This policy briefing , produced by Development Finance International and based on the ***Debt Service Watch*** database, shows that World Bank borrowing countries now face the worst debt service crisis since global records began. In 2024, debt service is absorbing an **average** 43% of budget revenue: 46 countries are paying more than half of revenue on debt service, and 68 over one third. These figures are more than twice the levels in LICs before HIPC/MDRI; and higher than those in LAC before the 1980s Brady Plan.

Debt service is absorbing 42% of spending in all countries, and 55% in Africa. It exceeds 15% of government spending in 112 countries, and 20% in 74. It equals combined total spending on education, health, social protection and climate across all countries, and exceeds it by two thirds in Africa. It is 2.7 times education spending, 4.2 times health spending, 11 times social protection spending and 54 times climate spending. In 2025 debt service will rise further, with countries paying an average 47% of budgets.

The international community has recognised that there is a severe debt service (or “liquidity”) crisis) for many countries. According to IMF forecasts and the Debt Service Watch database, this high debt service burden will continue for the next decade for almost all affected countries (the exceptions being Tajikistan and Uzbekistan). Proposals to resolve the crisis by reprofiling debt service over a short period will therefore not work – indeed they will worsen the crisis in future years by adding to already high debt service burdens.

This briefing presents three proposals which would all reduce debt service burdens substantially, but be tailored to the circumstances of different country groups. All three could have overarching goals of bringing service down to 10% of revenue for LIDCs and 15% for MACs. However, their precise implementation would be designed case-by-case, dependent on countries requesting support, and to match country needs.

1. For up to 34 countries which constantly access markets, it suggests **“credit enhancement”** and other measures to reduce borrowing costs to levels similar to MDBs;

2. For up to 51 accessing global markets less frequently, it suggests a **10-year debt service holiday** , with

cancellation for the worst affected, and long-term rescheduling of principal and interest for the rest;

3. For those hit by (mostly climate-related) natural disasters, it suggests **automatic measures to cancel their debt service**
for the three years following the disaster, while they rebuild and recover.

Finally, it urges G20 leaders to conduct a comprehensive assessment of the current debt service crisis now, leading to a roadmap for actions to solve the crisis in 2025 under South Africa's G20 Presidency.