

V.A., Coordinated by Patricia Miranda
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What's Next for the Borrowers' Platform?

8 Ideas for the Future of Debt Governance



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Introduction

Establishment of the Borrowers' Platform was agreed during the Fourth International Conference on Financing for Development (FfD4) in June 2025—an outcome of the *Compromiso de Sevilla*—with UN Trade and Development (UNCTAD) acting as Secretariat. The platform aims to be a space to discuss technical issues, share information and experiences in addressing debt challenges, increase access to technical assistance and capacity-building in debt management, coordinate approaches, and strengthen borrower countries' voices in the global debt architecture. The platform was launched in April 2026 during the International Monetary Fund (IMF) and World Bank spring meetings; it is expected to begin its first annual cycle in October 2026.

The historic existence of creditor-led forums to coordinate positions, exchange information, and influence global debt policies represents an imbalance for borrower countries' needs and voices in the debt architecture. As the official UNCTAD document states, an institutionalized borrower-led space is a timely initiative given the current unresolved debt challenges for developing countries. For the first time in decades, sovereign borrowers have a standing, UN-anchored space to share information and build a collective voice.

Within the context of a continually increasing trend of public debt and unsustainability risks, borrowing countries' needs vary, from debt relief to debt restructuring and concessional financing, among others. At the same time, these countries share common problems and challenges while their populations face the same impacts. Until now, there has been no space to deeply discuss these issues as a group.

This policy brief aims to contribute recommendations to the Borrower's Platform based on the work of debt experts from civil society organizations as well as academia and debt and development networks, including key topics to initiate an exchange, support peer learning, develop joint positions, and shape proposals.

A Debt Context That Urges a Different Approach

Debt has become one of the most important sources of development finance in developing countries. But solving unsustainable debt and preventing debt crises while facilitating access to concessional financing is still among the greatest challenges. In the context of official development assistance decline, regressive tax systems, persistent illicit financial flows, and increasing financing gaps resulting from sustainable development needs, debt is a key component of international financial architecture reform.

According to the IMF, unfolding crises after the COVID-19 pandemic, such as the energy crisis, trade disruptions, and war in the Middle East, introduce an additional and consequential source of fiscal pressures.

In 2024, public debt in developing countries reached \$31 trillion, accounting for 31% of the global total—twice its share in 2010. Although developing countries account for 39% of global gross domestic product (GDP), 83% of the world's population live in these countries and face substantial Sustainable Development Goal (SDG) financing gaps, revealing persistent asymmetries. The most concerning figures are developing countries' net interest payments, which reached \$921 billion in 2023, almost double the amount for 2013. UNCTAD shows that overall, in 2024, 61 developing countries allocated 10% or more of government revenues to interest-only payments—twice as much as in 2010.

The rise in interest outlays can in turn constrain a country's fiscal space, potentially forcing procyclical spending cuts or tax increases that amplify the contractionary effect of rising interest rates on real activity and further worsen debt dynamics. According to UNCTAD, 54 developing countries, home to approximately 3.4 billion people, spend more on interest payments than on health or education. The current international financial architecture falls short of advancing sustainable development, climate adaptation, human rights, and the reduction of inequalities and poverty.

1. Catastrophe Containment and Relief Trust Reform: Adequacy and Eligibility

Marina Zucker-Marques, Boston University

When a developing country is hit by a shock—a hurricane, an earthquake, or a pandemic—mobilizing affordable, speedy finance is essential to support recovery. Countries typically draw emergency loans from international organizations, including the IMF. This is valuable and necessary support, but new borrowing is not always enough. If a country has already been hit by earlier shocks and borrowed heavily to cope with them, it may also need debt relief.

The IMF has an instrument designed precisely for this purpose: the Catastrophe Containment and Relief Trust (CCRT), which provides grants to eligible countries to help cover their debt-service payments after a natural disaster, covering obligations owed to the IMF for up to two years and limited to 20% of the country's quota—the threshold it can normally borrow from the IMF. In principle, this trust is one of the most valuable tools in the IMF's toolkit, because unlike ordinary IMF lending, it comes with lighter policy conditions attached. In practice, however, the CCRT suffers from four structural flaws: eligibility is too narrow, the triggers for activation are too stringent, relief limits are too small, and the trust itself is chronically underfunded, with no reliable, lasting source of financing.

The IMF's planned comprehensive review of the CCRT, expected in fiscal year 2027/28, is therefore a critical opportunity for borrowing countries to push for meaningful reform. Ensuring the CCRT is fit for purpose is more essential than ever, for two reasons. First, developing countries are facing increasingly frequent and severe climate shocks, compounded by new health emergencies—notably, the 2026 Ebola outbreak in the Democratic Republic of Congo and Uganda. Second, many countries now face a looming repayment wall to the IMF, having borrowed heavily during the COVID-19 pandemic, with demand continuing to grow in the wake of the recent oil shock in 2026. This section explains the key reform agenda for the CCRT in the upcoming review.

The CCRT's roots lie in the 2010 Haiti earthquake, after which the IMF created the Post-Catastrophe Debt Relief (PCDR) Trust to cancel Haiti's entire outstanding debt to the IMF (IMF, 2023). PCDR was a standalone instrument covering only natural disasters. In 2015, in response to the West Africa Ebola epidemic, the IMF combined PCDR's existing resources with leftover funds from an earlier debt relief initiative (the 2005 Multilateral Debt Relief Initiative) to create the CCRT—a broader facility that would cover fast-spreading public health emergencies alongside natural

disasters (IMF, 2015). The CCRT proved to be fundamental during the COVID-19 pandemic. Between 2020 and 2022, the trust delivered roughly \$927 million in debt-service relief (IMF, 2023).

Chief among the CCRT flaws is its eligibility criteria, which today are only met by 30 of the IMF's 190 member countries. Eligibility requires that a country has already qualified for the IMF's concessional lending arm, the Poverty Reduction and Growth Trust (PRGT), and has a per capita income below the World Bank's operational cutoff for its concessional arm, the International Development Association (IDA), which is currently set at \$1,365. Of the 37 small island developing states (SIDS) that are IMF members, for instance, only one—Guinea-Bissau—is eligible for the CCRT. This means that many climate-vulnerable countries are currently left uncovered by a fund that is meant to help countries recover from climate shocks.

Even eligible countries must meet demanding activation thresholds. After natural disasters, a country must show that one third of its population was affected, 25% of national productive capacity was destroyed, and total damages exceeded 100% of GDP. For public health emergencies, the epidemic must be life-threatening and spreading across the country or region, causing a cumulative GDP loss—or a combined revenue loss and spending increase—of at least 10% (IMF, 2023). These thresholds are especially difficult for vulnerable middle-income countries to meet, since even a severe disaster may represent a comparatively smaller share of a larger economy. Reducing the threshold for access would help countries to respond faster in face of unfolding emergencies.

Another important area for CCRT reform is increasing the access norm—the maximum amount of relief a country can request from the trust, currently capped at 20% of its IMF quota. This limit has not kept pace with the broader expansion of IMF concessional lending thresholds. Since the COVID-19 pandemic, demand for PRGT lending has surged, leading the IMF Executive Board to double the normal annual access limit to 200% of quota, with cumulative access reaching 600%. As a result, outstanding PRGT claims had climbed to \$31 billion by June 2026—more than three times prepandemic levels. Given the oil shock in early 2026, IMF expects demand will increase further by more than \$50 billion (Shalal, 2026); hence, it is important that CCRT limits are adjusted in accordance with a country's exposure to the IMF.

Perhaps the most urgent CCRT reform is establishing a dedicated, reliable income stream. Every time a crisis erupts—Ebola in 2014, COVID-19 in 2020, and Ebola again today—the IMF must raise funds for an instrument that, by design, exists to respond to precisely these recurring shocks. This introduces political delay into what should function as an automatic stabilizer. Currently, the CCRT is almost empty, holding just \$124 million in available resources—a sum that would not cover the \$300 million in debt service that the Democratic Republic of Congo alone must pay the IMF in 2027, let alone meet requests from other countries (IMF, 2026).

One promising option is for the IMF to sell a small share of its gold reserves—currently valued on its books at a historical cost of \$45 per ounce, against a market price exceeding \$4,000 per ounce at the time of writing—to permanently replenish the CCRT (Zucker-Marques, 2024). As it stands, the IMF’s gold holdings generate no income. If even a small fraction were sold incrementally, to avoid disrupting global gold markets, the proceeds could seed a permanent endowment capable of funding the IMF’s subsidy accounts on an ongoing basis.

The upcoming CCRT review offers developing countries a critical opportunity to press for reform across four key areas where the Borrowers’ Platform can be a space for potential joint discussions. First, eligibility should be expanded to all countries eligible for the PRGT as well as all SIDS, ensuring that both low-income countries and those most exposed to natural disasters are covered. Second, the IMF should reevaluate its qualifying events, adopting more flexible and broader trigger conditions with less stringent thresholds. Third, the CCRT access norm—currently capped at 20% of a country’s IMF quota—should be increased so that relief is commensurate with the actual loss and damage countries face during disasters. Finally, the IMF should consider establishing an endowment account to generate investment income dedicated to the CCRT, removing its reliance on ad hoc fundraising so it can offer sustainable, long-term financing. Together, these four reforms would transform the CCRT from an underfunded, narrowly targeted instrument into a fund genuinely fit to meet the growing scale of climate and health shocks facing developing countries.

2. Mobilizing Multilateral Development Banks—What Should Borrowers Ask of Them?

Annalisa Prizzon, ODI Global

African countries typically face significantly higher sovereign borrowing costs than their peers in other regions (*Africa Panel Report, 2025; Gbohoui et al., 2023*). The average bond yield across African countries since 2020 is 9.8%, versus 7.1% in Latin America and the Caribbean and 5.5% in Asia and Oceania—and more than three times that of the US (*UNCTAD, 2025*). Macroeconomic fundamentals—strong fiscal and external positions, positive and sustained growth, and government effectiveness—are associated with lower sovereign bond spreads (*Presbitero et al., 2016*), and greater domestic market depth reduces borrowing costs. But these costs are pushed up by the higher risk perceived by international investors, a risk premium that is embedded in the methodologies credit rating agencies apply to sovereign bonds (*Gilpin, 2026*).

Addressing the root causes of higher borrowing costs for African sovereign countries often requires long-term, complex reforms at both national and international levels. Reforms range from structural macroeconomic interventions to measures to deepen local capital markets and from improving the availability of data on African infrastructure projects to demanding greater transparency from credit rating agencies (*Africa Panel Report, 2025*). In the meantime, the high cost of borrowing does not only mean higher debt-service payments. It also leads to missed investment opportunities when expected economic and financial rates of return are too low to justify them—or to the inability to borrow at all.

Solutions that expand affordable finance in the short term are therefore urgently needed, especially for African countries with little or no access to international and domestic markets. Financing gaps in the region persist (*Coulibaly et al., 2026*), while access to grants and highly concessional finance has been sharply curtailed: bilateral donors cut their overall aid budgets by more than 25% between 2024 and 2025 (Organisation for Economic Co-operation and Development [*OECD*], 2026a), and current projections indicate official development assistance will fall for a third consecutive year in 2026 (*OECD, 2026b*).

Financing at better-than-market rates is a core offering of multilateral development banks (MDBs), a strength of their business model that is highly valued by their clients. Thanks to their AAA credit ratings, MDBs can borrow at relatively low rates, often far below the rates for individual countries (if they can borrow at all), particularly those eligible for the soft windows of MDB assistance.

The preferred creditor status of these institutions—a shareholding structure that includes countries with strong credit ratings—and the backing of governments through callable capital, should loans not be repaid, are the key pillars of the low-interest-rate model whose benefits MDBs can pass on to their borrowing shareholders. In a recent survey of MDB client countries, 83% of respondents said the ability of MDBs to offer financing at better-than-market terms is either extremely or very important for the socioeconomic development of their countries, a share that has risen since the first survey in 2021 (*Prizzon et al., 2026*). This share increases to 89% among countries borrowing on concessional terms and remains at 76% even among countries with market access. Across respondents, 57% expect demand for MDB grants and loans to increase over the next 5 to 10 years, citing significant financing needs and the availability of grants and concessional financing that do not put pressure on future debt sustainability.

But accessing MDB finance has its own challenges. First, while MDBs have expanded the volume of their operations through a combination of balance-sheet optimization measures and, in some cases, larger replenishments or capital increases, overall volumes remain constrained within the broader development finance architecture and relative to countries' financing needs. Second, countries are subject to an allocation, either explicit (usually in the case of concessional windows) or implicit (for countries borrowing on nonconcessional terms, to reduce concentration risk). Third, not all MDB programs are perceived to be well aligned with national priorities (*Prizzon et al., 2026*). Fourth, operational cooperation among MDBs needs strengthening: fewer than half of respondents think MDBs coordinate well or very well—a share unchanged since the first survey, despite MDB leaders' investment in improving joint operations. This is particularly true for project preparation, environmental and social frameworks, and procurement. Finally, 44% of government respondents still consider the length of the project cycle, from concept to first disbursement, to be very or extremely long. Among respondents who expected demand for MDB financing to fall, nearly half attributed this to the availability of faster financing options (*Prizzon et al., 2026*).

So, what could MDBs do to help countries reduce borrowing costs, and what should borrowers prioritize? For MDB management and shareholders (including borrowing countries), a key priority is to make use of MDB headroom. As outlined in *Prizzon et al. (2026)*, in the absence of supply

constraints, most government respondents expect demand for MDB grants and loans to increase in the medium term. While this is not an assessment of the overall size of future lending, it is a clear indication that government officials expect to maintain or even increase their access to MDB financing.

Borrowers, for their part, should maximize access to their full allocation, whether explicit or implicit, and in the case of IDA countries, should consider borrowing on nonconcessional terms where available, as this would still be considerably less costly than market finance. Government officials should also familiarize themselves with the full suite of instruments offered by MDBs. Respondents noted that MDB processes remain poorly understood within government structures, and that innovative financing instruments, while welcome, require additional structured training (Prizzon et al., 2026).

Although project and program implementation is not directly associated with the cost of borrowing, effective delivery means countries realize returns earlier, reduce transaction costs and fees, and create space for new MDB financing and operations. Governments should therefore not only clarify their priorities across MDBs, establish a division of labor, and foster coordination between these institutions, but also improve execution rates. That requires greater investment in building high-quality project pipelines and strengthening government capacity to prepare and deliver projects at national and subnational levels, particularly with respect to project management and fiduciary oversight.

Borrowing from MDBs can help ease, at least in part, the pressure of managing borrowing costs, particularly in African countries and in the short to medium term. But MDBs and borrowing countries each have a fundamental role to play in boosting MDB resources and ensuring they are used effectively.

3. Debt Swaps: Principles for High-Integrity Implementation

Daniel Ortega, Biocarbon

Debt swaps are receiving renewed attention as borrower countries face rising debt-service pressures and growing financing needs for projects around climate, nature, and development. In principle, these instruments can create targeted fiscal space by converting part of an existing debt obligation into agreed investment commitments. However, they should be approached as selective instruments, not as substitutes for systemic debt relief, grant-based finance, concessional lending, or broader reform of the international debt architecture.

The economic case for a debt swap depends on whether it generates a clear net benefit for the debtor country compared with available alternatives, including grants, concessional finance, ordinary debt management operations, or broader restructuring (Mazzucato et al., 2024). Chamon et al. (2022) argue that debt-for-climate swaps may help mobilize resources where grants or comprehensive debt relief are unavailable, but they may be less efficient than broader instruments if part of the benefit accrues to non-participating creditors. Similarly, the IMF and World Bank (2024) emphasize that debt-for-development swaps should be used only when they provide intended benefits and preserve accountability for policy and spending commitments.

Past experience reveals both potential and limits, particularly around scale, transparency, additionality, and governance (Nedopil et al., 2023). For borrower countries, the key question is not whether debt swaps are innovative but whether they are fiscally meaningful, transparent, additional, accountable, and aligned with national development priorities.

Challenges and Limitations

Debt swaps are complex instruments that require careful assessment before they are presented as debt or development solutions. The first challenge is fiscal materiality: headline transaction values may overstate the real benefit where net present value savings are modest, transaction costs are high, or the new financing structure does not significantly improve the country's debt-service profile. This is particularly relevant because swaps often represent only a small share of total public debt and may have limited impact on overall debt sustainability (Nedopil et al., 2023). Advisory fees, guarantees, insurance costs, special-purpose vehicles, and implementation arrangements can also

reduce the net fiscal contribution to the debtor country (Booth & Brooks, 2023; Kozul-Wright, 2024).

A second challenge is transparency. Debt swaps usually involve multiple actors, including creditors, financial intermediaries, guarantors, multilateral institutions, implementing entities, and fund managers. This can make it difficult for governments, parliaments, audit institutions, and citizens to understand the real distribution of costs as well as the risks and benefits.

A third limitation relates to additionality, accountability, and participation. Swaps should create new fiscal space or new investment instead of relabeling existing commitments or substituting for grants, concessional finance, or deeper restructuring. Contractual clauses and governance structures may also affect fiscal flexibility, domestic accountability, and participation if they are not reviewed early in the process. These risks are especially important where national institutions, local authorities, and affected communities are not involved at the appropriate stages or where governance arrangements do not fully reflect domestic accountability needs (Ortega-Pacheco et al., 2023).

Principles for Implementation

A practical integrity framework should be organized around the full life cycle of a debt swap: before, during, and after the transaction. This helps translate broad principles (Latindadd, 2024) into operational safeguards that borrower countries can apply at each decision point, consistent with the governance principles of effectiveness, accountability, and inclusiveness (United Nations Economic and Social Council [UNESCO], 2018).

Before the swap, governments should assess fiscal impact, compare alternatives, conduct due diligence, and ensure alignment with national plans and budget systems. This assessment should examine expected debt relief, net present value savings, transaction costs, long-term obligations, and implications for future debt management. It should also compare the proposed swap with grants, concessional finance, ordinary debt management operations, or broader restructuring. This is consistent with the view of both the IMF and the World Bank that debt-for-development swaps should be assessed through a structured “when, where, and how” approach rather than promoted as default solutions (IMF & World Bank, 2024).

During the swap, governments should ensure transparent implementation and protection of fiscal flexibility. Financial flows, use-of-proceeds rules, project selection criteria, and implementation progress should be disclosed and monitored through clear institutional arrangements. Potential conflicts of interest should be identified and managed, particularly where actors involved in promoting, advising on, structuring, or implementing a transaction may also benefit from it. Safeguards should also apply where projects affect land, marine areas, natural resources, livelihoods, Indigenous Peoples, local communities, or vulnerable groups. Lessons from prior debt-for-nature and debt-for-ocean swaps show that governance arrangements and local participation are key to whether swaps deliver durable public value (Booth & Brooks, 2023; Standing, 2023).

After the swap, independent audit, public reporting, and outcome evaluation are essential. Evaluation should assess whether the transaction generated additional fiscal space, whether commitments were achieved, whether benefits were equitably distributed, and whether governance arrangements remained accountable over time. Public reporting, grievance mechanisms, and adaptive review can strengthen legitimacy and correct implementation problems before they become structural failures.

Practical Recommendations for the Borrowers' Platform

The platform could translate high-integrity principles into practical tools for assessment, negotiation, and peer learning: (1) It could develop a borrower checklist with minimum disclosure expectations. This tool could help governments assess fiscal impact, debt-service implications, net present value savings, transaction costs, fees, guarantees, additionality, governance arrangements, safeguards, conflict-of-interest risks, and alignment with national priorities. It could also identify what creditors, banks, insurers, guarantors, advisors, implementing entities, and fund managers should disclose before a transaction is approved. (2) It could support peer learning and benchmarking across past transactions. Countries could compare fiscal impact, transaction costs, governance models, safeguards, public reporting, and implementation risks. This would help avoid exaggerated claims based only on headline transaction values and would allow countries to learn from experiences where debt swaps produced both opportunities and implementation challenges (Booth & Brooks, 2023; Nedopil et al., 2023). (3) It could develop voluntary equivalence tools to compare proposed swaps with domestic public finance rules, debt management laws, audit standards, environmental and social safeguards, sustainable finance frameworks, and national climate or biodiversity planning systems. This could reduce one-size-fits-all conditionalities while improving comparability and credibility across transactions.

The platform can help shift debt swaps from reputationally attractive transactions to disciplined, borrower-led assessments of whether they serve the public interest.

4. Developing Local Currency Debt Markets in the Global South

Daniela Berdeja, Latindadd

Global South nations face growing challenges procuring the financing needed to achieve the SDGs. Declining aid flows, rising debt vulnerabilities, and higher debt-servicing costs have further constrained fiscal space, increasing the importance of well-functioning domestic debt markets. Yet domestic financial markets remain highly heterogeneous in terms of size, depth, investor base, and institutional development (World Bank, 2020).

Dependence on external financing in hard currencies has been a source of extreme macroeconomic vulnerability (Eichengreen et al., 2005; UNCTAD, 2024). In the face of external shocks—such as interest rate increases by the Federal Reserve or volatility in commodity prices—these countries often endure capital outflows and depreciations of local currencies, which immediately increases the cost of their foreign-currency-denominated debt.

Developing domestic local currency debt markets—including local currency bond markets—is no longer a financial policy option but is instead a strategic component of macroeconomic resilience, fiscal sustainability, and greater economic sovereignty. Deep domestic markets reduce exposure to external exchange rate shocks, mobilize domestic savings for productive investment, and provide benchmark yield curves that support broader financial market development and help reduce domestic financing costs.

Challenges and Limitations in the Current Debt Architecture

Global South countries face structural barriers to domestic financing. Long-term local currency financing remains more costly in many economies, while limited investor bases often constrain maturities. These constraints create chronic rollover risks and push interest rates upward, limiting a state's ability to plan for long-term investment (World Bank, 2020). In addition, debt sustainability analyses (DSAs) may place greater emphasis on higher nominal local currency borrowing costs (Berdeja & Bejarano, 2024), potentially underestimating the balance-of-payments and exchange rate risks associated with external debt.

Strengthening institutional coordination between debt management offices, ministries of finance, and central banks remains essential to deepen local currency debt markets, improve debt issuance strategies, strengthen

debt sustainability, and increase resilience to episodes of volatility (Luna, 2026).

Creating and Developing Domestic Local Currency Debt Markets

Consistent with the commitments adopted at the Ff4D (UN, 2025), increasing financing in local currencies is essential to reduce countries' excessive dependence on external financing and strengthen their capacity to mobilize domestic resources for sustainable development priorities. The Borrowers' Platform could serve as a space for South–South technical cooperation, facilitating a knowledge exchange and sharing practical experiences in developing domestic local currency debt markets to build more balanced financing structures that reduce vulnerabilities and expand policy space. By fostering phased strategies tailored to countries' different levels of domestic market development, the platform could help adapt good practices to national institutional and macroeconomic contexts.

An early focus could be the establishment of a benchmark sovereign yield curve with the state as the anchor issuer. Governments need to consolidate local currency debt issuance into fixed and predictable maturities, reducing fragmentation caused by numerous small bond issues. Mexico's experience illustrates the value of this approach: the government progressively expanded the issuance of fixed-rate peso-denominated securities with longer maturities, contributing to the development of a sovereign yield curve extending up to 30 years (Abreu et al., 2018), hereby strengthening the domestic government securities market and facilitating the development of longer-term local currency financing.

Broadening the domestic institutional investor base—including pension funds, insurance companies, and mutual funds—is essential for extending maturities, improving market liquidity, and reducing reliance on commercial banks as the primary holders of government securities (IMF & World Bank, 2021). Developing local currency debt markets, however, does not automatically eliminate debt sustainability risks. A high concentration of government securities among domestic institutional investors, particularly where the investor base remains insufficiently diversified, can strengthen the sovereign–financial sector nexus and amplify systemic risks if public debt becomes unsustaina-

ble or debt restructuring becomes necessary (Jeanneau & Tovar, 2006). In such circumstances, the costs of sovereign distress may be transferred to domestic savers, including pension fund contributors (Berdeja & Bejarano, 2024). The development of domestic markets should go hand in hand with comprehensive debt management policies and a diversified investor base.

Malaysia's experience illustrates the importance of a strong domestic institutional investor base. Authorities supported market development through regular issuance of medium- and long-term government securities and predictable issuance calendars, which was enhanced through participation of key market actors (IMF & World Bank, 2021). More recently, reforms have encouraged greater foreign participation in the local currency bond market. Nonetheless, further regulatory reforms are needed to encourage the increase in long-term, nonbank institutional investors.

Effective coordination between debt management authorities, ministries of finance, and central banks is another essential element in developing local currency bond markets. Experiences in Brazil and Mexico demonstrate different institutional approaches to strengthening coordination between the treasury and the central bank, reducing market fragmentation, and avoiding unnecessary competition between public debt instruments and central bank securities. These approaches helped increase the liquidity of government securities without undermining the central bank's ability to conduct monetary policy (IMF & World Bank, 2021).

Governments should also recognize that local currency borrowing, like all forms of debt, entails risks that must be managed through comprehensive debt strategies. Debt sustainability analyses conducted by national authorities or international institutions should better reflect the specific characteristics of domestic debt, including appropriate indicators, benchmarks, risks associated with debt composition, investor concentration, and financial stability (Berdeja & Bejarano, 2024).

The Borrowers' Platform could institutionalize South-South peer learning through permanent technical working groups on local currency debt markets. Countries with more mature markets—including Brazil, Malaysia, Mexico, and Thailand—could provide practical guidance on market infrastructure, regulatory frameworks, transparent issuance and disclosure practices, and debt management strategies. Such peer-to-peer cooperation would allow countries to adapt proven policy approaches to their own institutional and macroeconomic circumstances while avoiding common sequencing mistakes.

5. DSA Reform: Aligning with Agenda 2030 and Climate Commitments

Maia Colodenco, Suramericana Visión, and Patricia Miranda, Latindadd

The DSA is a critical tool used to assess debt payment capacity. These analyses have been undertaken by the IMF since 2002 to analyze a country's capacity to finance its policy objectives and service the ensuing debt without undue debt adjustments (IMF, 2025).

DSAs guide decision-making within the international financial architecture as they underpin both lending decisions and sovereign debt restructurings, influencing assessments of debt-carrying capacity, access to financing, and the scope and timing of debt restructuring.

When debt is deemed unsustainable, a DSA should evaluate whether alternative policy paths can restore sustainability while remaining consistent with sustainable development objectives. If no such policy mix exists, the analysis should determine the scale of debt relief required to restore sustainability in a manner that preserves the country's long-term development prospects (Stiglitz and Guzmán, 2025).

While DSAs are not policy prescriptions, their methodologies include assumptions embedded in growth projections, fiscal adjustment paths, financing conditions, and macroeconomic risks that have significant implications for restructuring outcomes. Although these methodologies have recently improved, further reforms will make DSAs more transparent, comprehensive, participatory, and independent from lending operations while strengthening their analytical capacity to prevent and resolve debt crises.

Overoptimistic Projections and Social Implications

Existing methodologies often fail to capture the complex interactions between debt restructuring, public investment, macroeconomic performance, sustainable development, and climate-related shocks. They tend to underestimate how the timing and depth of debt relief, together with the quality of public investment, can shape future growth and debt repayment capacity. Overly optimistic macroeconomic projections may overestimate the scale of new loans or underestimate the scale of debt relief required, delay necessary restructurings, and prolong debt crises.

For developing countries, these shortcomings are not merely technical; they have significant economic and social consequences. Assessments that prescribe rapid fiscal consolidation during periods of economic weakness can reinforce procyclical adjustment, reducing aggregate demand, eroding the tax base, and weakening economic growth. As argued by Stiglitz and Guzmán (2025), such adjustment strategies may ultimately worsen debt sustainability by increasing the debt-to-GDP ratio over time.

The social implications are equally important. Fiscal adjustment measures frequently fall disproportionately on expenditures in education, healthcare, and social protection, weakening human capital accumulation and increasing long-term development challenges. Evidence points to the unequal distribution of these costs, with women disproportionately bearing the burden through increased unpaid care work and reduced access to essential public services (Serafini Geoghegan & Fois, 2021). Accounting for these longer-term economic and social effects in DSA methodologies would provide a more realistic assessment of debt sustainability.

Challenges and Limitations in the Current International Debt Architecture

Current debt sustainability frameworks remain heavily influenced by creditor perspectives, often placing greater emphasis on safeguarding debt repayment than on preserving conditions for long-term economic growth and sustainable development. Their decisions are highly sensitive to the assumptions embedded in macroeconomic projections and the methodological choices that underpin them.

A conflict of interest exists as the IMF operates as both a preferred creditor and the principal institution responsible for producing DSAs, leading to questions around the independence of the assessments and incentives embedded in current frameworks.

Suggested changes to DSAs as part of debt architecture reform:

- assess the level and composition of public debt that can align with sustained economic growth, social progress, gender approach, and climate resilience;
- provide a sound basis for determining the scale of debt relief required to restore sustainability, including the appropriate combination of debt write-downs, maturity extensions, and interest rate reductions; and
- include additional ratios to determine debt sustainability, such as total public debt service to tax revenues.

Potential Approaches for Discussion Within the Borrower Platform

The Borrowers' Platform can facilitate an exchange of challenges and recommendations for DSAs beyond their assessment of payment capacity and serve as a financing strategy tool that supports National Development Plans.

- Ongoing reform of the IMF's Debt Sustainability Framework for Low-Income Countries (LIC DSF) provides a timely opportunity for borrowers to coordinate their positions and advocate for these methodological improvements.
- Countries should become active contributors to the analytical frameworks that shape debt negotiations rather than passive recipients of externally produced analyses. Independent, borrower-led debt sustainability assessments would strengthen countries' negotiating capacity, foster transparency, and provide an alternative set of assumptions against which creditor assessments can be evaluated.
- Given the forward-looking nature of these analyses, differences in assumptions and analytical approaches are inevitable. Borrowing countries could strengthen their capacity to produce independent debt sustainability analyses based on transparent methodologies and assumptions that reflect their specific development strategies and macroeconomic realities. These assessments can complement those produced by international financial institutions, strengthen countries' negotiating positions, and contribute to a more balanced dialogue between borrowers and creditors.
- The platform should promote the incorporation of development indicators, including climate adaptation needs and minimum social protection floors, to provide a more accurate picture of countries' repayment capacity and development needs.

6. Debt Clauses and External Shocks

Catherine Mithia, AFRODAD

The existing international debt architecture is poorly designed to absorb external shocks. Over the past five years alone, shocks from the COVID-19 pandemic, the fuel and fertilizer crisis erupting from Russia's war in Ukraine, a sharp monetary tightening cycle in advanced economies leading to increased interest rates, and increasingly frequent climate-related disasters and renewed geopolitical instability in the Middle East have collectively led to weakened public finances across much of the developing world and increased debt vulnerabilities.

Most financial markets spread risk between parties, whether through insurance, contingent credit lines that provide liquidity during stress periods, or commodity hedging. Sovereign borrowing, however, does not operate in the same way, instead requiring borrowers to keep servicing debt regardless of what shock hits them. [Stiglitz and Rashid \(2020\)](#) describe this procyclicality as one of the core weaknesses of the current system, since it amplifies shocks rather than cushioning countries against them. Developing countries are also the least equipped to absorb this pressure, since they tend to have thin fiscal buffers, limited reserves, and constrained access to capital markets. [Research from the Centre for Global Development \(Lee et al., 2026\)](#) finds that conflicts, financial crises, terms of trade shocks, and pandemics affect low-income and lower-middle-income countries roughly twice as often as climate disasters do. This underscores the need for debt instruments that mitigate the effects of a broad range of shocks by building the response directly into a sovereign loan or bond contract.

A shock-contingent clause specifies three things: a trigger, a relief mechanism, and a repayment path. A trigger defines the shock precisely enough to be verified independently. Examples include a World Health Organization-declared public health emergency or a formal disaster declaration. A relief mechanism specifies what happens automatically once the trigger fires. This is typically a moratorium of one or two years on principal and interest payments that requires no fresh negotiation with creditors. This automaticity sets these clauses apart from standard debt restructuring, which can take a long time through processes like the Common Framework. Finally, a repayment path determines how deferred amounts are recovered. These sums are usually capitalized and repaid over an extended period, so the clause remains neutral for creditors in present value terms, and the borrowers' credit rating is protected. Some instruments like the [Philippines'](#)

[World Bank Catastrophe-Deferred Drawdown Option](#) (World Bank, 2022) combine multiple triggers, meaning it can be activated by either a declared natural catastrophe or a declared public health emergency, illustrating that a single instrument can be designed to respond to more than one shock type.

At present, uptake of these clauses is growing, but it remains partial and uneven. Grenada and Barbados both pioneered hurricane clauses in restructured bonds and have activated them. Grenada deferred 12 million dollars, equivalent to [11% of its bond value, after Hurricane Beryl struck the island in 2024](#) (Climate Policy Initiative, 2025). Barbados's disaster financing equaled more than one third of debt service, and modeling suggests that pausing the country's debt repayments could free up around 11% of GDP. Five MDBs, including the World Bank, the African Development Bank, and the European Investment Bank, now offer some form of climate resilience debt clause on their own lending. The African Development Bank officially [adopted](#) (African Development Bank, 2023) the instrument institutionally at COP28 in 2023. Implementation, however, lags behind ambition. Only [14 of the 45 countries eligible for the World Bank's climate resilience debt clause](#) (African Development Bank, 2023) have included it in a loan agreement. Private sector uptake trails further behind. Outside the Caribbean, almost no developing country sovereign bond currently carries a disaster or pandemic clause, with the 2022 Barbados Eurobond still cited as the main example of private sector uptake, even though commercial bonds account for a growing share of developing country debt. Climate triggers are becoming standard in official lending, while commodity-price or conflict-related triggers remain largely undeveloped, despite occurring as often or more often than climate shocks in many low-income countries.

How the Borrowers' Platform Can Advance the Agenda on Debt Clauses

Four issues should be resolved before debt clauses related to external shocks can move from isolated innovations to a standard feature of sovereign debt governance: (1) The clauses should become routine contractual practice rather than case-by-case exceptions. (2) Their design should prioritize borrower fiscal resilience and development outcomes instead of protecting creditor claims. (3) Trigger designs need broader agreement, especially for slow-onset and

systemic shocks. (4) Contractual innovation must extend across all creditor classes, including official and private creditors, if payment suspension is to create meaningful fiscal space.

The Borrowers' Platform can close the gap and advance the agenda of debt clauses related to shocks as part of strengthening borrowers' agency in the following ways:

- **Build normative convergence around common principles for state contingent debt instruments.** Today's clauses vary widely in trigger design, eligible events, suspension duration, and creditor coverage because they emerge from bilateral negotiations and unequal bargaining power rather than from agreed principles. Standardizing features, such as making climate-resilient debt clauses a default rather than an optional add-on, would reduce this fragmentation.
- **Broaden the definition of an external shock.** Current clauses cluster around climate disasters because they are easier to verify, but developing countries experience recurring shocks from commodity volatility, financial tightening, and geopolitical disruption. A borrower-led process could build a fuller taxonomy of shocks and assess where clauses provide adequate relief and where broader restructuring is needed instead.
- **Keep shock clauses distinct from broader debt architecture reforms.** While such clauses can ease the immediate fiscal pressure caused by a specific shock, they cannot ultimately resolve underlying debt sustainability; they should be a complement to, rather than a substitute for, broader debt governance reform, including the need to establish a multilateral debt resolution mechanism in the form of a UN Framework Convention on Sovereign Debt.

7. Debt Legislation: Borrowing Countries as Rule Makers

Rouguiatou Diallo, ITUC, and Jason Rosario Braganza, Fikra Collective

Concerning debt, borrowing countries have too often been rule takers rather than rule makers. The global debt architecture is governed by institutions dominated by creditor countries, such as the G20 Common Framework, IMF, World Bank, and Paris Club. The FfD4 attempted but failed to establish a permanent multilateral mechanism for debt governance and restructuring.

National debt legislation in both lender and borrower countries is a tool for influencing global debt architecture and governance, improving debt management, protecting the social contract between citizens and the state, and minimizing the burden of intergenerational debt transfer. It gives borrowing countries considerable leeway to shape how debt is contracted, managed, and restructured—ensuring debt serves development rather than becoming a yoke that enriches creditors at the expense of the most vulnerable. As the primary forum for borrowers to share experiences and build a common voice in the global debt architecture, the Borrowers' Platform is well placed to shape the emerging debate on national debt legislation by helping members learn from each other and coordinate experiences.

Debt Legislation

Architecture and Governance

Multilateral lenders such as the IMF, World Bank, and African Export-Import Bank (Afreximbank) remain outside of the Common Framework, with devastating consequences for countries like Malawi, which remains in arrears with the Afreximbank despite an active IMF program (African Forum and Network on Debt Development [AFRODAD], 2025). This reflects a creditor landscape that has shifted faster than debt architecture and governance reform: multilateral creditors have refrained from restructuring to preserve their preferred creditor, AAA status, while private creditors increasingly deploy strategies to stall progress on restructuring, as experienced by Ethiopia (Anyanzwa, 2026) and Zambia (Savage & Strohecker, 2023) under the Common Framework. Litigation is also rising, with two thirds of new sovereign debt lawsuits initiated by hedge funds that pursue more aggressive legal strategies than other types of

creditors; these cases are growing larger, less likely to settle early, and more likely to target sovereign assets abroad (International Trade Union Confederation [ITUC], 2024).

Passing anti-holdout and Champerty legislation in major financial centers such as New York and London is essential to ensuring fair burden sharing in this creditor landscape by either compelling private creditors to the table or restoring the long-held principle prohibiting speculative purchase of distressed sovereign bonds for profit through litigation (Debt Justice UK, 2025; Jubilee USA Network, 2026).¹ Borrowing countries have also attempted to curb holdouts domestically, with promising results. Argentina's 2005 Lock Law pressured bondholders into accepting its restructuring proposal, and Ecuador's post audit constitutional reforms prohibited the state from assuming private debt (Colodenco, 2025). The Borrower's Platform should learn from these cases to manage the influence and impacts of foreign debt actors and processes such as creditor holdouts and litigation. Building legislative and executive capacity to address sovereign debt is equally essential, so governments can grasp the legal and financial implications of complex debt instruments and reduce overreliance on external creditors and financial advisors.

Management, Transparency, and Accountability

Debt crises often stem from weak debt management, transparency, and accountability on both sides of the ledger. Creditors tend to assess only the ability to repay, ignoring political, social, and environmental factors. Meanwhile, borrowers have at times committed "original sin"—that is, borrowing for consumption rather than productive investment. This is compounded by mismatches between the debt instrument and the project they finance.

Debt legislation that addresses these gaps strengthens the approval of debt contracts through parliamentary assent, publication of debt data, and improved scrutiny processes. UNCTAD's Principles for Responsible Borrowing and Lending (UNCTAD, 2012) and AFRODAD's African Borrowing Charter (AFRODAD, 2018) provide a menu of such debt legislation for these purposes, with a national focus and differentiated responsibilities for debt oversight. In the absence of these legislations, risks materialize—such

¹ Legislation is needed in key jurisdictions so that creditors cannot sue or threaten to sue during debt restructuring negotiations and so that no creditor can hold out from a restructuring.

as cases of hidden debt in Mozambique (Africanews, 2021; Ecofin Agency, 2026) and Senegal (AfriqueXXI, 2026; Crowe & George, 2025), uncoordinated borrowing in Zambia, and unchecked borrowing in Kenya, Ghana, Côte d'Ivoire, and Sri Lanka. Robust debt legislation gives the government clear visibility over its debt, keeps creditors in check, and empowers the legislature and judiciary in their oversight functions.

Protecting the Social Contract

Debt servicing undermines progress on the Agenda 2030. Fifty-four developing countries, home to 3.4 billion people, spend more on interest payments than on either education or health (UNCTAD, 2025). This stems partly from a restructuring process geared toward favoring creditors, pushing borrowers toward regressive taxation, and austerity to free up fiscal debt service, thus eroding the social contract as public services are traded off to satisfy creditors. This pattern holds both within the Common Framework (Ethiopia, Ghana, and Zambia) and outside it (Pakistan, Egypt, Sri Lanka, and Jamaica).

Legislative alternatives can create breathing room. Debt-service ceiling legislation caps the share of constrained tax revenues that can be directed to debt servicing. Ring-fencing legislation protects social expenditures and public investments from being traded off during IMF negotiations as part of austerity. Moreover, legislating automatic debt-service suspensions during shocks or restructuring can provide further relief as long as such suspensions are noninterest bearing and do not affect a country's credit rating.

Enhancing the Borrowers' Platform Through Debt Legislation

National debt legislation is a critical tool for ensuring sovereign debt is used for inclusive, sustainable, and equitable development. We encourage the Borrowers' Platform to explore three entry points on debt legislation:

- curbing unproductive creditor behavior through legislation limiting holdouts and speculative litigation, and mandating fuller disclosure of debt data;
- strengthening debt management, transparency, and accountability by aligning national legislative frameworks with international and regional best practices, such as UNCTAD's Principles and AFRODAD's Charter; facilitating peer learning and sharing of best practices between legislatures can help countries close governance gaps that leave borrowers exposed to hidden or uncoordinated debt;
- protecting the social contract through coordinated legislative action (for example, debt-service ceilings, ring-fencing of social expenditure, and automatic debt-service suspensions during shocks) can secure fiscal space for sustainable development and public services, ensuring citizens' rights are not sacrificed to creditors' claims.

Debt legislation can be a means of strengthening the rule of law by building the domestic and democratic infrastructure needed to manage debt issues without recourse to international arbitration or to processes like the Common Framework that prioritize creditors over borrowers.

8. Debt Transparency: From a Shared Problem to Structural Solutions

Kjetil Abildsnes and Iolanda Fresnillo, Eurodad

Debt transparency is key to sound fiscal management and efficient debt resolution. Despite improvements, much work remains. And while some borrowers and bilateral creditors have published and reported detailed debt data and information, others keep their information undisclosed. The challenge of debt transparency requires a coordinated response from an ecosystem encompassing borrowers, creditors, and international institutions.

Why Debt Transparency Matters

As the World Bank (2025) states, “Transparency is everyone’s responsibility in the sovereign debt space, and everyone benefits from it.” Citizens, borrowers, and official and private lenders would benefit from full disclosure on debt contraction, management, and resolution through the following measures:

- **Improving accountability.** Public debt is a public institution that binds citizens to commitments made in their name (Gelpern, 2018), and they have a right to know how much is borrowed, from whom, on what terms, and for what purpose. When relevant information is accessible, societies can hold their governments accountable for how loans are used or push back against wasteful or corrupt borrowing.
- **Fairer restructuring.** When a country needs to restructure their debts, creditors often dispute the perimeter of debt stocks. Without a reliable, disaggregated, and independent picture of total debt stock and who holds it, no resolution process can be timely or comprehensive.
- **Lower borrowing costs.** Transparency can increase trust and reduce uncertainty and the risk that premium lenders attach to new borrowing, which can lead to lower interest rates for the borrower.
- **A counterweight to unequal information.** Lenders and rating agencies often know more about a country’s aggregate exposure than the country’s own parliament. A single, public, loan-level data set shifts this asymmetry.

The Transparency Gap That Persists

Efforts to increase public debt transparency still face a combination of challenges. For borrowers, these include deficiencies in **national legal frameworks** (Vasquez et al., 2024), **weaknesses in right to information laws** (National Democratic Institute et al., 2025), and ineffective institutional oversight. The increasing inclusion of confidentiality clauses in sovereign debt contracts allows both borrowers and lenders to justify hiding information from public scrutiny. As a result, only **25% of low-income borrowers** (World Bank, 2025) disclose loan-level information on newly-contracted debt. Debt transparency around state-owned enterprises’ debt, guarantees, and contingent liabilities also remains a challenge.

The World Bank (n.d.) **International Debt Statistics database** is a primary source for debt data, but it is typically published in aggregated form and one to two years out of date. Reporting on private lending is worse: a joint G20, OECD, and Institute of International Finance voluntary disclosure initiative **only managed to publish information from two banks** (Debt Justice, 2022) before effectively lapsing. Bond terms are technically public but sit behind commercial paywalls, out of reach for most parliamentarians, journalists, and civil society. Information disclosed is scattered across incompatible databases, in different formats, which turns into noise rather than usable information. Transparency must extend beyond conventional external central-government loans to all liabilities and exposures—such as domestic nonmarketable debt, resource-backed and collateralized loans, guarantees, or state-owned enterprise obligations—that may place significant claims on public resources.

Furthermore, publication of debt figures and even contract details does not automatically lead to accountability. Debt information must be connected to the budget process. Recent findings by the International Budget Partnership (2026) show that public debt data, while available, often lacks meaningful information such as the purpose of loans and whether past borrowing delivered the expected results. Parliament, audit institutions, civil society, and the public should know why funds were borrowed, how much, and what was delivered.

How to Improve Debt Transparency, and the Role of the Borrowers' Platform

The FfD4 committed to build a global central debt data registry, housed in the World Bank. While this is a step in the right direction, more could be done to improve debt transparency:

- **A single, public, loan-level global debt registry**—independent of both borrowers and lenders, covering all creditor types (multilateral, bilateral, and private, including bondholders), disclosing debt-creating deals within around 30 days of signature and including loan value, interest, governing law, use of proceeds, and repayment schedule.
- **Faster, disaggregated reporting by the World Bank.** The World Bank should implement the global debt registry agreed at FfD4, publishing quarterly data within a month and annual data within three months, rather than the current one-to-two-year lag, and resist confidentiality carve-outs.
- **Reciprocal obligations on creditors, not just debtors.** Multilateral, bilateral, and private lenders should be required—not merely invited—to disclose their own lending books in a format that can be cross-checked against debtor reporting. The Borrowers' Platform could make creditor disclosure a collective demand, insisting on reciprocity—borrower reporting obligation must be followed by a corresponding creditor obligation.
- **Binding disclosure, not voluntary codes.** Registration should be a legal condition of enforceability: creditors that fail to disclose their debt data should not be able to enforce payment on opaque lending in national courts. This flips the incentive structure; currently, opacity carries no cost for lenders.
- **Legislation is needed on both sides**—in borrowing countries to strengthen parliamentary oversight and public disclosure rules, and in major creditor jurisdictions (particularly the UK and New York) to render non-disclosed loans unenforceable. The Borrowers' Platform could collectively support members' domestic legal reforms on borrowing oversight and disclosure and coordinate outreach to creditor-country legislatures to pass matching disclosure and enforceability rules.

The Borrowers' Platform is well placed to act where individual countries have limited leverage and may risk market sanctions. It could set a common transparency standard among members and jointly demand the same from creditors. To turn transparency into accountability, members of the Borrowers' Platform could commit to a joint accountability compact with citizens, including provisions for annual borrowing plans, debt and budget transparency, and parliamentary and citizens' access. The technical solutions are straightforward; what is needed is the political will to bind lenders and borrowers alike. A coordinated Borrowers' Platform position can help ensure that transparency leads to accountability.

Afterword

The Borrowers' Platform is a unique space dedicated to enabling developing countries that are borrowers to come together, share knowledge, exchange experiences, and speak collectively on debt issues. Why is it timely and more essential than ever? What are its key challenges and opportunities? Above all, how will it benefit borrower countries and their people?

Experts from diverse regions and institutions share their views and advice for current and future members of the Borrowers' Platform.

The integration of low- and middle-income countries into global credit markets over the past few decades has rarely been a positive experience for them due to currency hierarchies determined by perceptions of relative global power rather than actual macroeconomic "fundamentals."

Many countries are forced to pay large amounts for debt servicing at the cost of essential social expenditure to meet the needs of their people. International attempts to address these problems have been too few, too limited, and too delayed to have much impact. The failure of the debt restructuring efforts of the G20 Common Framework and the IMF Debt Roundtable is only too evident.

The essential preliminary advantage of the Borrower's Platform would be the sharing of information. Obviously, such knowledge will not on its own resolve the basic problems facing debt-stressed economies. But it is an essential starting point for effective negotiations, not only on debt restructuring but with the IMF and other such institutions. Over time, a more ambitious goal could even be to go in for joint negotiations, which would necessarily mean improved bargaining power.

It is the latter which is probably a great concern for different creditors, particularly private financial institutions and some rich country governments that have grown used to calling the shots in international finance. More debt country governments need to realize that such a debtors' platform is greatly in the medium-term interests of debtor countries and could finally enable some resolution of the prolonged crises that have been widely disregarded by the major global powers.

Jayati Ghosh—Professor, Department of Economics, University of Massachusetts at Amherst

The brand new Borrowers' Platform has a direct connection to human rights: If the lion's share of public finances goes toward debt repayment, leaving the majority of the population out in the cold, it is obvious that people will—literally—suffer; there will be no resources to guarantee even minimum levels of health, education, food, housing, or work.

Thus, a cooperative approach to addressing collective action problems involving debt and human rights is a step forward in terms of peace, stability, and development for the countries of the Global South. Many creditor countries will be opposed to this initiative because we are facing a redistributive challenge. The fragmentation among debtors has benefited creditors, but this is the result of a policy that can and must be changed, because the human rights of all people around the world must prevail.

Juan Pablo Bohoslavsky—Researcher at CONICET Argentina and former independent expert on foreign debt and human rights

The evolving sovereign debt landscape presents one of the most significant challenges to sustainable development. Despite a plethora of debt resolution mechanisms, many developing countries are facing sustained debt vulnerabilities. Addressing these challenges requires stronger international cooperation, greater inclusivity in global discussions, and enhanced opportunities for borrowers to share experiences, build capacity, and advance common priorities. As a case in point, Zambia has undergone various initiatives ranging from HIPC 1 to the current debt restructuring. Zambia's debt situation is still unsustainable and the country remains underdeveloped.

This platform will enhance global attention to “borrower” perspectives on sovereign debt. It is also a timely and strategic initiative, because it will enable borrowers to strengthen responsible debt management practices, enhance institutional capacity, and promote coordinated approaches to debt sustainability and creditor engagement. Overall, the platform is a space for collective action and solidarity for borrowers and their supporters.

Dr. Charity Musamba—Zambian academic and researcher

The debt crisis confronting Africa and the wider Global South is not merely a crisis of numbers; it is a crisis of voice, power, and development choices. This policy brief makes a timely case for the Borrowers' Platform as a long-overdue response to a creditor-dominated debt architecture in which borrowers negotiate in isolation. Its distinctive strength lies in bringing together diverse voices and expertise from across regions around a shared agenda for borrower cooperation. Consistent with the Compromiso de Sevilla, the platform should help countries exchange knowledge, strengthen debt management capacity, coordinate approaches, and amplify their collective voice. Its success should be judged by whether cooperation improves transparency, lowers borrowing costs, and supports timely and fair debt restructuring. Debt sustainability must support, not displace, investment in decent jobs, social protection, essential public services, and a just transition. Workers and civil society must therefore have a meaningful voice in this process. I commend this brief for helping place finance at the service of people and shared prosperity.

Hod Kwadzo Anyigba, PhD—chief economist, ITUC-Africa; executive director, ALREI

The recurring debt and development crises of developing countries are rooted in an asymmetric global financial system, where capital flows are countercyclical for advanced economies but inherently procyclical for developing countries. Capital account liberalization acts as a shock absorber for the North and becomes an engine of instability for the South—driving up borrowing costs, increasing the instability of exchange rates, and undermining investment and economic development.

Breaking this cycle requires more than periodic debt relief. It demands a different stance for the financial integration of developing countries and revisiting the foundations and role that well-designed capital account regulations can play for their economic development, as Joseph Stiglitz and I have recently emphasized.

This architecture leads to a high frequency of sovereign debt crises. Faced with complex restructuring negotiations involving multiple official, private, and multilateral creditors, debtor nations often confront large asymmetries in information, technical capacity, and bargaining power. A fragmented debtors' response is generally ineffective.

Borrower countries would do well by getting together, sharing institutional knowledge, exchanging practical experience, and building joint analytical capacity. In particular, collaboration on Debt Sustainability Analyses—which frequently shape the terms and outcomes of sovereign debt restructurings—can help rebalance negotiations and improve policy choices. By investing in this shared capacity, countries can enhance their collective voice, strengthen their negotiating position, and better safeguard the economic prospects and well-being of hundreds of millions of people, both today and for generations to come.

Martín Guzmán—Columbia University School of International and Public Affairs; co-president of Columbia's Initiative for Policy Dialogue

The establishment of the Borrowers' Platform marks an important step toward a more balanced and effective international financial architecture. At a time when many developing countries face mounting debt vulnerabilities, tighter financing conditions, and growing investment needs to achieve the Sustainable Development Goals and climate objectives, stronger cooperation among borrowers has become both timely and necessary.

As co-chair of the United Nations Secretary-General's Expert Group on Debt, I have seen broad consensus emerge around the need for more effective debt governance, reflected in the Group's eleven recommendations to strengthen debt sustainability and improve the global debt architecture.

The Borrowers' Platform has the potential to translate that vision into practice by fostering peer learning, strengthening technical capacity, improving debt transparency and analytical capabilities, and enabling borrowers to engage more effectively with creditors and international institutions. Its success will ultimately depend on its ability to deliver tangible results for borrowing countries and make a meaningful contribution to a more resilient, equitable, and development-oriented global debt architecture.

Mahmoud Mohieldin—United Nations Special Envoy on Financing the 2030 Agenda for Sustainable Development

Across the Global South and particularly in Africa, a severe debt crisis is siphoning away vital resources needed for productive investment and human development. Driven by punitive borrowing costs and unfair risk premiums, developing nations spend unprecedented shares of revenue merely servicing debt interest, often exceeding public spending on healthcare, education, and climate adaptation. This fiscal drain traps nations in a vicious cycle, sacrificing social investments to satisfy creditors. The Borrowers' Platform confronts this challenge. Envisaged in the Lomé Declaration (May 2025) and mandated in the Compromiso de Sevilla (July 2025), the Common African Position on Debt (February 2026), and the African Union Harare Declaration (July 2026), the platform unifies borrowing nations to demand lower capital costs, transparent debt restructuring, and fair financing terms to shift strategically from debt sustainability to debt productivity. This policy brief outlines strategies to operationalize the platform, reclaiming fiscal space to prioritize people over debt service.

Patrick Ndzana Olomo—African Union Commission

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What's Next for the Borrowers' Platform?

The launch of the Borrowers' Platform in April 2026 offers a new space to change how developing countries manage debt challenges by working together, with support from UNCTAD as the Secretariat. Debt renegotiations and access to concessional financing are crucial. Debt relief is urgent for several countries suffering from high debt burdens that will impact their liquidity in the coming years. Instead of a slow, case-by-case process, a debt jubilee would enable immediate debt relief. However, debt risks extend beyond short-term liquidity problems, particularly after years of systemic crises. In the long term, a debt restructuring process through an independent, timely, transparent, and comprehensive mechanism is crucial for efficient debt resolution.

As sustainable development finance needs grow, borrower countries must access affordable and even concessional funding. New debt with high interest rates and short maturities will undermine previous debt renegotiation efforts. Under a reformed international debt architecture, borrower countries can turn unsustainable debt and high burdens in their budget into a source of financing that contributes to sustainable development. Through this brief, expert voices from diverse regions provide recommendations for topics that could be the focus of upcoming discussions in the Borrowers' Platform. Many challenges lie ahead—this is only the beginning.

Further information on this topic can be found here:

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