



G20
SOUTH AFRICA 2025



Finance Track

**Ministerial Declaration on
Debt Sustainability**

**4th Finance Ministers
& Central Bank
Governors Meeting**

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The G20 plays a critical role in supporting countries facing debt sustainability challenges. This was demonstrated through the historic Debt Service Suspension Initiative (DSSI), launched in 2020, which provided much-needed fiscal space for the poorest countries to mitigate the severe impacts of the COVID-19 pandemic by prioritising health, social, and economic responses over debt repayments. In light of the need for a more structured mechanism, G20 Leaders in the Riyadh Declaration have also endorsed the Common Framework for Debt Treatments beyond the DSSI, which is also agreed on by the Paris Club, to offer a comprehensive and coordinated approach to debt restructuring.

While the risk of a systemic debt crisis appears to be broadly contained, many vulnerable low- and middle- income countries face high financing costs, large external refinancing needs, and a significant outflow of private capital. These debt vulnerabilities, along with other factors, can constrain their fiscal space, their ability to address poverty and inequality, and their capacity to invest in growth and development. The situation is particularly challenging for many low-income countries, especially those in Africa. We note with concern that interest payments on total external public debt have increased significantly and have more than doubled over the past decade for low-income countries (LICs).

When debt is prudently managed, it is an important tool for financing sustainable development investments. Borrowing countries can take significant steps to borrow responsibly while pursuing sound public debt management, relying on strong fiscal frameworks, and implementing structural reforms to foster strong economic growth. Several borrowing countries also require further international assistance to support their efforts to strengthen debt sustainability and nationally enhance domestic resource mobilisation.

Our commitment to further action

Building upon the progress that has been made, we, the Finance Ministers of the G20, commit to the following to further enhance debt sustainability:

1. We recognise that a high level of debt is one of the obstacles to inclusive growth in many developing economies, which limits their ability to invest in infrastructure, disaster resilience, healthcare, education and other development needs.
2. We reaffirm our commitment to support efforts by low- and middle-income countries to address debt vulnerabilities in an effective, comprehensive and systematic manner.
3. We reiterate our commitment to further strengthen the implementation of the Common Framework for Debt Treatments beyond the DSSI in a predictable, timely, orderly, and coordinated manner

4. We reaffirm our call to enhance debt transparency from all stakeholders, including private creditors.
5. We support the ongoing review of the International Monetary Fund (IMF)-World Bank Low-Income Countries Debt Sustainability Framework (LIC-DSF), which will result in further improving the methodology underpinning the IMF-World Bank Debt Sustainability Analysis (DSA) for LICs and thus contribute to understanding and addressing debt vulnerabilities more effectively.
6. We note the voluntary use of crisis resilient debt clauses where appropriate, which could potentially provide vital breathing space and liquidity.
7. We note the efforts to explore the consideration of the use of liability management operations and debt-for-development, debt-for-climate, or similar swaps on a voluntary and case-by-case basis, with a balanced view on their benefits and limitations to help strengthen debt sustainability.
8. We remain committed to engaging constructively with key stakeholders in further advancing common understanding, including with the private sector, official bilateral and multilateral creditors and debtor countries, for example, in the context of the Global Sovereign Debt Roundtable (GSDR). It is important to engage with and enhance the voice of borrower countries.
9. We continue to urge the international community to support vulnerable countries with a strong reform agenda whose debt is sustainable but are facing liquidity challenges, and encourage the IMF and the World Bank to continue their work on feasible options to support these countries, which should be country-specific and voluntary. We will also discuss how to support these countries, with the support of the IMF and World Bank. We look forward to receiving further reports on this matter from the IMF and the World Bank for discussion.
10. We underscore the importance of addressing gaps in debt management, debt transparency, public financial management, and domestic resource mobilisation and will continue to advance adequate capacity-building initiatives to this end.

ANNEXURE

PAST AND CURRENT COLLECTIVE EFFORTS BY THE G20

1. The G20 Delhi Leaders Declaration called for developed countries to fully deliver on their respective Official Development Assistance (ODA) commitments that complement and encourage development financing from all other sources, including public and private, domestic and international, in a timely manner, and contribute to addressing the financing needs of developing countries.
2. The G20 has pursued a holistic and multi-pronged approach to addressing debt vulnerabilities. This approach includes steps to strengthen further the implementation of the G20 Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative (DSSI), provide support for countries with liquidity challenges whose debt is sustainable, foster the development of local currency bond markets, advance domestic resource mobilisation, enhance debt transparency, and engage with credit rating agencies while promoting sustainable financing practices and discussing innovative debt instruments.
3. Five years after its creation, the G20 Common Framework for Debt Treatments provided debt treatments to the four countries that had requested it: Chad, Zambia, Ghana and Ethiopia. Each successive case has seen shorter timelines between the launch of discussions on debt treatment and the conclusion of a Memorandum of Understanding (MoU) between the debtor country and official bilateral creditors. For Ethiopia, this process was concluded within one year.
4. To enhance the implementation of the Common Framework, following the conclusion of the G20 Note “Common Framework: Lessons learned and ways forward” in 2024, we have endorsed in July 2025 a G20 Note “Following-up on lessons learned from the first cases of the Common Framework”, which outlines the steps taken to improve it, as well as a G20 Note on Steps of a debt restructuring under the Common Framework”, to provide more clarity on the process. Fact sheets on the Common Framework cases have been published on the G20 and Paris Club websites to enhance information sharing on the debt treatments provided. This is further supported by the publication of the GSDR playbook on Sovereign Debt Restructuring in April 2025 as a co-chair's document.
5. The G20 highlighted the importance of enhancing debt transparency from all stakeholders, including private creditors. We note the efforts on data sharing and voluntary data reconciliation processes, including the ongoing data sharing exercise.
6. To reflect the voices of borrower countries on debt in the G20, the South African Presidency held a side event, co-hosted with the African Development Bank, on 18 March 2025, at which 14 African borrower countries shared their perspectives on debt sustainability with the G20. An outcome document was drafted to capture the recommendations from the borrower

countries. To enhance the voice of these countries, we take note of the recent efforts to develop a platform for borrower countries.

7. The G20 noted the work by the IMF and the World Bank to support vulnerable countries whose debt is sustainable but are facing liquidity challenges. The IMF and World Bank are continuing their work related to feasible options, which are country-specific and on a voluntary basis, to help those countries.
8. To complement the toolkit available to debtor countries facing short-term liquidity stress triggered by external shocks such as natural disasters, the G20 carried out a mapping exercise of the voluntary use of climate resilient debt clauses (CRDCs) in sovereign lending, to clarify the supply and demand of these clauses and inform how to deploy them further into debt agreements on a voluntary and case-by-case basis, respecting commercial principles and the domestic laws of respective countries.
9. By focusing on these issues, the G20 has supported efforts to address debt vulnerabilities in low and middle-income countries and support them with their development objectives.