Charting a New Course: Advocating for a UN Framework Convention on Sovereign Debt

By:

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February 3, 2025

Introduction

African nations stand at a crossroads in addressing their mounting sovereign debt crises. Over the years, the devastating impacts of austerity measures have stripped away vital social services, entrenched poverty, and stifled economic growth. These outcomes expose the structural failings of existing debt management strategies, which overwhelmingly prioritise creditor interests over the socio-economic well-being of debtor nations.

The Fourth International Conference on Financing for Development (FfD4)-(Elements Paper) and the Zero Draft have introduced proposals to improve debt sustainability, but these measures fail to address the more profound structural inequities driving debt distress. This essay critiques the limitations of these proposals and calls for a United Nations (UN) Framework Convention on

Sovereign Debt as a transformative solution. Anchored in Afro-centric perspectives and TWAIL (Third World Approaches to International Law) scholarship, the proposed framework envisions a path toward equity, sustainability, and justice, reimagining global debt governance to serve the needs of debtor nations, particularly those in the Global South.

Integrating the FfD4 Elements Paper Proposals: Bridging Gaps in Global Debt Management

This essay builds on the Debt and Debt Sustainability pillar of the FfD4 Elements Paper proposals by addressing critical shortcomings in current global debt management practices. It combines innovative strategies with practical enhancements to ensure a more robust, equitable, and sustainable framework. A cornerstone of this framework is the establishment of a Global Debt Data Registry. Transparency and accountability in global debt management remain hampered by fragmented and inconsistent reporting systems. This, in turn, disproportionately affects Africa. A centralized registry, as proposed in the FfD4 Elements Paper, would serve as a single authoritative platform for debt data, enabling rigorous reconciliation across creditors and debtors. This measure would address systemic inefficiencies, reduce the risk of overlapping liabilities, and enhance trust among stakeholders by promoting data accuracy and accessibility. The UN Framework Convention addresses these gaps by mandating universal participation in a centralized Global Debt Data Registry, ensuring comprehensive data reconciliation.

The integration of state-contingent debt clauses adds much-needed adaptability to debt contracts. Climate-resilient provisions and pandemic-responsive mechanisms, for example, would allow debtor nations to adjust repayment terms in response to exogenous shocks. This aligns with calls in the FfD4 Elements Paper for resilient financing but goes further by embedding flexibility directly into the legal architecture of debt instruments. Such measures are particularly critical for African nations, which face disproportionate exposure to climate change and global health crises. The Framework Convention would address this by embedding state-contingent clauses into legally binding agreements, enabling nations to respond effectively to external shocks.

Recognizing the technical complexity of debt management, this paper emphasizes the urgency of capacity-building initiatives. Many African nations lack institutional frameworks and expertise to engage effectively in debt restructuring or manage sovereign liabilities. Customized technical assistance, as emphasized in the FfD4 Elements Paper, must go beyond surface-level training to include long-term capacity-building programs. This could involve the establishment of regional debt advisory centers to provide continuous policy support and ensure that nations are equipped to negotiate favorable terms with creditors.

Moreover, the essay advocates for innovative financing mechanisms to bridge the gap between fiscal sustainability and environmental commitments. Instruments such as debt-for-climate swaps and green bonds align financial strategies with global sustainability goals while addressing pressing fiscal constraints. These mechanisms, however, require comprehensive oversight to prevent greenwashing and ensure that proceeds are channeled into verifiable climate action projects. Through the linking of debt relief to tangible environmental outcomes, such instruments can transform debt burdens into opportunities for sustainable development.

The essay also emphasizes the importance of leveraging regional initiatives. These initiatives provide a complementary layer to global frameworks by fostering context-specific solutions, enhancing coordination among member states, and facilitating the exchange of best practices. For instance, regional bodies could play an essential role in mediating disputes between creditors and debtors and advocating for equitable treatment of African nations in multilateral debt restructuring forums. The Convention would cure this by institutionalizing capacity-building programs through regional debt advisory centers equips nations with the tools to circumnavigate complex debt negotiations.

The Failure of the G20 Common Framework: Lessons from Zambia, Ghana, and Ethiopia

The G20 Common Framework was introduced as a multilateral approach to resolving sovereign debt crises, yet its implementation has exposed its deep flaws and inefficiencies. Zambia, Ghana, and Ethiopia—three African nations

that sought relief under this mechanism—demonstrate the framework's inability to address the complexities of modern debt governance.

Zambia's experience highlights the absence of enforceable timelines, as protracted negotiations allowed creditors to delay restructuring efforts. This lack of urgency deepened economic instability and left the country vulnerable to external shocks. Similarly, Ghana, forced into austerity-driven programs by external creditors, saw vital public investments in health and education severely compromised, perpetuating a cycle of poverty and inequality. In Ethiopia, geopolitical pressures compounded its debt restructuring challenges, exposing the framework's inability to navigate the conflicting interests of diverse creditors.

While the FfD4 Zero Draft and the Elements Paper acknowledge these shortcomings and call for timely and orderly restructuring processes, these proposals remain voluntary and non-binding. A UN Framework Convention would fill these gaps by mandating enforceable timelines, ensuring creditor participation, and embedding principles prioritising socio-economic resilience over financial austerity.

Reimagining Debt Restructuring: A Proposal for a United Nations Framework Convention on Sovereign Debt

The persistent failures of existing debt management mechanisms highlight the urgency of rethinking global debt restructuring processes. The proposed United Nations Framework Convention on Sovereign Debt is at the heart of this discourse. This groundbreaking solution would address the inequities entrenched in the current debt architecture. This framework is designed to go beyond incremental reforms, offering a holistic and binding approach that aligns debt restructuring with fairness, sustainability, and inclusivity principles.

Inclusivity and Representation

The principle of inclusivity lies at the core of the proposed convention. Unlike creditor-dominated mechanisms, the framework would guarantee equal representation for all stakeholders, including debtor nations, civil society, and marginalised groups. This inclusivity ensures that the voices of those directly impacted by debt policies are heard, allowing restructuring processes to reflect

the diverse realities of affected nations. It also dismantles the historical hierarchies that have excluded debtor nations from meaningful participation in global financial governance. The FfD4 Zero Draft and the Elements Paper proposals emphasise the need for collective action, and the convention builds on this principle to institutionalise genuine multilateral engagement.

Binding Obligations

A significant shortcoming of current frameworks is their reliance on voluntary agreements, which often allow creditors to evade accountability. The convention would replace this with legally binding obligations for creditors and debtors, ensuring compliance and predictability. By mandating the inclusion of state-contingent clauses in debt agreements, the framework gives debtor nations the flexibility to adjust repayment terms during crises, such as pandemics or natural disasters. This enforceability creates a more stable and equitable debt architecture, directly addressing the FfD4 Zero Draft and the Elements Paper call for stronger institutional mechanisms.

A Human Rights-Centered Debt Sustainability

Current frameworks prioritise fiscal consolidation at the expense of socio-economic well-being, exacerbating poverty and inequality. The UN Framework Convention would represent a paradigm shift by integrating human rights principles into debt policies. The framework ensures that debt agreements align with the Sustainable Development Goals (SDGs) by embedding health, education, and social protection commitments. This approach safeguards vulnerable populations and reflects the Zero Draft's emphasis on placing human dignity at the heart of development financing.

Sustainability and Climate Resilience

The convention would address the interconnected challenges of fiscal sustainability and environmental degradation. It aligns debt restructuring with global sustainability goals by incorporating debt-for-climate swaps, green bonds, and state-contingent clauses. This dual focus on fiscal and environmental resilience positions debtor nations to adapt to the pressing challenges of climate change while fostering long-term economic stability.

Neutral Arbitration Tribunals

A critical innovation of the convention is the establishment of neutral arbitration tribunals. These tribunals provide impartial forums for resolving debt disputes, and balancing the interests of creditors and debtors while promoting transparency. Unlike ad hoc negotiation processes, these tribunals institutionalise fairness, enhancing the legitimacy and effectiveness of global debt governance. This directly addresses the Zero Draft's recognition of the need for predictable and inclusive mechanisms.

TWAIL Perspectives: Decolonizing Global Debt Architecture

From a TWAIL perspective, sovereign debt represents a modern manifestation of the neo-colonial structures perpetuating global inequality. The international financial system, dominated by institutions such as the IMF and World Bank, reflects historical power imbalances that prioritise creditor interests over those of debtor nations. These institutions impose conditionalities that erode sovereignty, entrench dependency, and stifle autonomous development.

Africa's debt crisis past is deeply rooted in its colonial. Extractive economies, unfair trade practices, and structural adjustment programs have entrenched vulnerabilities, limiting nations' fiscal sovereignty. TWAIL scholars argue that these injustices necessitate a radical rethinking of global debt governance. The FfD4 Zero Draft acknowledges the need for a more equitable financial architecture, but its voluntary reforms do not challenge the entrenched inequities of the status quo. The proposed UN Framework Convention goes further, centring the agency of debtor nations and prioritising reparative justice. Embedding Afro-centric perspectives provides a platform for reclaiming sovereignty, fostering inclusive growth, and addressing historical injustices through equity-driven policies.

Some Insights from African Experiences

The sovereign debt challenges faced by African nations such as Zambia, Ghana, and Ethiopia underscore the pressing need for a comprehensive and equitable restructuring mechanism. The G20 Common Framework, while well-intentioned, has proven inadequate in addressing the complexities of modern sovereign debt, particularly in Africa. Delays and lack of coordination among creditors

have exacerbated economic instability in these countries. A United Nations Framework Convention on Sovereign Debt, informed by Third World Approaches to International Law (TWAIL), offers a promising alternative.

Such a convention would provide a structured, legally binding process for debt restructuring, ensuring that all creditors adhere to agreed-upon principles. This would mitigate the issue of holdout creditors and prioritise the socio-economic development of debtor nations, aligning debt relief efforts with human rights obligations and the right to development by reaffirming the sovereignty of African states and allowing them to engage in debt restructuring processes aligned with their national development strategies, a UN-led convention would address immediate debt distress and create conditions for long-term economic growth, social inclusion, and environmental sustainability. Establishing such a convention is not without challenges, including achieving consensus among UN member states and establishing mechanisms to enforce compliance among private creditors. However, the potential benefits of a fair and effective sovereign debt restructuring mechanism make it a pursuit worthy of serious consideration.

Recommendations for Advancing the UN Framework Convention

To realise the vision of a UN Framework Convention, African nations must lead a coordinated effort supported by global allies and civil society. Key recommendations include:

1. Building Alliances: Forming coalitions with like-minded nations, advocacy groups, and international organisations to champion the convention.

2. Harnessing TWAIL Scholarship: Leveraging academic insights to articulate the legal and moral imperatives of debt reform.

3. Engaging Civil Society: Mobilizing grassroots support to ensure that the framework addresses the needs of affected communities.

4. Promoting Accountability: Establishing robust mechanisms to monitor creditor compliance and prevent exploitative practices.

5. Advocating for Human Rights: Ensuring that debt policies align with the Sustainable Development Goals and uphold socio-economic rights.

Conclusion

The call for a UN Framework Convention on Sovereign Debt is a fundamental moment in the global struggle for fiscal justice. By addressing the structural inequities of existing mechanisms and centering the voices of debtor nations, it offers a transformative pathway toward sustainable development. Through the lens of TWAIL, this essay has argued for an African-centered approach to debt restructuring—one that challenges historical injustices, prioritizes human rights and empowers nations to reclaim their sovereignty.

African nations must seize this opportunity to lead the global debt discourse. By championing a UN Framework Convention, they can transcend the limitations of creditor-dominated forums and build a future where fiscal policies serve people's interests, not profits. This is not merely a legal and economic imperative but a moral one. The time for action is now.

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