Towards debt justice for girls

Calling on leaders to reform the G20 Common Framework to unlock resources for girls' education

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Unlocking girls' full potential

Debt hits education systems hard — and girls lose out the most.

THE DEBT BURDEN

In lower-income regions, education spending falls alarmingly short of global benchmarks. **In 2024, the 10 countries with the worst barriers to girls' education spent on average four times more on debt servicing than on education. These countries are home to 32 million out-of-school girls.**[1]

This imbalance reflects failings in the global debt restructuring system, creating a squeeze on national budgets and cuts to essential services that girls rely on to learn and thrive. Under pressure from international creditors, many governments implement austerity measures — raising regressive taxes and slashing social investments — often as a condition for IMF loans. The consequences for girls begin early and compound over time — from missed meals to early dropout to lifelong economic exclusion. Each stage reinforces the next, locking girls and their families into cycles of poverty.

PAST DEBT RELIEF EFFORTS WORKED

The Heavily Indebted Poor Countries (HIPC) Initiative forgave $100 billion in debt for the world's lowest-income countries, freeing up resources for education, health and social services. In participating countries, education outcomes improved dramatically:

+21.7% in gross primary enrolment

+8.7% in female-to-male enrolment ratio

+13.7% in primary school completion (1990–2015)

BUT THEY DIDN'T FIX THE SYSTEM

HIPC delivered relief — but not reform. It did not address the structural imbalances that leave countries vulnerable to future debt. In the 2010s, borrowing surged again — often from less transparent lenders — to fund critical services. Then COVID-19 hit. Revenues collapsed, spending surged and debt burdens grew.

WHAT NEEDS TO HAPPEN NOW

The G20 Common Framework is the only coordinated mechanism for sovereign debt restructuring — but it is slow, opaque and blind to gendered impacts. Without reform, it cannot meet today's demands.

G20 governments must:

- → Reduce debt servicing to sustainable levels (10–15% of national revenues)
- → Integrate gender equality and human rights into debt sustainability assessments
- → Protect social spending with mandatory minimums for education and health
- → Suspend debt repayments during restructuring to avoid harmful service cuts
- → Ensure transparency and civil society participation in all restructuring processes

40%

Percentage of developing countries with severe debt problems.

13.7%

Average percentage of budget spent on education in lower-income countries in 2024.

Introduction

Despite international commitments, most lower-income countries are falling far short of the funding needed to ensure all children — especially girls — can complete their education. Global benchmarks call for 20% of national budgets or 6% of GDP to be allocated to education.[2] But in 2024, lower-income countries spent an average of just 13.7% of their budgets and 4.5% of GDP — both down from previous years.[3]

This fall in investment comes at a time when youth populations are growing and millions of girls are ready to lead — if given the opportunity to learn. Instead of scaling up education systems to meet this moment, countries are being forced to scale back.

Nearly 40% of countries classified as developing by the U.N. — 52 in total — are grappling with severe debt distress. On average, these countries spent 42% of their budgets on debt repayments in 2024.[4] In 16 countries, debt repayments were five times higher than spending on education.[5]

When budgets are squeezed, education investments are put on hold, and girls lose out first. Cuts to schools, transport, sanitation and social protection disproportionately affect girls due to the intersecting effects of poverty and discriminatory gender norms. Girls who are demanding change and working to improve their communities don't have access to the tools they need to reach their full potential.

Why this matters — for all of us

Reforming the global debt system isn't just about increasing education budgets — it's a smart investment in global stability, resilience and growth.

Educating girls is one of the highest-return investments a society can make.

When girls complete school, entire communities benefit:

Healthier families: Children born to educated mothers have a 31% lower risk of dying before the age of five.[6]

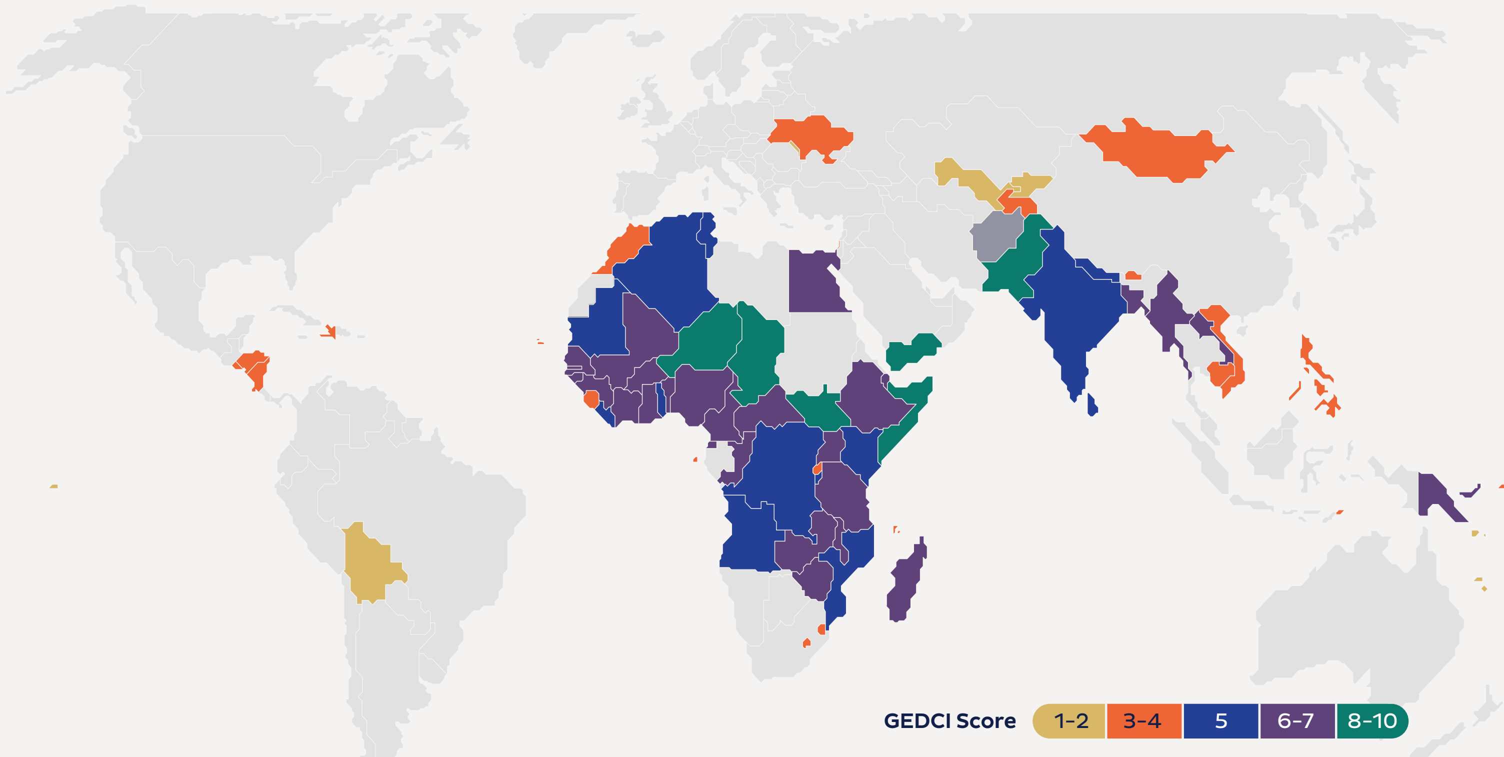
Stronger economies: Closing gender gaps in secondary education could add $15-30 trillion annually to the global economy.[7]

Resilient democracies: Girls who complete secondary school are more likely to participate in civic life and advocate for their own rights.[8]

Climate solutions: Girls' education is ranked among the top solutions to combat climate change, supporting sustainable practices and leadership.[9]

Girls' education and debt challenges: A heat map

This map shows countries facing the worst girls' education barriers and debt challenges — high GEDCI scores indicate large challenges. For education, we account for girls' access to and completion of school, out-of-school populations and government investments in the education system, including in training female teachers, alongside countries' risk of humanitarian crises and disasters. For debt, we account for countries' spending on debt payments and rank them based on the proportion of their budget spent on education and how this compares to their allocations to education.



Countries with the largest girls' education and debt challenges

GEDCI Score	Country	x more on debt than education
	Afghanistan*	
	Bangladesh	4.58
	Burkina Faso	1.55
	Cameroon	2.29
	Central African Republic	2.87
	Chad	5.12
	Congo	5.94
	Côte d'Ivoire	3.68
	Democratic Republic of the Congo	0.58
	Egypt	14.84
	Ethiopia	2.35
	Guinea	1.63
	Guinea-Bissau	3.87
	Laos	8.08
	Madagascar	2.21
	Malawi	3.94
	Mali	2.45
	Mozambique	1.67
	Myanmar	1.98
	Niger	4.85
	Nigeria	3.66
	Pakistan	14.07
	Papua New Guinea	
	Somalia	
	South Sudan	
	Uganda	5.27
	Tanzania	3.03
	Yemen	
	Zambia	5.9

Countries with moderate girls' education and debt challenges

GEDCI Score	Country	x more on debt than education
	Angola	12.16
	Benin	1.51
	Burundi	2.98
	Cambodia	0.71
	Comoros	0.5
	Djibouti	1.5
	Eswatini	2.28
	Gambia	6.16
	Ghana	4.61
	Haiti	1.52
	Honduras	1.64
	India	5.16
	Kenya	3.31
	Liberia	1.35
	Mauritania	0.81
	Morocco	2.41
	Nepal	4.07
	Philippines	
	Rwanda	
	Senegal	
	Sierra Leone	
	Sri Lanka	
	Togo	2.21
	Ukraine	3
	Vietnam	1.28
	Zimbabwe	1.12

Countries with comparatively lower girls' education and debt challenges

GEDCI Score	Country	x more on debt than education
	Algeria	1.58
	Bhutan	1.75
	Bolivia	0.35
	Cabo Verde	2.39
	El Salvador	1.07
	Kiribati	0.03
	Kyrgyzstan	1.35
	Lesotho	1.33
	Micronesia	
	Mongolia	2.33
	Nicaragua	0.9
	Palestine	1.76
	Republic of Moldova	0.64
	Sao Tome and Principe	
	Solomon Islands	
	Tajikistan	
	Timor-Leste	0.19
	Tunisia	3.06
	Uzbekistan	0.74
	Vanuatu	0.52

*We could not calculate a score for Afghanistan because the Taliban bans girls' secondary education.

Origins of the current sovereign debt crisis

Today's debt crisis has deep historical roots — shaped by unfair economic policies, power imbalances and a global financial system built during and after colonisation.

Many newly independent countries started out with debts they did not choose. Haiti was forced to repay 150 million gold francs to France for over 100 years. The Democratic Republic of Congo inherited $120 million in debt from Belgium.[10] Instead of receiving reparations or debt relief, these countries were pushed to borrow from institutions like the IMF and World Bank — often on terms that protected creditors over people.

The situation worsened in the 1970s and 1980s, when rising U.S. interest rates made existing loans impossible to repay. After years of advocacy by civil society groups, the IMF and World Bank created two major debt relief programmes: the Heavily Indebted Poor Countries (HIPC) Initiative in 1996 and the Multilateral Debt Relief Initiative (MDRI) in 2005. **These programmes reduced debt for many countries and helped free up money for education. In HIPC countries, primary school completion rose from 45% to 66% between 1990 and 2012.**[11]

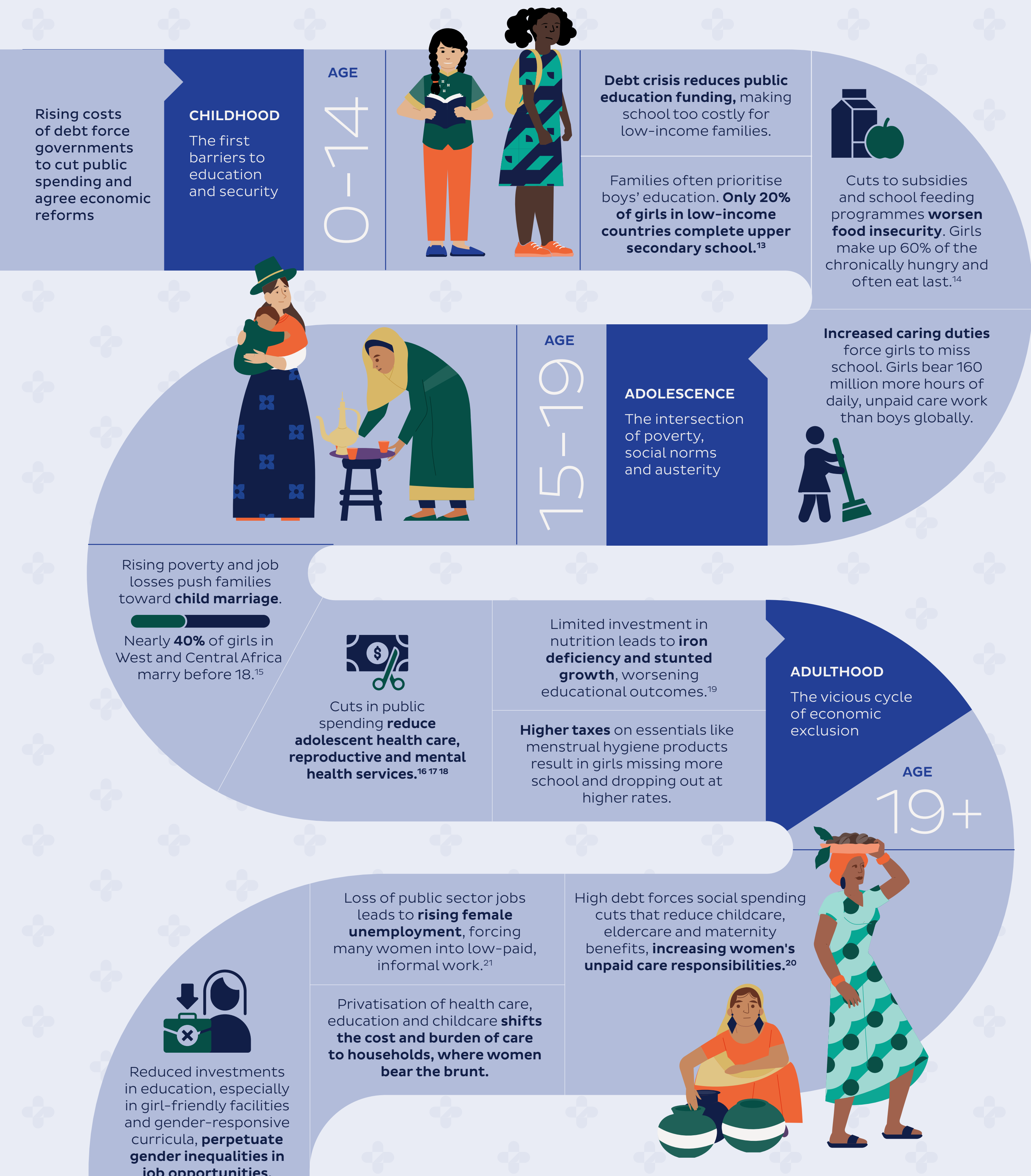
The limits of the global response

But these efforts did not fix the system. They did not change the rules of global finance or prevent countries from falling back into debt. In the 2010s, borrowing increased again — this time from a wider mix of lenders, including China, private bond markets and hedge funds. When interests rates were low, countries borrowed more to fund infrastructure, public services and climate adaptation.

Then came COVID-19. The pandemic hit lower-income countries hard, shrinking government revenues and forcing emergency spending. Meanwhile, interest rates shot up. In 2020, the G20 introduced the Common Framework to help countries restructure debt — but it has been slow, unclear and has not delivered enough relief. Private lenders continue to benefit from public interventions while refusing to take losses themselves.

The cycle of debt and its impacts on girls

The impacts of debt crises fall down harder on girls and women in every phase of their lives, due to social norms that place demands on them to fulfil dual roles in managing their households and in generating income, reinforcing intergenerational poverty and marginalisation.



Adapted from the lifecycle of debt approach in *An international fiscal architecture: How to humanize finance* by Attiya Waris (UNU-WIDER 2025).

The promise of debt relief

The HIPC Initiative significantly eased unsustainable debt for the world's poorest countries and enabled greater investment in social services.

To qualify, countries had to meet strict economic criteria, implement reforms and commit savings to sectors including education and health care. **Participating countries received debt relief amounting to $100 billion. They transitioned from spending more on debt service than education and health to spending around five times the amount of previous debt repayments on health, education and other social services.**

Increased spending yielded positive results for education. Between 1990 and 2015, gross primary enrolment in countries participating in HIPC rose by 21.7%, the female-to-male enrolment ratio improved by 8.7% and the primary completion rate increased by 13.7%.[22] By reducing debt burdens, the initiative gave governments the fiscal space to prioritise education, strengthening human capital and advancing development goals.

While HIPC provided partial relief, structural flaws in its design and implementation, and external economic realities undermined its long-term efficacy. The initiative relied on narrow metrics that did not protect social service budgets, and in some cases tied debt relief to counterproductive conditionalities such as freezes on public wage bills and removal of subsidies on essential goods and services. Its shortcomings created a fragile foundation for debt sustainability. **Lower-income countries currently need more effective solutions with robust sustainability frameworks, faster relief mechanisms and accountability for both lenders and borrowers.**

Recommendations

Urgent reforms are needed to make debt relief more effective in unlocking resources to realise girls' rights in lower-income countries — especially those where girls face large education barriers. In 2025, G20 governments must, under South Africa's presidency, reform the Common Framework to:

REDUCE DEBT SERVICING TO SUSTAINABLE LEVELS (10-15% OF REVENUES): Current restructuring efforts often leave lower-income countries with unsustainable repayment burdens, forcing cuts to education and health care. Debt relief should focus on deeper reductions, ensuring long-term fiscal space for social investments.

SUSPEND DEBT PAYMENTS WHILE NEGOTIATIONS ARE ONGOING: Many countries are forced to continue debt payments while awaiting restructuring decisions, diverting funds from essential services. The G20 should establish automatic suspension of payments, covering both public and private creditors, to prevent further financial strain.

INTEGRATE HUMAN RIGHTS AND GENDER CONSIDERATIONS INTO DEBT SUSTAINABILITY ASSESSMENTS: Current assessments focus narrowly on financial indicators, ignoring crowded out spending on social sectors including education. The IMF and the World Bank must revise debt sustainability frameworks to include human rights indicators such as ability to invest in gender-responsive schooling and health care access, going beyond making technical fixes to the methodology.

STRENGTHEN CIVIL SOCIETY PARTICIPATION AND ACCOUNTABILITY: National governments should hold formal consultations with civil society organisations — especially girls and women's rights groups, education advocates and local communities — at the early stages of debt negotiations to ensure that relief measures effectively address social priorities. Robust transparency and reporting requirements should accompany these strategic discussions to enhance accountability.

PROTECT GENDER-RESPONSIVE SOCIAL SPENDING: Restructuring agreements should require minimum spending thresholds for social services, especially those that benefit girls, to ensure continued investment in human development.

INCREASE TRANSPARENCY AND PREDICTABILITY OF DEBT RELIEF: The Common Framework lacks clear commitments, leaving debtor countries uncertain about how much relief they will receive. The G20 must set predictable debt reduction targets, enforce binding agreements among creditors and ensure transparency in restructuring terms.

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