

The 2027 UK G20 Presidency:

A Historic Opportunity for Action on Debt

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External debt payments for lower-income countries are at the highest level since the mid-1990s.¹ This is already leading to significant cuts in public spending in many of the world's least developed and most climate-vulnerable countries with devastating effects: reversing development progress; increasing gender inequality; depleting public services, including critical children's services; undermining climate action; and thwarting progress towards the universally agreed 2030 Sustainable Development Goals.

In the 1980s and 1990s, multilateral lenders responded to the debt crisis by making loans conditional on cuts to public spending, with often devastating impacts on essential public services. This contributed to two lost decades of development, instead creating economic stagnation and increasing poverty. Since the debts were transferred from private to public lenders via multilateral lending, when debt cancellation finally happened in the 2000s, the costs fell on the public balance sheets. Today, we risk repeating history.

The G20 Common Framework is failing to address the crisis. Debt restructurings under the Framework have been too slow and reduced debt by too little. Almost six years after it was agreed, only four countries have applied, three of which remain in debt distress or at high risk of being so. In all four cases, commercial creditors have been, and are, frustrating progress - just as they are in countries restructuring outside the Common Framework, such as Malawi, Sri Lanka and



Ukraine - often using the threat of legal action in UK courts to tip the balance of power in negotiations overwhelmingly in their favour. Most recently, Ethiopia's bondholders said they were suing the East African country in the UK High Court to push Ethiopia and the G20 into a worse deal.²

Given the perceived failures of the Common Framework, most eligible countries are not using it. In the words of African Heads of State, the G20 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, particularly in Africa".³

Without urgent action, the world risks economic decline in all lower-income countries held back by high debts, which limits the prosperity of us all. Multilateral finance and ODA could be wasted on paying high-interest loans rather than enabling much-needed investments to tackle poverty, gender inequality and the climate emergency. In contrast, a functional debt relief process could be created at minimal cost to taxpayers and deliver significant fiscal space. 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 prevent the deaths of 380,000 children and 35,000 mothers, put over 1 million children through primary school and give 15 million people access to clean water.⁴

The Common Framework needs large-scale reform and relaunch

We therefore recommend that the UK uses its G20 Presidency in 2027 to champion the changes to the Common Framework laid out in the African Union's Common Position on Debt, including:

1. **Introduce a commitment to deeper debt relief**, which leaves debtors with substantial space to absorb shocks without moving back to high risk of debt distress and frees up enough fiscal space to meet 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.
2. **Implement a suspension of debt payments during restructuring negotiations** to reduce the incentives for private creditor holdouts and to help debtors by not forcing them into a unilateral default.

3. **Introduce legislation in key jurisdictions,** especially the UK, so that creditors cannot sue or threaten to sue during debt restructuring negotiations, and so that no creditor can hold out from a restructuring
4. **Agree a clear definition of comparability of treatment between creditors.** This should be that the ratio of the net-present-value 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) is the same across external creditors.
5. **Adopt a faster process.** Speeding restructuring negotiations up requires greater commitments from bilateral creditors to increased speed, and increased pressure on private creditors to agree to the necessary relief.
6. **The UK should also use the G20 Presidency to push for one international debt registry,** consolidating data from both debtors and lenders.

The UK is the most important country in the world in terms of private creditors, with 90% of the debts owed by countries eligible for the Common Framework to external private creditors governed by English law. Of external debt payments by lower-income countries, 39% are to private creditors, 34% multilateral institutions, 13% Chinese public and private creditors and 14% other governments.⁵ To champion Common Framework reform, therefore, UK action to ensure fair and timely private creditor participation is critical.

For large bilateral creditors to agree to a suspension of payments and deeper and faster debt relief, they need to be reassured that Western private creditors will participate. Xuan Changneng, Deputy Governor of the People's Bank of China, said in June 2026: "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."⁶

Legal reforms in the UK are needed both to implement the suspension of payments during negotiations and to ensure all private creditors participate in restructuring. Ensuring relief on comparable terms would strengthen the UK's credibility when pushing other bilateral creditors to agree to Common Framework reform. The UK's 2027 G20 Presidency is a historic opportunity to show bold leadership on the world stage by championing deeper, faster, and fairer relief from unsustainable debt, providing urgent and life-saving relief to millions.

Endnotes

1. <https://debtjustice.org.uk/press-release/lower-income-country-debt-payments-hit-highest-level-in-30-years>
2. <https://debtjustice.org.uk/press-release/bondholders-use-threat-of-uk-legal-action-to-limit-debt-relief-for-ethiopia>
3. https://au.int/sites/default/files/documents/44785-doc-EN_Draft_Zero_Declaration_AU_Conference_on_Debt_Final.pdf
4. https://www.st-andrews.ac.uk/~grade/simulations/debt/GRADE_capping-debt-at-10pct.html
5. <https://debtjustice.org.uk/press-release/debt-payments-to-private-lenders-three-times-higher-than-to-china>
6. Paris Club Annual report 2025. <https://clubdeparis.org/files/live/sites/clubdeparis/files/contributed/RAPPORTS%20ANNUELS/AnnualReport-RA%202025.pdf>



We are a campaigning organisation working with others to end unjust debt and the poverty and inequality it perpetuates, in the UK and across the world.

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