisation and private investment – it is now an essential part of the conversation for development and shared prosperity.

What is the Common Framework?

The G20 Common Framework is a debt restructuring initiative launched by the G20 and endorsed by the Paris Club in November 2020 to help many LLMICs facing unsustainable debt burdens. Its purpose is to provide a coordinated process for restructuring sovereign debt, bringing together traditional Paris Club creditors and newer lenders, including China and other G20 members, under a common set of principles. The framework is overseen by creditor committees formed on a case-by-case basis, with support from the IMF and World Bank, which assess a country's debt sustainability and financing needs. In practice, it aims to deliver fair burden-sharing among creditors and restore debt sustainability so countries can return to stable economic growth and regain market confidence. It allows countries to apply only if they have crossed the threshold into 'unsustainable' debt and does not offer pre-emptive restructurings.

Why focus on the restructuring side of external debt relief?

Between 1950 and 2010, there were reportedly more than 600 sovereign debt restructurings in 95 countries.[5] History shows the continued need for global debt restructuring mechanisms – with the Heavily Indebted Poor Countries (HIPC) initiative in the 1990s, the Debt Service

Suspension Initiative (DSSI) and then the G20 Common Framework in 2020. This report focuses on the urgent changes needed to the existing mechanism, as the most pragmatic approach that could deliver the best near-term results for countries with a high external debt. Failure to seize opportunities to make it a functioning, equitable, fair, predictable, transparent and globally owned framework will only further necessitate developing a longer-term alternative approach via the United Nations.

The IMF's own research finds that debt restructurings are among the most effective ways to reduce excessive debt burdens.[6] In terms of impact, modelling by the Universities of St Andrews and Leicester has found that debt relief which reduces external debt payments to 10% of government revenue could avert 378,918 under-5 child deaths and 34,767 maternal deaths, put over 1 million children through primary school, and give 15 million people access to water.[*] [7] Debt relief is essential for countries to be able to reduce their debt burdens enough that they can have the fiscal space to invest in essential services for children, climate and development goals. Countries also need to be able to access new affordable loans and build resilience against future shocks to avoid a retreat into debt unsustainability.

Why now?

Reforming the mechanism to restructure unsustainable and unaffordable sovereign debt repayments and interest is a cross-cutting development challenge that should be a core focus for G20 governments, particularly in the context of constraints on lower-income countries' fiscal space and globally declining ODA. The absence of a fast, effective, and fair debt restructuring mechanism – and therefore the inability of eligible governments to secure an effective restructuring of their high external debts – is contributing to falling spending on public services including essential services for children. For example, of the LLMICs with the highest external debt service between 2019 and 2025 (see table below), which have not restructured their debt, real education spending per person was cut by an average of 12%

Changes in real education spending per person in high debt countries paying in full

Country	Government external debt payments, 2019–2025, proportion of government revenue	Change in real education spending per person, 2019–2025
Angola	50%	- 10%
Laos	31%	- 54%
Egypt	31%	+ 9%
Pakistan	28%	- 52%
Tunisia	26%	- 8%
Cote d'Ivoire	25%	- 4%
Senegal	24%	+ 40%
Republic of Congo	23%	- 19%
Kenya	19%	- 9%
Average	**28%**	**- 12%**

Debt Justice calculations based on IMF *World Economic Outlook* (April 2026) population, inflation and exchange rate data; IMF *World Economic Outlook* government expenditure data; UNESCO Institute for Statistics and national budget documents for education expenditure; and World Bank *International Debt Statistics* and IMF country reports for external public debt service and government revenue data. Government external debt payments are expressed as a share of government revenue over 2019–2025. Changes in education spending per person are calculated in real terms using constant prices and population-adjusted expenditure.

[*] What Capping External Debt Service at 10% of Government Revenue Could Deliver, 2020–2026. For 68 low-, lower-middle, and upper-middle-income countries, this tool models the benefit of capping external debt service at 10% of government revenue. Debt service may reduce the maximum available resources (MAR) governments can deploy to fulfil their human rights obligations.

between 2019 and 2025. Of these, seven are in Africa, three are in Asia. Implementing these reforms would put the world on a path towards fixing aspects of the international financial system that disproportionately disadvantage children and lower-income countries. Success could help unlock investment in children, development and climate resilience, while laying the foundations for stronger and more inclusive global growth.

The need for reform is becoming more urgent because debt vulnerabilities remain elevated across many lower-income countries. Further restructurings are likely to be needed unless debt sustainability improves materially.[8] The publication of a new sovereign debt restructuring playbook suggests that the World Bank and IMF expect debt restructuring challenges to remain an important issue in coming years.

The UK holds the G20 presidency in 2027. South Korea holds the presidency in 2028. Given that 90% of contracts of external private sovereign debt held by lower-income countries eligible for the Common Framework are governed by English law, the UK holds extraordinary power to set fair standards in restructuring of sovereign debts. Over the next year, the eyes of the world will be on key G20 members, including the UK, and key institutions such as the World Bank and IMF. Ambitious action to reform the sovereign debt restructuring system is a critical piece of the puzzle if "a world free from poverty on a liveable planet" is to be realised.[9]

There is broad agreement across debtors, multilaterals, civil society and key creditors on the need to improve sovereign debt restructuring. This report sets out six clear reforms that G20 governments should work together to deliver, starting today.

Why does the Common Framework need urgent reforms?

Six years after its launch, the Framework has failed to deliver timely and adequate debt restructurings, creating stigma around its use and discouraging countries from seeking relief. Countries' decisions on whether to apply to the Common Framework are influenced not only by the prospect of debt relief, but also by perceived risks, including credit rating downgrades, reduced access to private capital markets and reputational concerns. Reforms that increase predictability and improve outcomes could help mitigate these disincentives.

Reforming the Common Framework would help countries restore debt sustainability, unlock investment in development and children, and strengthen confidence that international cooperation can still deliver solutions to shared global challenges. As African Heads of State and Finance Ministers have said, the G20 Common Framework "has not provided a pathway towards the quick restoration of debt sustainability, creating some considerable scepticism as to its potential to deliver effectively for highly indebted countries".[10] No country outside Africa has applied for the Common Framework despite 31 of the eligible countries being located in other regions.

Ultimately, the reformed Common Framework should empower debtor governments, putting them in the driving seat to decide on an approach that best suits their needs. **This technical report sets out the changes needed and asks key G20 governments and relevant institutions to collectively champion their implementation in forthcoming presidencies.**

What do African Ministers think?

As African Heads of State and Finance Ministers have said, the G20 Common Framework "has not provided a pathway towards the quick restoration of debt sustainability, creating some considerable scepticism as to its potential to deliver effectively for highly indebted countries".[11]

> "As countries turn to international financial institutions and creditors for bailouts or restructuring support, they are often required to implement austerity measures and policy reforms that may not align with local development needs, or the priorities outlined in Agenda 2063. This reduces the policy space for homegrown development strategies, deepens external dependency, and constrains democratic accountability.
>
> "Persistent economic instability and limited employment opportunities have constrained job creation, leading to high youth unemployment and underemployment. This unfavourable economic environment, exacerbated by the continent's mounting debt burden and rising debt servicing costs, diverts critical fiscal resources away from investments in education, skills development, and job creation."
> **African Heads of State and Finance Ministers, Common Africa Position on Debt**[12]

During an African Consultative Group meeting during the 2026 IMF and World Bank Spring Meetings, the group of finance ministers and central bank governors called for measures to address the persistent delays and coordination failures under the Common Framework. Dr Johnson Pandit Asiama, Governor of the Bank of Ghana, said "There is an urgent need to fix the sovereign debt resolution system", calling for time-bound restructuring processes and stronger enforcement of comparability of treatment across creditor groups, including private lenders.[13] President Mahama of Ghana said in June 2026 that "Debt restructuring mechanisms must become faster, fairer and more inclusive."[14]

Rashley, three, playing near her home in Balaka district, Malawi. Photo: Sam Vox/ Save the Children

Agness (left) and Chiluba (right) performing a poem that educates teenagers about child marriage and sexual health. Photo: Kelvin Mulenga/Save the Children

Case study: Zambia – six years waiting for debt relief

Zambia's experience highlights the urgent need to reform the G20 Common Framework. Before defaulting, in Zambia real public spending on healthcare fell by 13% between 2014 and 2020, while spending per person on education fell by a staggering 40% over the same period. Household expenditure fell by as much as a quarter in some areas. Since defaulting on its external debt in 2020, Zambia has spent six years negotiating debt restructuring, with delays by some commercial creditors prolonging the process and slowing the country's recovery. The human cost has been significant. These burdens have fallen disproportionately on women, girls and marginalised communities.[15] For example, in Zambia's 2026 Budget, the government has allocated K7.65 billion to the Social Cash Transfer Programme to support low-income households. However, this is significantly lower than resources allocated to external debt servicing which requires K21.7 billion.

"I became aware of climate change at school and became famous for planting trees, but I began to question why the government was not doing more itself to tackle climate change and crushing poverty facing my community. I began to understand how the debt crisis and failure of the international community to address the problems failing millions of Zambians, creating intolerable and immoral suffering.

"When I was in secondary school, I saw how families I know married off their daughters to put food on the table and keep other children in school. This thing happened because there was poverty, because Zambia was indebted… I don't want warm words and excuses; I want action before it is too late."

Precious Kalombwana,
Zambian community volunteer

1 Countries should exit the process with much deeper debt relief

Countries should be exiting the process with deeper debt relief, leaving debtor countries with substantial space to absorb any climate or economic shock without moving back into high risk of debt distress. Along with scaled up development financing, it should help set countries on a path to having the fiscal space to meet development goals, including investment in children and the services they need to survive and thrive, and ensuring robust economic activity. Making clear how much debt relief is on offer will also help debtor countries when deciding whether to apply. Debt relief sufficient to restore sustainability with substantial shock-absorbing capacity is intended to support both development outcomes and affordable loans. There are currently no clear guidelines from either the IMF or G20 about how much debt relief will be granted.

An August 2024 IMF and World Bank 'Supplement to the 2018 guidance note on the Bank-Fund Debt Sustainability Framework for Low Income Countries' says: "restoring debt sustainability implies reducing the risk rating to at least a moderate risk of external debt distress" over the period of the IMF programme.[16] The guidance also states that: "depending on the country's vulnerability to future shocks, the restructuring strategy may require targeting "some space" or "substantial space" to absorb shocks and limit the risk of the country falling back to high risk, considering the observed distribution of shocks applicable to the country".[17] This guidance note presents an important policy: after a restructuring, the risk of external debt distress should be assessed as moderate with substantial space to absorb shocks. This would reduce the risk of repeated restructurings and bring any external payments and interest down to genuinely sustainable levels. Debt indicators can be quantified for this risk rating, which would make the debt relief process clearer, quicker and more transparent, aiding debtor governments when deciding whether to apply. For example, for a country classed as having a 'medium' debt carrying capacity, to be at moderate risk with substantial space to absorb shocks requires the Net Present Value (NPV) of external debt to be below 25% of GDP and 115% of exports, and debt service to be below 10% of exports and 12% of government revenue.[18]

However, the restructuring should reduce the risk of debt distress to moderate with substantial space to absorb shocks *from the completion of the restructuring*. Putting the target date as the end of the IMF programme or later can put the means of achieving this on domestic austerity rather than the restructuring itself, and so does not set clear goals for the restructuring. This means the Debt Sustainability Analysis (DSA) can be contested by creditors, further delaying negotiations. This should be reflected in the guidance note.

The policy in the IMF staff guidance note is not being followed. Chad and Zambia both remain at high risk of debt distress, while Ghana only moved to moderate risk in August 2026, over two years after restructuring debt with bondholders and bilateral creditors. And the IMF has in practice aimed for restructurings which at most reduce debt risk to "moderate" without any space to absorb shocks.

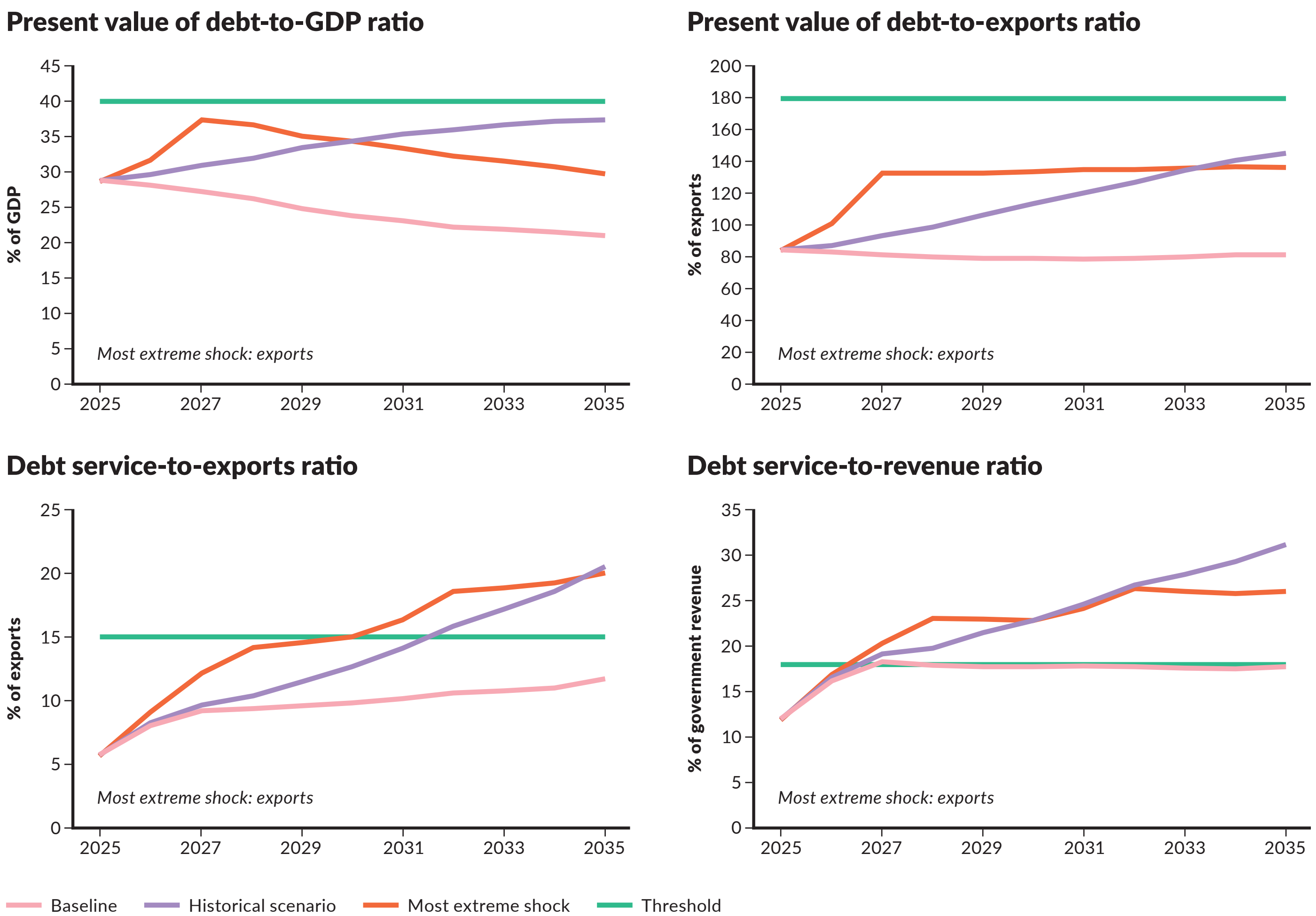
In Zambia, if and when the restructuring is completed, the IMF projects the external debt indicators for Present Value (PV) of debt-to-GDP ratio, and debt service to revenue ratio will be at or above the Debt Sustainability Framework (DSF) thresholds. One shock could push all indicators well above thresholds and so back to high risk.

In Ethiopia, the IMF said the targets for a restructuring which reduces "external debt service to 14 percent of revenues and 10 percent of exports, and the present value of external debt to 140 percent of exports".[19, 20] This indicates that these are the upper limits of thresholds for Ethiopia to be at moderate risk, meaning any shock could raise debt levels above the thresholds and back to high risk – and therefore leaves no space to absorb shocks.

In Ghana, the IMF targeted a debt service-to-revenue ratio on the threshold between moderate risk and high risk, meaning that any shock could move Ghana back to high risk.[21]

Restructurings that leave countries one shock away from potentially returning to "high risk" is likely to lead to repeated situations where countries cannot afford their high external debt payments or interest, and restructurings are needed. This is replicating the "too little" debt restructuring problem the IMF has identified in the past.

Figure 1 Ghana: indicators of public and publicly guaranteed external debt under alternative scenarios, 2025–35



Inadequate debt restructurings also prevent countries from accessing affordable loans

This is because their debt burden remains too high. If governments have very high levels of debt, private lenders are less willing to lend to them. The IMF has concluded that: “debt restructurings have often been too little and too late, thus failing to re-establish debt sustainability and market access [new loans from private lenders] in a durable way.”[22] Scope Ratings has also said: “more comprehensive debt forgiveness could more durably enhance the creditworthiness of select borrowers by remedying a long-standing problem of doing too little, too late to comprehensively restructure Africa’s debt.”[23]

It has been suggested that the guidance note mentioned above is not being followed due to pressure on country teams, and a lack of official endorsement of the policy by the IMF board. A political decision needs to be made by the G20 that debt restructurings should reduce debt risk to moderate with substantial space to absorb shocks. This would reduce the risk of repeated restructurings, ensure governments have sufficient fiscal space to invest in their development and climate goals as well as increase the chance of gaining access to affordable loans. This would also give greater clarity to the debt relief process, increasing its speed and making it easier for debtors to decide whether to apply.

Case study: Zimbabwe – when debt drains the tap

In Zimbabwe’s four largest cities, Harare, Bulawayo, Chitungwiza and Mutare, millions of people live without reliable access to safe water or functioning sanitation. Based on findings developed with the Zimbabwe Human Rights Commission through the National Association of Youth Organisations (NAYO), the crisis has been described as a systematic violation of constitutional rights.

The human cost is stark. Harare’s newest water treatment plant dates to 1994, and a sewage facility built to process 65 million litres a day is processing effectively none. In Bulawayo, a $142 million infrastructure gap means taps run dry for up to 120 hours at a stretch. In Chitungwiza, 40-year-old pipes are collapsing, water flows only at night, and women and girls collect it in the dark.

Debt sits at the root. Zimbabwe’s historical public debt is estimated at US$21 to 23 billion. Today, resources are still diverted to debt servicing. The fiscal space for essential services, including water and sanitation, keeps shrinking, while constrained transfers leave local authorities unable to invest in water infrastructure.[24] Zimbabwe cannot service its creditors and its citizens at the same time. Debt relief would let it choose its people.[25]

2 A suspension of debt payments during restructuring negotiations

African Heads of State and Finance Ministers have called for reforms to the Common Framework to include "suspending debt servicing for all borrower countries embarking on a debt restructuring".[26] When governments apply for the Common Framework, there is no clarity on the mechanism to automatically suspend debt payments. Debtors have had to suspend or default on payments to make progress through the Common Framework.

Of the four Common Framework cases:

a) Chad had agreed a suspension of payments to bilateral creditors through the DSSI before applying for the Common Framework. It had also unsuccessfully requested a suspension of payments to its private creditors (a consortium led by Glencore).[27] Chad continued paying private creditors in full during the Common Framework negotiations but could not default because the loans were collateralised by oil shipments. If it had defaulted, Glencore may have been able to get a UK court injunction to seize Chadian oil anywhere in the world (as happened with BB Energy getting an injunction to seize South Sudan[28] oil in Sudan.

b) According to IMF and Paris Club reports, **Ethiopia** applied for the Common Framework in February 2021.[29] Its payments to bilateral creditors were suspended during the DSSI until end-2021, while payments to private creditors kept being made in full. From start-2022 until late-2023 Ethiopia paid bilateral and private creditors in full. In late-2023 Ethiopia agreed a debt suspension with bilateral creditors, and defaulted on payments to private creditors, after which progress began to be made in debt relief negotiations.

c) Zambia had also agreed a suspension of its payments to bilateral creditors through the DSSI before applying for the Common Framework, but their request for the same to private creditors through the DSSI was largely refused.[30] Zambia defaulted on payments to private creditors in November 2020 before applying for the Common Framework in early 2021.

d) Ghana defaulted on payments to bilateral and private creditors in December 2022, at the same time as applying for the Common Framework.

Debt suspensions are more politically palatable for debtors than defaults. Suspensions can take away the threat of legal action during negotiations, thereby improving the dynamic of negotiations for debtors. Bilateral creditors have shown themselves willing to agree debt suspensions, as evidenced through the DSSI. Yet the DSSI showed the limits of voluntary private creditor participation as "private sector participation… was limited to a national development bank that participated as a private creditor".[31] This may have created scepticism amongst some bilateral creditors of granting debt suspensions where other creditors continue to be paid in full.

The same challenges are happening under the Common Framework. Making countries default leaves the option open to threaten or take legal action. Formal 'defaults' also create negative perceptions of a debtor country, which increase the longer the default lasts. This can also change the dynamics of negotiations in favour of creditors in terms of pressure to agree a deal. Agreeing a formal suspension of Common Framework debt payments would speed up the negotiation process, improve the dynamics of restructuring negotiations and give debtors greater confidence in applying.

How could this work in practice?

As they have done in the past, bilateral creditors can agree to suspend debt payments when a government applies. However, they are likely to need assurance that payments will also stop being made to private creditors. No voluntary mechanism has so far emerged which would ensure that private creditors agree suspensions. A legal change in the UK and any other relevant jurisdictions would provide a stay on legal action while debtors are negotiating in good faith, replicating corporate law. The next-best option would be for the G20 to adopt a policy of agreeing suspensions of payments to bilateral creditors only on the condition that debtor countries also default on private debt payments. This would put all the onus on debtors, leave open the threat of legal action during negotiations, and remain less politically palatable for debtors.

Exceptions to suspension of payments during negotiations

a) Pre-emptive debt restructurings

Ideally, countries should be able to access pre-emptive debt restructurings, allowing debt terms to be adjusted before a default or payment suspension becomes necessary. This would be particularly useful for governments that need additional fiscal space but do not require deep debt relief. The Common African Position on Debt supports an "ex-ante debt reprofiling" approach, enabling countries to extend maturities, reduce interest rates and secure grace periods before entering debt distress."[32]

The Common Framework does not currently provide this option. In practice, countries have only been able to make progress on restructuring after suspending or defaulting on debt payments.

The G20 and IMF should therefore create a pathway for pre-emptive restructurings. However, such a system will only work if creditors have incentives to negotiate. As long as they continue to be paid in full, creditors can delay or refuse restructuring without consequence. Any pre-emptive restructuring mechanism must include stronger measures to ensure creditor participation, alongside – not instead of – a robust system for suspending payments during restructuring negotiations.

b) Exceptions for particular loans

A debtor may wish to continue servicing certain loans during a restructuring in order to keep receiving disbursements. This requires a clear and transparent cut-off date, with only loans disbursed before that date included in the restructuring. The IMF Common Framework playbook currently leaves it to debtors and creditors to negotiate the cut-off date[33] creating an additional source of delay.

In some cases, the IMF staff-level agreement has been used as the cut-off date. However, this creates a limbo period between applying for the Common Framework and securing IMF support, when countries struggle to access new finance. A simpler approach would be to use the date of application to the Common Framework as the cut-off date. Any disbursements made before that date would be included in the restructuring, while those made afterwards would not.

Clear rules on cut-off dates and payment suspensions would speed up negotiations, provide certainty to lenders, and improve the prospects of countries regaining market access. If creditors know new lending will not be subject to restructuring, and that the process will deliver sufficient debt relief to restore sustainability, it is likely they might resume lending sooner.

3 A mechanism to ensure no creditor can hold out from a restructuring

African Heads of State and Finance Ministers have called for reforms to the Common Framework to include "establishing a supranational legal mechanism for enforcement purposes".[34] The ability of certain creditors to threaten legal action is holding up debt restructurings, lengthening defaults, increases interest rates and reduces the ability of governments to borrow. Academic research has found that "creditor lawsuits have become an increasingly common feature of sovereign debt markets. The legal developments have strengthened the hands of creditors and raised the cost of default for debtors. We show that legal disputes in the US and the UK disrupt government access to international capital markets, as foreign courts can impose a financial embargo on sovereigns ... courts can explicitly or implicitly impose an embargo on new borrowing or block debt repayments on performing bonds."[35]

The UK's most important opportunity for action

The UK could build on the 2010 Debt Relief (Developing Countries) Act by limiting recoveries through UK courts to the amount received by other creditors and preventing litigation while debtors are negotiating in good faith. This would reduce the threat of disruptive legal action, strengthen debtor negotiating power, and encourage private creditors to reach agreements more quickly. It could also encourage agreement with key bilateral creditors to endorse other changes to the Common Framework, by showing that Western private creditors will take full part in debt restructuring.

The UK is the most important jurisdiction for these reforms, with 90% of bonds issued by Common Framework-eligible countries governed by English law. All disclosed non-bond private debts of eligible countries are also governed by English law, including Chad's debt to Glencore, Mozambique's hidden debts, and South Sudan's debts to BB Energy and Afreximbank. UK action could encourage other key jurisdictions, particularly the state of New York, to adopt similar measures.

However, this unilateral action needs further broader collective action and support from G20 governments. The G20 and IMF should make it clear that the debtor country will be supported to keep debt payments suspended to any recalcitrant creditor until they agree a deal in line with debt relief targets and comparability of treatment. With these rules clearly agreed, and the ability to take legal action to claim more than other creditors removed, there should be no reason for any creditor to delay the process.

Protection from litigation could incentivise applying for the Common Framework

The threat of legal action and dragging out restructurings reduces debtor power in negotiations.[36]

- **Chad** felt it could not legally default on payments to Glencore, so the company kept being paid in full.[37]
- As reported by several international media outlets, **Ethiopia**'s bondholders twice refused to accept a reasonable and generous offer from the Ethiopian government, instead threatening litigation.[38] This led to a deal which was rejected by official creditors because it involved too little debt relief. As reported by Bloomberg, bondholders then began the process of suing in the UK courts.[39] A new deal was then reached, which Debt Justice calculated means that bondholders will be repaid 17% more than the official creditors.[40, 41]
- **South Sudan** has been sued by BB Energy and Afreximbank in the UK courts after defaulting on high-interest loans from the profit-making lenders.[42] BB Energy managed to get a UK court to temporarily block a delivery of South Sudan oil.[43]
- **Malawi** has been trying to negotiate a debt restructuring with Afreximbank and other high-interest lenders since May 2022, with no progress made in over four years. Like South Sudan, until the UK passes legislation there is no point in Malawi applying for the Common Framework, because Malawi's key commercial creditors do not acknowledge that they are covered by the Common Framework.
- In **Ukraine**, bondholders twice refused generous offers to restructure the country's GDP-linked warrants.[44] Ukraine feared that bondholders, led by VR Capital and Aurelius Capital Management, would sue after the end of the war. They therefore agreed a deal which will see GDP-warrant holders paid more than double other bondholders. It also doubles the amount owed to GDP-warrant holders in the likely event Ukraine defaults or restructures again, further complicating any future restructuring.[45] Other bondholders have reacted to this deal by wanting to reopen their deals with Ukraine, and have threatened legal action if Ukraine does not pay them more.[46] The debts are governed by English law.
- In **Sri Lanka**, Hamilton Reserve Bank rejected the bondholder restructuring and pursued litigation in the United States District Court for the Southern District of New York.[47]

Global support for legislation

- African Finance Ministers have called for "anti-vulture fund legislation in major creditor countries".[48] The High Commissioners and Ambassadors of eight Southern African Development Community countries wrote to Chancellor Rachel Reeves in 2025 to "express our support for the current calls for legislation that would ensure private creditors take part in debt relief processes."[49]
- Xuan Changneng, Deputy Governor of the People's Bank of China, said in June 2026 in a Paris Club report: "Coordinated efforts are also needed on legal and technical fronts to curb malicious litigation by bond investors, thereby safeguarding the foundation and credibility of the Common Framework."[50]
- Indermit Gill, outgoing Chief Economist of the World Bank: "Sovereign borrowers deserve at least some of the protections that are routinely afforded to debt-strapped businesses and individuals under national bankruptcy laws. Private creditors that make risky, high-interest loans to poor countries ought to bear a fair share of the cost when the bet goes bad."[51]
- A Group of Experts commissioned by the late Pope Francis, chaired by Nobel Prize winning economist Joseph Stiglitz, recommended that: "A legislated cap on recoveries by private creditors – linked to the terms accepted by official creditors – for the restructurings of low- and lower-middle income economies would help ensure comparable treatment and foster greater private sector engagement in coordinated debt solutions. It would also reduce the incentive to hold out and litigate, making restructurings more timely and less conflictual."[52]
- At a Westminster event in November 2025, Zambian High Commissioner Macenje Mazoka said: "We do know that the UK does have a unique role and responsibility. It's been raised already… Past UK legislation has shown global leadership in compelling private creditors to participate in debt relief on terms equal to those offered by governments. The UK can take decisive action now by introducing, reintroducing and updating such laws, of which we know there was one in motion. This reform could unlock safer, fairer resolutions for countries like Zambia, but not just Zambia, but all low-income countries that have debt, not just on the African continent. That would allow funds currently spent on interest payments to be redirected toward development, social services and climate adaptation, as proven in past initiatives. The UK's leadership in this area could set a really strong example internationally."
- In the UN Financing for Development (FFD) June 2025 UN Member States* agreed text saying: "We encourage jurisdictions to consider passing legislation aimed at limiting holdouts by creditors to facilitate effective debt restructuring."[53]
- The World Bank: "G20 countries could consider enacting legislation to encourage private creditor participation in the Common Framework. This legislation would seek to inhibit preferential recoveries if a creditor chooses not to participate in a CF debt restructuring."[54]

* All UN Member States agreed to the text except the United States

4 A clear definition of comparability of treatment between creditors

The current Common Framework architecture relies on the application of the Paris Club's principle of comparability of treatment (CoT). According to the World Bank, CoT is not being enforced, does not distribute the burden of debt reduction equally among creditors, and does not guarantee compliance by private creditors, except for "light" restructurings.[55] G20 governments and the Paris Club must establish a clear and transparent way of ensuring all creditors contribute fairly to debt relief. Creditors should make equivalent reductions to the amount they expect to be repaid. In technical terms, it means that the ratio of the Net Present Value (NPV) of the restructured debt (i.e. how much creditors will be repaid) compared to the nominal value of the pre-restructuring debt (i.e. how much creditors lent), should be the same across external creditors.

African Heads of State and Finance Ministers have called for reforms to the Common Framework to include "setting up a universally accepted methodology for comparability of treatment".[56]

The Paris Club says it uses three criteria to decide on comparability of treatment. a) Change in NPV. b) Change in duration before and after the treatment, where duration is measured as the weighted average time for all cash flows to be received. c) Change in nominal debt service before and after the treatment, where the change is measured over the IMF program period associated with the restructuring. However, the Paris Club do not say how these three different criteria are used or publish any comparability of treatment assessments. This means there is no understanding of what a debt restructuring needs to involve in order to be regarded as comparable by the Paris Club and/or G20 official creditor committees. Consequentially, debtors and private creditors are left unsure what they are trying to negotiate, and leaves citizens unclear whether the public sector is subsidising the private sector in debt restructuring deals.

Change in NPV should not be used to evaluate comparability of treatment because it means the higher the interest rate the original lender charged, the more they will be repaid. This is a perverse outcome which rewards higher interest lenders and penalises lower-interest lenders. Instead, comparability of treatment should be assessed by calculating the net present value of the restructured loan schedule, divided by the original amount lent (i.e. the nominal debt owed before the restructuring). This is measuring how much a creditor will be repaid compared to how much they lent. The Paris Club has acknowledged this suggestion, saying on its website: "Certain stakeholders have suggested an alternative methodology, comparing the NPV of restructured claims against the face value of the original outstanding claims. Such an approach would favour creditors with low-interest concessional loans, particularly the official sector."[57]

While a single metric would make comparability of treatment easier to assess, the timing of repayments also matters. Creditors should not be able to secure earlier repayments at the expense of others, particularly where this could leave some creditors exposed to future defaults. The simplest approach is to use a single comparability indicator based on the ratio of restructured NPV to original nominal debt, while retaining the IMF's 5% discount rate. Although this may slightly favour creditors willing to accept larger upfront losses in exchange for earlier repayment, the effect is mitigated because the methodology already requires greater contributions from higher-interest lenders.

The scheduling of debt repayments should also be considered to avoid excessive payment concentrations. However, this is a debt management issue rather than a comparability of treatment issue and should be addressed separately through the time-preference part of restructuring negotiations (see section 5).

5 A faster process

There have been multiple reasons why Common Framework debt restructurings have taken so long. A faster process requires greater commitments from bilateral creditors to increase speed, and increased pressure on private creditors to agree to the necessary relief. The measures proposed address each of these and could collectively speed up the process. African Heads of State and Finance Ministers have called for reforms to the Common Framework to include "introducing a timebound aspect".[58]

Financing assurances

The IMF says it needs financing assurances from creditors before it can lend. Reforms to the Common Framework should be made so that these financing assurances are automatic. Firstly, if payments to bilateral and private creditors were automatically suspended on application to the Framework, the IMF could be assured that its resources would not be used to meet debt payments to creditors, and the IMF could use its lending into arrears policies. Secondly, if bilateral creditors commit to providing debt relief in line with IMF Debt Sustainability Assessments through the Common Framework, and legislation exists to ensure no creditor can sue for more than other creditors, this should be enough assurance to the IMF that creditors will participate in debt relief.

Debtors continuing to pay in full

As set out in section 2, an automatic suspension of payments will incentivise creditors to negotiate more quickly, avoiding the delays caused when creditors continue to be paid in full.

Lack of clarity on the amount of debt relief needed

Currently the IMF presents a vague Debt Sustainability Analysis (DSA) which sets debt indicator targets for the medium-term, after the target date for a restructuring to be completed. These targets are therefore met through a combination of the restructuring and other measures, likely involving domestic austerity, and so it is unclear what contribution debt restructuring should make. This, combined with the lack of clarity over comparability of treatment, makes the IMF DSA contestable. Furthermore, once there have been any significant delays to the restructuring, creditors use any *positive* changes to the economic prospects of a country in that time to further contest the DSA. Instead, the IMF could set a clear target for the NPV of the debt and indicate that this target should be met immediately through the restructuring. All that would be needed then is clear comparability of treatment rules.

Lack of clarity on comparability of treatment

Section 4 has set out why clear comparability of treatment rules should be introduced. If this happened, along with clear rules on the amount of debt relief needed, then the split of debt relief needed from each creditor could be known quickly.

For example, if country X's overall NPV of external debt is 32% of GDP, and a restructuring needs to get it down to 25%. If the NPV of multilateral debt excluded from the restructuring was 10% of GDP, then bilateral and private debt would be 22% of GDP and would need to be reduced to 15% of GDP. That can be done by taking the nominal amount of bilateral and private debt pre-restructuring (e.g. 25% of GDP) and saying the ratio of restructured NPV/original nominal needs to be 0.6* for both bilateral and private creditors to be comparable.

This methodology could be applied on a creditor-by-creditor basis rather than by creditor group. Doing so would protect lower-interest lenders within each group, such as long-term investors compared with higher-interest speculative lenders, and concessional bilateral lenders compared with non-concessional creditors. It could also help determine which creditors should be included in a restructuring, as highly concessional lenders that already fall below the target NPV-to-nominal-debt ratio could be excluded. This would remove another source of delay.

Once an NPV target has been set for each creditor, negotiations could focus solely on how that target is achieved through maturity extensions, interest rate reductions or haircuts. Separating the amount of debt relief from negotiations over repayment profiles would significantly simplify and speed up the process while preserving flexibility for both debtors and creditors. A standard timeframe for these negotiations should also be considered, with one month as a possible starting point.

Sequential negotiations

In Zambia and Ghana, there were a lengthy three rounds of negotiations with bilateral creditors, bondholders then non-bond private creditors. Ethiopia attempted to negotiate between bilateral creditors and bondholders in parallel, but a deal was still reached with bilateral creditors first, whereas with bondholders it took much longer. If there are clear rules on the amount of debt relief needed and comparability of treatment, there is no need for sequential negotiations as they can all be held at the same time because the parameters for negotiations are already set.

Official creditors delaying negotiations

Suspending debt payments and establishing clear rules on debt relief and comparability of treatment would significantly speed up negotiations with bilateral creditors. Requiring greater contributions from higher-interest lenders should also make agreements easier to reach.

Once the agreed negotiation period has expired, the restructuring should proceed even if some official creditors have not reached agreement. The G20 and IMF should support debtors in maintaining payment suspensions to non-participating creditors until they accept terms consistent with debt relief targets and comparability of treatment. Other creditors could also include clauses allowing their agreements to be revisited if a more favourable deal is later granted to another creditor. With clear rules and deadlines in place, there should be little scope for official creditors to delay the process.

Private creditors delaying negotiations

Suspension of payments and clear rules over amount of debt relief and comparability of treatment should significantly speed up negotiations with bilateral creditors. Removing the threat of legal action while a debtor is negotiating in good faith would also give private creditors less means of delaying.

Once the standard timeframe for negotiations with creditors has been completed, if any private creditor has failed to reach a deal, then the process should be completed without them. The G20 and IMF should be clear that the debtor will be supported to keep debt payments suspended to the recalcitrant creditor until

* NPV of bilateral and private debt of 15% of GDP after restructuring / nominal value of bilateral and private debt of 25% of GDP before restructuring.

they agree a deal in line with debt relief targets and comparability of treatment. It would be reasonable for other creditors to include a clause revoking their restructuring deal if a better deal is struck with any other creditor. With these rules clearly agreed, and the ability to take legal action to claim more than other creditors removed, there should be no reason for any private creditor to delay the process beyond the standard timeframe.

Disputes over value recovery instruments

Value recovery instruments introduce further complexity into restructuring negotiations, as they make it much harder to assess comparability of treatment and whether the amount of debt relief is adequate. As mentioned already in this report, these instruments have caused delays in Zambia, Suriname and Ukraine.

The simplest and best way to deal with value recovery instruments, and to speed-up debt restructuring negotiations, would be for the G20 to not accept their use in restructurings. If the G20 wants to keep them as an option, for their use to be fair and compatible with ensuring adequate debt relief and comparable treatment, then three principles would need to be agreed for their use:

1) Any upside needs to be matched by a symmetrical downside,
2) Creditors must collectively only get a defined % of any upside, with more gains from improved outcomes going to the debtor,
3) Any value recovery instrument must be based on indicators that are directly relevant to what a debtor uses to pay the debt – e.g. government revenue in USD, not GDP or GDP growth – and well-designed to be applicable in all circumstances – e.g. not based on annual % changes.

6 Improved debt data transparency

Debt transparency is fundamental to a functioning debt restructuring system and a strong Common Framework. The UN FFD Sevilla Commitment said: "We urge the streamlining and consolidation of existing debt databases into a single global central debt data registry, housed in the World Bank, to harmonize and strengthen debt data reporting, enhance debt transparency and reduce reporting burdens, while respecting privacy and data protection. We encourage borrowing countries as well as bilateral, multilateral and private creditors to improve debt disclosure and data-sharing for reconciliation in a regular manner, in order to improve the quality of data, in accordance with national legislation."[59]

Transparency in sovereign debt is essential for effective debt management, debt sustainability and debt restructuring. Comprehensive, timely and accessible debt data benefits governments, lenders, citizens and international institutions by improving understanding of debt obligations and associated risks. It strengthens democratic accountability, enables better scrutiny of borrowing decisions, supports more accurate risk assessment and can contribute to lower borrowing costs and more effective restructurings. A single public global debt registry, with reporting by both borrowers and creditors, would be a transformative step towards these objectives. The World Bank is well placed to lead this effort by building on its existing Debtor Reporting System (DRS) and International Debt Statistics (IDS) database. Shareholders' sufficient resourcing will be critical to the Bank's ability to carry out this scaled up function.

a) The World Bank should publish all information received through the Debtor Reporting System, including loan-by-loan data, in near real time

Borrowing governments already provide the World Bank with detailed loan-level data, including contractual terms and interest rates. However, the Bank typically publishes only aggregated data and often with a delay of one to two years, limiting its usefulness for policymakers, researchers, and civil society. The World Bank has already demonstrated that greater transparency is feasible. During the Debt Service Suspension Initiative (DSSI), it expanded reporting beyond broad creditor categories to publish data by individual creditor countries. The next step is to publish underlying loan-level information.

Publication should also be accelerated. Governments generally submit quarterly data within one month of the end of each quarter, yet this information can take almost two years to appear in public databases. The World Bank should:

- Publish all loan-by-loan data received.
- Publish quarterly data within one month of receipt.
- Publish annual data within three months of submission.

b) Enable multilateral, bilateral and private creditors to disclose data that can be cross-referenced with debtor reporting

While debtor reporting is relatively well established, creditor disclosure remains fragmented. Many multilateral institutions and some bilateral creditors publish loan-level information, but formats and accessibility vary considerably. Bond data is often available only through commercial platforms, while disclosure by non-bond private lenders remains limited – only two private lenders disclosed any information to the IIF/OECD database, and they have now stopped. A central registry would bring creditor and debtor disclosures together under common reporting standards, making information easier to access, compare and analyse. Disclosure is both legally and technically feasible. Bond issuances are routinely disclosed, while some private lenders have already reported loan information through voluntary transparency initiatives. The main barrier is insufficient incentives rather than legal constraints.

A global registry would increase accountability by identifying which creditors disclose information and which do not, creating pressure for wider participation. Over time, this could establish debt transparency as a universal norm, improve debt sustainability and market functioning, and support more effective debt restructuring processes. Governments could then apply regulatory requirements where voluntary disclosure remains insufficient.

Conclusion

The Common Framework has failed to deliver timely and effective debt restructurings. Prolonged negotiations, inadequate debt relief and difficulties securing private creditor participation have undermined confidence in the process and discouraged countries from applying.

The reforms outlined in this report are practical and achievable. They include deeper debt relief, suspension of payments during negotiations, stronger measures against creditor holdouts and litigation, clearer comparability of treatment rules, a faster process, and greater transparency. Together, these reforms would create a more effective restructuring mechanism capable of restoring genuine debt sustainability and supporting economic recovery. An additional rebrand and relaunch of the process may help to tackle the stigma associated with the existing mechanism. The success of these reforms should ultimately be measured by whether countries emerge with sustainable debts, renewed access to affordable finance, and the resources needed to invest in children and long-term development.

The coming years present a critical window for action. Successive G20 presidencies will be held by countries with significant influence over the sovereign debt system. Momentum within G20 members to create a fair and sustainable international financial architecture is growing. Reforming the Common Framework is one of the most important and achievable steps that could be taken with meaningful action.

Failure to act will prolong the human consequences of high external debt payments and interest that many countries can neither afford nor sustain. Starting today would put the world on a path to fixing the financial system that is rigged against children everywhere. Success would help unlock investment in children, development and climate resilience, while laying the foundations for stronger and more inclusive global growth.

Beaullar, 12, at her school in Zimbabwe.
Photo: Cynthia Chimbunde/Save the Children

Appendix 1 Timeline of progress through the Common Framework

<table>
<tr><th rowspan="2">Creditors</th><th colspan="2">2021</th><th colspan="2">2022</th><th colspan="2">2023</th><th colspan="2">2024</th><th colspan="2">2025</th><th>2026</th></tr>
<tr><th>Jan–Jun</th><th>Jul–Dec</th><th>Jan–Jun</th><th>Jul–Dec</th><th>Jan–Jun</th><th>Jul–Dec</th><th>Jan–Jun</th><th>Jul–Dec</th><th>Jan–Jun</th><th>Jul–Dec</th><th>Jan–Jun</th></tr>
<tr><td colspan="12">Chad</td></tr>
<tr><td>CF and IMF</td><td>Applied for CF</td><td colspan="10">IMF programme</td></tr>
<tr><td>Bilateral</td><td colspan="2">Suspension under DSSI</td><td>Paid in full?</td><td colspan="8">No debt relief</td></tr>
<tr><td>Glencore</td><td colspan="3">Paid in full</td><td colspan="8">No debt relief</td></tr>
<tr><td colspan="12">Ethiopia</td></tr>
<tr><td>CF and IMF</td><td>Applied for CF</td><td colspan="6">No IMF programme</td><td colspan="4">IMF programme</td></tr>
<tr><td>Bilateral creditors</td><td colspan="2">Suspension under DSSI</td><td colspan="3">Paid in full</td><td colspan="3">Suspension under CF</td><td colspan="3">CF agreement</td></tr>
<tr><td>Bondholders</td><td colspan="5">Paid in full</td><td colspan="6">Default, no agreement[60]</td></tr>
<tr><td>Non-bonds</td><td colspan="5">Paid in full</td><td colspan="6">Default, no agreement</td></tr>
<tr><td colspan="12">Ghana</td></tr>
<tr><td>CF and IMF</td><td colspan="3"></td><td>Applied for CF</td><td colspan="7">IMF programme</td></tr>
<tr><td>Bilateral creditors</td><td colspan="3">Paid in full</td><td colspan="3">Default</td><td colspan="5">CF agreement</td></tr>
<tr><td>Bondholders</td><td colspan="3">Paid in full</td><td colspan="4">Default</td><td colspan="4">CF agreement</td></tr>
<tr><td>Non-bonds</td><td colspan="3">Paid in full</td><td colspan="5">Default</td><td colspan="3">Partial agreements, negotiations</td></tr>
<tr><td colspan="12">Zambia</td></tr>
<tr><td>CF and IMF</td><td>Applied for CF</td><td colspan="2">No IMF programme</td><td colspan="8">IMF programme</td></tr>
<tr><td>Bilateral creditors</td><td colspan="2">Suspension under DSSI</td><td colspan="2">Default</td><td colspan="7">CF agreement</td></tr>
<tr><td>Bondholders</td><td colspan="6">Default</td><td colspan="5">CF agreement</td></tr>
<tr><td>Non-bonds</td><td colspan="7">Default</td><td colspan="4">Partial agreements, negotiations</td></tr>
</table>

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Design: Neil Adams, Grasshopper Design