

# GLOBAL SOVEREIGN DEBT MONITOR 2026

## At a glance

Trade and geopolitical tensions, as well as ongoing and emerging conflicts, place additional strain on the national budgets of many countries of the Global South. This is particularly true for countries already heavily burdened by interest and principal payments to external creditors, where it increases the risk of external public debt crises.

**Global external debt burden:** In 44 countries of the Global South, national budgets are very heavily burdened by interest and principal payments to external creditors. These include Ghana, Sri Lanka, Suriname and Zambia, which have negotiated debt restructurings in the context of an IMF programme in recent years, but are still among the most heavily burdened countries worldwide. This severely limits their fiscal space. A further 25 countries are heavily burdened, and 16 countries are at latent risk.

- **At the expense of human rights:** By global standards, heavily and very heavily burdened countries have particularly high levels of extreme poverty. At the same time, public spending on education and healthcare are especially low in these countries, in part due to the high debt service levels.
- **Workers are particularly affected:** In many countries, debt-related austerity policies lead to severe income losses, in particular for low-wage workers. In addition, such policies often go hand in hand with restrictive measures that hollow out labour rights and impede trade union organisation.
- **Historic opportunity lost:** At the Fourth International Conference on Financing for Development (FfD4) in 2025, countries of the Global South submitted constructive reform proposals that aimed at introducing inclusive and binding rules for resolving and preventing external debt crises under the umbrella of the United Nations (UN debt framework convention). Germany and the EU member states blocked these suggestions.
- **Private creditors refuse to participate:** In recent debt restructurings, private creditors have repeatedly failed to provide debt relief comparable to that granted by official creditors and have delayed negotiations on several occasions.

## Recommendations to the German Federal Government

As a declared proponent of multilateral cooperation, Germany has a responsibility to overcome the existing bloc mentality and pave the way for a fair and inclusive debt architecture founded in international law.

### The German Federal Government should:

- **promote multilateral reforms.** Germany should advocate for the binding pursuit of resolutions passed at the 2025 FfD4 conference in Seville as well as for renewed ambition in areas that were undermined by the European blockade. This in particular includes constructively supporting the agreed inter-governmental process for reviewing the international debt architecture to pave the way for a UN debt framework convention.
- **make the consideration of human rights binding in debt restructurings.** Germany should cancel illegitimate and socially unsustainable debt based on independent human rights impact assessments so that countries have sufficient fiscal leeway to ensure the realisation of fundamental rights such as healthcare, education and the right to decent work.
- **oblige private creditors to participate equally in debt restructurings.** To this end, the German Federal Government should immediately adopt a German safe harbour law and advocate for comparable legislation internationally.