[A logo with a letter and a map

AI-generated content may be incorrect.](https://saiia.org.za/)A black text on a black background

AI-generated content may be incorrect. **A black and orange logo with a map and a sun

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**Concept Note**

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| Reforming the G20 Common Framework: Advancing a Fair and Effective Debt Restructuring Mechanism for Developing Countries at the Fourth Financing for Development Conference (FfD IV) |

**Event Details**

Date & Time: Thursday, 24th April 2025 9 am-11 am DC Time

Location & Venue: Africa House, Washington DC

Co-organizers: AFRODAD, Development Reimagined, Afronomicslaw, SAIIA, Institute for Economic Justice (IEJ),

Participants: Civil Society Organisations, Think Tanks, Academia, IMF and World Bank Representatives

**Introduction**

**The African Forum and Network and Debt and Development**, a Pan-African civil society organisation advocating for accountable and transparent public debt management, debt cancellation, and efficient mechanisms for mobilisation and utilisation of domestic resources and the use of international public finance in Africa.

**Development Reimagined (DR)** is a pioneering, African-led, women-led, Africa-first, and award-winning international development consultancy with headquarters in Beijing and offices in the UK and Kenya. DR was created in response to the complexities of global poverty and sustainable development – which requires new ideas and new solutions. DR - and the clients we work with - invest in thoughtful insights backed by cutting-edge analytics and deep relationships.

**Background**

Three decades after the Highly Indebted Poor Countries Initiative (HIPC), the sovereign debt restructuring landscape has changed dramatically. Non-traditional creditors such as private bondholders dominating the international bond market and Chinese state-owned banks have transformed sovereign debt restructuring processes. Sub-Sahara Africa’s total debt stock as of 2024 was [US$864 billion,](https://hdl.handle.net/10986/42444) with 40% owed to its official creditors (both multilateral and bilateral creditors) and 41% owed to its private creditors (Bondholders and Commercial Banks). Africa’s debt service costs in particular have risen sharply, with the continent spending up to $164 billion in debt servicing in 2024, a monumental increase from a decade ago when debt servicing costs stood at [$61 billion in 2010](https://www.afdb.org/en/news-and-events/annual-meetings-2024-old-debt-resolution-african-countries-cornerstone-reforming-global-financial-architecture-70791#:~:text=The%20Bank%20Group%20estimates%20that,from%20$61%20billion%20in%202010.), driven by high interest rates in the international capital market. Recent international responses such as the Debt Suspension and Service Initiative (DSSI) and now the [G20 Common Framework](https://clubdeparis.org/sites/default/files/annex_common_framework_for_debt_treatments_beyond_the_dssi.pdf) aimed to streamline debt restructuring for distressed low-income countries during and post-COVID-19 to address the rising debt levels have largely proved insufficient.

Launched in November 2020 to address the failure of the [Debt Suspension Service Initiative (DSSI)](https://clubdeparis.org/en/communications/press-release/the-paris-club-has-fully-and-successfully-implemented-the-dssi-and-its) to provide timely and efficient debt restructuring for lower-income countries, only Chad, Ghana, Zambia, and Ethiopia out of 73 eligible countries have since requested treatment under the G20 Common Framework. Each of the four countries has experienced significant delays, mainly due to the challenge of [creditor coordination.](https://www.cfr.org/blog/common-framework-and-its-discontents) The Common Framework requires that all G20 and Paris Club creditors coordinate their engagements with debtor countries and fair burden sharing among all official bilateral creditors while debt treatment by private creditors will be at least as favorable as that provided by official bilateral creditors. This has not been the case; official bilateral creditors, the IMF, and the World Bank want debt treatment on concessional terms while private creditors are not convinced that there are incentives for participation, arguing that their forgone coupon payments would send a wrong signal to their shareholders. As such, negotiations have been drawn out, and agreements reached often a little too late to enable swift, efficient restructurings. Tensions among creditors with different incentives have made the Common Framework unimplementable, porous, and repugnant in its current form.[[1]](#footnote-2)

Additionally, the fear of being [downgraded by credit rating agencies](https://www.afrodad.org/media/blogs/challenges-credit-rating-agencies-africa) has left many eligible African countries reluctant to join the Common Framework. Moreover, debt restructuring under the Common Framework’s is based on IMF-World Bank’s Debt Sustainability Analysis (DSA) which has been faulted as a cause of not only setbacks in the restructuring of the participating countries such as [Ghana](https://www.cgdev.org/sites/default/files/ghana-sovereign-debt-restructuring-under-g20-common-framework.pdf) and [Zambia](https://www.cgdev.org/sites/default/files/zambia-case-study-sovereign-debt-restructuring-under-g20-common-framework.pdf) but has it has also effectively locked out middle-income countries from participating where the DSA shows distress and looming insolvency. For example, middle-income countries like Tunisia and Egypt are spending over 30% of export revenues on debt servicing with debt-GDP ratios above 80%. The [Global Sovereign Debt Roundtable,](https://www.imf.org/en/About/FAQ/gsd-roundtable) co-chaired by the IMF and World Bank, hopes to bridge the challenge of borrowing countries and creditors when uncertainties are high. However, the ad-hoc nature of this initiative, like the G20 Common Framework, in the absence of a rule-based governance structure, presents a risk of these systems to easily default back to a modus operandi, sometimes described as being organised by the few for the few, effectively marginalising developing countries.

In its current form, the G20 Common Framework risks leaving participating countries with persistent debt overhang, even after restructurings are completed. The UNECA-led [High-level working Group on the Reform of the Global Financial Architecture](https://www.uneca.org/stories/african-ministers-call-for-a-reformed-global-debt-architecture) consisting of African Ministers of Finance has called for a complete overhaul of the Common Framework to make it more effective, time-bound, and transparent while providing debt service standstill for applicants including expanded creditor Committees with private sector creditors to smooth coordination challenges. More recently, South Africa's President Cyril Ramaphosa has [expressed intentions](https://www.reuters.com/world/poor-indebted-countries-need-collective-relief-african-leaders-say-2025-02-27/) to leverage the country's [G20 presidency](https://g20.org/g20-south-africa/) to advance this cause, aiming to replace the current case-by-case approach with a more inclusive and simultaneous debt relief framework. These calls are not to be ignored.

**Objectives**

Against this background, AFRODAD, at the sidelines of the upcoming IMF and World Bank Annual Spring meetings in April 2025 and as part of “Focus on Africa” Week an nitiative spearheaded by [Development Reimagined,](https://developmentreimagined.com/) will be convening a side event to present and advocate for an alternative sovereign debt resolution mechanism under the auspices of the United Nations. The main objective of the side session will be to:

1. Highlight the limitations and inadequacies of the current Sovereign debt restructuring process including the G20 Common Framework for developing countries
2. Present a case for the start of an intergovernmental process for the establishment of a [UN Framework Convention on Sovereign Debt](https://csoforffd.org/resources/debt-and-debt-sustainability-un-framework-convention-on-sovereign-debt/) as a key ask as part of the[Fourth UN International Financing for Development Conference (FfD4](https://financing.desa.un.org/ffd4)).

**Expected Outcomes**

1. Advocate for the establishment of a UN Framework Convention on Sovereign Debt under the auspices of the United Nations in the upcoming Fourth Conference on Financing for Development (FfD IV) in Seville, Spain in June 2025.
2. Find agreement on the principles and parameters that should guide a fair debt restructuring, including the need for unconditional debt cancellation from all creditors to all countries that need it to restore debt sustainability in a way that allows for governments to regain much-needed fiscal space towards improving productive sectors of the economy
3. Bring a consensus on the necessary rules, principles, and structures, including reforms of the multilateral sovereign debt resolution mechanism that favours African countries ahead of the Fourth Conference on Financing for Development (FfD IV)

**Panelists/Moderator**

**Panelists**:

1. Dr. Hannah Ryder, CEO, Development Reimagined
2. Prof. Ochicheoya Omiunu, Editor, Afronomicslaw
3. Kamal Ramburuth, G20 Project Lead, Institute of Economic Justice
4. Joseph Matola, Acting Head, Economic Diplomacy Programme- South African Institute of International Affairs (SAIIA)

**Moderator:** Jason Braganza, Executive Director, AFRODAD

**Format**

The side event is an in-person event scheduled for 24th April 2025, at Africa House, Washington DC, from 9 AM-11 AM. The event will span 90 minutes, with the first 45 minutes dedicated to a panel discussion, followed by a Q&A session with the audience.

**Contact Persons**

In case of any questions or clarifications, please reach out to the persons listed below.

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1. AFRODAD Publication: “Debt restructuring under the G20 Common Framework and Alternative Policy Solutions” <https://afrodad.org/resources/publications/debt-restructuring-under-g20-common-framework-and-alternative-policy> [↑](#footnote-ref-2)