International
Development
Committee

Tuesday, 16 September 2025

The Rt Hon Baroness Chapman of Darlington
Minister of State for International Development, Latin America and Caribbean
[by email]

Subject: Global debt reform

Dear Minister Chapman,

I am writing to you to set out the urgent case for decisive global debt reform. In recent years, sovereign debt burdens in low-income countries have escalated to alarming levels, with the World Bank estimating that external debt of low- and middle-income countries reached a record US$8.8 trillion in 2023. This risks progress towards the Sustainable Development Goals, and if remains unaddressed, threatens not only the world's poorest nations, but also our collective security, stability, and the effectiveness of our efforts towards overseas development assistance. Given that 90% of developing countries' sovereign debt is governed under English Law, the UK is in a unique and powerful position to use its diplomatic leverage to drive systemic change in global finance.

In 2023, the previous International Development Committee published our report on debt relief in low-income countries, where we found that without relief, many of the world's poorest nations would remain locked in a cycle of interest payments and rescheduling. We heard firsthand how debt repayments are crowding out essential public spending, constraining health systems that were still recovering from the covid-19 pandemic, and starving climate resilience programmes of desperately needed resources. We found that one major barrier to true debt reform was the uneven participation of private creditors in relief initiatives, which undermines efforts to reduce debt burdens to sustainable levels. To overcome these barriers, our report set out a number of recommendations, including acknowledgment of the interplay between debt and development, and the importance of engaging in conversations around debt relief. Despite this report two years ago, I am deeply disappointed that very little seems to have changed—at present, 28 of the world's poorest countries are spending more on repaying foreign debt than on healthcare or education.

It is promising that the Financing for Development conference held in Seville earlier this year reaffirmed global commitments to address unsustainable debt burdens, and its outcome document makes clear the urgency of enhancing debt sustainability assessments to close the financing gap for development and climate action. Today, a

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roundtable in Parliament, hosted by Committee member Noah Law, saw MPs and Peers meet with NGOs to also hear their call for the urgent need for debt justice and reiterate the importance of one shared, powerful message from all.

With this global momentum freshly established, now is the critical moment for the UK to articulate its leadership agenda on global debt reform and compel creditors to join discussions in sovereign debt restructuring processes. Given reduced ODA budgets from the UK and other partners internationally, debt reform is ever more urgent as a way to deliver on development goals without spending huge amounts of limited UK ODA. In light of this, I would be grateful to hear your response to the above, including the UK Government's next steps on progressing global debt reform.

We would welcome your response by Tuesday 7 October. In line with our practice relating to Committee correspondence, we will publish this letter and your response.

Yours sincerely,

Sarah Champion MP
Chair of the International Development Committee

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