



Development Journal – Double Issue on “Tackling Debt Traps”

Rethinking International Debt Architecture & Debt Sustainability Assessments

CALL FOR ARTICLES

Deadline for Abstract 15 April 2024 – Deadline for Articles 20 July 2024

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Context and Rationale

Developing countries are increasingly trapped by different forms of debt. While greatest international attention is put on the liquidity challenges that constrain debt service and repayment capacity – and much less on solvency ones, these are just the tip of the iceberg. The increasing and often preponderant share of debt service costs over governmental expenses, particularly those related to public services, productive investments, and the realization of economic and social human rights, raises significant red flags on debt’s detrimental effects on developmental pathways. Furthermore, debt, particularly when underwritten in hard currencies, contributes to ossifying monetary hierarchies and locking-in commodity-dependence and export led strategies that often weaken the development of virtuous wage-demand cycles with the local economy. Debt therefore often interconnects and ends up undermining, critical domains of economic, financial and monetary sovereignty of developing countries, which are not neutral in terms of the realization of human rights and developmental outcomes.

At the macro level, it is essential to locate ‘contractual debt’ in the wider political context that includes ecological and colonial debt as well as the colonial and post-colonial legacy that conditions the structure of many Southern economies, fueling the necessity and higher propensity to borrow. There is a dearth of palatable alternatives leaving few choices to Southern economies than further indebtedness. In such a wider context, developing countries are net creditors rather than debtors. At the micro level, debt repayment is eventually a burden to the entire population, independently on whether the benefits of borrowing have actually trickled down or not. The legitimacy and legality of debt are therefore critical dimensions that cannot be overlooked.

Lastly, unpredictable elements generate exogenous shocks that deeply affect debt service and repayment capacity. Beyond earthquakes, extreme climate events and related catastrophes are notable examples of how developing countries are heavily impacted by human-made phenomena that they did not contribute in making. The COVID-19 crisis offered a significant example of how the dependency of many Southern economies from the traction of industrialized countries generated dramatic economic impacts prior to, or even in absence of, the actual impact of the health pandemic. And the latest surge in interest rates provides a vivid illustration of how altered macroeconomic contexts, about which developing countries have no say or responsibility over, deeply alter debt sustainability in the Global South.

As both a cause and an effect of the current political and institutional scenario, the criteria and methodology regularly used by International Financial Institutions to assess debt sustainability allow for debt whose full repayment would clearly imperil development, sovereignty, the environment and human rights to still be considered 'sustainable'. Debt Sustainability Assessments (DSAs) do not capture the fiscal, financial, developmental, environmental and human rights complexities of the realities needed to foresee what sovereign debtors will be able to do in the future, and this flaw largely benefits creditors.

Despite all this, the international debt architecture remains firmly located in the hands of institutions dominated by developed countries, with debt restructuring mechanisms that are managed by opaque and orthodox creditor-centric processes in a context of liberalization of capital movements and deregulation of global finance and its asset management industry. As a result, narrowly framed debt restructuring processes have failed to resolve sustainability problems, by providing 'too little, too late' relief and 'kicking the can down the road', often reliant on perennially overoptimistic economic growth scenarios. Recent debt restructuring efforts have also exposed the challenges of an increasing share of private debt over sovereign debt in the absence of clear regulatory frameworks and have highlighted the devious role played by credit rating agencies.

Urgency and Focus of the Double Issue in the lead-up to FfD4

This double issue of *Development* intends to generate critical analysis and propositional thinking in view of the upcoming 4th Financing for Development Conference (FfD4), which is scheduled to take place in Spain at the end of June 2025. With the negotiation process starting in December 2024, it is timely to produce this double issue by mid-November 2024, with articles published online before the print version.

The Journal intends to focus on two critical interrelated dimensions: the governance reform of the international development architecture and the rethinking of debt sustainability assessments. Interested authors are invited to submit short abstracts (max 400 words) by no later than April 15, 2024. Notification of interest along with feedback will be provided by April 30, 2024. Full articles are due no later than July 20, 2024. Online publication will be expected in October, with print publication in mid-November 2024.

Please find the Journal Guidelines for authors [here](#).

Please find the Journal Editorial Statement [here](#).

International Debt Architecture

The Journal welcomes contributions that focus on all critical pillars that underpin the reform of the international debt architecture and:

- Provide a wide political framing that locates ‘contractual debt’ in the context of historical injustices and ecological and colonial debt
- Expose the structural determinants of debt and its interconnections with commodity markets, tax regimes and other critical dimensions of the economy
- Expose the multiple failures of current credit-centric debt governance arrangements and the vested interests of the IFIs
- Examine role of multilateral development banks
- Explore the possible institutional structure and regulatory framework for the establishment of a Debt Workout Mechanism under the aegis of the United Nations
- Examine how to consolidate and harmonize principles for responsible lending and borrowing, including by considering possible mechanisms of enforceability
- Propose concrete rules and procedures to ensure debt transparency
- Examine options for state-contingent debt instruments, including climate instruments, and assess, from a critical and systemic angle, recent experiences on debt-for-nature swaps
- Explore the role of credit rating agencies and their regulation from a public interest viewpoint
- Propose legal solutions and institutional arrangements to tackle illegitimate debt.

Debt Sustainability Assessments

The Journal welcomes contributions that focus on legal, economic, historical, political and institutional aspects of debt sustainability analysis (DSA) that:

- Provide theoretical and/or practical foundations for including a broader set of issues into DSA such as social and environmental considerations, human rights, gender impacts, across a range of time horizons
- Examine the underlying analytical elements embedded in current DSAs including the artificial divide between low income and market access countries
- Examine social, economic, environmental, gender, political consequences of using a narrow, economistic approach to debt sustainability
- Examine DSA in the context of financing pathways and debt relief to ensure meeting of development and environmental goals
- Examine the historical, economic and critical legal foundations of the role of the IMF, G20, and World Bank in sovereign debt restructurings and the role DSA plays in this context
- Explore debt sustainability analyses as part of a broader power dynamic among creditors and between creditors and debtors
- Examine human rights obligations of both creditors and debtor States, and their implications in the DSA field, including on debt relief and social tolerance to austerity
- Develop specific “metrics” that could be used to measure debt impacts on human rights, including the right to development
- Analyze concrete cases of sovereign insolvency and the role played by different notions of debt sustainability
- Explore the nexus between improved DSA framework and post-growth theories.