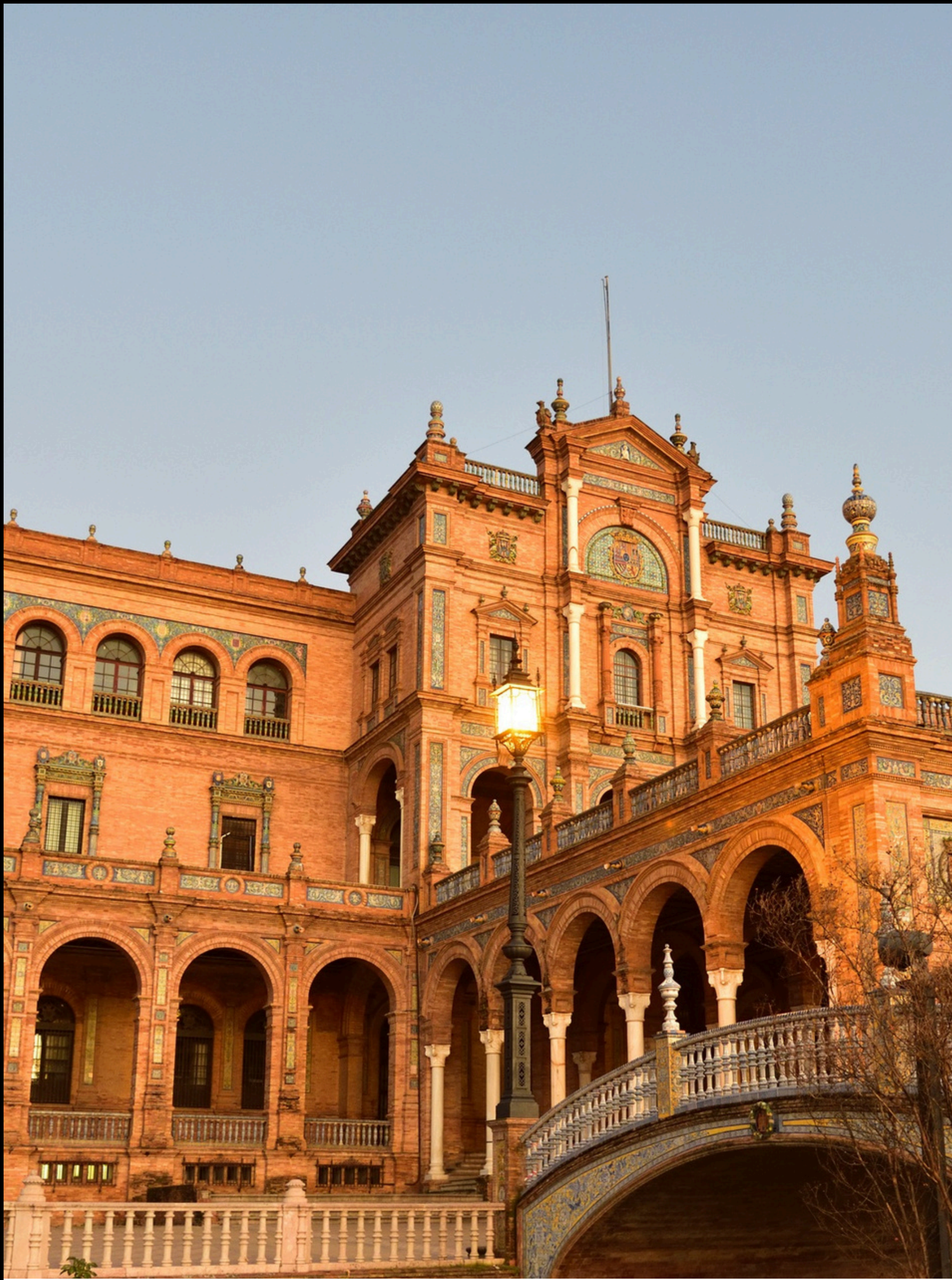
Financing for Development (FfD) and Debt Mechanisms: *Why Seville Failed the Global South*



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Abstract

The United Nations (UN) Fourth International Conference on Financing for Development (FfD4), held in Seville in June–July 2025, failed to provide a meaningful assessment of progress since Monterrey, Doha, and Addis Ababa, or to offer credible solutions to current global crises—most notably the unsustainable sovereign debt burden facing the Global South. Its Outcome Document, the *Compromiso de Sevilla,* falls short of delivering actionable commitments to close the Sustainable Development Goal (SDG) financing gap, reform the international financial architecture, or address systemic debt vulnerabilities.

Despite repeated calls from countries in the Global South for a transformational outcome that would redesign global economic governance under UN auspices, the final text reflects low ambition and political compromise. Negotiations were undermined by the United States' withdrawal, resistance from the United Kingdom and the European Union, and opaque, closed-door processes that marginalised civil society participation. While sovereign debt features prominently—particularly in provisions on debt sustainability and international financial architecture—the commitments remain largely voluntary, non-binding, and insufficient to confront entrenched debt challenges. Crucially, the document fails to establish a binding UN-led debt workout mechanism, leaving the creditor-dominated global debt architecture intact.

The report critically reviews the failure of major debt restructuring initiatives between 2015 and 2025 to demonstrate the severity and persistence of the debt crisis and to situate Seville as a missed opportunity for reform. It then analyses what the Outcome Document does and does not achieve on sovereign debt and financial architecture, concluding with recommendations for post-Seville reform. Drawing on dependency theory and a political economy framework, the paper shows how existing power asymmetries, institutional incentives, and global financial structures continue to constrain effective debt solutions for the Global South.

CONTENTS

ACRONYMS AND ABBREVIATIONS

AAAA	Addis Ababa Action Agenda
AfDB	African Development Bank
AFRODAD	African Forum on Debt and Development
ALSF	African Legal Support Facility
CAC	Collective Action Clauses
CF	Common Framework for Debt Treatment
COVID-19	Coronavirus
CRAs	Credit Rating Agencies
DAC	Development Assistance Committee
DSA	Debt Sustainability Analysis
DSSI	Debt Service Suspension Initiative
ECOSOC	United Nations Economic and Social Council
EU	European Union
FfD	Financing for Development
FfD3	Third International Conference on Financing for Development
FfD4	Fourth International Conference on Financing for Development
G20	Group of Twenty
GDP	Gross Domestic Product
GNI	Gross National Income
GSDR	Global Sovereign Debt Roundtable
HIPC	Heavily Indebted Poor Countries
ICESCR	International Covenant on Economic, Social and Cultural Rights
IDA	International Development Association
IFIs	International Financial Institutions
IMF	International Monetary Fund
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
ODA	Official Development Assistance
OECD	Organisation of Economic Co-operation and Development
PFDD	French Debt and Development Platform
PRGT	Poverty Reduction and Growth Trust
RST	Resilience and Sustainability Trust
SDGs	Sustainable Development Goals
SDRs	Special Drawing Rights
SSA	Sub-Saharan Africa
UK	United Kingdom
UN	United Nations
UNCAC	United Nations Convention against Corruption
UNCTAD	United Nations Conference on Trade and Development

ACRONYMS AND ABBREVIATIONS

UNDP	United Nations Development Programme
UN-FCITC	United Nations Framework Convention on International Tax Cooperation
UNGA	United Nations General Assembly
UNHRC	United Nations Human Rights Commission
US	United States
WB	World Bank

1. Introduction

The United Nations (UN) is a global institution mandated to address global economic, political, and social challenges through fostering international cooperation. Through the Financing for Development (FfD) process, the UN offers a global platform for governments, international and regional organizations, financial institutions, trade institutions, businesses, and civil society to address global economic governance issues. FfD conferences are, therefore, policy and fiscal spaces for developing countries to challenge the systemic shortcomings of the international financial architecture and push for global economic governance reforms that foster stronger international cooperation.

To date, the UN has hosted four international conferences on FfD. The first was hosted in Monterrey, Mexico, in 2002; the second in Doha, Qatar, in 2008; the third in Addis Ababa, Ethiopia, in 2015; and more recently, Seville, Spain, in 2025. These conferences are attempts by the UN to assert its mandate and voice on the global economic and financial systems, which are currently usurped by the international financial institutions (IFIs), such as the International Monetary Fund (IMF) and the World Bank (WB).

As T. Alberto Isgut puts it, the UN has approached debt issues mostly through the establishment of "normative principles."[1] The outcomes of the Monterrey, Doha, and Addis Ababa conferences capture these principles well. The Monterrey Consensus of 2002 emphasized "the importance of putting in place a set of clear principles for the management and resolution of financial crises that provide for fair burden-sharing between the public and private sectors and between debtors, creditors and investors."[2] The Doha Declaration of 2008 elaborated further on the need for principles for debt crisis prevention and resolution through "solutions that are agreeable and transparent to all" and "in cooperation with the private sector."[3] Addis "recognize[d] the need to assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief, debt restructuring and sound debt management, as appropriate."[4]

The Monterrey Consensus was powerful and bold in spirit, but it has since weakened compared to Doha, Addis, and Seville. Seville does not reflect the spirit and ambition of Monterrey; it is a complete degeneration. The FfD4 presented an opportune time to correct the imbalance, create a fair and comprehensive debt system, and establish a binding UN debt workout mechanism.[5]

[1] Alberto Isgut, Addressing Sovereign Debt Challenges in The Era of Covid-19 And Beyond: The Role of The United Nations, 28 Asia-Pac. Sustainable Dev. J. 149, 168 (Dec. 2021).
[2] U.N. Dep't of Econ. & Soc. Affairs, Financing for Dev. Coordinating Secretariat, Financing for Dev. Building on Monterrey, at para. 51, U.N. Sales No. E.02.II.A.5 (2002), https://www.un.org/esa/ffd/wp-content/uploads/2014/09/BuildingMonterrey.pdf.
[3] UN, Doha Declaration on Financing for Development: Outcome Document of the Follow-up Int'l Conf. on Financing for Dev. to Review the Implementation of the Monterrey Consensus, at para. 61 (2009),https://digitallibrary.un.org/record/3868845/files/Doha_Declaration_FFD.pdf.
[4] Isgut, supra note 3, at 180 (referencing para. 94 of the Addis Ababa Action Agenda 2015).
[5] EURODAD, Our verdict on FfD4: job not yet done, EURODAD News & Analysis (July 10, 2025),https://www.eurodad.org/ffd4_job_not_yet_done.

The absence of a binding mechanism in Seville reflects the continued marginalization of debtor voices in global economic governance, a key demand of the Global South since Monterrey.

Since Addis in 2025, the international community has failed to implement agreed-upon FfD commitments because of a weak global governance ecosystem—weak and biased policies, frameworks, institutions, regulations, and leadership. International development cooperation is in regression mainly because of the selfish interests and priorities of rich countries. Over the past decade (2015–2025), several debt restructuring mechanisms have been tried with limited success.

2. A decade of failed attempts at effective sovereign debt restructuring (2015-2025)

The last decade has seen public debt levels and composition for developing countries deteriorate. Today, countries in the Global South face high debt risk: their debt service ratios are high, they face high borrowing costs, and they are subject to a flawed international debt architecture and inadequate debt relief initiatives.[6]

In 2023, "developing countries' external debt hit a record [US]$11.4 trillion - equal to 99% of their export earnings."[7] In the same year, total external debt servicing reached a record US$1.4 trillion, with interest payments of US$36 billion.[8] Sub-Saharan Africa's (SSA's) total debt stock as of 2024 was US$864 billion, with 40% owed to official creditors and 41% to private creditors.[9] The average debt-to-Gross Domestic Product (GDP) ratio doubled from 30% in 2010 to 65% in 2024. The continent spent US$164 billion on debt servicing in 2024, compared to US$61 billion in 2010.

According to the IMF, on October 31, 2024, nine African countries were classified as in debt distress, and eleven were at high risk of debt distress. Africa's average interest payments reached an estimated 27% of government revenues in 2024, up from 19% in 2019.[10] In Angola, Egypt, Ghana, Nigeria, and Uganda, interest payments have exceeded total expenditures on education and health in recent years.[11] The above debt sustainability indicators reduce fiscal space for development expenditures and stifle the region from achieving the Sustainable Development Goals (SDGs).[12]

[6] Civil 7, The C7 Communiqué 2024, p. 4 (2024), accessed Nov. 24, 2025, https://2024.civil7.org/wpC7/wp-content/uploads/2024/05/C7-Communique_2024.pdf.
[7] UNCTAD, International Debt Management Conference, 14th Session (7–19 Mar. 2025, Geneva, Switzerland), accessed Nov. 24, 2025, https://unctad.org/meeting/international-debt-management-conference-14th-session.
[8] Id.
[9] World Bank, International Debt Report 2024, World Bank Group (2024), https://openknowledge.worldbank.org/entities/publication/f1700aa0-cc73-42b7-8ceb-630c5528a574.
[10] UNECA, Economic Report on Africa 2025, UNECA (2025), https://repository.uneca.org/server/api/core/bitstreams/54bc10d2-c84e-421f-9e49-4470709bb318/content.
[11] UNCTAD, Developing countries face record-high public debt burdens. Now is the time for reform (June 26, 2025), https://unctad.org/news/developing-countries-face-record-high-public-debt-burdens-now-time-reform#:~:text=People%20pay%20the%20price,than%20on%20health%20or%20education.
[12] Id.

These unsustainable levels of debt have "trapped countries into a cycle of dependency that robs them of the ability to devote their resources to their developmental needs."[13]

Debt restructuring mechanisms, introduced mainly between 2015 and 2025, have failed to achieve debt sustainability. These include the Debt Service Suspension Initiative (DSSI), the G20 Common Framework (CF), and the Global Sovereign Debt Roundtable (GSDR) platform. All these initiatives and platforms fail to address systemic debt vulnerabilities, debt transparency, responsible lending and borrowing, and private creditors' involvement.

Historically, in the 1960s and 1970s, due to sovereign debt challenges, countries relied on the Paris Club as the main platform for rescheduling non-concessional, long-term bilateral debt. For commercial debt restructuring, countries would go to the London Club on a case-by-case basis. The major outcomes of the negotiations have been refinancing, rescheduling, and debt reduction/haircuts.[14] Under the Paris Club, only financial considerations are taken into account when assessing how much debt a country can continue to service, failing to take human needs into account.

To address multilateral debt, the IFIs and creditors (IMF/WB) launched the Heavily Indebted Poor Countries (HIPC) Initiative in 1996 and the Multilateral Debt Relief Initiative (MDRI) in 2005 to reduce it. These initiatives are still ongoing. As of January 2023, thirty-seven countries, thirty-one of which are in Africa, received debt relief,[15] although countries such as Eritrea and Sudan are still going through the initiative.

Although these debt restructuring initiatives managed to reduce the debt load and free up fiscal space for poverty reduction and development in beneficiary countries, their design and execution were flawed.[16] They perpetuated the financial dependency of indebted countries on the IMF and Paris Club creditors. They pushed neoliberal policies and economic conditionalities. They only "provided lacklustre, superficial, and short-term solutions that fail[ed] to address the real issue of systemic power imbalances and structural flaws that perpetuate[d] the Global South's debt crises."[17]

Private lending to the Global South countries has created financial troubles for governments and citizens.

[13] Institute of Economic Justice (IEJ), Designing Human Rights-Aligned Reforms for Debt Restructurings, Sovereign Debt Working Paper Series #3 (Apr. 2025),
[14] Alexandre Landi & Michel Henry Bouchet, The Paris Club: How Sovereign States Restructure Their Debt, QuantLandi's Newsletter (Mar. 24, 2025), https://quantlandi.substack.com/.
[15] IMF, Debt Relief under the Heavily Indebted Poor Countries (HIPC) Initiative, International Monetary Fund, accessed Nov. 29, 2025, https://www.imf.org/en/About/Factsheets/Sheets/2023/Debt-relief-under-the-heavily-indebted-poor-countries-initiative-HIPC.
[16] Lars Jensen, UNDP Debt Update - Development gives way to debt, UNDP Global Policy Network Brief (Feb. 2025),https://www.undp.org/publications/dfs-undp-debt-update-development-gives-way-debt.
[17] Marie-Louise Aren, The Impact of IMF-Recommended Consumption Tax Policy on Africa's Rising Public Debt Levels, Sovereign Debt Quarterly Brief No. 2 of 2025, p. 11, Afronomicslaw.org (Mar. 31, 2025). https://www.afronomicslaw.org/sites/default/files/pdf/The%20Impact%20of%20IMF%20-%20Afronomics%20Law%20(1).pdf.

Private lenders do not adhere to global debt-restructuring frameworks and responsible lending systems. One such framework on sovereign lending and borrowing is the UNCTAD Principles on Promoting Responsible Sovereign Lending and Borrowing.[18] These principles have been implemented too weakly, leading to unsustainable debt levels. The Addis Ababa Action Agenda (2015), para. 97, states, "We will work towards a global consensus on guidelines for debtor and creditor responsibilities in borrowing by and lending to sovereigns, building on existing initiatives."[19] The global consensus is yet to materialize, and the principles need to be strengthened.

In April and November 2020, the Group of Twenty (G20) established the DSSI and the CF, respectively, to address debt vulnerabilities exacerbated by the COVID-19 health pandemic shock. The DSSI was established to allow IDA-eligible countries to temporarily suspend and "not cancel" their debt service payments to the G20 and Paris Club (official bilateral creditors), falling due between April 2020 and December 2021. The DSSI provided US$5 billion in debt service postponement to over forty countries.[20] Although the initiative managed to free up financial resources for beneficiary countries, it expired in December 2021.

Of the thirty-eight countries in the SSA eligible for relief under the DSSI, thirty countries participated in the initiative.[21]The high participation reflected the fiscal challenges faced by countries fighting the COVID-19 health and economic impacts. Some eligible countries chose not to participate because of the fear of downgrades by the credit rating agencies (CRAs). The DSSI was not a comprehensive solution to the developing countries' structural debt burdens. Private creditors did not participate, and multilateral debt was not included. As Matthew Martin and David Waddock have pointed out, the DSSI is "not intended to be debt reduction or even permanent relief […] it is temporary liquidity relief, provided by postponing debt service, which then has interest added on top and is added to future debt service. So, from the end of 2021, it will add to the debt burden."[22]

The CF was established to coordinate the Paris Club, non-Paris Club, and private creditors in the provision of debt relief to DSSI-eligible countries on a case-by-case basis. Since its establishment, it has been accessed by only four African countries: Chad, Ethiopia, Ghana, and Zambia.

[18] UNCTAD, Principles on Promoting Responsible Sovereign Lending and Borrowing (amended and restated as of Jan. 10, 2012), https://unctad.org/system/files/official-document/gdsddf2012misc1_en.pdf.
[19] UN, Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda), adopted July 13–16, 2015; endorsed by the General Assembly in Resolution 69/313 of July 27, 2015 (2015), https://sustainabledevelopment.un.org/content/documents/2051AAAA_Outcome.pdf.
[20] Matthew Martin & David Waddock (Debt International), A Nordic Initiative to Resolve the New Debt Crisis, Norwegian Church Aid (Sep. 2022), https://www.kirkensnodhjelp.no/sites/default/files/2024-10/a-nordic-solution-to-the-new-debt-crisis-sep22.pdf.
[21] Daniel Obaleye, How to Manage the Rate of Africa's Increasing Debt Profile, LinkedIn (Oct. 4, 2022), https://www.linkedin.com/pulse/how-manage-rate-africas-increasing-debt-profile-daniel-obaleye.
[22] Martin & Waddock, supra note 20.

The CF is not comprehensive. Countries requesting debt relief will have to appear before "bilateral creditor committees" that coordinate the creditors. The debtor country's debt relief needs will be based on a flawed IMF-WB debt sustainability analysis (DSA) rather than its SDG financing needs. The country must implement an IMF program throughout the duration of the debt relief, and the IMF demands greater transparency and accountability on debt relief savings spending. Eligibility for the CF is limited to PRGT-eligible countries, excluding non-need middle-income countries (MICs). Middle-income countries such as Sri Lanka, which face major debt challenges, are considered ineligible. Debtor countries still fear participating in the CF due to the risk of losing access to capital markets and potential rating downgrades. Participation of private creditors still remains voluntary. As pointed out by Simon Hinrichsen, the "G20 Common Framework for debt treatments offered a way to pause payments and bring together official creditors and debtors, but lacked an enforcement mechanism to get private creditors on board. It was only a small step in the right direction."[23]

In 2023, the Global Sovereign Debt Roundtable (GSDR) was established to complement the CF.[24] Despite bringing together key stakeholders to enhance mutual understanding in debt restructuring processes, challenges still exist. There is weak creditor coordination and a lack of innovative financing mechanisms. Debt restructuring processes for countries in need, such as Ghana, Ethiopia, and Sri Lanka, have been slow. The GSDR's mandate was narrowly defined as building consensus on areas that hobbled the functioning of the CF. The GSDR is not a restructuring framework per se, but a place where its members try to bridge differences regarding the functioning of the CF. The GSDR is not an inclusive and comprehensive debt restructuring framework that will advance the interests of developing nations.[25]

[23] Simon Hinrichsen, Why countries should restructure debts sooner rather than later - Delays lead to harder knock-on effects from a restructuring of borrowings, Fin. Times (Feb. 19, 2022), https://www.ft.com/content/7489e312-085f-44f6-b9cd-9b19ceb45bd5.

[24] Anahí Wiedenbrüg, Fernando Morra & Yanne Horas,Tackling Liquidity and Debt Challenges in Developing Countries: Key takeaways from the Global Sovereign Debt Roundtable, Int'l Institute of Sustainable Development (Oct. 16, 2022), https://www.iisd.org/articles/explainer/tackling-liquidity-challenges-global-sovereign-debt-roundtable#main-content.

[25] T. Mutazu & A. Chikowore, An African Perspective on IMF Special Drawing Rights Rechanneling Proposals – Opportunities and Challenges, Urban Sustainable Development Lab (Dec. 2023), https://sustainablefinancelab.nl/wp-content/uploads/sites/334/2023/12/An-African-Perspective-on-IMF-Special-Drawing-Rights-Rechanneling-Proposals-Opportunities-and-Challenges.pdf.

TABLE 1: SUMMARY OF EXISTING DEBT RESTRUCTURING MECHANISMS – FLAWED DESIGN AND EXECUTIONS

	Type of Debt Restructuration	Requirements	Involve Private Creditors?	Subject to IMF/WB Conditionalities?	CRA Downgrades	Coordinated by	Current State
GSDR	Established to complement the Common Framework	GSDR is not a restructuring framework per se, but a place where its members try to bridge differences on the functioning of the Common Framework	YES – All key stakeholders	YES	YES	IMF/WB/G20 Presidency	Active meetings and produces reports
G20 Common Framework	Paris Club, non-Paris Club, and private creditors	Has borrowed from the G20	NO	-YES -IMF program -Eligibility: only PRGT countries -Excludes middle-income countries	YES	G20/IMF	Four African countries: Chad, Ethiopia, Ghana, and Zambia have accessed it

DSSI	Temporary suspension of debt service payments to G20 and Paris Club official bilateral creditors	73 IDA countries	NO	NO	YES	IMF/WB	Expired in December 2021
CACs	Subject to contractual agreement	Subject to contractual agreement	Between private creditors and governments	Subject to contractual agreement	YES	Contractual Stakeholders	Active bond issuances; contracts include CACs, but refinancing arrangements do not
Paris Club	Non-concessional long-term bilateral debt	A country must be experiencing payment difficulties	NO	A country must have an IMF-supported program -Debtor countries lack negotiation powers	YES	PARIS CLUB/French Ministry of Finance	
HIPC/MDRI	100% debt relief from IMF, WB, and AfDF	IDA-eligible countries MDRI – country must have completed HIPC	NO	YES – economic reforms under IMF-sponsored programs	YES	IMF/WB	Sunset clause Initiatives are still ongoing; Eritrea and Sudan -37 countries received debt relief

UNGA Resolution 68/304	Negotiation between stakeholders; Resolution is non-binding, but carries political weight	Must respect UN's Nine Basic Principles	YES	NO	YES	UN	Not yet established

3. Seville on Debt: What it did and did not do. What needs to be done post-Seville.

3.1. The Compromiso de Sevilla - II. E. Debt and debt sustainability

Box 1: The Compromiso de Sevilla - II. E. Debt and debt sustainability

- **Summary of positive commitments (Paragraphs 47–51) made by member states, inter alia:**
- **Acknowledge that "unprecedented levels of public debt are undermining the ability of countries to invest in the SDGs and respond to multiple crises";**
- **Call for "a timely, predictable, effective and fair sovereign debt resolution mechanism";**
- **As approved at the FfD4, mandate an intergovernmental process to initiate the long-overdue reforms of the debt architecture. This was a small breakthrough as the "new intergovernmental process" could lay the groundwork for future reforms;**
- **Call for a borrower forum, responsible lending principles, enhanced debt transparency, and improved coordination among creditors; and**
- **Endorse country-led debt sustainability strategies, debt payment suspension clauses for climate-vulnerable nations, and greater support for debt-for-nature and debt-for-climate swaps.**

Sovereign debt issues are core and substantial in the FfD4 Outcome Document. Paragraphs 47–51, under II. E. Debt and debt sustainability, and Paragraphs 52–57, under II. F. International financial architecture and systemic issues, contain calls and actions on how to reform the international financial architecture. These calls and actions are inadequate to address the Global South's decades-long sovereign debt crisis.

The Compromiso de Sevilla did acknowledge that "unprecedented levels of public debt are undermining the ability of countries to invest in the SDGs and respond to multiple crises." It calls for "a timely, predictable, effective and fair sovereign debt resolution mechanism."

The document has a cluster of positive commitments on sovereign debt reform. It calls for a borrower forum, responsible lending principles, enhanced debt transparency, improved coordination among creditors, and the exploration of a multilateral legal framework for debt restructuring. Further, the Compromiso endorses country-led debt sustainability strategies, debt payment suspension clauses for climate-vulnerable nations, and greater support for debt-for-nature and debt-for-climate swaps. Another small breakthrough is the "new intergovernmental process" that could lay the groundwork for future reforms.[26] The UN, at the FfD4, mandated an intergovernmental process to initiate the long-overdue reforms of the debt architecture.

A key part of the Seville Compromiso Outcome Document was the launch of the Borrowers' Forum—a platform for borrower countries primarily from the Global South. This has been a long-standing call from the Global South for more inclusive decision-making in a debt system dominated by creditor interests. The forum is designed to enable countries to share experiences, receive technical and legal advice, promote responsible lending and borrowing standards, build collective negotiating strength, pool expertise, and amplify their collective voice in the global financial system. The Borrowers' Forum must challenge and match the Paris Club of creditors. As Nicola Nixon et al. put it, "such a coalition could act as a counterweight to creditor-dominated forums like the Paris Club, creating solidarity across regions and amplifying Global South agency."[27]

[26] Nicola Nixon, Mandakini D. Surie & Su Lae Yi, Beyond aid part 2: a change of tone on debt?, Devpolicyblog (Oct. 13, 2025), https://devpolicy.org/beyond-aid-part-2-a-change-of-tone-on-debt-20251013/?output=pdf.
[27] Matt Wells, Drowning in debt: New forum in Sevilla offers borrowers chance to rebalance the books, UN News (July 2, 2025), https://news.un.org/en/story/2025/07/1165196.

The FfD4 strongly called for a formal, transparent, and binding UN-led debt restructuring mechanism. Debtor countries like Nepal and Zambia joined civil society coalitions in pushing for a sovereign debt mechanism that reduces creditor discretion.

Private creditors, hedge funds, and rating agencies were criticized for blocking fair debt restructurings. The tone ainSeville marked a break from earlier eras, in which debt crises were often framed as failures of fiscal discipline. Participants stressed that austerity has not solved the problem; it has choked public services and fueled inequality. The real issue is systemic: there is no predictable, inclusive mechanism for restructuring sovereign debt that is free from creditor dominance. Instead, restructurings remain ad hoc, slow, and political.[28]

Paragraph 47 contains positive language that makes a strong call for reformed international debt restructuring mechanisms that include private creditors. It acknowledges that sovereign debt challenges, such as high debt service burdens and borrowing costs, have become the greatest obstacles to sustainable development. Notably, the paragraph explicitly calls for reforming the current sovereign debt architecture for a “development-oriented debt architecture” that enhances responsible borrowing and lending. The call has been made many times, and its realization is long overdue, given the ineffectiveness of the past and present mechanisms discussed in section 2 above. A new debt architecture reform must lead to the establishment of a multilateral sovereign debt resolution mechanism. The FfD4 should dismantle the powers and mandates of the IMF, WB, G7, and G20 in the current creditor-dominated sovereign debt architecture.

In the negotiations leading up to the conference, there was heated controversy over more binding forms of global debt regulation under the umbrella of the UN. Pakistan, Egypt, and Nigeria called for negotiations on a “multilateral legal framework for debt restructuring.” They also called for a “multilateral sovereign debt workout mechanism” and the establishment of a “global debt authority” to oversee this mechanism. The demands were supported by the African Group and the Group of LDCs, among others. However, the proposals were met with harsh rejection by the EU, the UK, and the US.[29]

[28] Nixon, Surie & Yi, supra note 26.
[29] Jens Martens, The Sevilla Commitment: What comes next? The unfinished business of the Fourth International Conference on Financing for Development, Global Policy Forum (July 17, 2025), https://www.globalpolicy.org/en/publication/sevilla-commitment-what-comes-next.

The minimal progress noted is the strengthening of the voices of debtor countries in the global debt architecture through a commitment to establish a platform for borrower countries, with the UN acting as the secretariat (Paragraph 48(i)).

Paragraph 48 (a, b, c, d, e, f, g, h, and i) has a number of very important positive provisions on strengthening debt management, debt transparency, and responsible borrowing and lending. The UN is called to "create an independent expert working group to consolidate and develop guiding principles on responsible sovereign borrowing and lending"; commit to enhance parliamentary oversight and strengthen public investment management systems; streamline and consolidate the existing debt databases into a single global central debt data registry; commit to include state-contingent clauses in official lending, including climate-resilient debt clauses; encourage official creditors to increase lending in local currencies in developing countries; strengthen measures to curb corrupt borrowing and lending; and to strengthen platforms for borrower countries to coordinate approaches and share information and experiences.

Paragraph 48(a) calls for the review of the UNCTAD Principles on Promoting Responsible Sovereign Lending and Borrowing, but the review outcome must be the adoption of a legally binding framework of principles on responsible sovereign borrowing and lending.

The UN Secretary-General is called upon to establish a working group, together with the IMF and WB, to formulate proposals for a consolidated set of voluntary guiding principles on responsible sovereign borrowing and lending and proposals for their implementation. The UNCTAD Principles are set to form the basis for this, among other things. An interim report by the working group will be presented at the FfD Forum in 2026, and the final report will be shared at the FfD Forum in 2027.

Capacity-building of parliament to play its oversight role is important, as it increases transparency and accountability in the issuance and use of domestic and external debt. This capacity-building commitment in the draft needs to be strengthened by extending it to the parliaments of creditor countries and private creditors as well, as they need to better understand the consequences of their lending decisions.

Paragraph 48(c) further calls for "the creation of a single binding global central debt data registry" housed at the WB. All existing debt databases must be consolidated into a Global Central Debt Data Registry.

To enhance accessibility, such a registry must be housed within the UN system rather than the WB.[30] Registering should be binding for all debt-creating operations, and debts not included in the registry should not be enforceable by national courts.[31] Debts from bondholders and commercial lenders need to be registered to avoid "hidden loan scandals."

On a positive note, a Debt Pause Clause Alliance was also formed in Seville, in which several multilateral development banks and creditor countries, such as Canada, France, Spain, and the UK, committed to including "pause clauses" in their lending to suspend debt service payments during crises. This will enable affected debtor countries to respond better to external shocks, environmental disasters, and pandemics. Paragraph 48(d) calls for the inclusion of state-contingent clauses in the form of climate-resilient debt clauses or debt pause clauses.

Paragraph 48(h) specifically calls for strengthening measures to curb corrupt borrowing and lending. The UN Convention against Corruption (UNCAC), Article 34, Consequences of acts of corruption, must be utilized. Article 34 establishes that "[i]n […] context, States Parties may consider corruption a relevant factor in legal proceedings to annul or rescind a contract, withdraw a concession or other similar instrument or take any other remedial action."

Paragraph 48(i) establishes the platform for borrower countries, with the UN acting as the secretariat. This is meant to strengthen the voices of debtor countries in the global debt architecture. The Compromiso commits as follows:

> *We will establish a platform for borrower countries with support from existing institutions, and a UN entity serving as its secretariat. The platform may be used 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.*

[30] Press Release, Debt Justice, Banks break own rules to hide over $30 billion of loans to lower income countries (July 14, 2023), https://debtjustice.org.uk/press-release/banks-break-own-rules-to-hide-over-30-billion-of-loans-to-lower-income-countries.
[31] Civil Society FfD Mechanism (Mar. 21, 2025) – Inputs to the First draft: Outcome document of the Fourth International Conference on Financing for Development, https://csoforffd.org/resources/cs-ffd-mechanism-s-inputs-to-the-ffd4-outcome-document-first-draft/.

Paragraph 49 calls for a significant lowering of the costs of borrowing and the provision of more comprehensive and systematic support for countries that, while solvent, face high debt servicing costs. Furthermore, Paragraph 49(a) specifically calls for the full operationalization of the Small Island Developing States (SIDS) Debt Sustainability Support Service to enable sound debt management and to devise effective solutions for SIDS. Paragraph 49(b) noted the work of the IMF and WB in strengthening and systematizing liquidity and liability management support through the Debt Reduction Facility of the WB.

However, the call for an institution that would provide liquidity and liability management support to countries, which would be housed in the WB, is problematic. The institution needs to be new, not the WB's Debt Reduction Facility. The WB is a creditor institution that has thus far failed to provide independent and objective advice to a heavily indebted country. Establishing a Global Debt Authority that would be legally binding under the UN would be ideal. Hosting a new financing/liquidity support facility within the WB "will only increase the impact of harmful conditionalities being pushed by [the] IMF and WB in particular, including austerity measures, privatisation and PPPs, false market solutions and green conditionalities."[32]

Calls for supporting the scaling up of debt swaps (a market-based solution) won't solve the structural debt problems. Debt swaps have been proven inadequate in addressing debt vulnerabilities and in providing sufficient resources to tackle liquidity constraints. Before continuing to push for debt swaps, the FfD4 should open a critical analysis of the real impacts and results of existing swaps.

Most of the provisions in Paragraph 50 are commendable and long overdue but need to be strengthened. Proposals contained in Paragraph 50 (a, b, c, d, e, and f) include reforming CF eligibility; developing a model law on debt restructuring; passing domestic legislation to limit holdout creditors; assessing and refining contractual tools and instruments (Collective Action Clauses); providing legal and financial advice to developing countries during debt negotiations and structuring; and reviewing the sovereign debt architecture. According to Paragraph 50, it is time for developing countries to return to "a path of debt sustainability and ensure efficient, fair, predictable, coordinated, timely and orderly restructurings."

[32] UN, Dept. of Economic and Social Affairs, Civil Society FfD Mechanism, First draft: Outcome document of the Fourth Int'l Conference on Financing for Development (Mar. 10, 2025), https://financing.desa.un.org/sites/default/files/2025-03/FFD4%20Outcome%20First%20Draft.pdf.

Key in Paragraph 50(f) is the call for an intergovernmental process at the UN to work on debt architecture reform. The document calls for "an intergovernmental process at the United Nations, with a view to mak[ing] recommendations for closing gaps in the debt architecture and exploring options to address debt sustainability." The Global South wants the intergovernmental process to be mandated to establish a legally binding framework for effective and comprehensive solutions to debt prevention and resolution, rather than a weak mandate of making "recommendations." Despite strong calls from civil society and many Global South countries for a meaningful intergovernmental process towards a UN Debt Convention, the outcome is disappointing. Post-Seville, governments in the Global South need support to achieve comprehensive debt-architecture reform through a UN Convention on Sovereign Debt.

Calls to strengthen the Global Sovereign Debt Roundtable and the CF through cosmetic and minimalist reforms in Paragraph 50(a) are inadequate, given their limitations thus far. These are creditor-centred debt relief initiatives that have delivered insufficient debt restructurings. There is a need to establish and locate a sovereign debt workout institution/authority and a legally binding mechanism at the UN.

The call for an open revision of IMF/WB Debt Sustainability Analyses (DSAs), in Paragraph 51(a), is welcome. The IMF/WB Debt Sustainability Framework for Low-Income Countries is designed primarily to meet the information needs of creditors rather than those of debtors. They (DSAs) have "traditionally focused on the interests of the creditor in getting back all their money rather than on broader consideration, such as the impact of a country's debt burden on its people."[33]

This creditor-centric approach limits the ability of national policymakers, parliaments, and civil society to effectively oversee debt strategies, assess long-term fiscal risks, and ensure alignment with development priorities. The proposal needs to be strengthened by improving accessibility, transparency, and the alignment of DSAs with debtor countries' national budgeting processes, fiscal governance, and debt management.

Furthermore, DSAs should incorporate human rights provisions (economic, social, and cultural) under the International Covenant on Economic, Social and Cultural Rights (ICESCR).

[33] Institute of Economic Justice (IEJ), supra note 13.

As put forward by James Thuo Gathii, “the concept of debt sustainability needs to be anchored on development, human rights, gender and climate justice needs.[34] Debtor countries’ capacities to carry out their own debt sustainability assessments need to be strengthened through technical and financial support.

Paragraph 51(b) “call[s] on credit rating agencies to similarly refine their methodologies, while respecting their independence, to account for investments, lengthen time horizons for credit analysis, publish long-term ratings based on scenario analysis, and positively reflect the long-term debt sustainability benefits of voluntary debt restructurings and treatments.”

The actions contained in Paragraph 51(b–c) are welcome, given the damage CRAs’ influences have inflicted on the debt sustainability of developing countries. CRAs need to be regulated, and the use of their assessments should be reviewed. Their negative and biased assessments have led to rising borrowing costs and restricted access to international capital markets for the majority of developing countries. The UN should lead in the formulation and implementation of CRA supervision and regulation, through an intergovernmental commission under the UN Economic and Social Council (ECOSOC). Establishing an international public CRA at the UN will ensure transparent and equitable creditworthiness assessments.

[34] James Thuo Gathii, How to Strengthen the Proposals on Sovereign Debt Issues in the FfD4 Zero Draft, Afronomicslaw.org (Feb. 8, 2025),https://www.afronomicslaw.org/category/african-sovereign-debt-justice-network-afsdjn/how-strengthen-proposals-sovereign-debt.

3.2. The Compromiso de Sevilla - II. F. International financial architecture and systemic issues(Paragraphs 52-57)

Box 2: The Compromiso de Sevilla - II. F. International financial architecture and systemic issues.

Summary of positive commitments (Paragraphs 52–57) made by member states, inter alia:

- **Call for reforms to the international financial architecture;**
- **Call for a review of the IMF quota system and shareholding structure, as well as an enhancement of the voices and representation of developing countries on the IMF Executive Board and the transparency and accountability of decision-making in global economic governance. Paragraph 53 (a, b, c, d, e, f, g, and h);**
- **Call on the IMF to design a Special Drawing Rights (SDRs) playbook "that provides operational guidance and strengthens the role of SDRs during crises and shocks, in line with the IMF Articles of Agreement." Paragraph 54(j);**
- **Recommend that richer countries voluntarily rechannel at least half of their SDRs to countries in the Global South, including through multilateral development banks (MDBs); and**
- **Call for a review of the two IMF trusts: the Resilience and Sustainability Trust (RST) and the Poverty Reduction and Growth Trust (PRGT).**

The section on international financial architecture and systemic issues (Paragraphs 52–57) outlines provisions for reforming the international financial architecture from a systemic perspective. These provisions are inadequate, and the UN needs to return to its central role in global economic governance. The current proposals reduce global economic governance to the IMF and WB. Developing countries do not have a strong voice in the governance structures of IFIs. In effect, they are excluded from global economic decision-making.

Paragraph 52 rightly notes that:

Major systemic challenges persist. With full respect for the respective mandates and governance bodies of different international institutions, additional measures are needed to ensure: governance arrangements accurately reflect the diversity and complexity of the world; the global financial safety net has sufficient depth and coverage; financial regulatory frameworks effectively address existing and new risks and financial innovations; and private credit ratings effectively perform the important function of providing accurate and long-term oriented information to financial markets.

In the run-up to the Seville conference, Global South countries called for fundamental reforms of the international financial architecture. Specifically, the Outcome Document called for reforming the shareholding structure, enhancing the voices and representation of developing countries on the IMF Executive Board, and enhancing the transparency and accountability of decision-making in global economic governance. However, in the past, IFIs, especially the IMF, have failed at reform; therefore, this positive outcome should have been strengthened by establishing an intergovernmental review process led by the UN. The Seville Commitment barely even reflects the demand for fundamental reforms. The document mainly contains appeals and recommendations to the IMF and WB to reform the voting rights system—for example, increasing the number of basic votes in the IMF's General Review of Quotas (Paragraph 53(b)), and expanding the executive boards of both institutions to increase the representation of countries from the Global South (Paragraph 53(d)).[35]

The FfD4 should mandate an intergovernmental process to regulate all key monetary and financial dimensions, including a comprehensive review of the mandates and governance structures of IFIs/MDBs; senior leadership selection criteria, the issuing modalities of SDRs; the monitoring of CRAs and holding them accountable, and establishing an international public credit agency at the UN. The FfD4 must deliver institutions that are democratic, inclusive, transparent, accountable, and oriented to deliver sustainable development outcomes, rather than the central role being given to the IMF in Paragraph 54.

Paragraph 54(j) calls on the IMF to design a Special Drawing Rights (SDRs) playbook “that provides operational guidance and strengthens the role of SDRs during crises and shocks, in line with the IMF Articles of Agreement.”

Seville recommends that richer countries voluntarily rechannel at least half of their SDRs to countries in the Global South, including through multilateral development banks (MDBs). As the design process unfolds, it is important that the Global South be at the table to outline key policies and reforms, specifically making allocations fairer, more efficient, and more effective; ensuring that Global South countries play a role in stabilizing trade during crises; automatically issuing SDRs to ensure predictable access to global liquidity; and ensuring that future SDR issuances reach the countries most in need. The IMF should respect this intergovernmental agreement and initiate SDR playbook discussions at the earliest opportunity.

The provisions for the review of the IMF's two trusts—the Resilience and Sustainability Trust (RST) and the Poverty Reduction and Growth Trust (PRGT)—in Paragraph 54 (f–g) are welcome.

[35] Martens, supra note 29.

However, the reviews need to result in real reforms being made to the trusts. The trusts' strict economic policy conditionality and eligibility criteria should be reformed to provide affordable long-term financing for LICs and MICs.

4. Conclusions

The UN's 2030 Agenda for Sustainable Development cannot be realized unless the challenges of debt and development are addressed more coherently and strategically. The FfD process has moved from the ambition of Monterrey, which framed debt as a development and justice issue, to the technocratic voluntarism of Seville. The cycle of voluntary commitments needs to be challenged through enforceable accountability mechanisms for both debtors and creditors. The era of "commitments without consequences" must end.

The global economic governance must be democratized. Reforming the international financial architecture requires delinking from IFI dominance (IMF, WB, G20) and restoring the UN as the legitimate locus of global economic governance. A binding multilateral debt-workout mechanism under the UN is needed rather than the existing voluntary initiatives.

While the Seville Conference Outcome Document failed to address major demands from the Global South, stakeholders from this region should utilize its follow-up processes, such as reviews of the governance structures, mandates, and roles of IFIs. This will ensure the establishment of global institutions that are democratic, inclusive, transparent, accountable, and oriented towards delivering sustainable development outcomes in the Global South.

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