Sovereign Debt News Update No. 156: Africa’s Growth, Debt, and Development: A Critical Analysis of South Africa’s G20 Report

By:

The African Sovereign Debt Justice Network

December 15, 2025

In December 2024, South Africa assumed the presidency of the G20, a position which ended on 30th November 2025. South Africa’s presidency was regarded as a watershed moment, marking the first time an African country assumed leadership of the Group. Its timing was especially significant, coinciding with global efforts to advance the United Nations Agenda 2030 and a growing recognition of what UN Secretary-General António Guterres described as “a series of multiple, overlapping, and mutually reinforcing crises.” Perhaps even more important was the acknowledgment of the uneven causes and consequences of these crises across different regions of the world. Furthermore, it was recognized that the absence of reliable and sustainable financing for development and climate action deepens existing inequalities.

Addressing these challenges in developing economies was further constrained by severe sovereign debt burdens, which compel countries to divert resources away from essential development priorities to service unsustainable debt obligations. Indeed, addressing the issue of debt sustainability was highlighted as a key priority of the presidency. During its tenure, South Africa has taken steps such as the G20 Ministerial Declaration on Debt Sustainability in October 2025. The Expert Panel has also released its report titled 'Growth, Debt and Development: Opportunities for a New African Partnership' in which it addresses the issue of sovereign debt in Africa and provides guidance to South Africa's G20 Presidency on the collective measures required to unlock the continent's global development potential. This Update will outline the background to the report within the context of the G20, particularly South Africa's presidency thereof, and analyze its key propositions, with particular attention to whether it offers realistic pathways to debt sustainability in Africa, or if gaps remain.

Background

The 'Growth, Debt and Development: Opportunities for a New African Partnership' report was produced by the South Africa G20 Africa Expert Panel established by the South African Minister of Finance in December 2024 to guide the country's G20 Presidency. Chaired by Mr. Trevor Manuel, former South African Minister of Finance, the Panel brought together leading experts from academia, public sector, and development from Africa and internationally. Its membership includes senior representatives of the African Development Bank such as Professor Kevin Chika Urama, Chief Economist and Vice President, and Dr. Anthony Musonda Simpasa, Director of the Macroeconomics Policy, Forecasting, and Research (ECMR) Department, Patrick Njoroge, Former Governor of the Kenya Reserve Bank, as well as Esther Duflo, Professor at the Massachusetts Institute of Technology, and Ngaire Woods, Dean, Blavatnik School, Oxford University, among others. Prepared in the lead-up to the G20 Leaders' Summit, the report forms part of South Africa's strategic interventions to strengthen its G20 Presidency mandate. Just ahead of the G20's final communique, 165 charities were reported to have criticized the group's sluggish progress on debt sustainability and called on President Ramaphosa to enact reforms before handing over the G20 presidency to the United States in December. According these groups, "[w]hile this year's G20 has been put forward as an ‘African G20’, there is no evidence that any progress has been made on the debt crisis facing Africa and many other countries worldwide during the South African presidency”.

Hence, this report is important in light of the G20’s significance to sovereign debt restructuring. The G20 has been instrumental to debt restructuring exercises, as noted from its ‘Common Framework’, a method for restructuring debts. The G20 Common Framework was established to facilitate case-by-case debt restructuring for any of the 73 countries eligible under the Debt Service Suspension Initiative (DSSI) as long as eligible countries requested it. Ideally, the goals of the Common Framework were to consider the problem of unsustainable debt levels, insolvency and protracted liquidity problems in the DSSI-eligible countries. It sought to provide debt relief consistent with the debtor’s capacity to pay and maintain essential spending needs. During the Covid-19 pandemic, its brainchild, the G20 Debt Service Suspension Initiative (DSSI), which deferred US $12.9 billion in debt-service payments before expiring in December 2021, did not resolve Africa’s debt challenges amid mounting financing pressures, but merely postponed them. Its successor, the G20 Framework for Debt Treatment Beyond DSSI is hindered by structural deficiencies, particularly the absence of clear mechanisms for a universal creditor committee encompassing both private and official lenders. Against this backdrop, it is clear that the G20 must adopt a more effective debt restructuring measure. Hence, the question arises: what does this report propose, and how does it seek to address these shortcomings?

Assessing the Report’s Proposals

The report outlines several critical solutions to Africa’s debt and development financing challenges. An important insight from its proposals is that it emphasises shared responsibilities and collective action in solving the sovereign debt crisis. Its recommendations are very layered, and touch on methods to address the sovereign debt crisis, as well as domestic resource mobilisation, and infrastructure financing. Overall, the Report’s recommendations rest on four key pillars intended to catalyze change in the debt landscape: reducing debt burdens through refinancing, strengthening borrowers’ voice and technical capacity within the global debt architecture, building on the G20’s Common Framework to improve creditor arrangements for sovereign debt restructuring, and advancing the agenda of debt transparency through better analysis and disclosure.

First, it emphasizes the importance of enhancing project transparency to lower investment costs. It suggests that the G20 request multilateral development banks (MDBs) to establish a public repository of project-level financial data. Such a repository would improve risk appraisal and help identify high-return investments, thereby attracting more private capital into African infrastructure projects.

Second, the report proposes unlocking finance through targeted regulatory adjustments. By applying a development lens to global banking regulations, more resources could be mobilised for infrastructure and development. The G20 is encouraged to convene dialogue between development lenders and global regulators to ensure that international financial regulation supports growth objectives while balancing financial stability.

Third, the paper highlights the considerable influence of credit rating agencies on borrowing costs. It calls for stronger accountability measures, including sound methodologies, full disclosure of data sources, and regulatory oversight of rating practices. This would help reduce unfair risk premiums often imposed on African countries and improve access to affordable finance.

Another core recommendation is improving transparency in sovereign lending. Both debtors and creditors must be engaged in reconciling debt data, while debt sustainability analysis should be enhanced to distinguish between liquidity challenges and solvency risks. This would enable more tailored and effective debt management strategies. The Panel also proposes an independent review of the International Monetary Fund (IMF). Given Africa’s limited voice in IMF governance, such a review would assess how global and regional dynamics have shaped the Fund’s operations and propose reforms to strengthen its role in the global financial system, with particular attention to Africa’s priorities.

Finally, the report emphasizes collective action through initiatives such as a new G20 Debt Refinancing Initiative for low-income countries and the creation of a borrowers’ club convened by African finance ministers. Overall, the recommendations lean toward systemic reforms and collaborative approaches to address the continent’s debt and development needs.

As previously stated, the Report reiterates the concept of collective action as a means to realizing responsible sovereign borrowing objectives. Borrowers can raise their voices through collective action. However, the primary issue in the global debt architecture is the need to strengthen coordination among creditor countries within a rules-based, timely, transparent, and efficient framework for resolving unsustainable sovereign debt. As a corollary to this, it advocates for a Borrowers Club of developing countries which will serve as a coalition that may fill a critical gap in the global debt architecture and provide a platform which amplifies the collective voice of debtor countries, protects their interests, and promotes peer learning. The consensus in the Report is that the G20 Common Framework is the best track to pursue this agenda, even while it acknowledges that there are drawbacks of the Framework which makes this challenging.

Accordingly, it offers feedback for reform of the Framework, and ways to address these shortcomings. The first is offering access to middle-income countries, automatic debt standstill during periods of debt negotiations, faster completion of debt restructuring, and lastly, fair burden-sharing among debtors and creditors which ensures fair treatment of domestic and external creditors. It also advocates for strengthened debt sustainability analysis to more clearly distinguish between liquidity and solvency challenges, incorporate the diversity of external and domestic debt, and reflect sovereign net worth. Furthermore, it advocates for the G20 Finance Track to receive regular updates on efforts to refine this framework for both low-income and market-access countries.

While strengthening debt sustainability analysis is essential, distinguishing between liquidity and solvency challenges however might be complex in practice. Liquidity stress reflects short-term cash flow constraints, while solvency risks signal deeper structural imbalances; yet limited data transparency, uncertain macroeconomic forecasts, and opaque lending terms often blur this distinction. Also, while incorporating heterogeneous external and domestic debt, as well as sovereign net worth would make the framework more comprehensive, valuation of public assets and hidden liabilities pose methodological and political difficulties.

The proposal that the G20 Finance Track receive regular updates on efforts to refine debt sustainability analysis is valuable for accountability, though its influence over IMF and World Bank practices is limited. Ultimately, while the recommendation highlights the right analytical gaps, its effectiveness depends on advances in debt data disclosure, creditor cooperation, and the willingness of global institutions to adapt their methodologies to the realities of low-income and market-access countries. Hence, the recommendations are highly commendable, they rely largely on willingness by stakeholders.

In sum, the Report advances a comprehensive agenda for addressing Africa's debt and development financing challenges. Its recommendations, ranging from enhancing transparency and refining debt sustainability analysis to strengthening accountability of credit rating agencies and initiating an independent review of the IMF, underscore the need for systemic reform and collective action. While ambitious, these proposals highlight Africa's growing demand for a stronger voice in global financial governance and a more equitable debt architecture. Their ultimate effectiveness will depend on political will, creditor cooperation, and the capacity of African institutions to drive implementation. Taken together, the Report calls for a shift from fragmented responses to coordinated strategies that place Africa's priorities at the center of the global financial system.

View online: Sovereign Debt News Update No. 156: Africa's Growth, Debt, and Development: A Critical Analysis of South Africa's G20 Report