



# Public Debt and Youth Development in Commonwealth Member Countries



The Commonwealth

---

# Public Debt and Youth Development in Commonwealth Member Countries



The Commonwealth

---

© Commonwealth Secretariat 2025

Commonwealth Secretariat  
Marlborough House  
Pall Mall  
London SW1Y 5HX  
United Kingdom

[www.thecommonwealth.org](http://www.thecommonwealth.org)

All rights reserved. This publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or otherwise provided it is used only for educational purposes and is not for resale, and provided full acknowledgement is given to the Commonwealth Secretariat as the original publisher. Views and opinions expressed in this publication are the responsibility of the author and should in no way be attributed to the institutions to which they are affiliated or to the Commonwealth Secretariat.

Wherever possible, the Commonwealth Secretariat uses paper sourced from responsible forests or from sources that minimise a destructive impact on the environment.

Published by the Commonwealth Secretariat.

# Contents

<b>List of Figures and Tables</b>	<b>v</b>
<b>Foreword</b>	<b>vii</b>
<b>Acknowledgments</b>	<b>ix</b>
<b>Acronyms and Abbreviations</b>	<b>xi</b>
<b>1. Introduction</b>	<b>1</b>
1.1 Context	1
1.2 Linking public debt to youth development	2
1.3 Purpose of the report	3
1.4 Structure of the report	4
<b>2. Youth Development in the Commonwealth</b>	<b>5</b>
2.1 Population dynamics: a growing young population	5
2.2 Youth development and empowerment: catalyst for economic growth and development	8
2.3 Measuring progress: Commonwealth Youth Development Index	11
2.4 Challenges facing youth and youth development	13
<b>3. Aligning the Fiscal Framework for Sustainable and Inclusive Development</b>	<b>15</b>
3.1 Fiscal policy and debt management	15
3.2 Review of government budget allocations within the Commonwealth	17
3.3 PFM supporting economic and social development	20
<b>4. Mobilising Financing for Development</b>	<b>26</b>
4.1 Grants and concessional loans	26
4.2 Non-concessional debt financing	27
4.3 Scaling financing for youth development	28
<b>5. Public Debt Levels in the Commonwealth</b>	<b>32</b>
5.1 Trends in public debt	32
5.2 Structure of public debt	35
5.3 Rising cost of debt	37
5.4 Debt vulnerabilities within the Commonwealth	38
5.5 Lessons from past debt crisis	43

<b>6. Impact of Public Debt Burden on Youth</b>	<b>47</b>
6.1 Exploring the public debt and youth development nexus	47
6.2 Public debt undermining intergenerational equity	48
6.3 Public debt and impact on education	49
6.4 Public debt challenging financial access and financial inclusion	51
6.5 High debt levels affecting youth employment	52
6.6 Unsustainable debt impeding climate resolution and jeopardising the future of youth	55
6.7 Financial/debt crisis and youth unemployment impacting inequality	56
<b>7. Reforms</b>	<b>58</b>
7.1 Mainstreaming youth in national development strategies	58
7.2 Enhanced fiscal policy formulation – PFM framework	59
7.3 Enhancing the public debt management framework	61
7.4 Innovative financing solutions for youth development	63
7.5 Enhancing youth participatory governance	66
<b>8. Conclusion</b>	<b>68</b>
<b>Bibliography</b>	<b>70</b>
<b>Appendix A. Commonwealth Countries joining China’s Belt and Road Initiative (BRI)</b>	<b>79</b>
<b>Appendix B. The Youth Economy Agency (YEA) of Saint Lucia</b>	<b>81</b>
<b>Appendix C. Commonwealth Youth Programme</b>	<b>84</b>
<b>Appendix D. Youth Employment Trends</b>	<b>85</b>
<b>Appendix E. Public Debt Management Programme of the Commonwealth Secretariat</b>	<b>86</b>

# List of Figures and Tables

Figure 2.1	World population pyramids (Top – 1985; Bottom – 2025)	6
Figure 2.2	Youth aged 15–24 years, by region (1950–2060)	7
Figure 2.3	Percentage change in the Commonwealth's average YDI domains (2010–2022)	12
Figure 3.1	Total government revenue and expenditure for Commonwealth member countries	18
Figure 3.2	Share of health, education and debt service in expenditure, Commonwealth countries	19
Figure 3.3	Public financial management (PFM) framework	21
Figure 3.4	Medium-Term Fiscal Framework (MTFF)	22
Figure 4.1	Net ODA (% of GNI) received by Commonwealth countries, excl. members of the Development Assistance Committee (DAC)	26
Figure 4.2	IDA gross and net inflows of credits and grants to IDA-eligible countries	27
Figure 4.3	Barriers faced by young people in accessing funding	29
Figure 5.1	EMDEs' (excluding China) public and private external debt stock, US\$	33
Figure 5.2	Global public debt-to-GDP ratios (2000–2023)	33
Figure 5.3	Total public debt in the Commonwealth (2011–2024)	34
Figure 5.4	EMDEs (excluding China) public external debt composition by creditor, US\$ billions (2008–2022)	36
Figure 5.5	Debt-service payments for 37 Commonwealth member states (2010–2023)	38
Figure 5.6	Debt service/revenue and debt service/GDP in Commonwealth member countries (%)	38
Figure 5.7	Rising debt-to-GDP ratios within Commonwealth member states (2010–2024)	39
Figure 5.8	Channels through which climate change impacts sovereign risk	40
Figure 5.9	Overlap of debt and climate vulnerabilities in PRGT-eligible countries (2020)	41
Figure 6.1	The public debt and youth development nexus	47
Figure 6.2	Old age dependency ratios – global	49

Figure 6.3	Total public debt and multilateral debt service against investment in education, LAC average (% of total public expenditure)	50
Figure 6.4	Unemployment, youth total, % of total labour force ages 15–24 (2000–2020)	53
Figure 6.5	Youth unemployment rates in the Caribbean	55
Figure 6.6	Youth unemployment affecting inequality in good and bad economic times	57

## Tables

Table 2.1	Commonwealth countries with the lowest Youth Development Index (YDI) scores (2023)	12
Table 5.1	Evolution of public debt by regions, excl. ABCI	35
Table 5.2	Public debt-to-GDP ratios by region, excl. ABCI	39
Table 6.1	Financial access and inclusion of the youth population (15–24 years)	51
Table 6.2	Youth unemployment rates (2019–2022)	54
Table 7.1	Youth development within the PFM cycle: planning, budgeting and execution	59
Table D1	Young people not in employment, education or training, and youth labour force participation rate, by sex, world and by country income group, 2019–2022	85

## Boxes

Box 2.1	Some key SDGs focused on youth development	9
Box 2.2	Social entrepreneurship initiatives	10
Box 3.1	Prudent use of funds from budget surpluses	20
Box 3.2	Typical MTEF stages	22
Box 3.3	Key requirements for integrating the SDGs to the PFM	23
Box 3.4	Country examples of SDG-related reforms within PFM and budget systems	24
Box 4.1	Youth Economy Agency (YEA) of Saint Lucia	29
Box 4.2	Rwanda: domestic funding for youth-led development	30
Box 5.1	Emergence of China as a prominent non-traditional lender	36
Box 5.2	The 2008 financial crisis and its effects on young people	44
Box 5.3	Hidden debt, debt crisis and impact on welfare	46
Box 7.1	Key considerations for developing a youth-themed bond	65

# Foreword



Young people are the Commonwealth's great source of strength, creativity and hope. Yet too often, their opportunities are shaped — and limited — by forces beyond their control. As countries grapple with tightening fiscal space and rising levels of public debt, the choices governments make today will determine whether this generation can thrive and transform their societies.

This publication, *Public Debt and Youth Development in Commonwealth Member Countries*, produced by the Commonwealth Secretariat's Debt Management Unit, arrives at a critical moment. As we approach the end of the 2030 Agenda for Sustainable Development, many of the goals we set for ourselves are stalling. The aftershocks of the COVID-19 pandemic, including mounting debt vulnerabilities and a challenging development cooperation environment, have made it even harder for governments to protect essential investments in education, health, employment and the wider wellbeing of their citizens.

This creates a profound policy challenge: how can countries navigate fiscal pressures while still nurturing the potential of their young people? How can we design economic frameworks that are both responsive today and transformative for tomorrow?

This publication helps to illuminate that path. Drawing on the latest findings from the Commonwealth Youth Development Index, it offers a clear, data-driven picture of where progress is being made — and where it is at risk. It explores how rising debt burdens can constrain governments' ability to invest in youth education, skills, health and employment, and how smarter fiscal choices can unlock better outcomes. It also serves as a practical resource for debt managers, youth practitioners, and policymakers, helping them better understand the powerful link between public debt management and youth development.

Crucially, this publication does more than diagnose the challenge; it points to concrete ways in which governments can integrate youth development into broader fiscal and economic strategies. By highlighting approaches that are resilient, inclusive and forward-looking, it reinforces the need for policies that place young people not at the margins of national planning, but at its very centre. It also underlines the importance of amplifying youth voices — ensuring that the people most affected by today's economic decisions are heard, valued and empowered to shape the solutions.

The Commonwealth Secretariat remains deeply committed to supporting our member countries in advancing both youth development and public debt sustainability. Effective debt management is a vital part of the foundations for social wellbeing, dignity and opportunity for all citizens.

It is my hope that this publication encourages governments to reflect on the choices before them, and to take forward the recommendations in ways that strengthen their fiscal frameworks while uplifting the young people who will carry our Commonwealth into the future. By investing wisely today, we can build societies that are fairer, more resilient and more prosperous for generations to come.

Hon. Shirley Botchwey, Commonwealth Secretary-General



# Acknowledgments

This report, commissioned by the Commonwealth Secretariat, was written by Dev Useree, Commonwealth Consultant. The report was subsequently revised, updated and edited by Mac Banda, Adviser and Team Lead, and Adwoa Difie Boakye-Mensah, Associate Adviser, both with the Debt Management Unit (DMU) at the Commonwealth Secretariat.

We acknowledge the valuable contributions from various members of the Debt Management Unit, in particular Delia Cox, Adviser, Aazim Mohammed, Adviser, Stanislas Nkhata, Adviser, and Jade Kirton, Assistant Economic Analyst. We also appreciate the contributions of Samson Shaibu-Musa, a youth officer with the Social Policy Unit at the Commonwealth Secretariat, and Mr Bryan Vidal, Chief Executive Officer of the Saint Lucia Youth Employment Agency.

Special thanks go to Raymond Prasad, Adviser and Head of the Debt Management Unit, for his leadership, the staff of the Commonwealth DMU section, and Tesi Uwibambe, for their support.

The views expressed in the report are those of the authors and do not necessarily reflect the official position or policy of the Commonwealth Secretariat or any other agency or government identified.



# Acronyms and Abbreviations

ABCI	Australia, Britain (United Kingdom), Canada, and India
BRI	Belt and Road Initiative (China)
COVID-19	Coronavirus disease 2019
COMSEC	Commonwealth Secretariat
CF	Common Framework (for debt treatment) (of the G20)
DMU	Debt Management Unit (of the Commonwealth Secretariat)
DSA	Debt Sustainability Analysis
DSSI	Debt Service Suspension Initiative
EMDEs	emerging markets and developing economies
EMEs	emerging market economies
GDP	gross domestic product
GNI	gross national income
G20	Group of 20 (advanced and emerging economies)
IDA	International Development Association (of the World Bank)
IFMIS	Integrated Financial Management Information System
ILO	International Labour Organization
IMF	International Monetary Fund
HIPC	Heavily Indebted Poor Countries
LAC	Latin America and Caribbean (region)
LDCs	least developed countries
LMIC	low- and middle-income countries
MDRI	Multilateral Debt Relief Initiative
MOU	memorandum of understanding
MSMEs	micro, small and medium-sized enterprises
MTDS	Medium-Term Debt Management Strategy
MTBF	Medium-Term Budget Framework
MTEF	Medium-Term Expenditure Framework
MTFF	Medium-Term Fiscal Framework
NEET	not in employment, education or training

NST	National Strategy for Transformation (Rwanda)
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
PFM	public financial management
PRGT	Poverty Reduction and Growth Trust (of the IMF)
SDGs	Sustainable Development Goals (of the UN)
SMEs	small and medium-sized enterprises
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCTAD	UN Trade and Development
UNICEF	UN Children's Fund
YDI	Youth Development Index
YEA	Youth Economy Agency of St Lucia
YLL	years of life lost

# 1. Introduction

## 1.1 Context

Young people (youth) have gained increasing prominence as key drivers of change and development in both advanced and developing countries. Accordingly, the topic of 'youth development' has taken centre stage in international and national policy dialogues and has shaped governments' social policies on education, skills development, employment and health in recent years. Though several initiatives have been rolled out to support youth development, the success of these policy interventions largely depends on a government's economic policy stance, while the role of public debt financing<sup>1</sup> cannot be overemphasised.

Public debt financing or government borrowing plays an important role in helping a government to raise money to meet its budget deficit requirements and to successfully execute its budget, including priority social investments. However, public debt levels have increased considerably, globally, raising public debt sustainability concerns in most countries, especially low and middle income countries. The rise in debt vulnerabilities represents considerable risks to a country's development path and to the global economy as a whole. For many economies, the onerous public debt that exploded with the advent of the Coronavirus 2019 (COVID-19) pandemic continues to impact economic and social growth targets and governments' commitments to meeting the Sustainability Development Goals (SDGs). With only 17 per cent of the SDGs on track (United Nations 2024a) and less than five years left until the 2030 deadline, the situation is alarming (ibid.).

Findings from the World Bank show that even prior to the pandemic, fiscal sustainability risks were rife in most countries with most International Development Association (IDA) countries having high public debt levels. These were further exacerbated by the increasing budget deficits recorded during the pandemic in 2020 (World Bank 2024a). Recent reviews by the International

Monetary Fund (IMF) and the World Bank in early 2024<sup>2</sup> showed that the global economy remains remarkably resilient, with growth holding steady. However, we are not out of the woods yet. Though actual public debt defaults remain low, more than half of developing countries are faced with high public debt-service obligations. The latest IMF statistics (Gaspar and Pazarbasioglu 2024) show that about 60 per cent of low-income developing countries are either already in debt distress or at a high risk of debt distress and needing different forms of support, including debt relief or other innovative financing instruments.

High debt servicing costs, which are associated with high public debt levels, pose a challenge for low- and middle-income countries in maintaining debt and fiscal sustainability. This could have a ripple effect on the global economy. It is, therefore, not surprising to see continued pressure on the international community to come up with decisive solutions on this front. The sentiment echoed by the IMF in its October 2024 *Fiscal Monitor* report (IMF 2024a) suggests that for public debt to be brought to a sustainable path, governments would have to make larger fiscal adjustments – more than twice the size of previous adjustments. These should, however, be well calibrated to ensure that growth targets are not compromised, which could otherwise lead to large output losses.

Accordingly, though the global economy appears to have avoided a recession in the wake of the COVID-19 pandemic, looming global economic vulnerabilities have not gone away with several countries struggling to put their economies back on a sustainable path. Hefty public debt burdens and associated high debt servicing, among other challenges such as climate risks, put a strain on the optimal levels of investments needed in these countries, which could have dire consequences for their populations.

Young people and other vulnerable groups face a higher risk of bearing the brunt of the looming debt and climate crisis, as witnessed during previous

<sup>1</sup> 'Public debt financing' refers to government borrowing (flows), whereas the 'public debt' refers to the accrued obligations outstanding at any time (stock).

<sup>2</sup> See, for instance, IMF 2024c. From the contraction – by -2.7 per cent in real GDP during 2020 – the global economy has shown resilience in expanding by 3.2 per cent in 2023 and was projected to repeat that performance in 2024.

economic crises. For instance, after the global financial crisis in 2008, youth unemployment rose rapidly in both developed and developing nations. Furthermore, governments that found themselves over-indebted were unable to pay for essential public services such as education and healthcare, resulting in adverse impacts on human development outcomes in general, and on the youth in particular.

In recent years, the alarming growth in youth migration, widespread youth uprising and increased rates of sexually transmitted diseases among the youth are but a few of the social outcomes of the economic and debt crisis in most low- and middle-income countries. Research has established that some key drivers of migration are high unemployment rates and decline in other human development measures. As countries, particularly developing countries, grapple with the effects of a high debt burden and constrained investments in youth development, young people are often left with no choice but to follow the already high level of migration to urban centres or abroad, especially towards Europe and North America.<sup>3</sup> The Joint United Nations Programme on HIV/AIDS (UNAIDS) highlighted in its recent report (UNAIDS 2024) how increased debt vulnerabilities in countries have been hampering efforts to end HIV/AIDS (human immunodeficiency virus/acquired immune deficiency syndrome) in sub-Saharan Africa, where the disease affects more young people, especially adolescent girls and young women.

These challenges are further worsened by the rising incidence of climate change. As numerous studies have shown, risks from climate change have been intensifying the debt crisis in most low- and middle-income countries and worsening the plight of people who are marginalised, poor and needy, including young people in those countries. An IMF estimate found that 29 out of 69 poorer countries eligible for concessional finance from the IMF<sup>4</sup> were facing the twin impacts of high debt and climate vulnerabilities (UNCTAD 2022). For instance, countries like Ghana, Lebanon, Sri Lanka and Zambia, which defaulted on their debts recently, are also climate vulnerable. The United Nations

International Children's Emergency Fund (UNICEF no date) recently emphasised how children and young people will continue to face some of the worst effects from climate crisis intensification now and in the years to come.

It is clear how disproportionately the impacts of debt and related climate risks affect young people, who make up a core percentage in the world population. This notwithstanding, youth are often ignored while policy attempts are made to address the twin challenges of climate and debt. The sustenance of our future societies, however, relies heavily on young people taking an active lead in driving the structural changes necessary – fuelled by the green energy transition, technological advances and other sustainable policies and practices – for a better future. Despite entrepreneurial zeal, youth find themselves constrained by lack of adequate opportunities to fulfil their potential.

In recent years, the link between youth development and national peace has become evident in most countries. Young people are becoming more vocal and increasingly influential in building more stable, peaceful and sustainable countries. The digital age, social media and online platforms have empowered young people to control the narrative and actively influence and reformat political landscapes with collective action at extraordinary speed. Hence, the current concerns and demands of youth cannot be overemphasised. Putting the spotlight on young people and mainstreaming their concerns and needs should become critical.

## 1.2 Linking public debt to youth development

Each government's macroeconomic framework provides a crucial driver of social development, as it helps create a stable economy for growth and equitable resource distribution. In recognition of this, United Nations SDG10 mandates governments to adopt fiscal policies that promote inclusive development to ensure that no one is left behind. To strengthen a government's fiscal policy framework, one key area of concern has to do with the sustainability of its public debt. It is impossible to overstate how the global debt crisis has hampered nations' economic and social development over the years.

<sup>3</sup> A total estimated 281 million people were living in a country other than their country of birth in 2020, 128 million more than in 1990; see: IOM (2024).

<sup>4</sup> Under the Poverty Reduction and Growth Trust (PRGT) of the IMF.

Public debt, be it mobilised externally or domestically, provides a government with additional resources to fill critical funding gaps in its budget while allowing it to meet its development goals. As such, government borrowing is often seen as a necessary factor for economic growth. However, unsustainable public debt poses significant economic risks to governments. This in turn can challenge a government's overall commitments to provide social welfare to its citizens, promote economic growth, implement development projects, meet other targets outlined in the SDGs and end extreme poverty more generally.

For instance, due to unsustainable debt burdens, governments are compelled to spend more on debt servicing and less on the SDG priority areas such as education, health, infrastructure and climate action. This notwithstanding, public debt can also offer benefits. Assuming it is well-managed, borrowing can be an important source of funding to facilitate economic and social development. It can enable long-term investment aimed at growth-enhancing projects while also protecting vulnerable groups in society. Debt can also help support financial market development and deepening, while at the same time playing an important role during times when expansionary fiscal policy to stimulate economic activity is needed (Ayhan Kose et al. 2020).

The challenge to achieving the benefits is ensuring that the risks associated with public debt are well managed and the government remains creditworthy, without sacrificing the country's development priorities. At a time when there is a call for more non-debt creating finance to support the SDGs, the reality is that countries will keep on borrowing to support their development agendas. The onus is on governments to ensure that in diversifying and embracing different forms of borrowing, they keep strict adherence to basic principles of effective debt management. The goal should be to maintain public debt at sustainable levels to minimise the negative impacts on economic and social development.

As the public debt burden worsens, it poses a challenge not only to the economy and achievement of the SDGs, but also to youth development, which is one of the key pillars to the attainment of the SDGs. It is, therefore, critical that governments and all stakeholders involved in public

debt management think of public debt not merely as abstract financial numbers. Behind the trends and statistics are the lives of real people, including young people and other marginalised groups, who are likely to be hit the hardest.

While debates on the social impact of unsustainable debt burdens have pinpointed groups such as people living in poverty, women and the needy in general, the same focus on the impact of high borrowing levels specifically on youth around the world has not been that prominent. It is probably true to state that evidence to support the impact of public debt on young men and women has up to now been limited. The development of a blueprint containing practical actions and solutions linking public borrowing, public debt sustainability and youth development is therefore timely.

Admittedly, public debt has helped to provide a lot of social infrastructure including schools, hospitals, health centres and support to small and medium-sized enterprises (SMEs), which have all contributed to youth development. A lot of multilateral and bilateral financing (mostly concessional) has gone to support social investments in the past. However, at the point where debt is not effectively managed and becomes unsustainable, all the gains made are eroded. In the future, young people will bear the brunt of the unsustainable debt, and this is the key message of this report.

### 1.3 Purpose of the report

At the Commonwealth Secretariat, important challenges like climate change, gender and debt management are already major areas of advocacy, complementing efforts by other international agencies. Building on our interventions in supporting the youth agenda, the Commonwealth Secretariat believes that there is scope to provide thought leadership on the implications of rising and unsustainable public debt levels, specifically on youth development and welfare around the world. At a time when sovereign debt vulnerabilities seem prevalent in most economies – especially from post-COVID-19 and with the threat of another lost decade looming – putting the spotlight on the impact of unsustainable debt burdens on youth development and other youth-related social activities is a worthy objective. It is time for the international community to stimulate fresh thinking and further the debate on the rising public debt and youth development nexus.

This report mainly aims at raising awareness among policy-makers, development actors, youth and other stakeholders on the long-term effects of fiscal policies on youth development. Building on the work being done in addressing youth development in the Commonwealth and globally, the report puts forward a blueprint containing policy and other actions that countries will be able to use in practically dealing with the challenges of high public debt on youth development.

In this light, the report suggests practical ways that policies could be mainstreamed and embedded within their public financial management (PFM) frameworks, while placing public debt and youth development initiatives side-by-side with other ongoing policy prescriptions. Added value can be reaped if, in tandem, a more innovative macro-fiscal framework is adopted in supporting a more resilient, inclusive and sustainable development. Countries will be able to use the report to develop their own plan for implementing the targeted activities being proposed. This will allow their public debt management framework to fully embrace youth financing and other actions in support of youth development.

The success of this proposed initiative may be critical in shaping the future of the Commonwealth, where the youth make up about 60 per cent of the total population, and considering also that young people are instrumental in influencing future social and economic development. Accordingly, country strategies that can successfully link financing through borrowing to providing the rightful voice for young men and women will be beneficial to society at large and will help in creating the necessary environment for a peaceful and sustainable world.

A key limitation in developing this report was the absence of much granular data on youth metrics, such as the how much of government health, education and social services budgets go directly to support young people. Accordingly, a lot of inference has been drawn based on the available data.

## 1.4 Structure of the report

The report is organised as follows.

Chapter 2 discusses youth development, looking at the progress made by countries to advance youth development in line with the Sustainable Development Goals. The chapter focuses on the 2024 Commonwealth Youth Development Index to discuss progress made within the Commonwealth. It also brings to the fore some of the challenges faced by the youth.

Chapter 3 provides an overview of effective debt management within the overall public financial management (PFM) and fiscal frameworks. Foremost, it makes the case for a macro-fiscal framework that provides a better platform not only for achieving much-needed resilient, inclusive and sustainable development but also where investment in support of youth development can be better targeted.

Chapter 4 explores some of the financing challenges faced by countries and their impact on financing youth development. It looks at declining aid and concessional financing and the rise for commercial financing in countries.

Chapter 5 draws on discussions from Chapters 3 and 4 and discusses the growing public debt levels globally and within Commonwealth member countries. It highlights relevant trends in debt levels and key debt indicators. The chapter also highlights issues of rising debt cost and debt vulnerabilities within the Commonwealth and small states in particular.

Chapter 6 highlights the impact of debt burdens on youth and in meeting the wider SDGs. Using data from the Commonwealth, an attempt has been made to discuss how unsustainable debt has impacted young people in terms of indicators such as employment, unemployment, access to finance, equality and climate change.

Chapter 7 provides a set of recommendations on policy and other stakeholder actions for dealing with the challenges of high public debt on youth development, as well as practical ways that those policies could be mainstreamed and embedded within existing initiatives as well as within countries' PFM.

Chapter 8 concludes with a forward-looking perspective.

## 2. Youth Development in the Commonwealth

Youth are considered to be a critical population group who are widely affected by social and economic decisions by governments and who have the potential to shape future social and economic development. Since 2015, global development actors have made efforts to look at the concerns of youth as the 2030 Agenda for Sustainable Development was adopted by countries. The United Nations Sustainable Development Goals directly address the economic, social and environmental needs of young people.

The last two decades have witnessed substantial progress in reducing poverty, alleviating hunger, tackling inequality and improving outcomes for many of the world's poorest and most vulnerable. However, according to the UN (2018a), progress has been uneven. For instance, inequality has not only persisted, but in many instances widened, with substantial numbers of people, including youth, excluded from full participation in economic, political and social life. Specifically, the conditions of young people within vulnerable or marginalised groups – including indigenous people, persons with disabilities, migrants and refugees, people living in poverty, as well as girls and young women – suggests the 2030 Agenda may not be achieved unless it is based on the basic principles of inclusiveness and shared prosperity.

To address these challenges, which are discussed in detail in this chapter, governments must take deliberate steps to better integrate the youth development agenda in both their economic and social policies. There is the need to scale investments in education and health and create employment opportunities for youth while guaranteeing that every young person, regardless of gender, income, ethnicity or disability, has an equal chance to survive and thrive. It is also important to involve youth in decision-making.

The Commonwealth Secretariat has been championing youth development across the Commonwealth for more than 50 years through international and regional advocacy and by providing dedicated technical assistance programmes to support countries to strengthen

national and regional youth policies and create youth development frameworks, guidelines and tools. The Secretariat supports the effective participation of young women and men in development processes and promotes their engagement at all levels of decision-making, including with Heads of Government.

The Commonwealth Secretariat further provides a unique platform for youth to showcase and celebrate their achievements in driving democracy and development. The Secretariat convenes Commonwealth Youth Ministers Meetings, where all youth ministers across the Commonwealth meet to deliberate on advancing youth development and advocate for increased investments in youth ministries and programmes.

### 2.1 Population dynamics: a growing young population

The structure of the population has a profound impact on shaping both economic and social policies for economic growth and development across regions. Over the last four decades, the age distribution of the world population has changed quite significantly. Figure 2.1 shows two predominant changes in the age structure of the population: an increase in the aged population aged over 65 years, mainly attributed to the decline in mortality rates; and a simultaneous increase in the population of the youth aged 15–24 years.

These population changes have economic implications for governments with an increased demand for the provision of public services for both the aged (including healthcare, pensions and other social services) and the youth (including healthcare and education). There is, however, a higher disproportionate economic burden placed on the youth population, by way of increased taxes, to provide these social services for the aged population. This increased burden on young people, therefore, requires high and quality investment in youth development to ensure that young persons are well equipped to contribute productively to the economy. This assertion is the focus of this chapter.

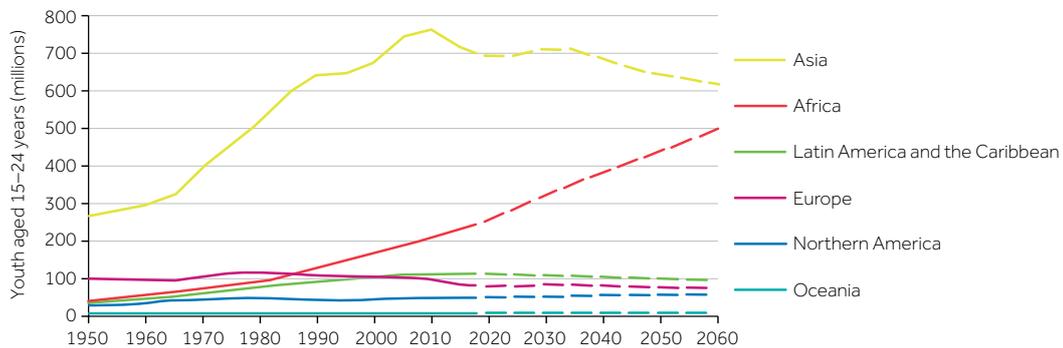
**Figure 2.1 World population pyramids (Top – 1985; Bottom – 2025)**



Source: UNDESA (2024)

The definitions of 'youth' or 'young person' vary widely across entities, mainly influenced by cultural, social or legal settings. Within the Commonwealth, 'youth' is defined as young persons aged between 15 and 29. The United Nations (UN 2024c), however, defines 'youth' as persons between

the ages of 15 and 24 years. In most cultural or traditional settings, the perception of youth goes beyond age to a period of transition in an individual's life cycle. It is the time when a young person takes on greater personal, family, communal and financial responsibilities. It also signifies a period when an

**Figure 2.2 Youth aged 15–24 years, by region (1950–2060)**

Source: United Nations (2015)

individual embraces specific roles, rights and needs and demonstrates their varying capabilities.

Within the Commonwealth, the total population of youth is estimated at 1.5 billion, which is about 60 per cent of the total population of the Commonwealth of about 2.7 billion. The growth of the young population within the Commonwealth is reminiscent of the rest of the world. Using the UN classification of youth, the population of youth is 1.2 billion, representing 16 per cent of the global population and the largest generation of young people in history. This is expected to increase further, with about 1.9 billion young people projected to turn 15 years old by 2030 (UNOSD 2020). About 90 per cent of youth live in developing countries, where they make up a large proportion of the population (see Figure 2.2).

However, according to UN projections, the growth in the youth population is uneven across the regions. Growth is estimated to stabilise in most regions except for Asia and Africa. Growth in the youth population is expected to continue in Asia, reaching its peak in 2080. That of Africa may continue to grow throughout the remainder of the twenty-first century, more than doubling 2015 levels by 2055. These expected trends are illustrated in Figure 2.2.

The trends confirm the growing importance of youth in shaping the future of our societies. It is, therefore, important that governments take a deliberate approach youth development and create social policies that are inclusive, bridge the social divide, and provide equal opportunities to young people so they are empowered to contribute meaningfully to the development of societies now and in the future, thereby contributing to global peace.

### 2.1.1 Demographic dividends from growing youth population

The growing youth population also provides potential for economic growth; this is often referred to as 'demographic dividends'. A demographic transition that involves an increase in the working-age population in a country provides it with a window of opportunity, which if properly harnessed can generate a 'dividend' for higher economic growth. This dividend accrues by way of a larger labour pool, increased productivity, increased savings and investments, social stability, among others. A large or growing youth population is, therefore, a prerequisite for harnessing the dividends in the medium to long term.

For example, some proponents believe that the period of rapid economic expansion in several countries in Asia, referred to as the 'Asian Miracle', could be attributed to these countries having taken advantage to harness the dividends from their population structure. The change in the age structure in East Asia – with the working-age population growing much faster than the dependent groups in society from 1965 to 1990 – was instrumental in bringing about one-third of economic growth.

As shown in Figure 2.1, the youth group and working population in general is expected to expand in 2025 and this presents an opportunity for most economies to harness the economic growth potential of their young populations. The International Monetary Fund (IMF) (Fornino and Tiffin 2024) has pointed out that demographic transition, particularly in Africa, could present sub-Saharan Africa with the biggest single opportunity for economic growth. Further, in the

September 2023 (IMF 2023) edition of *Finance and Development* magazine, the author highlighted that according to UN projections, eight countries in the world were expected to account for more than half the increase in global population over the next three decades, with five of these countries being in Africa. The working-age population in these African countries is expected to grow faster than any other age group. This phenomenon has the potential to spur growth in Africa, with some African economies emerging as economic giants in the foreseeable future. On the other hand, this demographic transition may also lead to increased social unrest in these countries if youth development is not prioritised.

Note, these dividends are not realised automatically. Two factors that are critical to shaping how the benefits are realised include the level of human capital development among young people and labour absorption. Governments must, therefore, take decisive action to take advantage of these factors by putting in place policies to enhance education and develop youth's capabilities and provide the right work opportunities for them. The World Bank (2024f) asserts that despite the growth in the youth population, some South Asian countries have failed to fully realise demographic dividends owing to lack of job opportunities or employment barriers. It observes that South Asia's employment ratio, which measures the proportion of the working population that is currently employed, was 59 per cent in 2023, compared with 70 per cent in other emerging markets.

Another factor that accounts for countries not being able to realise demographic dividends is migration. In most developing countries, a large proportion of young people (both skilled and unskilled) facing limited economic, health and social opportunities, find themselves with no alternative than to seek better opportunities abroad. According to the UN *2020 World Social Report* (UN 2020a), demographic differences between countries have been associated with migration. Economies facing rapid population growth can put pressure on social services and infrastructure and drive unemployment up. Large groups of youth entering the labour force might compel some of them to search for jobs in other countries. Overall, the estimated number of international migrants has increased over the past five decades, reaching an estimated 281 million people in 2020 (IOM 2024). About 32 per cent of the current international

migrants in the world are estimated to be in the age range of 15–34 years (Woldegiorgis 2023).

At a time when many countries are facing a financial, economic and debt crisis, the ability to scale up investment in education and related areas that are important for youth development is acutely constrained, thereby denying the country of the expected dividends from its youth population. It is, therefore, important for governments to ensure optimal investment in youth development to provide youth with the necessary skills and opportunities to contribute to the growth of the economy.

## 2.2 Youth development and empowerment: catalyst for economic growth and development

The discussions in the previous section bring to the fore the importance of governments putting in place cogent policies to develop the potential of youth, as they contribute to the economic growth and development of a country. Youth development encompasses a broad set of initiatives to support young people to acquire the attitudes, competencies, values and social skills that they need as they grow and contribute meaningfully to society, becoming a positive force for development. It is well established by research (UN 2020b, Chapter 2) that there is a direct relationship between youth development – particularly access to education, health and other essential services, and access to capital – and long-term sovereign economic growth.

Hamilton et. al (2004) define youth development as encompassing a natural process of development where a young person has the capacity to understand and act on the environment and a set of principles and initiatives set by all stakeholder groups, at the local, state, national and international levels, to support the growing capacity of all young people. The Commonwealth Secretariat's Youth Development Index (YDI) defines youth development to be 'enhancing the status of young people, empowering them to build on their competencies and capabilities for life'. It enables young people to contribute and benefit from a politically stable, economically viable and legally supportive environment, ensuring their full participation as active citizens in their countries' (Commonwealth Secretariat 2020).

Closely related to youth development is youth empowerment, and though these are often used interchangeably, there is a need to be aware of the distinction when creating social policies so that the objectives of either are not sacrificed. Youth empowerment seeks to provide young people with

the opportunity to get involved and be integrated into decision-making processes.

Since 2015, there have been concerted efforts from development actors to address the concerns of youth through the adoption of the 2030 Agenda for Sustainable Development and subsequent

## Box 2.1 Some key SDGs focused on youth development

### **Reduce inequality within and among countries: SDG10**

SDG10 seeks to promote inclusive growth and development by reducing social, economic and political inequalities within and across countries. It addresses various forms of discrimination against young people and ensures that youth have equal access to opportunities, irrespective of gender, ethnicity or income status. It specifically mandates governments to adopt fiscal and social policies that promote equality.

### **Youth education: SDG4**

This goal focuses on inclusive and equitable quality education and the promotion of lifelong learning opportunities for all. Efforts are required to ensure that young people everywhere have access to free, equitable and quality education, backed by targeted training opportunities.

While progress has been seen across different regions, many educational systems are beset by inadequate infrastructure, lack of opportunities, and affordability and accessibility concerns. In addition, many education and training systems are not able to adequately prepare young people to face economic and social challenges. Insufficient and/or poor-quality education, training and employment exacerbate the social and economic marginalisation of youth.

### **Decent work and employment creation: SDG8**

The provision of decent work opportunities and mechanisms for employment creation are integral to the SDGs. Young people consider availability of decent work as crucial for their future. Youth employment is known to have a multiplier effect for the economy at large.

The present challenge lies in simultaneously creating jobs for the expanding youth population

and addressing related concerns such as the skills mismatch, working poverty and the suboptimal school-to-work transition situation, especially in the developing world.

### **Dealing with climate change and its impacts: SDG13**

Climate change, environmental degradation and loss of biodiversity are issues that no one can ignore. The poor and the most disadvantaged, and youth within that group, are particularly exposed to environmental impacts.

In dealing with the climate crisis inevitably faced by every economy, young people know they can scale up their efforts and make good use of their knowledge to support and implement climate action. In that sense, they can become important agents for change, besides merely being victims of climate change.

### **Commitment to peace, justice and strong institutions: SDG16**

SDG16 prescribes the commitment to 'promote peaceful and inclusive societies, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels'. In UN Secretary General's remarks on the 2023 International Day of Democracy, he warned that civic spaces were shrinking, particularly in a time of global tension and turmoil, and emphasised the importance to 'expand meaningful participation of young people in decision-making processes at every level'.

Throughout history, youth have been involved with several initiatives, actions and protests – having often been among the first to speak and stand up. As such, they are recognised as powerful and active agents of change in democratic systems.

Source: UN (n.d)

## Box 2.2 Social entrepreneurship initiatives

### Jamaica Social Stock Exchange

Access to funding is a major challenge for young social entrepreneurs. Creative financial solutions need to be developed in a manner that supports the inclusion of all types of social entrepreneurs, including youth. Jamaica, for example, has developed an initiative designed to better connect social entrepreneurs and investors.

The Jamaica Social Stock Exchange (JSSE) is being pioneered by the Jamaica Stock Exchange (JSE). It provides a venue for socially responsible investors — people interested in contributing to improving the quality of life through socio-cultural and economic improvements as well as contributing to sustaining the physical environment. The JSSE will be facilitating the localisation of the SDGs through the mobilisation of social capital. The initiative firmly believes that 'sustainable growth in the social sector is good for business' as well as subscribing to the SDGs. Five key themes of people, planet, prosperity, partnerships and peace ('the 5Ps') have been targeted through the mobilisation of social capital.

### UPSHIFT

UPSHIFT is an initiative by UNICEF and Generation Unlimited (a global partnership working to prepare young people to become productive and engaged citizens). UPSHIFT is a youth social innovation and social entrepreneurship programme designed to build skills and opportunities for young people who are disadvantaged due, for instance, to poverty, gender, disability or ethnicity.

The programme offers social innovation workshops, mentorship, materials, incubation and seed funding to equip youth 'with the skills and resources they need to identify problems in their own communities and design solutions for them'. It also helps young people build skills for life, employment and entrepreneurship while the solutions they develop also benefit the wider communities. As at end 2024, about 5.2 million young people (56 per cent girls and young women) had completed the UPSHIFT programme across 56 countries.

Source: UN (2020b)

implementation of the SDGs, which directly address the economic, social and environmental needs of young people. A central principle of the 2030 Agenda is the assurance that 'no one will be left behind' and the SDGs have deliberately covered the objectives of both youth development and youth empowerment. The UN rightly acknowledges the active role of youth in developing the 2030 Agenda (UN 2018b) and notes that 'The active engagement of youth in sustainable development efforts is central to achieving stable, sustainable and inclusive societies by the target date of 2030. It would avert the worst threats and challenges to sustainable development, including the impacts of climate change, unemployment, poverty, gender inequality, conflict, and migration' (UN 2018a).

All the SDGs touch on core aspects of youth development and empowerment, and it is, therefore, important for governments to design a comprehensive programme which targets the different goals. About 90 indicators across the 17 SDGs are considered important and have been specifically defined as being youth-related SDGs. Box 2.1 highlights some key SDGs focused on

youth development. Youth development and empowerment are multifaceted and involve providing opportunities for young people in the areas of education, health, innovation, employment, equality and inclusion, peace and security, and political and civic participation.

The 2030 Agenda offers a unique opportunity to bring together development actors – policy-makers, the private sector as well as young people – to collaborate and produce effective and innovative solutions aimed at enhancing social and economic development. This requires, among others, addressing mismatches between available education and training and job market demands, and scaling entrepreneurship and innovation.

First, it is important to provide youth with quality education and/or vocational training to give them the necessary skills for the labour market. Some of the benefits of quality education include higher employment rates, increased productivity and upward social mobility. These culminate into economic growth and reduce inequality in society.

Second, it is crucial that the education given to youth is aligned to the needs of the labour market. The 'quadruple and quintuple innovation helix framework' provides a model for policy-makers to address some of these labour market concerns. Essentially, the framework looks at how entities like university, industry, government, civil society (public) and the environment could come together and use knowledge to create opportunities in society. By integrating these entities, the framework helps align education, industry needs and policy support, reducing labour market mismatches and fostering a more adaptable and resilient workforce. By adding the fifth element of the environment, it allows for integrating sustainability into workforce development, learning from nature (given the climate crisis that the world is facing) and the creation of innovation such as green technologies, etc. (Caravannis et al. 2012).

Entrepreneurship and innovation can also have an impact on transforming the current and future economy. Equipping youth with the right skills can spur innovation and entrepreneurship, which can lead to job creation. Youth social entrepreneurship can make a difference to the 2030 Agenda has been shown to be a practical and viable option. It allows a range of development partners from all sectors to come together and partner with young people to generate employment and raise welfare.

## 2.3 Measuring progress: Commonwealth Youth Development Index

The global Youth Development Index, first developed by the Commonwealth Secretariat in 2020 and updated in 2024, has been used to track progress being made by countries in addressing the concerns of the youth and considering the SDGs. As pointed out earlier, different agencies continue to intervene at the global, regional and country levels to push forward the youth development agenda, including having a common measure to track progress being made over time and especially at the country level – as provided by the YDI. The global Youth Development Index (YDI) is a composite index of 27 indicators that measures youth development in 181 countries, including 50 Commonwealth countries. The indicators are measured across six the domains levels of: health

and well-being; education; employment and opportunity; equality and inclusion; political and civic participation; and peace and security. Details of the indicators can be found in Appendix A of this report.

### 2.3.1 Overall performance

The 2023 YDI showed that progress on youth development had continued, albeit at a slow pace. On the global front, the global average YDI score improved by 2.8 per cent over the period 2010 to 2022. While the improvement in youth development has been visible, not all young people around the world have benefited equally. A total of 166 (90.7 per cent) of the 183 countries included in the 2023 YDI registered improvements in their YDI score over the 12-year period. The largest visible gains were registered in Haiti, Côte d'Ivoire and Myanmar. On the other hand, 17 countries suffered a decline in their YDI scores during the same period. The most acute deterioration was seen in Niger, South Sudan and Syria.

Exploring regional performances, it was found that all nine regional groupings tracked in the YDI report registered improvements in their average YDI scores from 2010 to 2022. The largest improvement in average youth development levels was recorded in sub-Saharan Africa at 3.8 per cent, followed by South America, South Asia, Asia-Pacific, and the Russia and Eurasia region. The smallest improvement over 2010 to 2012 was seen in the Middle East and North Africa (MENA) region, with only 1.38 per cent change. It is worth noting that despite sub-Saharan Africa having recorded the most significant improvement in youth development over the period, it remained the region with the lowest average level of youth development in the world in 2022, with a score of 0.653. In fact, nine of the ten lowest-ranked countries in the 2023 YDI are in sub-Saharan Africa.

Turning to the Commonwealth, member countries recorded an overall average improvement in youth development of 2.6 per cent over the period, which is lower than the global average of 2.8 per cent. Since 2020, the improvement has been minimal at 0.24 per cent, reinforcing the finding that, though positive, the pace of progress has remained very slow. Lesotho, Malawi, Mozambique, Nigeria and Tanzania were the lowest-ranked Commonwealth countries in the 2023 findings. Table 2.1 lists the Commonwealth countries with the lowest YDI scores in the 2023 index.

**Table 2.1 Commonwealth countries with the lowest Youth Development Index (YDI) scores (2023)**

Country	Region	YDI rank 2023	Commonwealth rank 2023	Change in Commonwealth rank since 2020 report
<b>Mozambique</b>	Africa	177	50	↓ 2
<b>Lesotho</b>	Africa	173	49	↓ 3
<b>Nigeria</b>	Africa	172	48	↓ 4
<b>Malawi</b>	Africa	168	47	-
<b>Tanzania</b>	Africa	167	46	↓ 7
<b>Pakistan</b>	Asia	162	45	-
<b>Papua New Guinea</b>	Pacific	159	44	↓ 6
<b>Eswatini</b>	Africa	156	43	↓ 3
<b>Cameroon</b>	Africa	154	42	↓ 1
<b>Uganda</b>	Africa	153	41	↓ 1

Source: Commonwealth Secretariat YDI (2024)

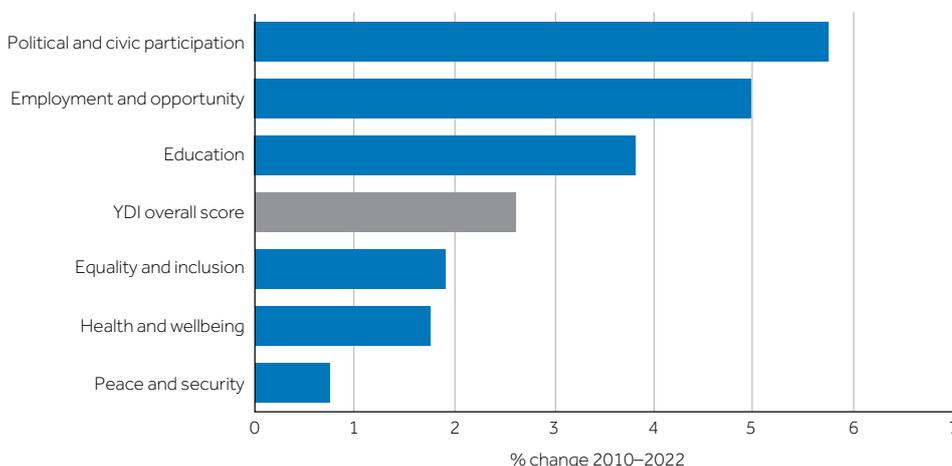
The Commonwealth country performance across regions reflected a similar disparate distribution of youth development. Sixteen (16) countries remained in the low category of youth development, while 15 countries fell in the medium category. Thirteen (13) Commonwealth countries recorded a high level of youth development and 6 recorded very high levels of youth development. Of the 50 Commonwealth countries included in the 2023 YDI, 47 (94 per cent) improved their YDI score. Unfortunately, the overall scores for Belize, Canada and Cyprus deteriorated. On average, all Commonwealth regions improved their score over the 12-year period. Africa and Asia recorded the highest increases.

### 2.3.2 Performance by domain

Looking specifically at the six domains tracked by the YDI, the performance was quite encouraging, meaning countries have made some progress in advancing youth development. On average, Commonwealth member countries registered progress in all six YDI domains over the 12-year period reviewed. The largest improvements were seen in the political and civic participation, employment and opportunity, and education domains (Figure 2.3).

Political and Civic Participation saw an improvement of 5.8 per cent, while the employment and opportunity and education

**Figure 2.3 Percentage change in the Commonwealth’s average YDI domains (2010–2022)**



Source: Commonwealth Secretariat YDI (2024)

domains progressed by 5.0 per cent and 3.8 per cent, respectively. The smallest improvement in the Commonwealth was seen in peace and security, which improved by a mere 0.7 per cent. Over the last 12 years, the average literacy rate in the Commonwealth showed an improvement for both young men and young women. School completion for the Commonwealth improved on average by over 6 per cent. It was also noted that fewer girls in the Commonwealth were getting married before age 18.

While recognising that such long-term thematic gains have been encouraging, the YDI report also observed that fewer young people in the Commonwealth were dying from interpersonal violence, conflict and terrorism. On the other hand, the peace and security domain showed a slight decrease of 0.27 per cent between 2018 and 2022. This would suggest that young people have been living in more violent environments, which no doubt affects opportunities for them to pursue their dreams and aspirations.

## 2.4 Challenges facing youth and youth development

The opportunities and progress notwithstanding, the growing population of young people also presents both social and economic challenges to government. These challenges are often worsened in periods of crisis, as witnessed during the recent COVID-19 pandemic, and impede the holistic development of youth. According to the results of a survey carried out by the Organisation for Economic Co-operation and Development (OECD 2020), young people, and especially vulnerable youth, strongly felt that the crisis from the pandemic posed considerable risks in the fields of education and employment, among others.

### Education

Education access and quality is a major social challenge facing youth and impeding youth development. Some gaps persisting in education and training include inadequate infrastructure, poor quality of teaching, the high cost of education and a general lack of inclusion. A lot remains to be done. First, efforts by countries to increase school enrolment have not been even across the various levels of schooling. Efforts have gone into scaling up enrolment in primary education, with a lot of countries, particularly developing countries, having

rolled out free basic education for the primary levels. Unfortunately, enrolment in secondary and tertiary education remain low, particularly in most developing countries. About 142 million young people of upper secondary age are reported to be out of school (UN 2018a).

Technology is also a factor that continues to exclude young people from accessing education. Although technology has transformed the way education is accessed and delivered, youth from low-income communities are beset with challenges, including lack of electricity, computers and internet connectivity. These continue to drive a digital divide that hampers youth with marginalised backgrounds from accessing education equitably. The COVID-19 pandemic presented an instance of the worrying technological divide in education, as most youth in developing countries were unable to access any form of education and training during the lockdown period. Other factors such as inadequate technical and vocational training, skills development and entrepreneurship continue to challenge youth education.

### Unemployment

Another major challenge for youth development is youth unemployment. According to the International Labour Organization (ILO 2022), the COVID-19 pandemic escalated numerous labour market challenges generally faced by young people. Between 2019 and 2020, young persons aged between 15 and 24 years experienced a much higher percentage loss in employment than adults.<sup>5</sup> Many from that group either dropped out of the labour force or failed to enter it altogether, due to the acute difficulty of securing employment when lockdowns and confinement measures were being imposed by many governments and employers who suffered marked losses in revenue as a result of business closures.

Global youth employment declined by 34 million between 2019 and 2020. This increase in employment losses by close to 50 per cent in 2020 led to a significant rise in the number of young people classified as 'not in education, employment or training' (NEET). While the COVID-19 crisis has passed, the labour market outcomes for young people is yet to return to pre-pandemic levels. For Instance, the global youth employment-to-population ratio in 2022 was 34.5 per cent, which

<sup>5</sup> Defined as those aged 25 years and above.

is about 0.7 percentage points below the ratio in 2019. By region, unemployment rates were still high compared to the pre-crisis period. Employment rates remained especially subdued in the Arab States, East Asia, sub-Saharan Africa and South Asia (ILO 2023).

Another related challenge faced by young people relates to the scarcity of formal job opportunities, which would either result in them being unemployed or force them to accept positions for which they are overeducated. Data from the OECD (2024) showed that only 41 per cent of African employees in 2022 held an occupation matching their education level, compared to 49 per cent in developing Asia, and 57 per cent in Latin America and the Caribbean. Highly skilled workers and students have tended to leave their home countries to look for greater professional and educational opportunities abroad. In 2021, nearly 600,000 African students in tertiary education (3.3 per cent of all tertiary-level students) left to pursue their studies abroad. Such outflow was greater than that seen from developing Asia (1.8 per cent), and Latin America and the Caribbean (1 per cent).

To address the challenges with youth unemployment, several countries have implemented unemployment protection schemes. Yet the effectiveness and coverage of these schemes remain limited. According to the ILO (2024), 93 countries and territories have implemented unemployment protection schemes that are mainly structured as social insurance schemes and other tax-financed mechanisms. Many countries also have conducted consultations to design or reform their unemployment protection schemes. However, effective coverage of unemployment protection schemes remains inadequate. As of 2023, only 16.7 per cent of the global unemployed were receiving benefits with such trends depicting disparities across different regions. More worrying, it was found that youth, self-employed workers, digital platform workers, as well as agricultural and migrant workers, often did not have any form of unemployment protection when they lost their jobs or earnings.

## Youth Participation

Youth participation in decision-making continues to be a challenge, despite efforts to get more

youth involved in social, economic and political decision-making processes. The World Economic Forum's Global Shapers (2021a)<sup>6</sup> note that 'Even before the onset of the crisis, the social and economic integration of young people was an ongoing challenge.' The Global Shapers 2017 Survey, when young people were posed with the statement 'In my country, young people's views are considered before important decisions are taken', about 55.9 per cent of respondents<sup>7</sup> disagreed (World Economic Forum 2017).

## Limited Financing

Turning to the economic challenges facing youth development, the dearth of financial resources channelled into the youth sector remains a major issue. The lack of resources arguably affects the social factors discussed above by impeding the optimal resource allocation to provide the essential services in education, health, employment, etc. for the youth to thrive. Limited finance is particularly exacerbated in periods of crisis or economic downturn when public debt levels rise.

In conclusion, youth development has taken centre stage in international discourse as countries and international players seek to support youth to contribute to the economic growth and development of their communities. However, development for young people is challenged by resource scarcity, especially in developing economies.

The following chapters will explore what role public debt has played in exacerbating optimal resource allocation to the youth sector. They will also offer some solutions.

<sup>6</sup> Created in 2011 by the Forum's Founder, Klaus Schwab, the community represents a scalable network of more than 15,000 young people driving dialogue, action and change in over 450 cities worldwide.

<sup>7</sup> 'Millennials', who were born between the mid-1980s and before 2000.

# 3. Aligning the Fiscal Framework for Sustainable and Inclusive Development

In the earlier chapters we discussed the importance of public investments, including investment in youth development, in ensuring long-term growth. A government's fiscal policy is the key enabler for both public and private investments. It is therefore crucial that the government's fiscal framework is well aligned to support sustainable and inclusive development. The 'fiscal framework' refers to fiscal rules,<sup>8</sup> regulations, as well as processes and established procedures that decide how a country's national budgetary policy is planned, approved, implemented, and importantly, monitored and evaluated. Fiscal frameworks essentially help to promote fiscal transparency, accountability and long-term fiscal and public debt sustainability.

Fiscal frameworks can assist governments' efforts in efficiently channelling available public resources towards sound and sustainable public investment and bring in private capital to fund critical investment gaps. The framework can also be useful for monitoring the efficiency of public spending programmes adopted and implemented by governments. Key components of the fiscal framework include the fiscal rules and Medium-Term Budgetary Frameworks (MTBFs). Fiscal rules are restrictions on fiscal policy set by a government to constrain its own decisions on spending and taxes.

Very often, governments establish that the budget deficit should remain below a certain level. In times of crises, these fiscal rules could be limiting. Immense pressures on a government could compel it to increase spending to address challenges – as seen with the recent pandemic. It is important for fiscal rules and fiscal frameworks to be resilient and flexible in dealing with shocks and other unforeseen challenges. An accommodative fiscal policy stance

may be necessary to spur growth and address the innumerable risks – including those from climate change, supporting the SDGs, and dealing with uncertainties faced by the most vulnerable in society such as young people and the needy.

Fiscal frameworks, however, do not on their own assure fiscal sustainability. It should be anchored on a strong regulatory and institutional environment is necessary to ensure that fiscal policies are well designed, executed and monitored. Establishment of independent fiscal institutions (IFIs) or fiscal councils<sup>9</sup> and a strong Public Financial Management Act, are some key institutional and legal requirements. Accordingly, governments that establish strong fiscal frameworks and institutions can effectively develop the right fiscal policy mix (in terms of tax and expenditure) and better address the resulting fiscal deficit without sacrificing the nation's development priorities, such as youth development, greening the economy and gender mainstreaming.

## 3.1 Fiscal policy and debt management

It is important to highlight the link between fiscal policy and debt management. As pointed out earlier, a sound fiscal framework seeks to promote transparency and ensure overall fiscal and debt sustainability. In so doing, it is important to ensure that the fiscal policy is not distortionary and will stabilise output, improve resource allocation and remain consistent with the debt management objective.

Poor fiscal policy can have a serious impact on the effectiveness of debt management as tax and expenditure policies determine the levels of deficit

<sup>8</sup> A 'fiscal rule' is a long-lasting constraint on fiscal policy through numerical limits on budgetary aggregates. Fiscal rules typically aim at correcting distorted incentives and containing pressures to overspend, particularly in good times, so as to ensure fiscal responsibility and debt sustainability (see: Davoodi, HR, et al. (2022)).

<sup>9</sup> A 'fiscal council' is an autonomous agency with a statutory or executive mandate to assess a government's fiscal policies, plans and performance against the short- to medium-term macroeconomic objectives set out by the government, to ensure long-term fiscal sustainability macroeconomic stability.

and the amount of debt that needs to be issued. Tax and expenditure levels therefore inevitably determine the amount of debt that needs to be issued. In tandem, the debt structure will affect the fiscal cost of debt servicing and, if the latter is left unchecked, can fundamentally jeopardise fiscal sustainability. Accordingly, policy co-ordination is fundamental to meeting both the fiscal objectives and the primary public debt management objective – that is, to ensure that the government's finance needs and its payment obligations can be met at the lowest possible cost over the medium to long term, consistent with a prudent degree of risk.

The fiscal framework is, therefore, key in assessing a country's long-term debt sustainability. Although we have discussed the link between the overall fiscal balance and public debt, looking critically at the Debt Sustainability Framework, the main determinant of the path of debt sustainability is the 'primary balance' – that is, total revenues minus non-interest expenditures (budget balance minus interest payments). The theory explains that the sustainability of debt is a function of the primary balance, the real rate of interest and the rate of economic growth.

Countries with low growth rates, a high rate of interest and a large primary deficit are bound to face an increasing debt burden (as reflected by a rising debt-to-gross domestic product [GDP] ratio). If the real rate of interest exceeds the growth rate, the debt-to-GDP ratio will be on a rising trend unless this is offset by a primary surplus. If the debt-to-GDP ratio is on a rising trend from an initial position that is sustainable, fiscal policy must be adjusted or there will be a crisis. Such a scenario has been witnessed in many countries globally as well as within the Commonwealth.

During a recession or when economic activities contract, an accommodating fiscal policy leading to higher budget deficits and bigger debt levels may become desirable.<sup>10</sup> The global financial crisis and slowdown in economic activity during the COVID-19 pandemic led to increases in debt over the period concerned. However, often after countries get out of the recessionary phase, the deterioration in public finances tends to be

<sup>10</sup> For instance, according to the Keynesian model, in a recession that may be caused by an increase in private sector saving, the premise is that the government would need to run matching deficits to prevent output falling. Public debt may not even come in the question as the government works to boost economic growth.

persistent. Higher primary deficits<sup>11</sup> stem primarily from government expenditure excluding interest payments ('primary expenditure') usually increasing or remaining constant in nominal terms while, at the same time, nominal GDP growth remains markedly lower than before the recession. Consequently, the share of primary expenditure in GDP remains acutely high.

Given the economic structures seen in most developing and least developed countries (LDCs), low government revenues and lack of fiscal space may have resulted in debt build-up over the years. It is also true that debt financing is important for such economies to meet their development needs as well as to support fiscal spending during crises. The problem, however, is that the pace of economic development has remained low due to inadequate public investments, which can be ramped up either through increased taxation or increased borrowing.

The trade-off between maintaining fiscal (debt) sustainability and investing in development can be a daunting one. For instance, a government's decision to cut subsidies may become necessary to lower budget deficits (including the primary deficit). However, this may lead to increased costs for education and healthcare, which disproportionately affects young people. It is, therefore, important for policy-makers to strike a balance in making policy choices that can ensure fiscal sustainability while equally protecting essential social services.

Also, given the importance of fiscal policy to the overall socio-economic development of the citizens, fiscal decisions related to increasing taxes, reducing subsidies, increasing debt levels, spending cuts, etc. must be well outlined and communicated to all stakeholders, including youth. In recent times, many low- and middle-income nations have witnessed citizen uprisings due to decisions by government to either cut subsidies, raise taxes or reduce expenditure on key sectors of the economy. For example, in 2024, the Government of Kenya had to reverse planned tax hikes following damaging protests by citizens, including youth – Generation Z<sup>12</sup>. In Nigeria, workers protested rising fuel and food costs, which caused a nationwide power

<sup>11</sup> 'Primary deficit' is the difference between overall fiscal deficit and interest payments.

<sup>12</sup> Generation Z, also known as 'Gen Z' usually refers to the cohort of people born between 1997 to 2012

outage as the government faced rising subsidy costs. Similarly, Argentina was shaken by huge general strikes while Bolivia also faced unrest due to austerity measures.

The outcomes of these uprising can have a direct impact on government borrowing costs. In the case of Kenya, the decision to reverse the planned tax rises following public protest led to a downgrade of the country's sovereign debt ratings. According to Moody's ratings, 'Larger fiscal deficits will increase the government's borrowing requirements, which could add to pressure on domestic borrowing costs and increasing government liquidity risks.' (PDM Network 2024a) In this regard, Moody's subsequently downgraded Kenya's local and foreign currency long-term issuer ratings and foreign currency senior unsecured debt ratings to Caa1 from B3, maintaining a negative outlook.

Last, addressing climate vulnerabilities could also have a serious impact on a government's fiscal policy and the sustainability of its public debt. The introduction of green fiscal rules has been seen to be beneficial to countries, but this must be carefully assessed in light of their impact on public debt. Green rules typically entail excluding spending associated with green policies from the fiscal rule limit. In so doing, the government has the flexibility to spend on the expansion of green public investments. Other channels may involve modifying the fiscal rules to include 'green' escape clauses, benchmarks to guarantee a minimum level of expenditure, or establishing green investments funds towards supporting and achieving climate goals. While these clauses are beneficial to addressing climate challenges, their impact on public debt is usually unescapable.

In a recent paper (Caselli et al. 2024), the IMF attempted to quantify the impact of the introduction of a green rule that excluded spending on climate change mitigation and adaptation. It found that when the net zero emissions goal is pursued mostly using spending-based instruments such as investment and subsidies, green fiscal rules could lead to either unsustainable debt dynamics or require overly tight limits on the non-green fiscal balance, significantly skewing budget priorities. A more appropriate mix of climate policies, including actively employing carbon pricing, should be pursued within the overall setting of fiscal and debt objectives to ensure long-term climate, fiscal and debt sustainability.

## 3.2 Review of government budget allocations within the Commonwealth

Revenue mobilisation is essential if a government is to fund its expenditure and broader development objectives. As discussed earlier, it is also necessary for the government to scale funding for youth development programmes. The primary means by which governments can raise revenue is through taxes – income taxes, capital gains tax, taxes on goods and services, etc. Other non-tax sources of revenue include dividends, fines, fees, royalties, grants, foreign aid, etc. Domestic revenue mobilisation remains low in most developing countries due to the structure of the economy – that is, the usually large informal sector, which is usually outside the tax bracket, and general weakness in the tax administration system.

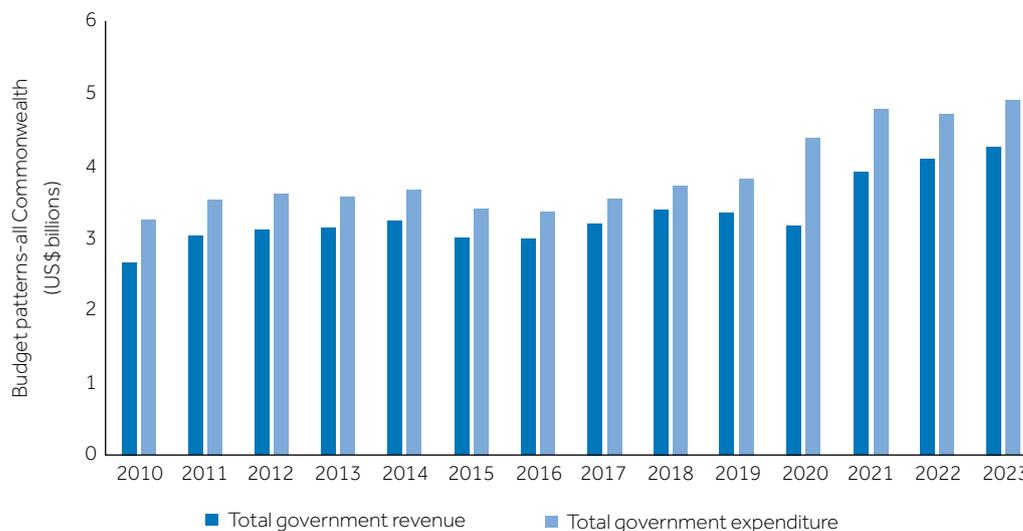
As seen with most national budgets, government revenues almost always fall short of government expenditure (deficit budgets). Figure 3.1 shows total government revenue and expenditure for Commonwealth member states from 2010 to 2023. Revenue collected has consistently been lower than the levels of expenditure funded by governments. On average, government revenue-to-GDP for the Commonwealth is about 29 per cent. The slowdown in economic activity from the pandemic led to a 4.6 per cent decline in revenue during 2020. Thereafter, revenues increased as countries took decisive steps to ramp up domestic resource mobilisation of part of recovery strategies.

On the other hand, the levels of government expenditure for all Commonwealth countries have remained higher, relatively, over the period at an average rate of more than 36 per cent of GDP. With new spending pressures mounting during the pandemic and its aftermath, total expenditure among Commonwealth member countries shot up by over 16 per cent in 2020, reaching about 40.8 per cent of GDP. High pressures on recurrent expenditures remain rife in most countries, leaving little room for capital expenditure.

### 3.2.1 Expenditure patterns

As we've already seen, the advent of COVID-19 and other challenges such as conflicts around the world and the abrupt rise in global interest rates that swept low-income and emerging market

**Figure 3.1 Total government revenue and expenditure for Commonwealth member countries**



Source: Commonwealth Secretariat (Debt Management Unit) computation based on data from the IMF World Economic Outlook database (April 2025)

economies brought different forms of pressure on their public finance. For several low-income economies, rising debt-service costs and planned debt repayments falling due over the coming years will prevent them from spending more on critical investment as well as on essential services needed to boost growth, jobs and welfare.

A key component of government expenditure is the total debt service; that is, the amount of interest and principal payments on outstanding government debt. Given that debt sustainability essentially refers to a government's ability to repay its debt, the total debt service is a keenly tracked liquidity indicator for countries, rating agencies and creditors alike. One often used debt sustainability indicator is the share of government revenues-to-debt service (which is a key component of government expenditure). The IMF has estimated that for 'a typical low-income borrower the share has risen to about 14%, from about 6%. For some economies, the share has even reached 25%, from about 9%' (Holland and Pazarbasoglu 2024).

In one working paper published as early as 2006, the IMF (Thomas 2006) found that reductions in debt-service costs among low-income countries helped to raise health and education expenditures significantly. The finding was made in the context of seeking debt relief and the impact of reducing related debt-service costs on social expenditures. Many research findings have highlighted the

difficulties faced by governments to maintain their spending towards education, health and even essential public investment that would boost jobs and opportunities, including for young people and other marginalised groups.

Countries that face fiscal and debt pressures may find themselves adopting austerity or fiscal consolidation measures, as such measures would eventually contribute to medium- and long-term external debt stability through, for instance, current account improvement. However, such measures are seen to hurt important social expenditure allocations – mainly in education and health components (Lahiani et al. 2022). In analysing the convergence of health, economic and social crises in the immediate aftermath of pandemic and the content of IMF programmes,<sup>13</sup> one study found that 83 out of 189 countries reviewed would face contractions in government spending compared to the 2010s. They boldly anticipated that this would expose a cumulative total of 2.3 billion people to the socio-economic consequences of budget cuts (Kentikelenis and Stubbs 2021).

The UNAIDS report (UNAIDS 2024) paints a clear picture of how rising debt service has compromised efforts at ending HIV/AIDS in sub-Saharan Africa by the 2030 target date. The study found that

<sup>13</sup> Focusing on public spending projections by the IMF and the precise content of IMF lending arrangements covering 189 countries.

some countries in the region, such as Angola, Kenya, Malawi, Rwanda, Uganda and Zambia, had debt servicing levels well over 50 per cent of government revenues. These high debt payments could leave countries severely under resourced to fund their HIV responses. Countries that have been able to 'weather the storms' and insulate social expenditures from the effects of fiscal tightening and budgetary consolidation have had to rely partly on donor funding to support targeted programmes (Thomas 2006).

### 3.2.2 Government spending on health, education and debt service – Commonwealth

Turning to the Commonwealth, the present research looked at trends in social expenditure from 2011 to 2023, as shown in Figure 3.2. In particular, we examined expenditures related to two essential social sectors, health and education. As a share of total expenditure, funds channelled towards education remained stable between 2011 and 2017, at an average rate of 15.3 per cent. From 2018, a decline in spending was noted, reaching 14.8 per cent in 2019 and 14.1 per cent in 2020, and further falling to 13.9 per cent in 2021 and 2022. An increase in spending was seen in 2023, though that was lower than the share witnessed in 2020.

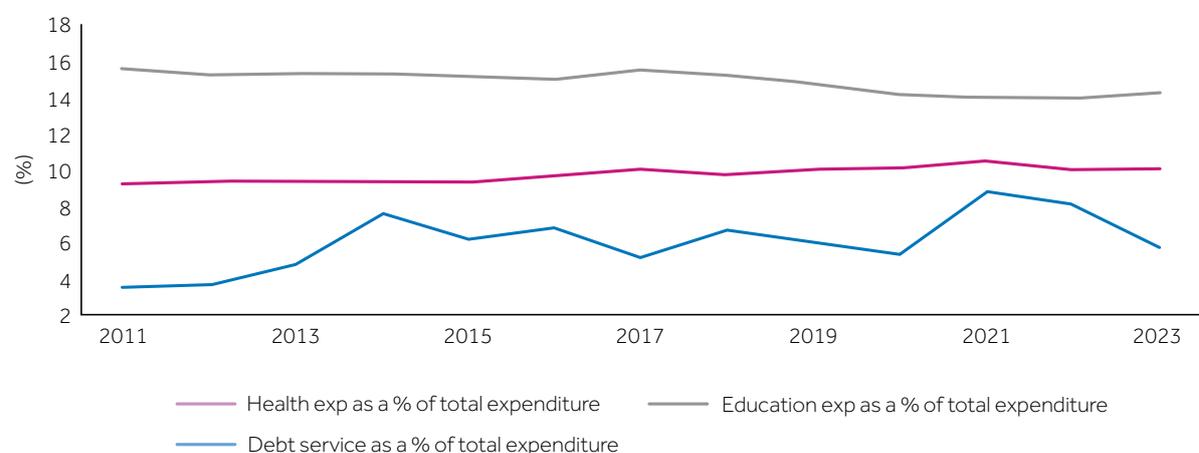
Budgetary allocation towards the health sector in Commonwealth member countries was much lower than education over the period reviewed. From 2011 to 2018, funds towards the health sector

were on average 9.5 per cent of total expenditure. A change in this trend was noted from 2019, with the share increasing. As the demand for health services took the spotlight with the advent of COVID-19, the share of resources allocated to the sector in each year from 2019 exceeded 10 per cent – reaching a high 10.5 per cent in 2021.

The third variable depicted in Figure 3.2 relates to the share of debt-service payments in total budgetary expenditure. As seen in the previous chapter, the total debt-service obligations of Commonwealth member states rose sharply from US\$63.4 billion in 2011 to US\$339.6 billion in 2021 and remained high in 2022, despite only slightly going down to US\$329.2 billion. From 3.6 per cent in 2011, the share went up markedly to 7.6 per cent in 2014 and on average remained at 6.24 per cent over the next 4 years. The low share of debt service in 2020, at 5.29 per cent, could reflect the suspension of debt service enjoyed by several Commonwealth countries eligible for the Debt Service Suspension Initiative (DSSI). As total debt-service payments went up markedly to more than US\$350 billion in 2021 and 2022, this variable's share against budgetary expenditure went up to 8.8 per cent in 2021 and remained over 8.0 per cent a year later.

In the absence of more granular data to support further analysis, it is quite difficult to quantify the impact of the rise in debt service on youth development. There is, however, empirical evidence that shows that higher debt service does take away funds from education, health and other essential

**Figure 3.2 Share of health, education and debt service in expenditure, Commonwealth countries**



Source: Commonwealth Secretariat (Debt Management Unit) computation based on data from the IMF World Economic Outlook database (April 2025)

services – as reiterated extensively in this report. Different vulnerable groups in society, including people living in poverty, women, children and young people, are therefore affected.

### 3.2.3 Challenges arising from continuous budget deficits

A country's budget balance is a determinant of long-term fiscal and debt sustainability. The budget deficit has a direct relationship with the levels of public debt. Accordingly, all other things being equal, as the budget deficit (primary deficit) goes up, public debt levels also go up. Countries that have run successive budget deficits invariably see a continuous increase in the levels of their public debt. This creates a self-perpetuating cycle as the rise in debt levels leads to increased debt servicing costs, which further increases the deficit levels in ensuing years.

To address this, some countries have taken deliberate steps to run budget surpluses as part of efforts to ensure long-term fiscal sustainability. In other instances, governments have achieved budget surpluses from a sudden boom in a specific sector of the economy. Examples include a resource find, increased domestic production, an increase in world prices for natural resources, windfall taxes, etc. These surpluses are then used to reduce the debt levels or channelled to other growth-oriented sectors of the economy to boost long-term growth. In recent years, some countries that have recorded budget surpluses include Singapore, Grenada and Nauru. Box 3.1 presents some areas where countries have invested realised budget surpluses.

In some instances, governments have resorted to implementing budget austerities, mainly cutting expenditure to keep the deficit in check. Sectors that are usually cut are education and other social services that affect youth and the vulnerable

directly. However, at times when countries are compelled to bring back economic stability, some form of austerity measures – as painful as these may be – may be warranted. Where necessary, governments must carefully analyse their austerity programmes to ensure they are not punitive to the most marginalised groups in society, including young people.

## 3.3 PFM supporting economic and social development

Creating a vibrant healthy economy and efficient public services delivery is the core objective common to all countries, emerging and developed alike. Getting there requires a combination of vision, government commitment and the ability to drive through effective policies. But the key driver of any long-term development plan is resources. A country that can mobilise its resources can speed up the process of social and economic development and, in so doing, create a real future for its people. These objectives can be best achieved within an effective public financial management (PFM) framework that ensures that public resources are put to their most optimal use.

In most countries, a Public Financial Management Act (PFMA) is the overarching legislation governing sound PFM, which includes public debt management operations. The broad objectives of PFM are the achievement of overall fiscal discipline, the efficient allocation of resources to priority needs, and efficient and effective delivery of public services. It entails the effective management of the collection and expenditure of funds by governments.

The PFM framework encompasses all phases of the budget cycle, including budget planning, budget preparation, budget approval and appropriation, budget implementation, procurement, internal control and audit, monitoring and reporting

### Box 3.1 Prudent use of funds from budget surpluses

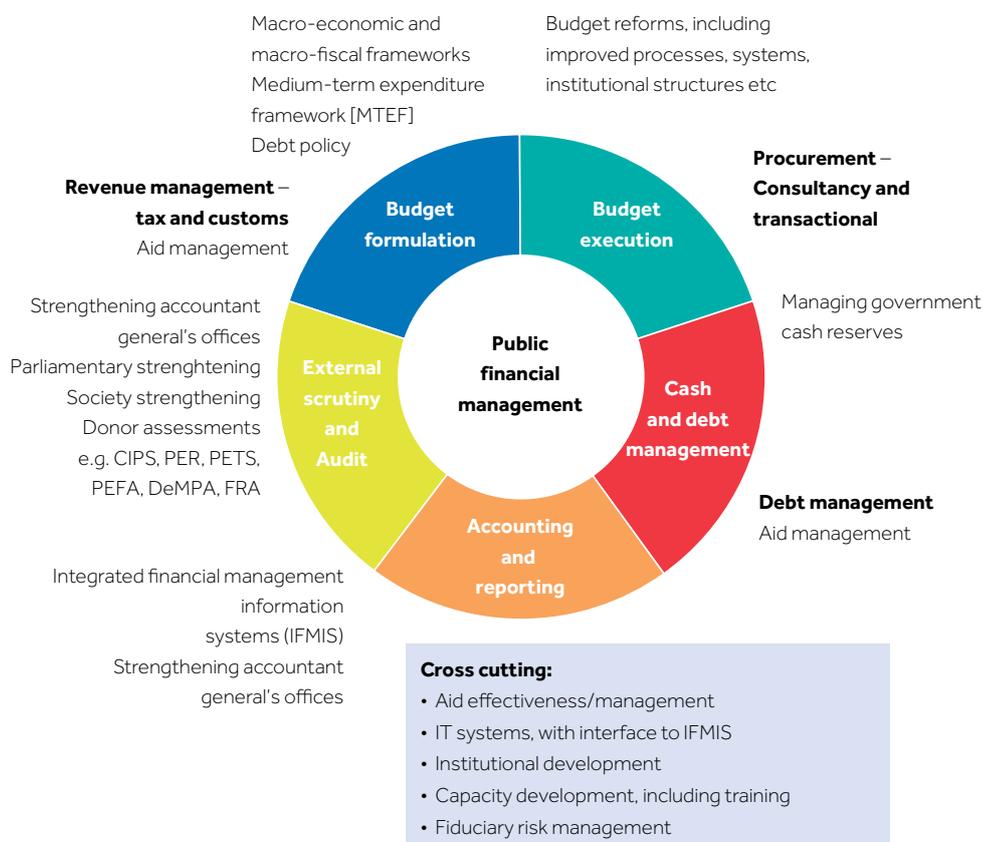
**Norway:** Budget surpluses arising from oil revenues have been invested in a sovereign wealth fund to support public spending on healthcare, education and social welfare.

**Singapore:** Singapore has maintained budget surpluses through prudent fiscal management. The funds have been used to build a strong social

safety net, invest in public housing and develop world-class infrastructure.

**Denmark:** Denmark has recorded budget surpluses with funds invested in infrastructure, healthcare and education, which have helped strengthen its economy and improve the quality of life for its citizens.

Figure 3.3 Public financial management (PFM) framework



Note: PEFA = Public Expenditure and Financial Accountability; PER = Public Expenditure Review; PETS = Public Expenditure Tracking Surveys; DeMPA = Debt Management Performance Assessment; FRA = Fiduciary Risk Assessment; CIPS = Chartered Institute of Procurement and Supply - provide code of conduct practice and skills assessment; KfW = Kreditanstalt für Wiederaufbau - provide countries with alternative assessment tools and methods.

arrangements, and external audit (Figure 3.3). Effective debt management is, therefore, an integral element of sound PFM.

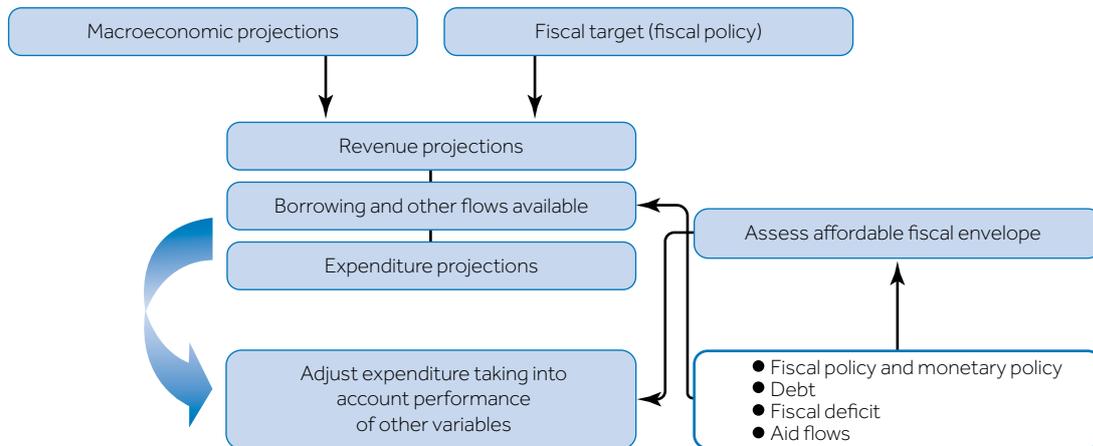
A strict adherence to a strong PFM framework could boost a country's domestic revenue collection while also helping to improve the quality of government spending. A reformed budget process can literally reshape a country's whole financial outlook: greater efficiencies generate increased government revenue, deliver more resources for public services, improve the effectiveness of public spending and attract foreign investment. Accordingly, governments looking to attract funding and investments towards meeting their SDGs should place strong emphasis on integrating the SDGs within their PFM systems at every phase of the budget process.

One key building block within PFM and in developing a sound, effective budgetary framework is the Medium-Term Expenditure Framework (MTEF) – where a government's development goals can be effectively translated into proper budget allocation

with clearly defined objectives, outcomes, outputs and activities. The MTEF is a rolling, multi-annual planning and budgeting tool or approach, designed to address the medium- to long-term horizon of national development goals (World Bank 2023e). Given that achieving the SDGs is a multi-year effort, the MTEF can provide the right platform whereby governments can prioritise, plan and sequence budget allocations over a rolling period of three-to-five years. The SDGs should be incorporated in these MTEFs and further detailed into sectoral and ministry budgets.

The MTEF process basically hinges on the two main objectives: (i) setting fiscal targets under the Medium-Term Fiscal Framework (MTFF); and (ii) allocating resources to strategic priorities within these targets. The MTEF is classified in three main stages: Medium-Term Fiscal Framework (MTFF), Medium-Term Budget Framework (MTBF), and Medium-Term Performance Framework (MTPF). Though countries can go through each of these steps, in practice, they consider those elements

**Figure 3.4 Medium-Term Fiscal Framework (MTFF)**



Source: Author

that would work for them in terms of matching the available resource envelope with priority expenditure items.

The MTFF is an iterative top-down and bottom-up process represented in three broad steps: (i) a top-down resource envelope; (ii) a bottom-up estimation of the current and medium-term costs of existing policy; and (iii) ultimately, the matching of these costs with available resources in the context of the annual budget process (Figure 3.4).

### 3.3.1 Reforming the PFM framework to incorporate the SDGs

As seen in the previous sub-section, the need for integrating from SDGs into the PFM system is critical. This requires countries to strengthen key aspects of their PFM to meet the 2030 Agenda. This in turn requires strong national ownership and strong governance frameworks. The key considerations and requirements for strengthening PFM to integrate the SDGs are discussed in Box 3.3.

#### Box 3.2 Typical MTEF stages

1. **Medium-Term Fiscal Framework:** The MTFF helps establish an acceptable path for the budget. It contains a statement of fiscal policy objectives and a set of integrated medium-term macroeconomic and fiscal targets and projections. It is a top-down specification of the aggregate resource envelope to be allocated across spending agencies. As part of this process, the government develops a macro fiscal strategy, macroeconomic and fiscal forecasts, and a Debt Sustainability Analysis. A key element of the MTFF is public borrowing, which supplements other sources of financing such as internally generated revenue and so on when arriving at the resource envelope available.
2. **Medium-Term Budget Framework:** This stage involves a bottom-up determination of spending agency resource needs and

their reconciliation with the resource envelope (departments develop their own budgets and provide them to the Ministry of Finance). Spending units report on aggregate and sectoral expenditure objectives and strategies, budget circulars detail medium-term expenditure ceilings, and budget documents contain some details about medium-term estimates.

3. **Medium-Term Performance Framework:** As seen in many countries, budgets have shifted from a focus on spending inputs to performance or programme budgeting in order to achieve the desired outcomes. This emphasises measurement and evaluation of performance. The government can report on outputs and outcomes associated with service delivery and performance levels.

### Box 3.3 Key requirements for integrating the SDGs to the PFM

- Medium-Term Budget Frameworks (MTBFs):** MTBFs provide an institutional framework for prioritising, sequencing, planning and managing revenue and expenditure over a rolling period of three-to-five years. Embedding spending for the SDGs and their financing into MTBFs acts as a disciplining device for executing plans, while improving the understanding of synergies across sectors. It also puts public finance at the service of sustainable, inclusive development.
- Sectoral planning:** Line ministries are responsible for developing their respective sectoral plans, which need to be articulated in a national development plan with the SDGs at its core. These plans offer a clear identification of actions, underlying programmes and costs. They need to be reflected in the MTBF to obtain a comprehensive and coherent financial framework.
- Public investment management (PIM):** In low-income countries, public investment spending efficiency averages about 60 per cent, which means that 40 per cent of spending goes to waste. Accordingly, prior to scaling up spending in key SDG areas, it is critical to strengthen the management of public investment. Management of investment spending enhances value for money and greater investment return.
- Spending reviews:** It is just as important to systematically examine outcomes to assess that existing spending is efficient and effective according to the objectives in the sectoral plans. The spending review process can help redirect expenditures that are considered low priority or ineffective and can identify weaknesses in the PFM that need to be addressed to enhance efficiency. International experience shows that spending reviews that are comprehensive in scope and are undertaken periodically, or reviews that are targeted to specific sectors or programmes but carried out annually, are the most effective.

The United Nations have been championing a global initiative on the Integrated National Financing Framework (INFF), which seeks to support countries to strengthen their financing frameworks for the SDGs. INFF emphasises the financial alignment of the SDGs to financial management systems and national budgets. It outlines a set of strategies to strengthen existing government processes for development planning and implementation, focusing on overcoming financial obstacles to achieving the SDGs.

Different countries across different continents have taken steps to integrate SDG priorities within their PFM and budgetary frameworks. Box 3.4 cites examples of countries that have successfully done this to enhance public service delivery towards achieving the SDGs by 2030.

#### 3.3.2 Challenges to reforms

The level of success to be realised from integrating the SDGs into an existing PFM framework widely depends on the quality of PFM systems in place and whether countries are successfully implementing

much-needed reforms in that area. The Public Expenditure and Financial Accountability's (PEFA's) *Global Report on Public Financial Management* (PEFA 2022) found that countries on average performed better in preparing their budgets than executing them. The report pointed out the three aspects of PFM that have improved most, over the years, were internal controls on non-salary expenditure; predictability of in-year resource allocation; and budget classification. However, some key areas, such as fiscal risk reporting, legislative scrutiny of audit reports and public access to fiscal information, were lagging.

Overall, countries in East and Central Asia showed higher performance, on average, in PFM implementation compared to countries in Africa and other regions. In most countries, national governments execute PFM functions better on average than sub-national governments. The success of PFM reform relies on a variety of factors. One key factor is political will and senior management commitment to reform. In the absence of political determination and

### Box 3.4 Country examples of SDG-related reforms within PFM and budget systems

- Rwanda:** Over the years, Rwanda has brought in marked improvements in its PFM system. For instance, the implementation of the Integrated Financial Management Information System (IFMIS) has significantly enhanced transparency and efficiency in public financial management. This reform has enabled better allocation of resources towards critical areas such as education and healthcare, directly benefiting youth development programmes. In terms of the SDGs, the main blueprint used by the Government of Rwanda is the National Strategy for Transformation (NST), which explicitly takes into account the Sustainable Development Goals and is linked to the budget. Within the NST, which ran from 2018 to 2024, SDG targets were integrated into the programme. Line ministries had produced sectoral strategies and preliminary estimates of sectoral spending needs for achieving the NST, in close consultation with development partners (UNICEF, the UK's then Department for International Development [DfID], Enable, the World Bank and the World Health Organization [WHO]). Service delivery has improved greatly in the past two decades, but gaps remain. Since 1995, Rwanda has experienced rapid and inclusive growth. Health is a bright spot, reflecting an extensive level of primary care by rural clinics. Yet stunting still affects 38 per cent of children and access to qualified staff is low.
- Ghana:** Ghana has integrated SDG budgeting and financing into its national budgeting process – and has taken a bottom-up approach, in which local authorities can actively participate to help track budget allocations to each goal. The SDG budget is based on a system developed by the Ministry of Finance, and annual SDG funding allocation is presented in the ministry's *SDGs Budget Report*. In 2019, total funds budgeted for SDG implementation was 51 billion new cedi (C; US\$9.3 billion), 73 per cent of total government expenditure. Goals 3, 4, 16 and 17 were allocated the highest level of expenditure, with Goal 17 (Partnerships) accounting for 73.5 per cent of the total SDG budget. In 2020, there was a marginal increase in the SDG budget to C53 billion (US\$9.1 billion, with the reduction in the US dollars figure due to the depreciation of the cedi), approximately 53 per cent of total government expenditure. Goal 17 (Partnerships) was again allocated the highest amount, and the proportion for Goal 4 (Quality Education) increased from 4.9 per cent in 2019 to 11.1 per cent.
- Vietnam:** The country's national development and economic plans have featured the SDGs prominently. It had mapped the 17 SDGs to 115 Vietnam SDG goals within its 'National Action Plan for Implementation of the 2030 Agenda for Sustainable Development'. The aim was to adapt the goals to the country's context and socio-economic conditions. SDGs had been integrated into the Socio-Economic Development Plan 2016–20. The efforts related to the SDGs were led by the Ministry of Planning and Investment. Vietnam has therefore made great strides toward achieving the SDGs.
- Indonesia:** Here also, the SDGs had been mainstreamed into national development plans. The 17 SDGs had been mapped to the National Visions of Indonesia and into the National Medium-Term Development Plan (RPJMN) 2015–2019. A Presidential Decree was issued in 2017 to guide SDG implementation, followed by the publication in 2018 of the National Action Plan 2017–2019, the SDGs Road Map 2017–2030 and the Regional Action Plan of SDGs 2017–2019.

Source: World Economic Forum (2021c)

engagement among senior managers, the chances of effective implementation and success of reform programmes are seriously compromised.

A key risk identified is that when PFM strategies and related programmes are too ambitious, they become hard to implement in practice. Even though they generally articulate the goals, objectives and broad activities well, often there would be lack of clarity in terms of how these would be realised. In cases where the framework monitoring results are weak, many goals and objectives are not achieved, notwithstanding their well-defined articulation. Reforms should not merely be 'box ticking' exercises while alternative objectives are being targeted by governments.

One serious bottleneck has been the sequencing of reform programmes. According to Diamond (2013), PFM reform actions should focus on three main management deliverables, which must

happen in the right order: countries should first put in place controls that will allow a minimal level of financial compliance (fiscal control); they should then establish mechanisms to improve fiscal stability and sustainability; only then, should they introduce systems to promote the efficiency and effectiveness in service delivery. Rather than initially focusing on the basic elements of PFM systems and providing time for their implementation, the reverse is often seen. What is instead found is that ambitious activities are rolled out within PFM reform programmes, such as putting in place programme or performance budgeting or even pushing countries to embrace accrual accounting and related enhanced reporting. It is therefore crucial for the activities in the PFM action plan to be well timed and sequenced correctly – taking into account the capacity and skills in place and the absorptive capacity of those who will be responsible for taking forward the reform locally (Swarbrick 2021).

## 4. Mobilising Financing for Development

As has been discussed in Chapter 3, governments in most developing countries are fraught with the challenge of raising sufficient tax revenues to fund their development, including youth development. Governments, therefore, resort to raising additional finance – either through grants or debt – to shore up their domestic revenues. However, in the last decade, there has been a considerable decline in global financing. This has challenged countries' ability to progress towards meeting the SDGs.

The UN estimates that globally, countries need additional financing of about US\$4.2 trillion (UN 2024d) annually to meet the SDGs by 2030 and this has led to a call for an increase in development finance from both multilateral development banks and the private sector. This notwithstanding, domestic resource mobilisation, primarily through taxation, is still the most enduring source that countries can draw on to address their development financing needs.

### 4.1 Grants and concessional loans

The landscape of external financial flows for development in LDCs is multifaceted and

comprises a variety of different actors and funding sources. In the past, developing countries relied on official development assistance (ODA), comprising grants and concessional loans, to provide basic services in education and health. Overall, ODA continues to be one of the largest sources of external finance to LDCs.

On a general scale, ODA funding to developing countries has dwindled significantly, despite the uptake during the 2020 pandemic. ODA inflows to LDCs saw a relative decline in 2021 after marked increases in 2020, when development partners scaled up their support in response to the COVID-19 pandemic. Net ODA received as a share of LDCs' gross national income (GNI) in 2021 stood at 4.8 per cent, down from 5.5 per cent in 2020 and close to its pre-pandemic level of 4.6 per cent in 2019 (see Figure 4.1 for trend within the Commonwealth).

Several economic, political and environmental factors account for the decline in development finance: shrinking aid budgets of donor countries; increased economic hardships due to the COVID-19 pandemic and geopolitical tensions;

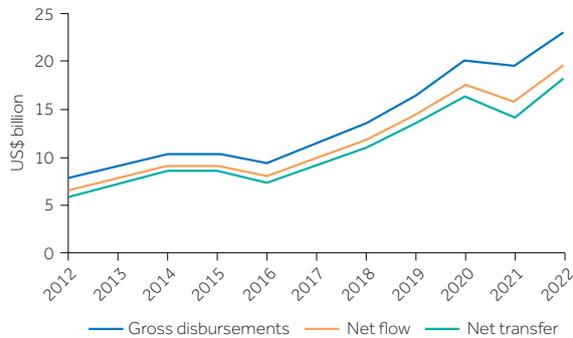
**Figure 4.1 Net ODA (% of GNI) received by Commonwealth countries, excl. members of the Development Assistance Committee (DAC)<sup>14</sup>**



Source: Commonwealth Secretariat (Debt Management Unit) computation based on data from World Bank WDI data (April 2025)

<sup>14</sup> The Development Assistance Committee comprise 33 members who are among the largest providers of ODA. Commonwealth countries who are members of the DAC include Australia, Canada, New Zealand and the United Kingdom.

**Figure 4.2 IDA gross and net inflows of credits and grants to IDA-eligible countries**



Source: World Bank, (2023a)

lack of effective aid co-ordination; and increased debt risk leading to cuts in both concessional and non-concessional financing. On the borrower side, countries have been increasingly facing various challenges in accessing grants and soft loans, including stringent eligibility criteria, complex application processes and relatively higher cost. In all, one thing of note is the need to reform the international financial architecture, in view of the evolving political and macroeconomic landscape.

The International Development Association (IDA) of the World Bank provides targeted help to the world's low-income countries making use of grants and concessional loans. The lending made available generally charges very low interest rates at 0.75 per cent and is characterised by long repayment periods. According to the World Bank, IDA has throughout the past decade provided critical and increasing levels of support to its borrowers, particularly during times of crisis. In 2022, total net flows and transfers<sup>15</sup> from IDA to IDA-eligible countries were US\$19.7 billion and US\$18.3 billion, respectively as shown in Figure 4.2.

In addition to the ODA/IDA grants flows shown above, which mostly depends on bilateral government relations, there are other successful global funds, partnership support grants and soft loan programmes to LDCs in support of youth development. For example, the Global Partnership for Education (GPE) has provided substantial grants

<sup>15</sup> 'Net flows' are gross disbursements minus principal payments on IDA credits; 'net transfers' are net flows minus interest and service fees on IDA credits.

to countries like Mozambique to improve their educational systems. These grants have been used to build schools, train teachers and provide learning materials, resulting in increased enrolment and improved educational outcomes for children and youth (GPE no date).

## 4.2 Non-concessional debt financing

Several low-income and lower middle-income countries have found themselves faced with reduced access to concessional official development finance, which has inevitably led to an increasing reliance on private external finance. This is particularly noticeable among countries that transitioned from low-income status to lower middle-income countries after the Heavily Indebted Poor Countries (HIPC) initiative and Multilateral Debt Relief Initiative (MDRI)<sup>16</sup>. As this is a funding criterion, these countries lost access to the concessional lending window (IDA) of the World Bank. The countries are now required to borrow on non-concessional or blended terms, which directly translates to increased financing costs (interest rates).

As governments have moved away from concessional financing, they have come to rely increasingly on commercial funding from the private sector through the global financial markets. In the last decade, the private sector has provided capital to countries that were previously excluded from financial markets, albeit at an elevated cost, even during relatively stable economic times. As seen in more detail in Chapter 5 below, several countries from sub-Saharan Africa have diversified their borrowing and issued Eurobonds from international capital markets. Recent crises have shown the dangers of relying on such flows, leading to debt distress and impacting development.

However, non-concessional and market financing pose two main policy challenges for governments with respect to financing social development. First, the Golden Rule of Fiscal Policy mandates governments to borrow for investments (capital

<sup>16</sup> The HICP and MDRI initiatives, launched in 1996 and 2005 respectively, are global debt initiatives led by the World Bank and IMF which helped about 37 developing countries to reduce their external debt burdens to allow these countries to channel more resources into poverty reduction and economic development.

expenditure) where the returns to be realised in the short and long terms can be immediately quantified. In most developing countries, the application of the Golden Rule constrains optimal investment in youth development, most of which involves social investments. This is because social investments usually have a high composition of current expenditure (Alcidi et al. 2022) and the long-term gains are not immediately quantifiable.

Second, high public debt levels take up substantial fiscal space due to high debt servicing requirements. This leaves countries with little to no fiscal space to support future investments and social spending on education, health and other social services. In other words, debt servicing can 'crowd out' investments in these critical areas. Arguably, when faced with a fiscal imbalance, the easiest line of discretionary spending that governments cut is social investments. This ultimately affects youth outcomes.

As shown in Chapter 3, the percentage of government expenditure on education compared to total government expenditure has seen a continuous decline from 2015 to 2021. This is troubling given the growing youth population over the same period. This could imply that education expenditure per capita of the youth population – that is, the allocation made to the education of each young person – has declined over the period.

The 'cost' of high public debt not only involves the resources utilised to service that debt but also the diversion of those funds from other potential spending areas. A rising public debt burden not only raises the future cost of borrowing, but can lead to the introduction of austerity measures in the budget. Governments in such cases have drastically cut their expenditures, particularly on education, health, employment and other social services, making it difficult to serve the needs people living in poverty and other marginalised groups. It is, therefore, imperative that where countries access non-concessional finance to meet their social and economic plans, including sustainable development, sound debt management practices must be strictly adhered to, to ensure that borrowing does not lead to excessive debt burdens.

As reiterated in this report, investment in young people is increasingly constrained when countries

face unsustainable public debt, which impacts their ability to pursue sustainable development. Governments aiming to promote development must ensure they strictly adhere to fiscal and debt sustainability to avoid taking on an onerous debt burden. This is dealt with extensively in the next chapter.

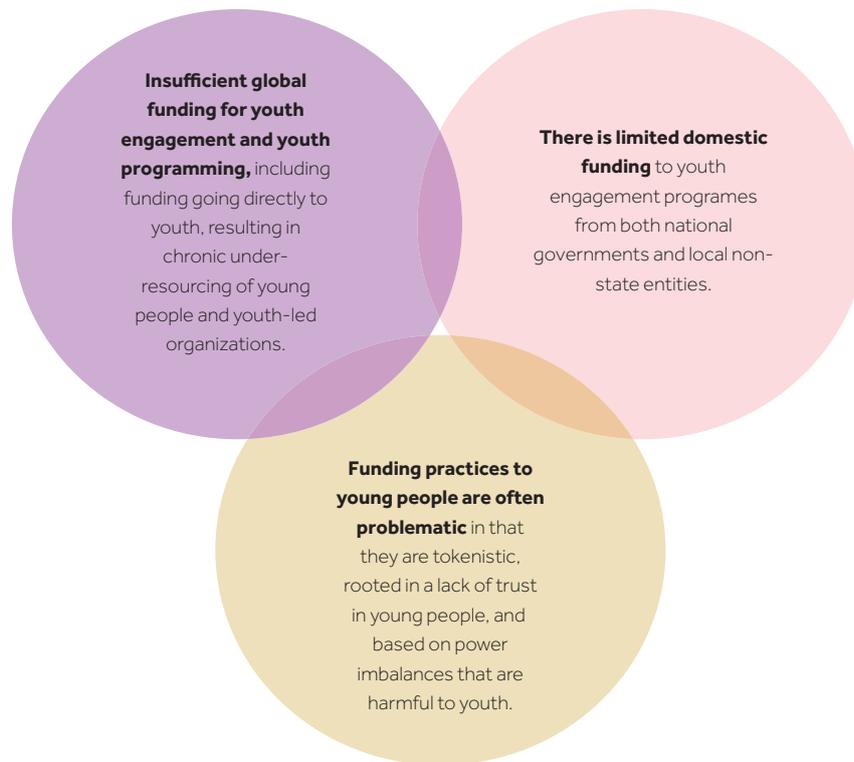
### 4.3 Scaling financing for youth development

Similar to challenges that countries face in mobilising sustained financing to implement the SDGs, financing youth development may also be limited as countries' economic structures, government finances and social demands evolve. Domestic funding to support youth programmes is often constrained, with youth-led organisations and youth initiatives remaining grossly underfunded. As governments face many competing priorities, youth programmes often lose out. A publication by Women Deliver (2022) highlights three significant barriers that young people face in accessing much-needed funding – both at the global and national levels (Figure 4.3).

Youth programming relies heavily on external funding rather than funding from government. Such funding has dwindled over the years and is insufficient, especially for scaling meaningful youth-led projects. When available, the funding may come with conditionalities that might not be supported by the government. Often, funding for viable youth-related projects ends as soon as the development partner stops financing them. There is also a lack of trust in young people, which acts as a constraint for mobilising and providing funding to that group.

Notwithstanding these challenges, there are opportunities for governments to scale financing in youth development. Foremost, existing global and domestic funding for youth should be refocused to ensure that the impact on young people's contribution to society can be supported in a sustainable manner. All providers of funding should be better informed on the challenges faced by the youth. These include providers of grants, concessional and non-concessional loans, private sector entities that are keen to invest into development, other agencies involved in blended finance, as well as governments that stand ready to mainstream youth development into their development strategies. More partnership

Figure 4.3 Barriers faced by young people in accessing funding



Source: Commonwealth Secretariat (Debt Management Unit) adapted from Women Deliver (2022)

arrangements between these different providers should be encouraged while they build awareness of the need for more decisive action to deal with the challenges faced by the youth.

Second, reforming the public financial management framework to better integrate the SDGs and other youth-centred goals would allow for more prominence of youth programmes and funding in the budget. It could also provide scope for development partners and the private sector to make targeted interventions.

#### 4.3.1 Country examples

Some useful initiatives are being successfully tried by a few countries in financing youth development, which other countries should be encouraged to replicate. Two examples are provided below.

a. **Youth Economy Agency (YEA) of Saint Lucia**

Building on the discussion of various financing mechanisms for youth development, a notable example of an innovative and impactful initiative is the Youth Economy

#### Box 4.1 Youth Economy Agency (YEA) of Saint Lucia

- The Youth Economy Agency (YEA) of Saint Lucia was established via the Youth Economy Act No. 17 of 2022, and was launched on 7 March 2023; operations commenced about a month later, on 3 April 2023.
- YEA seeks to create an economic space for young Saint Lucians aged 15 to 35 years to convert their ideas, skills and hobbies into entrepreneurship. Recognising the critical need to address youth unemployment, underemployment and build social resilience, while providing increased access to finance and financial inclusion, the agency provides a comprehensive suite of services designed to foster entrepreneurship, innovation and economic participation among young people.

Key objectives:

- **To empower young entrepreneurs and aid in the creation of a more equitable society:** By providing financial support, training and mentorship, the YEA aims to equip young people with the skills and resources they need to start and grow successful businesses (Govt.lc 2022).
- **To address challenges associated with an increasing youth population and relatively high rates of youth unemployment:** Data from the Central Statistical Office (2023) of Saint Lucia revealed that youth unemployment remained high, although it declined to 25.0 per cent in 2023 from 26.8 per cent in 2022, compared to 38.2 per cent in 2020. The youth unemployment rate was 11.0 percentage points above the overall

unemployment rate in 2023, compared to 10.3 per cent in 2022.

- **To foster innovation and creativity:** The agency encourages innovative ideas and creative solutions to economic challenges, promoting a culture of entrepreneurship among the youth (Loop News Barbados 2022).

**Economic and financial Inclusion:** YEA strives to ensure that all young people, regardless of their background, have the opportunity to participate in the economy and achieve financial independence. Youth MSMEs face considerable challenges in gaining access to finance and training programmes, which are critical for the sustainability of their businesses.

Further details on the YEA can be found in Appendix C.

Agency (YEA) of Saint Lucia. The YEA has been set up to bolster capacity development and capital investment in youth-led enterprises in the micro, small and medium-sized enterprise (MSME) sector. This is to help increase youth employment and social resilience among young people.

YEA, as described in Box 4.1, exemplifies how targeted support can drive youth entrepreneurship, economic participation, and ultimately contribute to sustainable economic development and resilience.

#### b. **Domestic funding for youth-led development in Rwanda**

Another noteworthy initiative relates to domestic funding made available by the Government of Rwanda with external funding support. The case of Rwanda shows that mainstreaming youth concerns within a government's development strategy will help in mobilising much-needed domestic and external funding in support of youth initiatives, while also empowering young people to contribute towards development.

### Box 4.2 Rwanda: domestic funding for youth-led development

The Rwandan National Youth Council (RNYC), in collaboration with the Ministry of Youth and Culture, has proactively implemented equitable youth engagement initiatives with substantial funding. RNYC co-ordinates all youth activities across the country, mobilising and facilitating the formation of youth co-operatives through a structured network of executive committees. This allows youth representatives at all levels to advocate for their needs and, at the same time, accelerates the buy-in of both local and international organisations to fund youth initiatives directly.

In 2020, the Ministry of Youth and Culture, in partnership with the United Nations

Development Programme (UNDP) and the Korea International Cooperation Agency (KOICA), awarded 5 million Rwandan Francs each to 55 youth co-operatives in rural areas, successfully reaching some of the most vulnerable youth and creating jobs for more than 3,500 young people across the country.

Furthermore, the Ministry of Youth and Culture has put in place a practical approach to securing domestic funds for youth initiatives through leveraging existing opportunities from other local and government institutions. In 2019, the Ministry of Youth and Culture negotiated with the Ministry of Infrastructure and the Ministry of Local Government to contract 153 youth-led

companies for recurring road maintenance activities across the country. Each company receives monthly funds of 3 million Rwandan Francs, creating 7,760 jobs.

More efforts for domestic funding continue as RNYC advocates for promising projects created by youth to secure funds from organisations such as the Business Development Fund Rwanda. Additionally, the Ministry of Youth and Culture regularly organises competitions through Youth

Connect Africa and other local initiatives, where youth-led organisations can win grants to implement their initiatives while also receiving coaching and mentorship services to strengthen their management and leadership capacities.

These initiatives have provided significant opportunities for young people to showcase their capabilities while contributing to their communities' development.

Extract from: Women Deliver (2022)

# 5. Public Debt Levels in the Commonwealth

Budget deficits are usually funded by government borrowing from either external or domestic sources, giving rise to public debt. Public debt is essentially a contractual obligation on government with specified terms, including interest payments and principal repayment. In most countries, servicing public debt is considered as a statutory expenditure.

Poor fiscal policy can have a damaging impact on the effectiveness of debt management, given that the public debt levels are primarily driven by budget deficit (primary deficit) levels. It is therefore important to keep these deficit levels in check and in line with fiscal and debt sustainability rules. Research has shown that public debt can foster economic growth when put to productive use as it provides government with the necessary funds to finance development. However, when the level of public debt approaches a certain critical threshold, the cost of borrowing could rise and if not managed properly, could inflate the public debt and breach sustainability levels. This could lead to macroeconomic vulnerabilities, which could have far-reaching economic and social consequences.

A central point is that 'Unsustainable public debt levels impede the sustainable development of any economy and undermine optimal investment in youth development. Accordingly, any government seeking to promote youth development must consider fiscal and debt sustainability as a primary anchor to addressing this issue.

Source: Author's note

Before exploring the evolution of public debt, it is important to note public debt should be contracted and effectively managed within an overall public financial management (PFM) framework. The PFM framework supports effective fiscal policy formulation and the implementation of the budget and is, therefore, a critical tool for ensuring long-term fiscal sustainability. A well-designed PFM framework, one that is strictly adhered to, can help a government meet the broad objectives

of maintaining overall fiscal discipline, effective resource allocation and effective delivery of public services.

## 5.1 Trends in public debt

Global public debt levels have risen significantly in recent years and have considerably raised global economic uncertainties. The global public debt in 2023 was US\$98 trillion (IMF 2024f), representing 94 per cent of global GDP. Across country income groups, the total public debt-to-GDP ratio is reported to have increased in both emerging markets and developing economies (EMDEs) but declined in advanced economies for the year 2023. Available data show that most economies faced mounting debt pressures before the pandemic. However, the pandemic and its attendant shocks to the world economy in 2020 have increased global debt vulnerabilities.

As at 2017, the public debt-to-GDP ratio recorded in 24 African countries had surpassed the threshold of 55 per cent recommended by the IMF.<sup>17</sup> Further, 19 of these countries recorded debt-to-GDP ratios exceeding 60 per cent, which is the threshold set by African Monetary Co-operation Program (AMCP) for developing economies. This shows the approaching debt vulnerabilities that were already prevalent in these economies before the pandemic (Onyekwena and Ekeruche 2019).

Since 2020, the combined effects of the COVID pandemic, war in Ukraine, deepening climate-related risks and cost of living crisis have exacerbated the pressures on public debt. Mounting inflationary pressures in most developed countries have prompted aggressive monetary tightening and a hike in interest rates. This has led to an increase in the cost of borrowing internationally, which has resulted in pushing the debt portfolios of most developing countries and emerging market economies to unsustainable levels. Global public debt-to-GDP reached a record high of 100 per cent in 2020 and despite the slight decrease

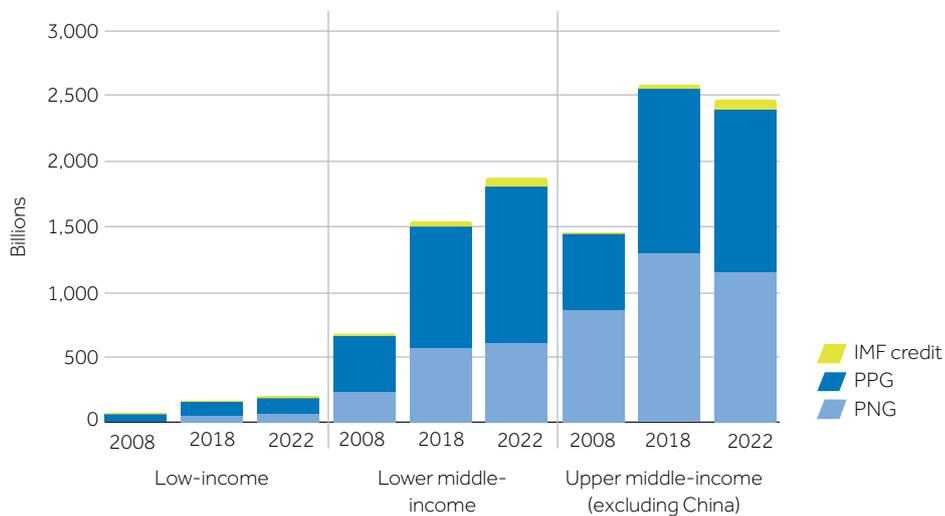
<sup>17</sup> The IMF threshold for countries classified as having medium debt carrying capacity is 55 per cent.

seen in 2022, the external debt stock of low- and middle-income countries (LMICs) remained at unprecedented high levels following more than a decade of rapid debt accumulation (World Bank 2023a) (Figure 5.1). The number of countries faced with high levels of debt increased markedly from only 22 countries in 2011 to 70 countries in 2020, before going down slightly to 59 in 2022.

As seen in Figure 5.2, in 2023, average public debt in emerging market economies (excluding China) increased by 3 percentage points to about 57.1 per cent of GDP, with the IMF (2024a) expecting such

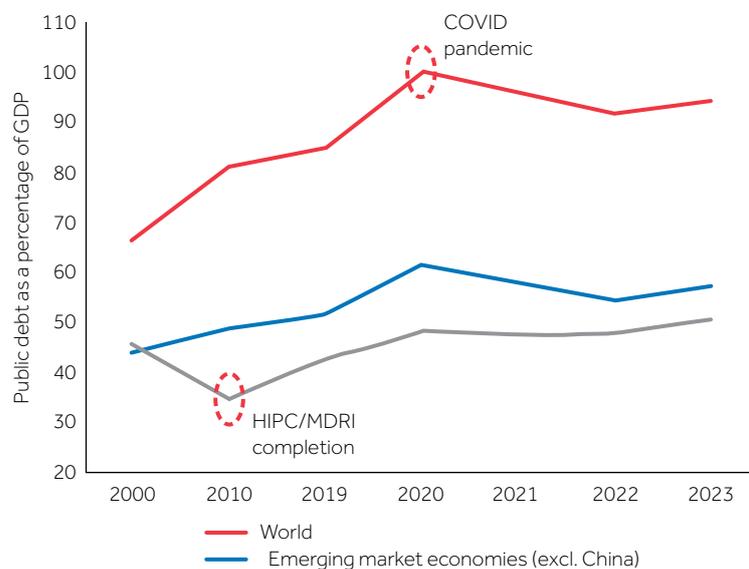
levels to remain largely unchanged over the medium term. On the other hand, public debt in some large emerging market economies is expected to rise rapidly, threatening their future economic fortunes. For instance, in South Africa, the debt-to-GDP ratio has been forecast to increase by 12 percentage points, almost reaching 86 per cent of GDP by 2029. This reflects persistently weak growth and relatively high interest rates. Many low-income developing countries continued to experience significant shocks in 2023, including regional conflicts and military coups.

**Figure 5.1 EMDEs' (excluding China) public and private external debt stock, US\$**



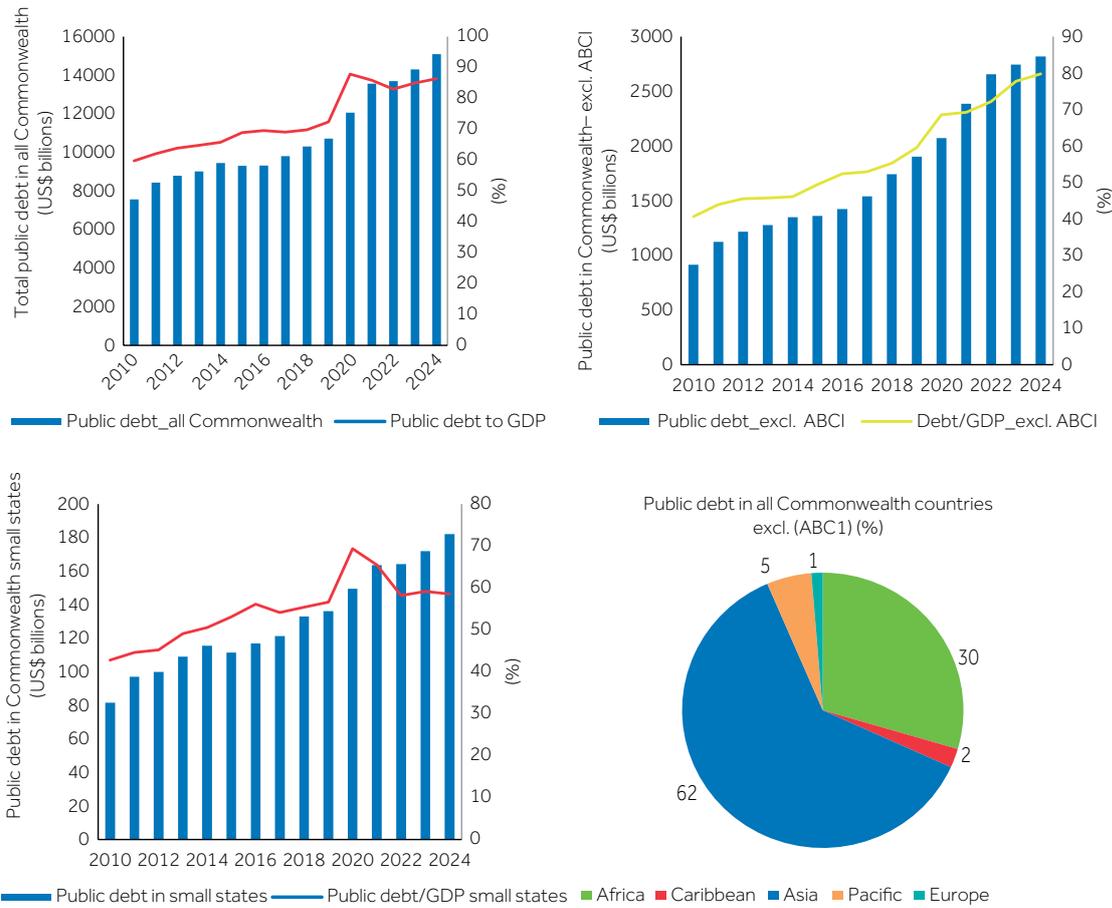
Source: DRGR Report (2024)  
 Note: PPG = Public and Publicly Guaranteed; PNG = Private Non-Guaranteed

**Figure 5.2 Global public debt-to-GDP ratios (2000–2023)**



Source: Commonwealth Secretariat (Debt Management Unit) computation based on data from the 2024 IMF Global Debt Monitor

**Figure 5.3 Total public debt in the Commonwealth (2011–2024)**



Source: Commonwealth Secretariat (Debt Management Unit) computation based on data from IMF World Economic Outlook database (April 2025)

Despite the seeming decline in public debt levels from the height recorded in 2020, public debt vulnerabilities persist and are expected to increase in the medium term. The IMF Fiscal Monitor (October 2024a) projects global public debt to exceed US\$100 trillion in 2024 (93 per cent of GDP), increasing through the medium term to 100 per cent of GDP by 2030.

### 5.1.1 Trend within Commonwealth member states

The trend in public debt of member countries within the Commonwealth generally follows the global trends discussed in this section so far. The total public debt within the Commonwealth as at end 2023 was US\$12.28 trillion (Figure 5.3, top left). This was projected to increase further to US\$13.06 trillion in 2024, representing about a 12.8 per cent share of the global public debt for the same period. The public debt stock held by Commonwealth

member countries shows an increase of about 68 per cent over the past 15 years since the global financial crisis in 2008.

Excluding the four biggest economies within the Commonwealth, that is, Australia, Canada, India and the United Kingdom<sup>18</sup> (collectively referred to as ABC1), who hold about a 78 per cent share of the public debt stock, the remaining Commonwealth member countries hold about a 22 per cent share of the total debt as at end 2023. The stock of debt held by the rest of the Commonwealth states (excluding ABC1) has shown an appreciable increase of more than 200 per cent since the global financial crisis. On average, the annual rate of debt accumulation is estimated at 8 per cent, which is alarming given that the average rate of economic growth is about 3 per cent. This raises concerns on impact of the debt levels on both fiscal and debt sustainability.

<sup>18</sup> The letter 'B' is used in this section to represent the United Kingdom in the acronym 'ABC1'.

**Table 5.1 Evolution of public debt by regions, excl. ABCI**

Public debt excl. ABCI (US\$ billions)								
	2010	2015	2019	2020	2021	2022	2023	2024
Africa	245	420	610	669	769	816	810	762
Caribbean	38	45	49	53	57	59	62	64
Asia	563	797	1,133	1,205	1,384	1,610	1,695	1,800
Pacific	48	70	81	107	137	136	142	155
Europe	20	28	31	37	39	35	36	35

Source: Commonwealth Secretariat (Debt Management Unit) computation based on data from IMF World Economic Outlook database (April 2025)

Despite the general increase in the public debt levels, the rate of growth of debt has been uneven across countries and regions within the Commonwealth. From the bottom right chart in Figure 5.3, it can be observed that Commonwealth Asia holds about 62 per cent of total public debt stock excluding ABCI. This can be partly attributed to the sovereign assets accumulation strategy employed by Singapore, aiming to build sovereign assets via substantively higher debt aggregates. The share of total public debt held by Commonwealth Africa has also shown a significant increase over the years. Most of the countries in this sub-group had benefited from the HIPC/MDRI initiative and by the year 2010, these countries had seen a significant decrease in their public debt levels. Since reaching completion points, most of these countries have seen an appreciable increase in public debt levels as most are diversifying funding sources into more commercial financing. See Table 5.1 for the evolution in public debt by regions.

Similarly, in Commonwealth small states<sup>19</sup>, the total debt has shown an upward trend (Figure 5.3, bottom left). Public debt as of 2023 stood at US\$171.8 billion and was projected to reach US\$182 billion in 2024, which is about 59 per cent of cumulative GDP of these member states. This shows a significant increase in public debt compared to 2010, when the total debt was reported at US\$81 billion, growing steadily at an annual average rate of 6 per cent.<sup>20</sup>

<sup>19</sup> Commonwealth classifies 33 of its member countries as small states. See: <https://thecommonwealth.org/our-work/small-states>

<sup>20</sup> The reported public debt numbers for the Commonwealth countries are pulled from the IMF World Economic Outlook, where the data, in the strict sense, is compiled as general government debt.

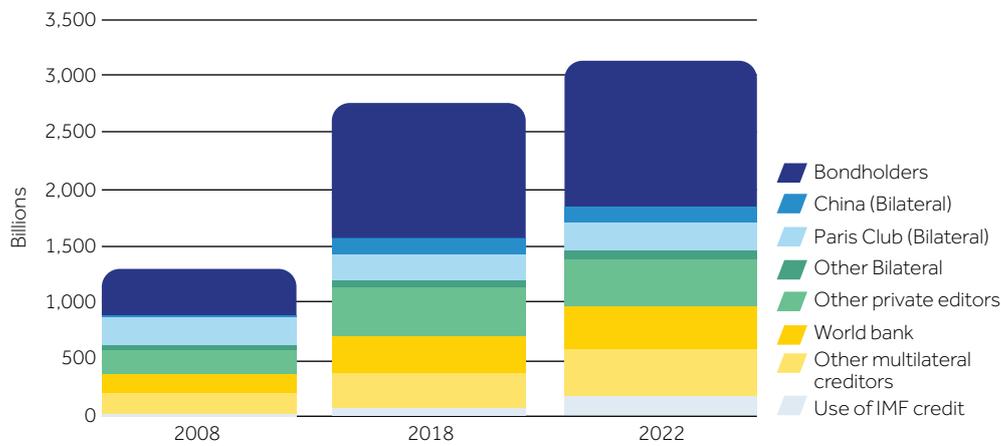
## 5.2 Structure of public debt

The structure of public debt, particularly for EMDEs, has changed over the last decade and this has had a tremendous impact on the cost and risk exposure of most countries' debt portfolios. The structure of public debt encompasses the classification of the public debt by source, instrument type, creditor composition, interest rates and currency composition.

Data published by the World Bank (2023a) show that external debt in EMDEs (excluding China) had increased by nearly 2.5 times in 2022 as compared to the levels seen during the 2008 global financial crisis. Despite efforts by many low-income countries to develop their domestic markets and increase domestic debt issuances, the markets remain shallow and unable to meet the total financing requirements of the countries. Countries, therefore, continue to rely heavily on external funds to finance their budgets. Efforts at developing well-functioning and liquid domestic securities markets continues in earnest to help countries mitigate some costs and risks in their debt portfolio.

Relatedly, there has been a significant change in the creditor composition of the external debt as more EMDEs look to private sector debt financing for key development projects. The composition has shifted from what pertained during the 1990s debt crisis when official Paris Club creditors were predominant. On the bilateral creditors, there is currently an increase in financing from non-traditional creditors including China, Saudi Arabia and India. On financing instruments, there has also been an appreciable shift from the concessional loans to more commercial financing from private banks, the international capital markets and other private lenders.

**Figure 5.4 EMDEs (excluding China) public external debt composition by creditor, US\$ billions (2008–2022)**



Source: DRGR Report (2024)

As can be seen from Figure 5.4, the holders of external debt have widened, with private bondholders taking up a comparably high share of the external debt alongside the multilateral development banks (MDBs) and commercial banks. At the same time, as mentioned earlier, emerging market public and private creditors have become prominent, especially from countries such as China and Saudi Arabia. Excluding China, the share of EMDEs' external public debt held by private bondholders increased from 30 per cent in 2008 to 41 per cent in 2022. Looking specifically at developing countries, the share of external public debt contracted from private creditors has gone up in developing countries across all regions from 47 per cent in 2010 to 62 per cent by 2021.

The structure of the public debt portfolio has important implications for the costs and risks embedded in the public debt. A change in the structure could be a good diversification strategy

but could also fuel the costs and risks. For instance, a debt portfolio with high composition of external debt would have a high currency risk exposure, as the public debt (converted local currency) will be subject to the movement in the domestic currency. Also, a portfolio with high commercial debt increases the cost of debt (interest costs) as commercial financing tends to be more expensive than financing from multilateral and bilateral sources which are mostly concessional. This has implications also for debt servicing and the overall budget. Last, as the holders of public debt increase, there is considerable increased complexity in both the creditor groups and financing structures, which could complicate and delay debt resolution processes. It is, therefore, important for governments to be deliberate about the structure of their debt portfolio, ensuring it is aligned to a well-designed Medium-Term Debt Management Strategy.

### Box 5.1 Emergence of China as a prominent non-traditional lender

In recent times, China has emerged as a prominent non-traditional lender in the aftermath of the 2008 global financial crisis. In 2013, China launched its Belt and Road Initiative (BRI), with the aim of providing financing for a range of infrastructure projects in developing countries. BRI loans were part of a broader package of support and intervention that included making direct foreign investments through state-owned and state-linked Chinese firms.

As at 2022, 146 countries had signed BRI co-operation agreements and this included about 43 of 56 Commonwealth member countries (Appendix B). China has subsequently become the largest bilateral official (government) creditor within the developing world. The share of total external debt held by China went up to from 1 per cent in 2008 to 5 per cent in 2022, being predominantly EMDE debt.

### 5.3 Rising cost of debt

As discussed in Section 5.2, the public debt structure has cost implications for the overall public debt portfolio. As debt structures have evolved over time, there has also been a noticeable change in both the interest rate types in the portfolio as well as the overall cost of debt, which directly impacts the government's interest payments. In economic theory, the overall cost of debt on the public debt portfolio is known to give signals on the sustainability of the debt. Where the cost of debt ( $r$ ) is greater than the growth rate of the economy ( $g$ ), public debt is put on an unsustainable path. This could lead to a debt spiral, as the government would have to borrow to cover both interest payments and principal repayments, in the absence of budget surpluses. This significantly impacts debt sustainability and overall fiscal sustainability.

In recent years, there has been widespread debate on how skewed the global financial architecture is, making it relatively difficult and more expensive for EMDEs to access financing for their development. Generally, the cost of borrowing for EMDEs has been shown to be about three times higher than borrowing accessed by developed nations on comparable terms. This increase in cost, referred to as the 'developing country premium' is often due to perceived risks, market access barriers and power dynamics. This unfairness in the global financial architecture has contributed to the rise in interest payments and sustainability concerns in most EMDEs. Accordingly, the Summit for a New Global Financing Pact, held in Paris in 2023, and other initiatives seek to, among others, reform the international financial architecture to reduce the cost of debt for most EMDEs.

In addition, interest rates have surged globally in the last five years due to major inflationary pressures caused by the pandemic (2020) and the war in Ukraine (2022). As inflation rose to unprecedented levels in the advanced economies, this prompted central banks to hike interest rates to curb the rise inflation. Subsequently, rates on the Secured Overnight Financing Rate (SOFR) and other base rates went up considerably, increasing the cost of debt and increasing debt-service payments for most countries. In 2022, the SOFR increased over 400 basis points, and this affected the external debt of EMDEs, most of which is made up of variable-rate loans.

Consequently, there has been a rapid rise in total public interest payments in developing countries.

Estimates show that half of developing countries directed more than 6.9 per cent of government revenues (1.5 per cent of GDP) towards interest payments (UNCTAD 2024). Rising debt-service burdens in recent years have questioned the sustainability of public debt in most countries, especially for many low- and middle-income countries. In 2023, the total debt-service burden faced by countries was on average 13 per cent of total spending and nearly 25 per cent of tax revenues (IMF 2024a). That was about twice the level seen 15 years ago. The World Bank (2024d) also pinpointed a similar trend, stating that developing countries in 2023 had to channel a record amount of US\$1.4 trillion to service their foreign debt – the highest figure in about 20 years.

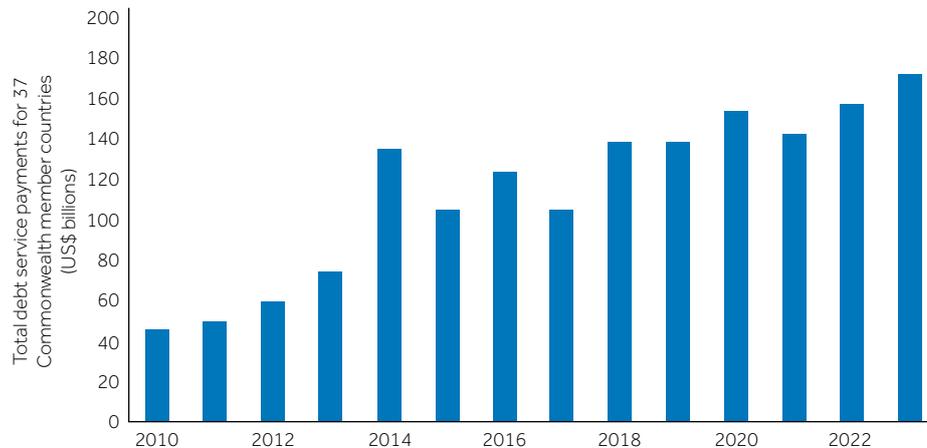
Further estimates on debt relief for green recovery projects (Debt Relief for Green and Inclusive Recovery Project 2024), projected that emerging countries would be paying a record US\$400 billion to service external debt in 2024, denying 47 of these countries the chance for optimal investment in climate adaptation. This phenomenon is worrying as increased interest payments constrain fiscal space and divert substantial amount of funds away from investments in key growth sectors of the economy, including education, health, employment, climate and other areas important for youth development.

#### 5.3.1 Impact of high cost of debt within the Commonwealth

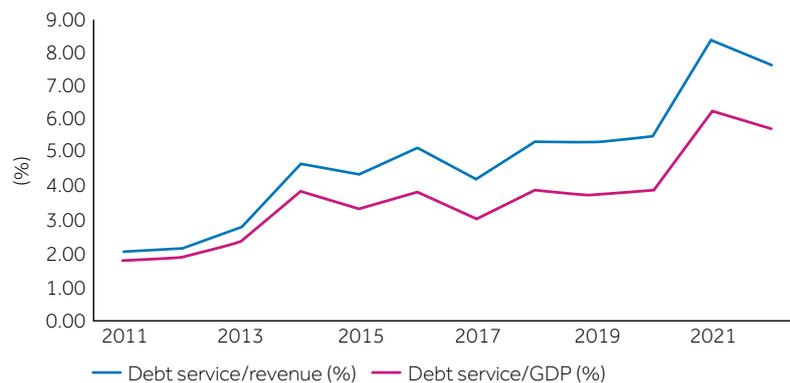
Within the Commonwealth, the share of interest payments in total government expenditure continues to increase. During 2019–2021, interest payments averaged well above 10 per cent of government expenditure and 13 per cent of government revenues. Countries including Bangladesh, Ghana, Jamaica, Sri-Lanka and Zambia recorded interest payments exceeding 20 per cent of government expenditure, with Ghana, Zambia and Sri-Lanka recording interest payments far above 30 per cent of government revenue.

Relatedly, the total debt service within Commonwealth member states also shows an upward trend. Debt-service obligations rose significantly from US\$45.65 billion in 2010 to US\$171.84 billion by end 2023 (Figure 5.5).<sup>21</sup>

<sup>21</sup> Data are reported for only 37 Commonwealth countries.

**Figure 5.5 Debt-service payments for 37 Commonwealth member states (2010–2023)**

Source: Commonwealth Secretariat (Debt Management Unit) computation based on data from World Bank WDI data (April 2025)

**Figure 5.6 Debt service/revenue and debt service/GDP in Commonwealth member countries (%)**

Source: Commonwealth Secretariat (Debt Management Unit) computation based on data from IMF World Economic Outlook database (April 2024)

Looking at liquidity ratios, a similar upward trend is observed – as the ratios of government debt service to revenues and GDP show. This could point to an increase in liquidity risk as more resources, be it revenues or GDP, are committed to the repayment of outstanding debt. The sharp increase in these ratios in 2021 could be partly due to the sharp decline in government revenues and overall GDP at the time of the pandemic. Accordingly, there is a noticeable decline in the ratios in 2022, which could be partly attributed to the gradual economic recovery in 2022 as countries eased lockdowns and economic activities gathered momentum. Both government revenues and GDP began to show appreciable increases by 2022.

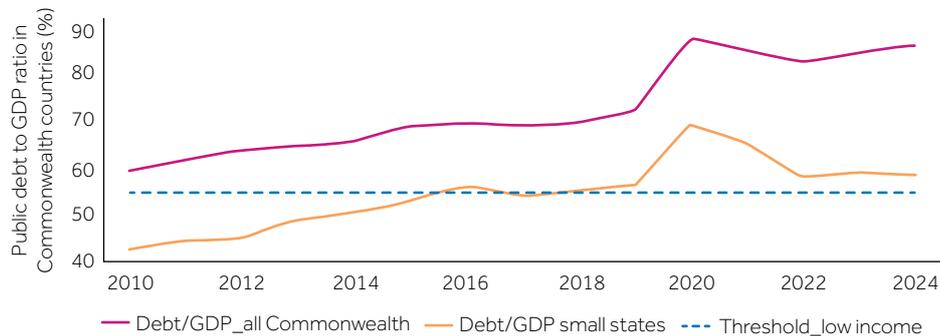
The upward trend in debt-service costs, as shown in Figure 5.6, inevitably had implications for countries

in managing their public finances during and after the pandemic. Financing pressures, due to relatively high interest payments and the pace at which low-income countries need to repay debt, have strained budgets and impeded governments' abilities to meet their development agenda.

#### 5.4 Debt vulnerabilities within the Commonwealth

'Public debt sustainability' refers to the ability of a sovereign country to repay its current and future debt obligations without resorting to debt relief or the accumulation of arrears. The public debt-to-GDP ratio is a key indicator used to assess public debt sustainability. It is a ratio that measures a country's total public debt levels relative to its

Figure 5.7 Rising debt-to-GDP ratios within Commonwealth member states (2010–2024)



Source: Commonwealth Secretariat (Debt Management Unit) computation based on data from IMF World Economic Outlook database (April 2025)

Table 5.2 Public debt-to-GDP ratios by region, excl. ABCI

Public debt-to-GDP, excl. ABCI								
	2010	2015	2019	2020	2021	2022	2023	2024
Africa	22.7%	35.1%	46.4%	55.2%	56.6%	58.1%	63.2%	66.1%
Caribbean	62.1%	63.8%	67.1%	83.2%	78.9%	65.0%	65.3%	61.3%
Asia	62.0%	64.0%	74.4%	82.5%	82.2%	87.1%	94.2%	94.1%
Pacific	29.1%	33.9%	32.8%	44.0%	48.3%	47.5%	48.1%	51.6%
Europe	57.9%	91.0%	71.9%	88.2%	78.0%	68.8%	63.3%	58.6%

Source: Commonwealth Secretariat (Debt Management Unit) computation based on data from IMF World Economic Outlook database (April 2025)

total output (GDP) at a particularly point in time. It is a measure of solvency and is usually analysed together with other liquidity indicators, such as the debt service-to-revenue and external debt-to-exports ratios. A country's public debt is classified as being at a risk of public debt distress if any of the four external debt burden indicators or the total public debt burden indicator<sup>22</sup> breach their corresponding thresholds/benchmarks under the baseline scenario. This decision is arrived at after a comprehensive debt sustainability assessment has been carried out using the IMF's debt sustainability toolkit or other proprietary debt sustainability toolkits.

From Figure 5.7, it is observed that the cumulative public debt-to-GDP ratios of Commonwealth member countries have consistently trended upwards as public debt levels rise over the period (see Section 3.2). When the public debt-to-GDP ratio rises, breaching a specified threshold determined

based on the country's debt carrying capacity, it points to rising debt vulnerabilities in the country. The total debt-to-GDP ratio for the Commonwealth stood at 62 per cent in 2011, rising continuously to 68 per cent in 2017 and peaking at 87 per cent in 2020. Though the debt-to-GDP ratio showed a marginal decline in the immediate years following the COVID-19 pandemic, it started an upward trajectory in 2022, staying elevated thereafter.

Looking at the trend in the debt-to-GDP ratio, one can infer a rise in debt vulnerabilities in the Commonwealth as the ratios significantly breach the thresholds of 55 per cent and 70 per cent set by the IMF for countries with medium and high debt-carrying capacity, respectively. However, high debt ratios, though concerning, do not necessarily imply a debt crisis. The extent to which a country can afford to borrow is decided based on each country's unique circumstances.

The trend in public debt-to-GDP ratios in all Commonwealth states, as shown in Figure 5.7, is consistent for most member countries when analysed individually. Table 5.2 provides trends of

<sup>22</sup> Present value (PV) of debt-to-GDP, PV of debt-to-exports, debt service-to-revenue, and debt service-to-export indicators.

public debt-to-GDP ratios by region. Based on the discussions so far, the high debt levels depicted especially for some regions is concerning. As would be discussed later, some countries in Africa and Asia faced huge debt difficulties and resorted to a comprehensive debt restructuring in the period right after the COVID pandemic.

Turning to Commonwealth small states, on average, the ratio of debt-to-GDP has been on an increasing trend over that period – though the rate of increase has varied over different periods (see Figure 5.7). In 2010, the debt-to-GDP ratio for Commonwealth small states was 43 per cent. This rose consistently over the period reaching 57 per cent in 2019. As a result of increased borrowing during COVID-19, the debt ratio jumped to 69 per cent in 2020. Despite falling in subsequent years, the levels remained high, around 59 per cent of GDP, in each of the three years to 2024. In the Caribbean region, several countries' debt-to-GDP ratios have gone up appreciably.

The high debt-to-GDP ratios seen within the Commonwealth could be seen to be alarming. It cannot be overemphasised that to maximise the gains from resources borrowed, the amount to be borrowed should be consistent with the country's macroeconomic objectives and its development strategy. Government borrowings should not only be determined by demand for external resources but also by the country's capacity to service its debt without placing too much pressure on its external and internal accounts. Last, borrowed funds should be put to productive use.

In the aftermath of the COVID-19 pandemic, several countries, including small states, were classified as being at high risk of external debt distress, though public debt overall was assessed to be sustainable.

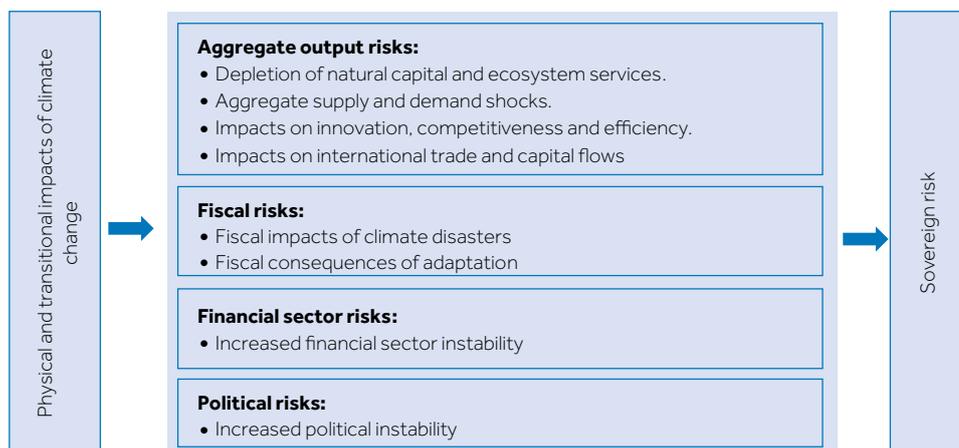
As of 2023, four Commonwealth countries were classified as having unsustainable debt levels, with their external debt portfolios being in debt distress: Zambia, Sri Lanka, Ghana and Malawi.

### 5.4.1 Climate crisis intensifying debt vulnerabilities

Any discussions on debt vulnerabilities would be incomplete without looking at the impact of the climate change crisis on public debt. As discussed extensively in previous sections, unsustainable public debt has been shown to derail government's efforts at tackling key development priorities, including addressing climate vulnerabilities. At the same time, environmental shocks pose huge fiscal risks to government (Figure 5.8), which become contingent on the public debt and often result in increasing borrowing costs and threaten public debt sustainability. This is more prominent in climate vulnerable countries and has been one of the major threats to debt sustainability in small island developing states (SIDs).

Climate-related shocks have been growing in intensity and frequency. Developing countries have found it increasingly difficult to address mounting climate-related crises given the constraints to their public finances. The climate crisis affects public debt in three main ways. First, climate-related shocks directly increase public debt levels as governments shore up borrowing to finance recovery. For example, Fiji, a low-lying Pacific Island nation, has faced a succession of cyclones over the past four years which have resulted in destruction of local infrastructure, homes and crops. This forced the country to borrow money to support the rebuilding process. The economic downturn

**Figure 5.8 Channels through which climate change impacts sovereign risk**



Source: Commonwealth Secretariat (Debt Management Unit), adapted from Agarwala et al. 2024

resulting from the pandemic compounded the nation's plight. As a result, Fiji's debts soared amid difficulties financing planned climate crisis-resilient and mitigation projects, which inevitably had to be delayed (WRI 2020). Mozambique is also facing a huge public debt burden, and a direct link could be drawn to the back-to-back cyclones that visited the country in 2019. This cost human lives as well as causing physical damage costing more than US\$870 million. Mozambique was compelled to take on more loans to deal with the impact of the climate related disasters, with matters worsening with the onset of the COVID pandemic.

Second, the climate crisis increases borrowing costs for countries. An IMF study of 67 climate-vulnerable countries found out that a one percentage point increase in climate vulnerability was associated with a 0.69 per cent reduction in creditworthiness in emerging markets. Furthermore, climate-driven GDP losses could affect sovereign credit ratings. A reduction in creditworthiness is known to increase the risk premiums of countries, which translates into higher interest rates. It has been estimated that the cumulative effects of climate vulnerability have increased borrowing costs among the most affected economies by US\$40 billion – US\$62 billion over a 10-year period (Agarwala et al. 2024). A study led by the University of East Anglia (UEA) and the University of Cambridge concludes that 59 nations will experience a drop in their sovereign credit rating over the next decade if emissions reduction is not addressed (Klusak et al. 2023).

Last, building a climate-resilient economy requires huge investment in adaptation and mitigation initiatives. However, the fiscal constraints force countries to take on more debt on already high debt burdens. The situation is made worse as concessional financing has dwindled in the past decade, leaving most developing countries with

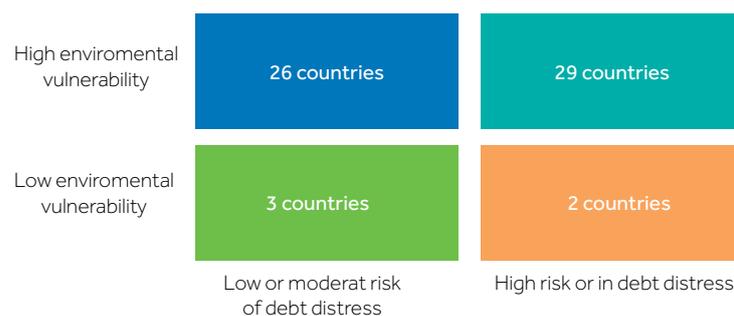
little option but to access expensive commercial financing. Currently, more than 70 per cent of public climate finance takes the form of debt and is primarily channelled into climate mitigation. Meanwhile, the UN Environment Programme (UNEP) has estimated that annual adaptation needs for developing countries could amount to US\$340 billion by 2030, and US\$565 billion by 2050.

That is alarming when one considers that almost half of low-income countries at high risk of – or already in – debt distress, also have high climate vulnerabilities. The current financing framework raises the risk of countries getting into a vicious cycle of rising investment requirements for climate change mitigation and, primarily, adaptation, deteriorating debt sustainability and consequent under-investment.

A UN Trade and Development (UNCTAD) report (2022) shows that that 29 of 69 countries eligible to access concessional finance under the IMF's Poverty Reduction and Growth Trust (PRGT) (42 per cent of the total) would be at the intersection of high debt as well as climate vulnerabilities (Figure 5.9).

The urgency in addressing this twin crisis of climate and debt has been echoed by some renowned world leaders whose countries face the brunt of these crises. The Barbados Prime Minister, Mia Mottley, who is an advocate on the subject matter has noted that *'Tackling natural disasters and protecting the environment are the single-most significant causes for increases in our debt'* (WRI 2023). She is currently championing the Bridgetown Initiative, which calls for the immediate reform of the international financial architecture to effectively address these challenges. Also, Mr Dickon Mitchell, Grenada's Prime Minister opined that *'We demand and deserve climate justice. We are no longer prepared to accept that it is OK for us to constantly*

**Figure 5.9** Overlap of debt and climate vulnerabilities in PRGT-eligible countries (2020)



Source: UNCTAD (2022)

*suffer significant loss and damage arising from climatic events and be expected to borrow and rebuild year after year while the countries that are responsible for creating the situation sit idly by with platitudes and tokenism.'* (Lindsay et al. 2024).

#### 5.4.2 Recent initiatives to address debt vulnerabilities

As countries went into lockdown during the COVID-19 pandemic in February 2020, there was a standstill in economic activities and widespread job losses, which heavily impacted government revenues and public finances in general. In a swift move to address possible debt defaults, the 'Group of 20' (G20) put in place the Debt Service Suspension Initiative (DSSI) to temporarily pause official debt payments from poorest countries in May 2020. Private sector and multilateral development banks were also called upon to extend a similar payment moratorium to the countries. Forty-eight (48) of 73 eligible countries participated in the initiative before it expired at the end of December 2021. Middle-income countries like Sri Lanka were excluded from the scheme.

Despite the end of the DSSI, persisting debt vulnerabilities in many LMICs, coupled with other economic vulnerabilities from the war in Ukraine and devastating climate events, forced an increasing number of countries to seek debt restructuring from external creditors. The G20, therefore, introduced the Common Framework for debt treatment (CF). The Common Framework, which was supported by the Paris Club, aimed to promote broad creditors' participation, including by the private sector, to facilitate timely and orderly debt relief treatment for DSSI-eligible countries. Like the Paris Club, the CF involves a case-by-case approach to reaching sovereign debt resolutions, with the support of and co-ordination by all bilateral creditors with claims on the country, and comparable treatment from private creditors.

By the end of 2022, multiple countries had requested debt restructuring agreements under the CF and directly with the Paris Club or with their respective bondholders. Four countries came forward with requests for debt treatment under the CF: Chad, Ethiopia, Ghana and Zambia. Chad was the first to conclude an agreement with its bilateral creditors in October 2022, and with private creditors, including Glencore PLC, shortly thereafter. The agreement with private creditors rescheduled

US\$1 billion over 12 years, including a two-year grace period at a reduced interest rate. Ghana and Zambia's requests for debt relief followed default on their external debt obligations to bondholders.

In 2023, Zambia reached a milestone agreement with bilateral creditors, including China, to restructure US\$6.3 billion. The agreements include an average extension of debt maturities of more than 12 Years. Interest rates were set at 1 per cent during the next 14 years and up to 2.5 per cent thereafter. Provision has been made for Zambia to increase payments if the economy should perform better than expected. In principle, Zambia would pay about US\$750 million in the next decade compared to the almost US\$6 billion that was due to official creditors before the debt restructuring.

The official debt deal paved the way for formal negotiations on restructuring of US\$3 billion owed to bondholders. After an agreement in principle was initially rejected as not meeting the comparability treatment, in March 2024, Zambia reached an accord on reworking the US\$3 billion in debt with bondholders. The Government of Zambia and Steering Committee of the Ad Hoc Creditor Committee reached the agreement in principle on key commercial terms of a proposed restructuring transaction relating to the government's bonds due in 2022, 2024 and 2027. The restructured Eurobonds provided debt relief by bondholders, including foregoing around US\$840 million in claims (compared to US\$700 million in the previous proposal). The offering also provided approximately US\$2.5 billion in cash flow relief through reduced debt servicing payments during the IMF Programme period. The deal proposed swapping Zambia's three existing instruments into two amortising bonds, one of which would deliver higher repayments if Zambia's economic outlook and capability to deal with its debt improved.

Ghana defaulted on most of its overseas debt in December 2022 after debt servicing costs soared. Ghana reached an agreement in principle in January 2024 to rework US\$5.4 billion of loans with official creditors under the CF. In June 2024, the Government of Ghana reached an agreement on a memorandum of understanding (MoU) with its Official Creditor Committee (OCC) regarding the debt treatment agreed in January 2024. Talks with bondholders were continuing at the time of writing.

Sri Lanka was not eligible under the G20 Common Framework but found itself in serious economic,

financial and debt difficulties in 2022. The sharp economic downturn and currency shortages pushed it to default in that year. Following lengthy engagements with the IMF, the country reached an agreement in June 2024 to restructure US\$5.8 billion of its bilateral debt following discussions with a committee of official lenders including India, Japan and France in Paris. It agreed to postpone all bilateral loan instalments to these creditors until 2028 with a full debt repayment grace period extended to 2043. Interest rates would stay at or below 2.1 per cent. Sri Lanka's external debt payments are set to fall from over 9 per cent of GDP in 2022 to less than 4.5 per cent in 2027.

In July 2024, Sri Lanka reached a macro-linked restructuring deal with its external bondholders covering US\$12.5 billion of outstanding bonds on which it defaulted in April 2022. The agreement will see virtually all its principal and coupon payments adjusted depending on how the country's economy performs over the next three years (2025 – 2028) compared with projections made by the IMF under its US\$2.9 billion Extended Fund Facility programme. The original bonds would be given a 28 per cent nominal 'haircut' while accrued interest over the last two years would also receive an 11 per cent haircut. The new bonds were due to start to accrue interest from the end of March 2024. The US\$9.04 billion of new bonds would be split into ten different instruments, maturing on 31 March each year between 2029 and 2038. All but two US\$800 million notes maturing in 2034 and 2035, as well as the past due interest ones, would be linked to the country's macroeconomic performance.

If Sri Lanka performs in line with the IMF's current 'baseline' expectations from 2025 to 2028, with annual GDP at US\$88.6 billion, then the proposed 28 per cent haircut on the original notes will remain in place after 2028, alongside an average weighted coupon of 6.30 per cent after 2028. However, if the economy underperforms, and GDP reaches US\$84.7 billion, then the haircut would increase to 40.4 per cent, offering Sri Lanka greater relief. The post-2028 coupon would remain unchanged. If Sri Lanka's GDP outperforms the basic scenario and reaches US\$100 billion, then the haircut will reduce to 15 per cent while the average coupon after 2028 will rise to 8.20 per cent.

## 5.5 Lessons from past debt crisis

Debt crises and defaults have always existed and dominated the social and economic narrative over

time. Due to such recurrence, there may well be a strong tendency for the wider public to conclude that instead of being positive, borrowing may have created more harm than good to the economies of so many developing countries (as well as developed nations). The advent of such crises has in particular affected the lives and standards of living of the poorest, women and youth. The huge borrowing spree currently witnessed means that future generations – including young people – will have to bear the effects of the debt burden.

Sovereign debt crises tend to be associated with currency and/or banking crises, making them very costly. It is estimated (De Paoli et al. 2009) that sovereign debt crises in Emerging Market Economies (EMEs) have led to output losses – at least 5 per cent on average in level terms. Furthermore, these periods of below potential economic growth have been persistent, lasting on average around 8–11 years. Sovereign defaults also have high spill-over costs to other countries via financial and trade links. Calls to resolutely address the legacies of recent crises and minimise the pain on those living in poverty and the most vulnerable, including young people, have become louder. Meanwhile, based on past events, the international community appears to react on average over 5–6 years too late to provide respite to countries in need.

### Debt crises in the 1980s and 1990s

The modern history of sovereign debt crises is largely believed to have started in the 1980s, with Mexico defaulting followed by many other countries. That episode, which lasted almost a decade, nearly brought the world financial system to its knees. Mexico's announcement in 1982 that it would default on its external debt sparked a debt crisis that swept the globe. Over the ensuing decade, many countries were compelled to reschedule their external debt. Most of them had to seek multiple rounds of negotiation to reschedule debt flows – with the debt burden still not going away. The debt crisis of the 1980s remains a landmark in the history of financial crisis. About 40 countries mainly in Latin America, Africa, Asia and Eastern Europe were severely impacted by the debt crisis.

Following international calls for more comprehensive debt relief, including by the Commonwealth Secretariat during the 1990s, the Heavily Indebted Poor Countries (HIPC) Initiative was launched in 1996 and enhanced in 1999. That not only accelerated the process to reduce the debt

of the poorest countries to sustainable levels, but it was the first time that multilateral debt reduction was decisively brought into debt negotiation. The enhanced HIPC Initiative provided a more comprehensive package of support involving the World Bank, the IMF, other multilateral agencies, as well as bilateral and commercial creditors. The initiative was certainly beyond the traditional debt relief mechanisms provided by official bilateral and private creditors. In that sense, the framework was considered a landmark initiative, as it was the first time that all those parties had been brought together. Since then, 36 eligible countries have reached the HIPC Completion Point and received substantive debt relief through the HIPC Initiative and the Multilateral Debt Relief Initiative (MDRI) established in 2005.

In attempting to bring different categories of debt under the debt deal, the aim of the HIPC framework was in line with the commitment to providing 'faster, broader and deeper' debt relief to countries in urgent need of such support. However, HIPC did not stop there. The approach conceived and qualified as 'innovative' and 'transparent' at that time, was to link debt relief to the Poverty Reduction Strategies of individual governments. As part of this transparent framework, national governments were invited to take the lead – in close consultation with civil society, including poor and vulnerable constituents – in formulating comprehensive national strategies for reducing poverty. That way, the delivery of debt relief that led to a reduction in debt service was conditional on countries demonstrating a commitment to put the freed-up resources towards poverty reduction initiatives, hence directly helping the poor.

The link between providing debt relief and directing such savings towards poverty reduction has been seen to be a good model to be replicated, for

instance, in dealing with the climate crisis. As argued later, there should be sufficient room in innovating financing solutions to bring in youth development as a recipient of future debt relief.

In July 1997, East Asia became the epicentre of a major financial and debt crisis. This shock caught nearly everybody by surprise as the concerned countries had consistently been growing rapidly over several decades and were not known to be heavy debtors. The single most important trigger for the crisis that swept the region was the devaluation of Thailand's currency, the baht, which soon became the precursor to the wave of massive depreciations of other currencies in the region – especially for Indonesia, Malaysia, Philippines and South Korea. Again, the most marginalised groups in society were the most affected by the crisis – not a consequence that made the headlines.

### Global financial crisis of 2008

With the advent of the global financial crisis in 2008, the issue of restructuring sovereign debt returned as a key concern to governments and market participants. That episode was largely considered the worst economic disaster since the Great Depression. No financial market around the world was spared by the crisis, while it brought down major banks across many countries. More importantly, it left millions of people without jobs, savings and homes. Again, innocent bystanders such as young women and men felt social and economic pain through no fault of their own (see Box 5.2). It is believed that the crisis was caused by a toxic combination of deregulation, excessive risk-taking, lax lending standards and the bursting of a massive housing bubble. Yet the seeds of the crash were sown over many years through flawed policy decisions and unchecked market excesses.

### Box 5.2 The 2008 financial crisis and its effects on young people

The global economic crisis did hit youth very hard. In the OECD area, the youth (15–24) unemployment rate rose by 6 percentage points in the two years to the end of 2009, to reach almost 19 per cent.

It was estimated that there were nearly 15 million youth unemployed in the OECD area, about 4 million more than at the end of 2007. Despite

the ensuing economic recovery, the short-term prospects for youth unemployment in OECD countries had remained gloomy.

Coping with a job loss in a weak labour market – when job offers are scarce and competition among jobseekers is fierce – is difficult for anyone. But for disadvantaged young people lacking basic education, failure to find a first job or keep it for

long can have negative long-term consequences on their career prospects. Some experts refer to this as 'scarring'. Beyond the negative effects on future wages and employability, long spells of unemployment while young often create

permanent scars through harmful effects on a number of other outcomes, including happiness, job satisfaction and health, many years later.

Source: Extract from OECD (2010)

By 2007, financial markets around the world were showing signs of an impending problem after years of a 'spending spree' based on the availability of cheap credit. The Federal Reserve had lowered the federal funds rate from 6.5 per cent in May 2000 to 1 per cent in June 2003. The aim was to boost the economy by making money available to businesses and consumers at bargain rates.

The result was an upward spiral in home prices as borrowers took advantage of the low mortgage rates. Subprime borrowers with poor credit history found themselves able to buy a home due to lenient lending rules. The banks that held the mortgages were then able to sell them on to Wall Street banks that packaged them into mortgage-backed securities and collateralised debt obligations (CDOs). A secondary market for originating and distributing subprime loans soon developed and consequently banks around the world were soon holding trillions of dollars worth of those collateralised debt obligations on their books.

When interest rates eventually started to rise, the mortgage market collapsed. In October 2007, the Swiss bank UBS became the first major bank to announce losses of US\$3.4 billion from subprime-related investments. The UK had to nationalise the bank Northern Rock in February 2008. Global investment bank Bear Stearns, a key actor within Wall Street, collapsed. The collapse of another highflyer, Lehman Brothers, in September marked the largest bankruptcy in US history.

The 2007–2008 financial crisis was not confined to the US but became a global event. Many international banks found themselves holding massive amounts of useless mortgage-backed securities when the bubble did eventually burst. Many countries in the European Union (EU), such as Ireland, suffered economic slowdown, while Greece defaulted on its international debts. In response to

the 2008–2009 global financial shock, central banks in the US and Europe lowered interest rates. As a result, interest rates in private markets remained low for the coming decade. Such low interest rates in mature markets resulted in many investors turning their attention to so-called emerging and frontier markets – which provided higher returns.

Many governments, including several in sub-Saharan Africa, took advantage of the low interest rates and were able to issue international bonds for the first time. Rather than borrow from traditional sources such as the World Bank or from the governments of rich countries, these governments now had access to capital from private markets. Private investors paid little attention to political risk; some governments further reduced investors' perceived risk by securing their debts with natural resource revenues. It is likely that this prepared the way for the explosion of private sector borrowing that took place in frontier markets<sup>23</sup> in the years that followed and which may have in part led to the crisis facing the world recently.

### Greek crisis

The serious difficulties faced by Greece in recent years have been observed by all, causing it to launch one of the largest sovereign debt restructuring packages in history. In April 2012, the Greek Government restructured €200 billion of its sovereign debt, imposing net present value (NPV) losses of 59–65 per cent on its creditors (Zettelmeyer et al. 2013). At the same time, market participants have been pricing in material default probabilities for some advanced economies' sovereign debt. It was only in August 2018 that Greece successfully exited its final, three-year Eurozone bailout package.

<sup>23</sup> Frontier markets are economies that fall between least-developed countries and emerging markets in terms of development.

### Box 5.3 Hidden debt, debt crisis and impact on welfare

One dimension in the debt crisis debate that is not well publicised, relates to increasing concerns about 'hidden debt'. Many sovereign debts are believed to be hidden, undisclosed or opaque. Revelations of previously unreported debts have – as in the cases of Greece and Mozambique – led to major debt crises.

A World Bank report titled *Hidden Debt Revelations* (Horn et al. 2024) attempted to quantify hidden debt by tracking ex-post revisions of debt figures in debt statistics. Across all countries and years, it identified US\$1 trillion in 'hidden' sovereign borrowing that was added to debt statistics only in hindsight. While this represented more than 12 per cent of total sovereign borrowing by all countries used in the sample, this was still the lower limit against what was actual hidden. In trying to answer the puzzle as to why developing and emerging market countries have repeatedly entered default and debt distress despite having seemingly manageable levels of public debt, the report authors pointed out that unreported debt could be a reason. The frequent and sizeable

ex-post upward revisions of the public debt – as documented in the analysis – could help to explain why countries were more susceptible to crisis, even at low levels of *reported* debt.

The other finding that is relevant for this report is that overall, hidden debt was **welfare detrimental** as it worsened the borrowing opportunities of the debtor country. If the uncertainty linked to hidden debt was addressed by, for instance, making it public information, it would allow the economy to sustain higher debt at lower spreads. That would deliver large average welfare gains of 5.5 per cent of permanent income.

The model used by the World Bank also allowed it to analyse the welfare effects of increased oversight in a world with asymmetric information and hidden debt. It found that only countries with strong fundamentals and low hidden debt levels would benefit from increased transparency. Countries with high levels of hidden debt on the other hand, would be likely to find exposure to greater scrutiny costly.

The evidence and inferences on data presented in this chapter have demonstrated how high debt and debt-service costs can bring major disruptions to financial, economic and social development. These costs can strongly influence the different facets of economic and social development that have a direct bearing on young people's lives. Worryingly,

the recurrence of such crises is bound to adversely compromise not only their current standing and contribution to society, but will seriously limited their opportunities to become major actors in driving forward the future development agenda. The need to deal with the public debt–youth development nexus is discussed later in this report.

## 6. Impact of Public Debt Burden on Youth

The analysis and country experiences discussed in the previous chapters highlight the pertinent challenges and bottlenecks that economies, especially LDCs and small states, continue to face in meeting the Sustainable Development Goals. As countries confront the issue of limited resources to meet their investment, social and other budgetary needs, they have resorted to borrowing to finance escalating fiscal deficits. As the cost of servicing existing debt and contracting new borrowing have increased, the onerous debt burden faced by a growing group of countries has become central, seriously undermining governments' ability to satisfy the needs of their constituents, including the youth. The impact of public debt on youth is multi-dimensional and requires a comprehensive solution to addressing these challenges.

A key challenge in exploring the impact of debt specifically on young people has been lack of adequate data on some key indicators. This is not surprising given the paucity of granular analysis on this subject. Available data and existing works have focused more broadly on the impact of public debt on development and people living in poverty. Although the analysis has had to rely on inferences of the wider population, this report posits that given the growing youth population, anything that impacts people, especially in terms of work and education, is mostly felt by youth.

This report will help start meaningful conversations on the subject, prompting stakeholders, including statisticians and other social policy activists, to look into this area and address data concerns and other gaps to help refocus government policies for sustainable youth development.

### 6.1 Exploring the public debt and youth development nexus

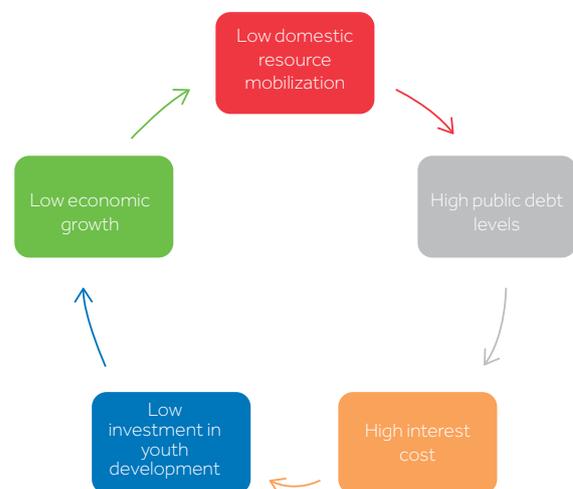
As discussed extensively, governments are generally constrained by limited domestic resource mobilisation, including low revenue collection, and often resort to borrowing to meet their financing needs. As explained in Chapters 3 and 5, if debt is contracted within a sound public debt

financial management framework, there is the expectation that debt will be used productively in sectors that promote economic growth and shore up government revenues in the medium to long term to repay the accrued debt. However, this has not always been the reality, as countries have increasingly used debt to finance 'questionable' expenditures. Consequently, public debt is left to grow indefinitely, becoming unsustainable over time. Unsustainable public debt levels substantially increase the debt servicing costs of government, taking up considerable fiscal space. In such instances, governments tend to sacrifice education, health, employment and other social welfare goals.

Figure 6.1 presents a simple depiction of the public debt, youth development and growth channels cycle. It can be observed that unsustainable public debt levels can create a vicious cycle that can impede optimal investment in youth development, constrain growth and limit domestic resource mobilisation. If the situation remains unchecked, this could affect the long-term peace and stability of a country.

Similar to what happened in Zambia, Ghana and others, when public debt becomes unsustainable, the affected country loses access to the financial markets, making it impossible to access additional

**Figure 6.1 The public debt and youth development nexus**



Source: Commonwealth Secretariat (Debt Management Unit)

financing. In this regard, governments with marked fiscal imbalances have no choice but to implement fiscal consolidation programmes to bring back macroeconomic stability. As mentioned in earlier chapters, when fiscal consolidation – especially fiscal austerity – measures are implemented, they lead to decreases in government social expenditure. Fiscal consolidation measures that are spending driven may hurt important social expenditure allocations, especially towards education and health (Lahiani et al. 2022). A case in point is Greece, which during its debt crisis had to implement harsh austerity measures – including cuts to pensions and public spending and privatisation of public services. This led to widespread job losses, civil unrest and impoverishment.

Despite the gains made on youth development, as reported by the Commonwealth Youth Development Index (see Chapter 2), many challenges and gaps remain. UNCTAD (2023b) reports that the impacts of these crises have resulted in a reversal of years of growth and development progress in LDCs, including in key areas of the SDGs such as poverty eradication, nutrition, health, education and gender equality. Within all those important areas, young people as an important subset of the population must inevitably face those challenges in terms of less spending on essential services.

To re-emphasise a point made earlier, public debt has helped to fund critical social infrastructure gaps including schools, hospitals, health centres and support to small and medium-sized enterprises, which have all contributed to the development of youth. A lot of multilateral and bilateral financing has gone to support social investments in the past. However, where debt is not effectively managed and becomes unsustainable, all gains are eroded with the upcoming youth bearing the brunt of the unsustainable debt. The remainder of this chapter discusses some key concerns that unsustainable debt levels have for youth.

## 6.2 Public debt undermining intergenerational equity

The discussion on public debt and its impact on young people primarily features the principle of intergenerational equity. That is, that there should be a degree of fairness in the distribution and

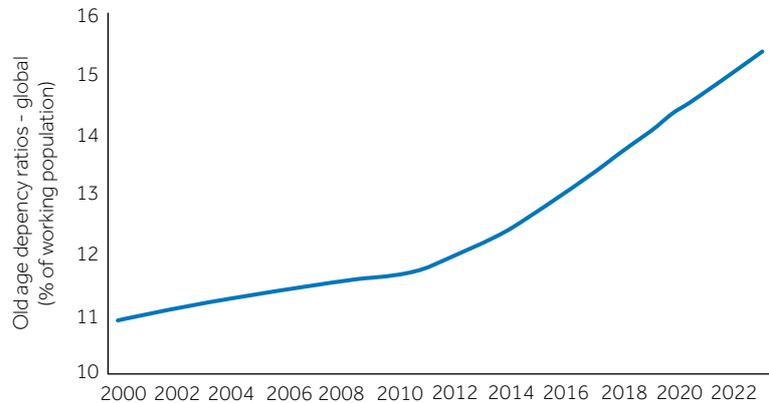
allocation of economic resources across different generations. In this regard, the current generation has an obligation to make available a minimum threshold of resources that will be sufficient for the next generation to meet their basic needs. This means, the actions or inactions of the current generation should not lead to future welfare costs for youth. However, public debt, being a liability on the balance sheet, pose concerns for both debt sustainability and intergenerational equity: debt liabilities must be repaid in the future and, as such, accumulation of such liabilities may require fiscal actions such as raising taxes in future.

The age structure of the population raises concerns about the long-term implications for public debt and intergenerational equity. As discussed in Chapter 2, declines in mortality rates have led to an increase in the global population aged above 64 years. Consequently, the old age dependency ratio<sup>24</sup> has increased significantly over the past decade (Figure 6.2). This has implications for youth (and the working population more generally) by way of increase in taxes due to increases in government spending on healthcare, pensions and other social services. Of particular interest is the possible impact that the pension system could have on public debt and intergenerational fairness.

In most countries, government pensions (social security) are unfunded (pay-as-you-go plans), which means that pension benefits are paid directly from current worker's contributions and taxes. There are no assets set aside for the future benefits – meaning pensions are unfunded. As such, a government would have to raise taxes or debt in the future to pay off these contributions. Also, in some countries where the government does make current contributions, there are instances where the contributions made are insufficient for the promised future benefits. These shortfalls ('unfunded liabilities') eventually add to the public debt, thereby inflating the public debt stock. This has been one of the major contributory factors to unsustainable debt levels in some countries.

Looking specifically at the public debt, two main factors that bring the welfare impacts of public debt into perspective are the cost of debt and the

<sup>24</sup> proportion of elderly people (aged 65 years and over) compared to the working-age population (aged 15 to 64 years).

**Figure 6.2 Old age dependency ratios – global**

Source: Commonwealth Secretariat (Debt Management Unit), compiled from World Bank WDI dataset 2025

use of funds. Empirical research has shown public debt could minimise future welfare costs if the cost of debt is lower than the rate of economic growth (Institute of Policy Studies 2021). Looking at the Debt Sustainability Framework, a lower cost of debt relative to the growth rate is a necessary condition for putting debt on a sustainable path (see Section 3.3). Additionally, where public debt is put to productive use which yields greater returns (both economic and social), the future costs are minimised to the benefit of future generations.

The concept of intergenerational fairness took centre stage in Europe during the financial crisis in 2008. In many European countries, the economic fallout from crisis, especially rising unemployment and stagnating wages, led to a marked reduction in public spending. This impacted heavily on younger people. According to Intergenerational Foundation (Simpson and Bui 2021), young people in the UK have lived through a decade of rising intergenerational unfairness. The findings suggested that young people have fallen behind in nine of ten policy areas. Thirty-one (31) indicators were used to investigate how the position of young people had changed areas including the labour market, housing, higher education, government expenditure, wealth and expenditure, physical and mental health, political representation, and the environment. In all policy areas, except for the environment, the position of younger people had either declined or stagnated over the previous ten years.

This is the founding motivation behind the Golden Rule for Fiscal Policy in that, when public debt is used to finance projects with long-term economic gains that can self-finance the debt taken, youth will not be burdened with high public debt levels carried

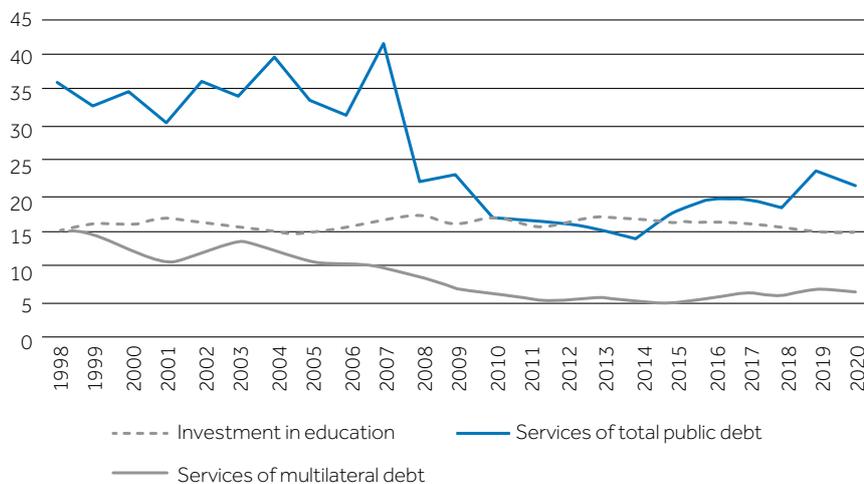
over into the future. The application of the Golden Rule must also factor in the long-term economic and social benefits of some social investments such as education and health, which promote human capital formation and long-term growth and development (Amico et al. 2022).

Addressing intergenerational equity has also become critical amid the climate crisis and biodiversity loss. Greenhouse gases that are polluting the atmosphere and destabilising the Earth's climate system are recognised to be a result of actions of past, present and near-future generations. Such actions could condemn future generations to face a more unsustainable climatic system. The damaging effects of rising sea levels, persistent droughts, erratic rainfall patterns, among others, are already being experienced and are inevitably growing in intensity. Future generations are bound to face the challenge posed by climate change more acutely. Putting public debt to effective use to address looming climate challenges is, to an extent, a means of ensuring intergenerational justice for the welfare of the youth today and future youth populations.

### 6.3 Public debt and impact on education

The impact of high public debt levels on education is another area that directly concerns young people and their quality of life. When public finances are well managed and the public debt is well anchored, a government has better fiscal space to invest in critical sectors of the economy. This could help to expand the economy and contribute towards welfare and the standard of living.

**Figure 6.3 Total public debt and multilateral debt service against investment in education, LAC average (% of total public expenditure)**



Source: Cantamutto and Costantino (2024)

However, when public debt rises, the associated increase in debt-service payments could represent a significant resource outflow that could severely impact the government's fiscal position. Where such outflows become too onerous, as seen recently, this may compromise government spending in other essential areas such as education. For example, as seen in Figure 3.2, there has been a decline in public expenditure in education in recent years as a percentage of total government expenditure. This drop, though not exclusively, can be attributed to the rising debt costs in the same period or responses to climate-related crises.

Further, a recent publication on the right to education and public debt in Latin America and the Caribbean (LAC) (Cantamutto and Costantino 2024) pointed out how the costs of debt and debt service may jeopardise other expenditure items, such as those that guarantee the human right to education. For instance, in 2020, 108 of 116 economies surveyed witnessed a rise in their public debts – reaching a total of US\$1.9 trillion (equivalent to 8.3 per cent of their GDP). This meant these countries had to pay about US\$194 billion to creditors rather than using these funds to address the crisis they were facing. In 62 of these countries, debt repayments exceeded their investment in health, while in 36, they exceeded the funds directed towards education. Figure 6.3 shows the trend in total public debt servicing, including the amount paid back to multilateral agencies as compared to investment in education for the

LAC region as a whole and as an average for all LAC countries.

In Jamaica, the debt-to-GDP ratio grew by 33 per cent at a time when its education-to-GDP ratio contracted by 12 per cent during 2016–2020 as compared to 2011–2015. In same manner, Grenada saw its debt ratio growing by 87 per cent between those two periods, while its ratio of education-to-GDP contracted by -21 per cent. With respect to total public expenditure, debt in Jamaica saw a rise of 48 per cent while education went down by -8 per cent. As delivery of education is a basic function of the government, the resulting cutbacks in education imply limitations in ensuring universal access to learning and development for all. Such cutbacks often particularly affect women and girls.

The impact of the COVID-19 pandemic on education quality and standards and the implications for the future of youth population is another concern. The World Bank (Velez Bustillo and Patrinos 2023) pointed out that school closures during COVID-19 worsened the learning crisis. Low-quality instruction was found to be a major hurdle even prior to the pandemic, where the learning poverty rate<sup>25</sup> in low- and middle-income countries was 57 per cent and as high as 86 per cent in sub-Saharan Africa. One could argue that the severity of the impact of the pandemic could have been less had countries continued to invest significantly in the education sector.

<sup>25</sup> The learning poverty rate measures the proportion of children under 10 years of age, who cannot read nor understand basic text.

As seen already, those countries that faced pressures from higher debt burdens during and after the pandemic will have found it hard to take the required action to address the challenges faced by students. For instance, governments will have struggled to implement measures recommended to reverse learning losses at home and at school due to budgetary constraints, pressures for servicing existing debt and limited space to mobilise funding towards education.

Schemes to boost education are important for the wider population but especially young people. Through proper investment, countries can harness the power of education to break poverty cycles. That can economically empower those from the most marginalised communities with decent and dignified work while promoting upward social mobility.

#### 6.4 Public debt challenging financial access and financial inclusion

Promoting equitable access to financial services by youth is essential for funding youth education, unlocking entrepreneurship and driving innovation, which in turn fuel growth and development. In the past decade, efforts have been made to scale up financial inclusion in developing countries. The use of mobile phone technology has revolutionised access to finance, especially among youth in

sub-Saharan Africa. As of 2021, about 32 per cent of youth in sub-Saharan Africa had a mobile money account (Table 6.1).

Some factors that facilitate financial inclusion and access are affordability, adequacy of financial services and financial literacy. Studies show that despite the efforts made by governments to facilitate financial inclusion, these factors have not been addressed sufficiently. For instance, progress made on financial usage (inclusion) has remained low, with only 15 per cent of young people saving at a formal financial institution in developing countries. Low levels of financial literacy among youth contributes to the low use of financial services.

In addition, gender disparities are still apparent in access to financial services. Research (Grover and Viollaz 2025) reveals some biases against women which affect the outcomes of their loan applications. The Global Findex database (2021) reports that women, the poor, the young and those outside the workforce had lower bank account ownership rates on average than men and adults who were higher income, older and in the workforce. Women's access to financial services relative to men was reported to be 51 per cent and 56 per cent, respectively (Demirgüç-Kunt et al. 2021). In a survey response, 62 per cent of the unbanked cited poverty as a main reason in addition to high costs.

**Table 6.1 Financial access and inclusion of the youth population (15–24 years)**

Financial access and inclusion of the youth				
	2011	2014	2017	2021
<b>Developing countries</b>				
Account with a financial institution	31%	40%	50%	58%
Mobile money account		3%	7%	16%
Owns a credit card	5%	7%	6%	8%
Borrowed from a formal financial institution	4%	10%	9%	13%
Borrowed for farm or business purposes		6%	5%	
<b>Sub-Saharan Africa</b>				
Account with a financial institution	17%	20%	26%	32%
Mobile money account		10%	20%	32%
Owns a credit card	2%	1%	3%	3%
Borrowed from a formal financial institution	2%	4%	6%	8%
Borrowed for farm or business purposes		9%	10%	

Source: Data sourced from Global Findex Database (2021)

Expanding on the issue of affordability, high domestic lending rates make it expensive to access finance, especially for young people who are starting out in life or venturing into a business for the first time. As seen in Table 6.1, only about 5 per cent of the youth population in developing countries (10 per cent in sub-Saharan Africa) has borrowed to start, operate or expand a farm or business. This is troubling for a region that seeks to scale entrepreneurship to boost productivity and growth. High public debt levels have been shown to have a direct relationship on domestic lending rates.

When a government borrows excessively from the domestic market, domestic interest rates tend to rise, and this crowds out the private sector from accessing finance through two main channels. First, the increase in domestic interest rates is directly passed through to the banks' lending rates. This makes the cost of credit expensive, especially for new start-ups and young people who wish to access finance for other purposes, including education. Second, the rise in interest rates on government securities make investments in these 'risk-free' securities more attractive. Thus, banks and other financial institutions move to these 'safe assets', investing a high proportion of their loanable funds in government securities rather than making it available to the private sector. This, together with the high transaction costs, collateralisation and other stringent bank requirements could significantly raise the cost of credit, making it hard for youth to mobilise capital.

A high inflationary environment could also lead to a hike in interest rates, which can adversely affect people's standards of living, particularly for young people. For instance, a review of the United Kingdom's economy amid soaring inflation in 2022 showed that the youth, who commonly fall within the low-income group, would be worst affected as they spend a higher percentage of their income on food, housing and energy costs (The Conversation 2022). In low-income and emerging market economies where the impact of the Covid-19 pandemic continues to be felt, access to finance by young people, women and other vulnerable groups is even more challenging.

#### 6.4.1 Impact on student loans

Youth in most parts of the world access some form of financial support to fund their education, usually at the tertiary level. Most loans go directly to pay

for tuition and other essential services such as accommodation. In most instances, the accessibility of financial services is key in determining which students can access tertiary education, no matter their ability/intelligence.

Where students can access loans, the escalating cost of these loans tends to be a major concern for youth during and after their education. The young person who starts out in life with a high outstanding debt, caused by high tuition fees and high interest rates, can suffer emotional and mental stress. In the UK, for instance, interest rates on student loans increased sharply from 4.5 per cent to 12 per cent in September 2022 causing a huge outcry among students (Jeffreys 2022). The quote from Hillary Gyebi-Ababio, Vice President of the National Union of Students, shows the urgency in addressing this issue.

*'Increasing the maximum interest rate on student loans to 12% will deter thousands of students from going to university and will cause unparalleled uncertainty for the millions of graduates already repaying their loans, with thousands of pounds added to their debt sheet.'*

### 6.5 High debt levels affecting youth employment

High public debt levels contribute to a high unemployment rate, which affects youth – who make up a high proportion of the labour force. A study by Marques and Hörisch (2020) points out that a necessary condition for high unemployment levels is low investment in active labour market policies (ALMPs). As discussed, high public debt levels and low growth rates make it challenging for governments to invest adequately in ALMP.

This interplay is evident during periods of economic downturn, as happened in the 2008 financial crisis and the 2020 COVID-19 pandemic. When countries witness a slowdown in GDP because of a contraction in economic activity or when facing a financial or debt crisis, businesses and similar entities make use of less labour, prompting the sudden layoff of workers. Young people in particular feel this impact as they face limited opportunities and experience in the labour market. People who lose their jobs during economic slowdowns, especially during deeper recessions, are more likely to become long-term unemployed, often finding it more difficult to re-enter the labour market when conditions improve.

Sections 5.3.1 and 5.3.2 highlight the impact that the COVID-19 pandemic and the 2008 financial crisis had on unemployment. Though these two crises were not directly caused by high public debt levels, the resultant increase in public debt left governments with no fiscal space to invest productively to boost employment and growth. This exacerbated the levels of unemployment. In the case of the COVID-19 pandemic, some governments provided incentives to businesses to restore production and employment levels; however, in most cases, the incentives were limited. Additionally, the stimulus packages rolled out by government further deepened the fiscal deficit, thereby magnifying the debt situation.

### 6.5.1 Unemployment in the aftermath of COVID-19

The COVID-19 pandemic led to a sudden spike in unemployment rates globally. As countries went on lockdown, limiting the movement of people and disrupting global supply chains, businesses were badly impacted, with some businesses going bankrupt and others laying off a lot of workers to stay afloat. Five years on, the spike in unemployment levels, particularly among young people, continues to be a major challenge faced across the world in both developed and developing countries.

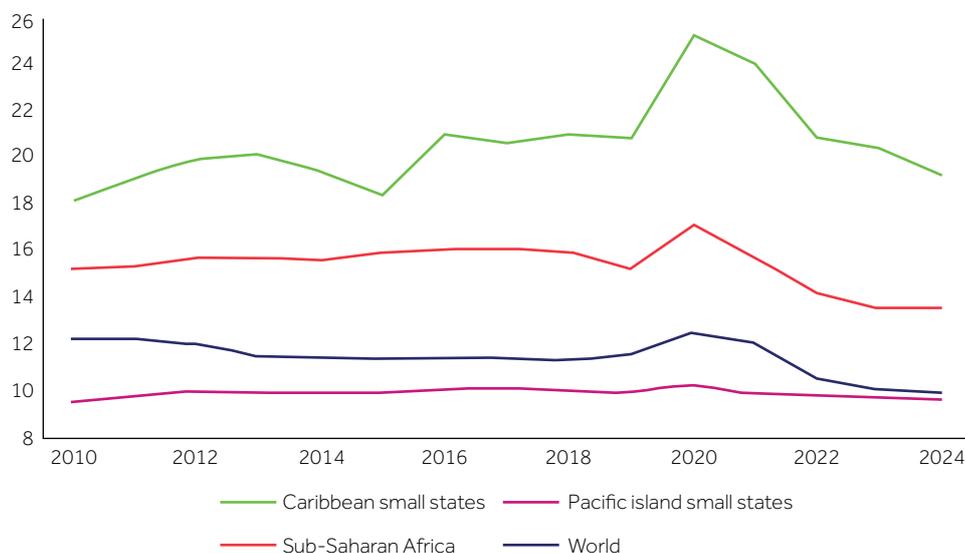
According to research by the World Bank, using data from the International Labour Organization (ILO),

unemployment rates among youth have mostly trended upwards as far back as the financial crisis, when the youth unemployment rate rose from 13.2 per cent in 2007 reaching 14.5 per cent by 2011. Similarly, as the COVID-19 pandemic hit, youth unemployment rose from 15.3 per cent in 2019 to 17.1 per cent in 2020 (see Figure 6.4).

Table 6.2, also using data from the ILO, shows levels of youth unemployment as well as unemployment rates across the world for different groups of countries, including low-income and lower middle-income countries. The global youth unemployment rate as of 2021 was 15.6 per cent, a significant jump from 13.5 per cent reported in 2019. This can be largely attributed to the COVID-19 pandemic, though available data show that between 2018 and 2019, even prior to the COVID-19 pandemic, some countries and regions – particularly those in Eastern and Southern Africa as well as in Europe and Central Asia (excluding high-income countries) – had rising rates of unemployment.

The youth employment-to-population ratio (EPR) also showed a significant decline from 36.9 per cent in 2015 to 34.1 per cent in 2022, despite efforts to boost employment under the 2030 Agenda for Sustainable Development. The decline can be attributed to youth population growth outpacing employment opportunities or job creation. While the ILO cites youth uptake in education as one of the contributory factors to the decline in the EPR, it is concerning to note that the percentage of youth

**Figure 6.4 Unemployment, youth total, % of total labour force ages 15–24 (2000–2020)**



Commonwealth Secretariat (Debt Management Unit) based on data compiled from World Bank Youth Unemployment dataset 2025; see: <https://data.worldbank.org/indicator/SL.UEM.1524.ZS?end=2018&start=1991&view=chart>

**Table 6.2 Youth unemployment rates (2019–2022)**

Country group	Sex	Unemployment rate (%)				Unemployment (millions)			
		2019	2020	2021	2022	2019	2020	2021	2022
<b>World</b>	<b>Total</b>	13.5	15.2	15.6	14.9	67.2	71.0	75.1	73.0
	<b>Female</b>	13.1	14.7	15.0	14.5	25.2	26.4	28.1	27.4
	<b>Male</b>	13.8	15.5	15.9	15.2	42.0	44.6	47.1	45.6
<b>Low income</b>	<b>Total</b>	8.2	9.1	9.6	9.8	5.5	5.9	6.5	6.9
	<b>Female</b>	8.0	9.0	9.6	9.6	2.4	2.6	3.0	3.1
	<b>Male</b>	8.4	9.2	9.6	10.0	3.0	3.3	3.6	3.8
<b>Lower-middle income</b>	<b>Total</b>	15.2	16.6	17.9	17.0	31.5	32.1	36.0	34.8
	<b>Female</b>	14.4	15.3	16.4	15.9	9.6	9.5	10.6	10.6
	<b>Male</b>	15.5	17.2	18.7	17.5	21.9	22.6	25.4	24.3
<b>Upper-middle income</b>	<b>Total</b>	14.7	16.3	16.4	16.1	23.4	24.0	24.9	24.3
	<b>Female</b>	15.5	17.1	17.8	17.4	10.1	10.2	11.0	10.7
	<b>Male</b>	14.2	15.8	15.5	15.2	13.3	13.8	13.9	13.6
<b>High Income</b>	<b>Total</b>	10.8	14.5	12.3	11.0	6.9	8.9	7.7	6.9
	<b>Female</b>	10.2	14.3	11.8	10.3	3.0	4.1	3.5	3.0
	<b>Male</b>	11.3	14.7	12.7	11.6	3.8	4.8	4.3	3.9

Source: International Labour Organization ILOSTAT

Note: 'Youth' as defined in this table refers to ages 15–24

'not in employment, education or training' (NEET) increased by about 1.5 percentage points in 2020 from 21.8 per cent in 2019. This confirms that the impact of the pandemic is nearly undeniable.

The IMF further points out that young people tend to be hurt more by recessions than the rest of the labour force, pointing to an inverse relationship between economic growth and youth unemployment. Accordingly, as reported earlier, experts believe that if the right policies are not put in place, there is the risk not only of a lost decade in terms of growth but also of a lost generation – given that unemployment is the indicator with the most direct impact on real youth development.

### 6.5.2 Unemployment in the aftermath of the 2008 financial crisis

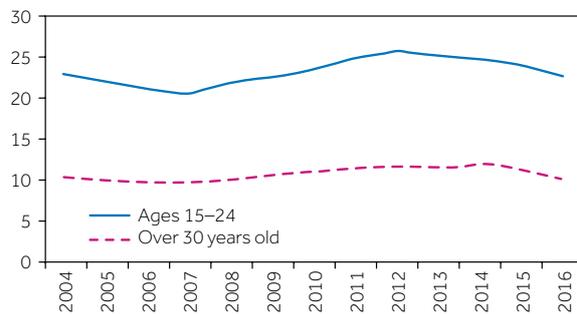
The global economic crisis that began in 2008 again showed that adolescents and young adults were especially vulnerable to macroeconomic downturns. Not only did they bear the brunt of the crisis as it unfolded, but they also suffered from the subsequent sluggish employment recovery. From 11.8 per cent in 2007, the global youth unemployment rate went up to 12.7 per cent in 2011, while the youth labour force participation rate

(the percentage of the age group either working or looking for work) showed a modest decline as some discouraged workers gave up their job search (IMF 2012).

The impact of the 2008 global financial crisis was wide ranging, including countries in Europe which were strongly hit. Unemployment was still rising in several countries four years after the crisis. Young people (those ages 15 to 24) were the most affected, with youth unemployment reaching record levels in several countries. In Spain and Greece, nearly half of all young people in 2012 could not get jobs. Young people in Jordan, Lebanon, Morocco and Tunisia accounted for more than 40 per cent of all unemployed people, with this figure going further up to 60 per cent in Syria and Egypt. In the US, despite its impressive job-creation track record, 18 per cent of all young job seekers were not able to find employment.

According to one IMF blog (2018), youth unemployment in the Caribbean – which was among the highest in the world – was one key bottleneck to growth in the region. The 2008 global financial crisis had an especially strong effect on the unemployment rate for those between the ages of 15 and 24 in the region, increasing on average

**Figure 6.5 Youth unemployment rates in the Caribbean**



Source: IMF (2018)

from 21 per cent to 26 per cent from 2007 to 2013 (Figure 6.5). In some Caribbean countries – such as The Bahamas, Barbados and Jamaica – youth unemployment rates were nearly three times those of people aged 30 and over.

To illustrate the extent of debt burden faced by countries in the region, one may refer to St Kitts and Nevis. With public debt at nearly 140 per cent of GDP, the island was the most indebted country in the Eastern Caribbean Currency Union in 2010 and one of the most heavily indebted countries in the world. To address these challenges, the government embarked on a comprehensive and multi-pronged reform programme with the objective of bringing the debt-to-GDP ratio to 60 per cent by 2020. The key elements of the programme comprised a new value-added tax, an unprecedented 80 per cent increase in electricity tariffs and measures to contain wages. As argued already, such austerity measures would have impacted heavily on the vulnerable, including young people.

The IMF pointed out how young people tend to be hurt more by recessions than the rest of the labour force – when economic growth slows, youth unemployment rises. As new entrants to the labour market, young people face the most obstacles. It is well known that young people have less job-specific experience. This means they often need additional on-the-job training. However, during an economic downturn, as reported earlier, youth tend to be affected more as employers remain reluctant to hire inexperienced people, even when growth picks up.

There is also evidence that, in many countries it is easier for employers to lay off young workers than more experienced ones, because their dismissal costs are lower. These factors seem to have been particularly pronounced during the 2008 global economic crisis and its aftermath.

One consequence of the difficult job market was a visible increase in crime in many of the islands in the Caribbean. In several Caribbean countries, crime had risen sharply since 2004 while murder rates were among the highest in the world. According to the *Caribbean Human Development Report (UN, 2012)*, young people were both the primary victims and perpetrators of crime in the region. Victims of violent crime were mainly between the ages of 18 and 30 and from lower income levels, while 80 per cent of prosecuted crimes were committed by people aged 17 to 29 years.

However, while many solutions have been proposed to counteract youth unemployment (for instance, using SME programmes), the underlying factors need to be addressed first. Many of these relate to attitudes, skills mismatches and culture, factors that are not easy to deal with.

## 6.6 Unsustainable debt impeding climate resolution and jeopardising the future of youth

As discussed in Section 5.4.1, mounting public debt in countries is derailing efforts of addressing climate issues and this is detrimental to the future of the youth. Young people are the worst affected by climate vulnerabilities as it threatens their future habitat and sustenance, as well as their psychological well-being. A recent report by the British Broadcasting Corporation (BBC) shows that about 3 billion of the world's population will be displaced by the end of the twenty-first century (Vince 2022). The socio-economic impact of climate change on youth is one that requires urgent action.

The impact of climate change on the youth livelihoods is disparate across the globe. About 90 per cent of the world's youth population (1.2 billion) is known to live in developing countries. Of these, 800 million young people live in rural and semi-urban areas (IFAD 2024). The economic structure of most developing countries is predominantly agrarian, and this puts youth, who make up a high proportion of the labour force, vulnerable to climate uncertainties. Climate change has compounded the already long list of challenges young rural workers face, including limited access to land, finance and technology, thereby making it difficult for youth to have sustainable livelihoods and make meaningful economic impact to the rural economy. This has resulted in high rural-urban migration, a

decline in agricultural production and overall GDP, and informal settlements, among others. The International Fund for Agricultural Development (IFAD) highlights that this situation has far-reaching implications for global food security, including negative impacts on SDG1 (no poverty) and SDG2 (zero hunger).

Increased climate vulnerabilities also pose a major challenge to education. The 2024 UN Educational, Scientific and Cultural Organization's (UNESCO's) *Global Education Monitoring Report (2024)* pointed that schools over the previous 20 years had been closed in at least 75 per cent of extreme weather events. Climate-induced education vulnerability is found to be worse for marginalised populations. Of the ten countries most affected by extreme weather events in 2019, eight were low- or lower middle-income countries. These included Mozambique (in debt distress), Malawi (in debt distress), South Sudan (at high risk of debt distress), Zimbabwe (in debt distress) and Afghanistan (which was granted debt relief by the IMF under its Catastrophe Containment and Relief Trust [CCRT]). Of the 33 countries identified as bearing extremely high climate risks for children, where nearly one billion people live, 29 were also considered fragile states (ibid.). The call for governments to increase youth-centred climate investments to mitigate the effects of climate change has become more urgent than ever.

## 6.7 Financial/debt crisis and youth unemployment impacting inequality

Despite progress made over the years, different forms of inequality – be they economic, income or inequality of opportunities – have remained a major challenge. The different factors that may worsen inequality are found to affect women, children and youth disproportionately. The UN's 2020 *World Social* report (UN 2020a) stated that countries where different forms of inequality had grown were home to more than two-thirds (71 per cent) of the world population. Inequality may exacerbate the risks of divisions and hamper economic and social development.

Rising economic growth has been shown to reduce inequality in low-income and emerging market countries. However, as countries strive to move beyond the COVID-19 crisis, many face the risk

of being trapped in a prolonged period of anaemic growth that causes poverty and inequality to become entrenched in societies. During good economic times, young people who are employed help reduce different forms of inequality through the additional opportunities made available and improved standards of living. However, when growth slows down or economies contract following a financial or debt crisis, for example, jobs are inevitably lost and limited. Consequently, as more young people lose their jobs in low-income and emerging market economies, this can lead to a rise in inequality.

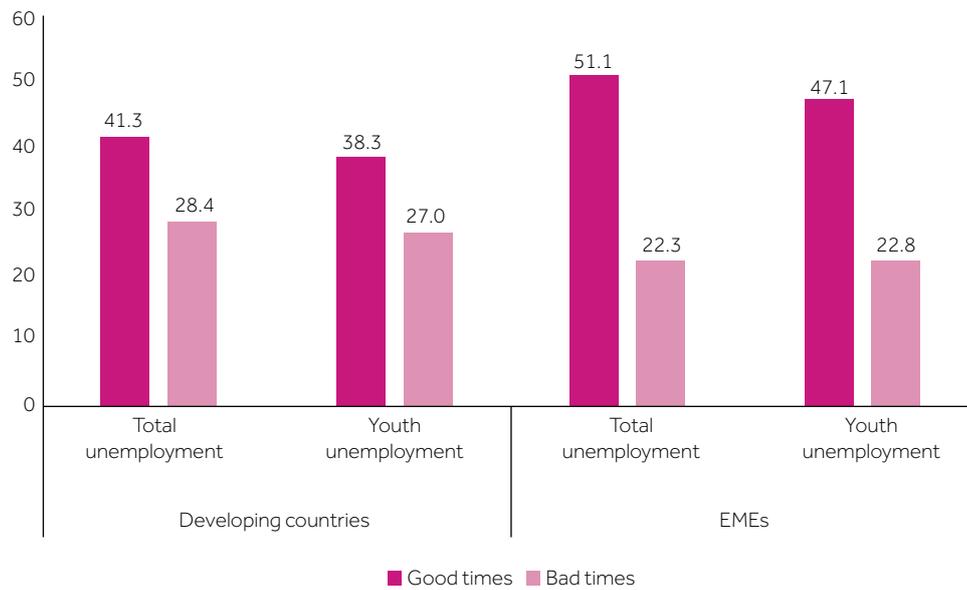
A study by the IMF (Hacibedel et. al. 2019) has pinpointed a strong relationship between the short-term dynamics of growth and inequality in developing economies. It found that reductions in inequality during growth upswings are largely reversed during growth slowdowns. The study looked at the impact of good and bad economic times on inequality through unemployment, access to finance and government spending. It found that in low-income and emerging market countries, unemployment, especially among young people, was an important driver of inequality.

As shown in Figure 6.6, in good times (economic), reduced unemployment explained 41 per cent of the reduction in inequality in low-income and emerging market economies. Young people being able to work more explained more than one-third of that reduction. In bad times (economic), 28 per cent of the increase in inequality was because of an increase in unemployment. The increase in unemployment among young people was a key contributor to the rise in inequality.

Using a new methodology (mediation analysis), the IMF identified unemployment, and youth unemployment especially, as the main channel through which fluctuations in growth affected future dynamics in inequality. The results of the study, which covered a group of 71 low-income and emerging market countries, emphasised the importance of both the quality of jobs created and a country's policies to support employment. These will help reduce inequality and foster more inclusive growth (ibid.).

A reduction in inequality enhances the prospects for the most marginalised young people to chart the right path for themselves and contribute to the welfare of society. An increase in inequality compounded by financial or debt crises, on the

**Figure 6.6 Youth unemployment affecting inequality in good and bad economic times**



Source: Hacibedel et. al. (2019)

Note: the graph explains the percentage effect of growth conditions (in good and bad times) on inequality explained by unemployment and youth unemployment.

other hand, undermines efforts towards enhancing youth development. As found by the UK Office for National Statistics (2023), young people from lower-income households were more likely to feel they

did not have much of a chance in life: 44 per cent of the low-income group felt that way about the future compared with those from higher-income households (34.7 per cent).

## 7. Reforms

The challenges faced by youth and their debilitating impact call for immediate bold steps by countries to support youth development. This chapter brings together reforms that countries can undertake to push for the development of young people while keeping their public debt at sustainable levels. Five key reform areas discussed are: (i) mainstreaming youth in national development strategies; (ii) an enhanced fiscal policy framework; (iii) enhancing the public debt management framework; (iv) innovative financing solutions; and (v) enhancing youth participatory governance.

### 7.1 Mainstreaming youth in national development strategies

It is important that youth concerns and youth development activities are clearly articulated in the national development strategy. Like other key priorities that any government may push for such as gender and the climate, it is important that youth concerns and a well-defined youth development action plan are incorporated into the national development strategy. The action plan should ideally work out youth development-related targets and objectives for the country.

Where a dedicated youth-related development strategy may already be in place that is linked to the Sustainable Development Goals, the objectives and quantitative targets on youth issues should be extracted from such reports and incorporated into the national development strategies and plans. Where sectoral development strategies and medium-term investment plans are produced, it is important that they are also aligned with national development strategies. Mainstreaming youth into national development strategies should focus on three key areas: policy co-ordination, stakeholder engagement and monitoring.

First, in most countries, the Youth Ministry leads in setting the policy direction for youth and there needs to be strong policy co-ordination with other relevant ministries and government agencies such as the Ministries of Education and Health, to develop holistic policies and strategies. Given the cross-cutting nature of youth development, it is important for the Youth Ministry or other concerned

entity to foster effective collaboration with relevant ministries and agencies during policy formulation and implementation. The Youth Development Strategy must be holistic, cutting across all areas of youth development. Where there is a lack of a holistic country strategy on youth development, this has made it challenging to design targeted solutions for the youth – most education, employment and health policies are general and not youth specific – and to effectively monitor outcomes.

Second, another means of mainstreaming youth into national development strategies is to ensure effective stakeholder engagement, particularly with young people. As discussed, youth involvement in the development and implementation of the SDGs should point countries in the right direction. Youth consultation during policy development and their involvement in the implementation process are important to ensure success. Though countries have made some progress on this front, the consultation process needs to be more inclusive and transparent. Youth from deprived backgrounds and other vulnerable groups are seldom brought to the discussion table. The voice of youth across all social groups needs to be amplified.

Last, governments should set up a comprehensive monitoring framework to track progress in youth development across all the areas. Such a framework will help countries assess progress in all areas of youth development and proffer holistic solutions where there are gaps. The Commonwealth Youth Development Index provides a useful framework that can be developed at the country level to track progress on youth development. However, the success of these monitoring frameworks depends on the availability of data. Therefore, youth-specific data in all areas of youth development should be gathered. In some countries where such initiatives have been rolled out, there continue to be data gaps and so efforts at scaling data collection are key. Other international organisations such as the UN Country Teams (UNCTs) can provide technical assistance to help mainstream youth engagement in the design, monitoring and review of in-country programmes in the sectors of education, employment/labour and health. Other country officials – such as those from the budget office, planning and spending agencies – should also be consulted.

## 7.2 Enhancing fiscal policy formulation – PFM framework

Fiscal policy formulation helps to allocate resources to governments' key priority areas, as outlined in the national development plans. The national development strategy therefore provides an important guide to the fiscal framework. Nonetheless, there could be a delink between the two due factors such as fiscal constraints faced by government during the budget process. As such, integrating the youth development strategy with the national development strategy will help improve planning and resource allocation.

As discussed extensively in Chapter 3, the PFM framework is a key driver of government fiscal policies and helps efficient resource allocation and effective delivery of public services. Under the PFM framework, countries have moved away from single-year to multi-year fiscal planning using

the Medium-Term Fiscal Framework (MTFF). This provides a fiscally sustainable pathway to achieving long-term government targets. It also provides a top-down specification of a government's aggregate resource envelope and links the long-term strategic goals defined in the national development strategy plan with the spending, revenue and financing plans incorporated in a budget.

In these times of fiscal constraint, the MTFF can be a useful framework for addressing youth concerns, mainly by designing a youth-inclusive budget where specific allocations are made to youth in the areas of education, health, employment, etc. To make this possible, all the relevant sectors should budget specifically for youth over the medium term. This ensures holistic budgeting for youth across all sectors and optimal resource allocation for youth development.

Table 7.1 summarises how youth development activities could be incorporated within the PFM and

**Table 7.1 Youth development within the PFM cycle: planning, budgeting and execution**

Budget phase	Recommended actions
<b>Strategic planning</b>	<ul style="list-style-type: none"> <li>Define priorities at the strategic planning phase and establish fiscal framework resource constraints.</li> <li>Integrate youth-related priorities into Medium-Term Fiscal Frameworks.</li> <li>Carry out long-term fiscal sustainability and risks analysis – debt, climate, youth impact.</li> </ul>
<b>Budget preparation</b>	<ul style="list-style-type: none"> <li>Integrate youth-related activities into the budget preparation phase.</li> <li>Ministries incorporate youth-related initiatives/investments into their own budget priorities.</li> <li>Debt units analyse financing of youth-related activities.</li> </ul>
<b>Budget execution and accounting</b>	<ul style="list-style-type: none"> <li>Execute and monitor approved budgets and reports based on youth-related expenditure.</li> <li>Develop some indicators with coding in charts of accounts to track and monitor youth expenditure.</li> </ul>
<b>Control and audit</b>	<ul style="list-style-type: none"> <li>Implement control and internal/external audit methodologies to assess the efficiency and effectiveness of youth-related expenditures.</li> <li>Parliament and Supreme Audit Institution (SAI) carry out ex-post evaluations to assess whether budgets have been implemented in line with youth goals and national strategies.</li> </ul>

Source: Author

To elaborate further, first, during the planning stage, ministries incorporate youth-related initiatives into their own budget priorities. At the same time, the financing for youth-related activities is analysed (including by the debt management department) while being costed in the budget. If countries are keen to see adequate buy-in for youth development activities in the budget, they may decide at least initially, to include such instruction within the budget circular<sup>26</sup> – soliciting spending units to identify youth-related activities aligned to the SDGs in their next budget submission.

<sup>26</sup> The budget (call) circular is an important guidance document produced by budget departments. It contains operational guidelines and targets that are shared with sectoral ministries prior to budget preparation.

budget process. It focuses on the four main phases of the budget process: strategic planning, which feeds into planning for the annual budget; budget preparation; budget execution (implementation) and accounting; and control and audit.

Second, the budget execution phase allows the spending units, made up of ministries, departments and agencies (MDAs), to spend allocated and released funds to implement appropriate projects approved in the budget. The government can investigate viable funding options for youth-specific projects. To better track and monitor youth-related activities in the budget, relevant codes and sub-codes for youth items being implemented (linked to the SDGs) should, at the very outset, be defined. This is done by adapting the chart of accounts<sup>27</sup> already in place to define youth-related coding. The availability of such coding and their uses will be useful for accounting, recording and reporting expenditure in that area.

Last, the control and audit function assists in promoting greater accountability and transparency. Methodologies related to control and internal/external audit are developed to assess the efficiency and efficacy of youth-related expenditures. At the same time, Parliament and Supreme Audit Institutions should carry out ex-post evaluations of programmes implemented to assess whether budgets have been implemented in line with youth goals and national strategies.

Beyond the policy framework, it is crucial for governments to intensify efforts at improving domestic resource mobilisation. Efforts should be made to comprehensively reform tax administration by addressing administrative bottlenecks and loopholes that impede efficiency in tax collection. A government can also, through its tax policy, provide youth with the right tax incentives to boost entrepreneurship and innovation. This can increase economic productivity and enhance the government's revenue mobilisation, which could eventually reduce the public debt burden and associated high debt servicing. Governments can also leverage available technology to support domestic capital market development.

<sup>27</sup> The chart of accounts provides coding structure for classification and recording of relevant financial information (both flows and stocks) within a financial management and reporting system.

## 7.2.1 Enhanced social safety nets for young people

Public finances are subject to shocks in the business cycle and other external shocks. Where governments are faced with severe constraints on their public finances, they tend to roll out austerity measures aimed at streamlining expenditure and putting public debt under control. However, such broad-based expenditure cuts and other austerity measures impact youth. To address this, two key measures are to properly quantify the effects of austerity on young people and roll out a social protection scheme specifically for youth to mitigate the impact of some government interventions.

Foremost, it is important that expenditure-based consolidation does not target youth programmes, hampering young people's ability to bounce back from any financial crisis the country faces. Youth around the world should not feel that their needs are not prioritised by their governments' economic policies – further compounding the perceived apathy of young people when it comes to politics and economics. In a time of fiscal spending constraints and often meagre budget allocations for youth development, the mainstreaming path proposed in this text would allow for a more efficient allocation of resources and funding, fostering policies and programming that are designed and resourced in a more holistic way.

Where fiscal pressures are acute and corrective actions are needed, the interests of young people should be protected via social safety nets designed specifically to target youth. Also, in times of climate crisis, social protection schemes should help people, including youth, to adapt to and handle climate-related shocks. Social protection benefits can be provided, such as income security and access to healthcare.

Safety net programmes are already in place in many countries, but these are broadly designed across the population groups and often target the elderly. For instance, the World Bank has been providing the Government of Ghana with additional financing from IDA towards the Ghana Productive Safety Net Project 2 (GPSNP 2) to expand and enhance social safety nets and provide access to productive income generating opportunities for people living in poverty. These programmes target children and the elderly, and could be extended to young vulnerable adults. These targeted safety net programmes

need to be inclusive and accessible to all youth, especially those who are marginalised and in the rural areas.

These social protection schemes could exacerbate fiscal pressures and the public debt burden. It is important, therefore, that they are carefully thought through and designed in line with a feasible and sustainable funding strategy. The lack of a good monitoring framework and exit clauses have also meant that most social protection schemes are riddled with corruption and beneficiaries continue to stay on the scheme even when their conditions improve. To address this, social protection schemes should be well designed, the costs and risks well quantified, and a good monitoring framework put in place to ensure that exit conditions are followed through.

### 7.2.2 Improving data quality on youth development

The availability of accurate and timely data is critical to effective fiscal policy formulation and successful implementation. However, as highlighted earlier in this report, data on youth, as well as analysis related to the impact of high borrowing on youth remains limited.

These data gaps have further challenged the effective monitoring of progress made by countries in addressing youth challenges and development, including the SDGs. Countries' statistical systems have found it hard to monitor progress achieved towards the goals. Data relevant to the SDGs have been riddled with gaps. Geographic coverage has been patchy, while data collection has often been slow. Important data about marginalised groups are missing. The latest data suggest that less than half of the world's countries have been able to report internationally comparable data since 2015 on key goals such as climate action, gender equality and governance.

Citizen data initiatives have started to be used to supplement official data collection in many countries. For instance, in India, citizen data on the SDGs have revealed challenges among disadvantaged groups. In Kenya, data gathered from indigenous communities in 2022 highlighted challenges they faced in accessing healthcare and education. It is hoped that

young people as a group may also gain from such initiatives. Some other options that can be considered as follows:

- Efforts to widen the statistical collection of data on financial and sovereign debt crises and their impact on different aspects of young people's lives should become a priority. Other forms of disaggregated data related to young people within the different SDG indicators should be addressed.
- The proposed upgrading in this text of the chart of accounts to include coding of youth-related activities within the budgetary framework would be a strong start in terms of improved data quality. This would enable countries to track whether expenditure items have been implemented as planned and to monitor performance.
- Furthermore, in line with suggestions previously made by the Commonwealth Secretariat (2018), countries should develop specific tools for tracking domestic and international public spending targeting youth development and empowerment.
- Data gaps should be closed by countries investing into their national statistical capacity, so they are able to systematically collect, analyse and use youth-related data disaggregated by sex and age.
- Countries need to institute youth-specific development finance assessments and integrate these into national financing frameworks.

## 7.3 Enhancing the public debt management framework

There is growing interest among youth on issues of public financial management and, importantly, public debt management. The June 2024 uprising of the Generation Z in Kenya provides an example of young people demanding accountability in the use of public resources and debt (BBC, 2024). It is therefore important that in addressing public debt and youth development, governments should commit to a public debt management framework that is credible, inclusive and transparent.

### 7.3.1 Aligning the Medium-Term Debt Management Strategy with the fiscal framework

First, there is the need to enhance the development of debt strategies and align them with the fiscal framework. In most countries, the Medium-Term Debt Management Strategy (MTDS) is designed by the debt office to indicate the optimal financing mix needed to meet a government's funding objectives and minimise any cost and risk implications on the public debt portfolio. Accordingly, the starting point of ensuring effective public debt management is the Debt Management Strategy. A poorly designed Debt Management Strategy will not be able to quantify the costs and risks of new borrowings, which can be problematic in the long run.

The MTDS relies mainly on projections and assumptions laid out in the fiscal and budget frameworks. This is key to ensuring that all the youth-targeted interventions outlined in both the fiscal and budget frameworks – as discussed in Section 7.2 – are incorporated in the MTDS. This will ensure that the resulting debt management and financing strategies fully reflect the budget priorities and youth priorities in particular. Regrettably, there are several instances where the MTDS is not well aligned with the budget – both policy documents are developed and implemented in isolation. Accordingly, the intended cross benefits are not realised, where the costs and risks arising from financing the budget are not properly quantified, and financing assumptions outlined in the budget are not well informed by the debt strategy.

There are some key guides that the MTDS should follow to ensure the long-term sustainability of public debt. These policy prescriptions should not be seen as constraining but should be tailored to each specific country as appropriate. Foremost, the MTDS should avoid mismatches in borrowing tenors and project durations. That is, to better align borrowing with the projects to be financed to support sustainability, the MTDS should align long-term borrowing with long-term projects while short-term borrowing can be linked to short-term projects. This will ensure optimal utilisation of borrowing and mitigate some costs and risks. Also, as much as is feasible, commercial borrowing should be directed towards financing self-sustaining projects. Again, the private sector is a crucial source of funds to support sustainable economic

development. The MTDS should aim to mobilise parallel financing to draw in private entities to reinforce investment in sustainable infrastructure.

Second, in designing borrowing plans, strategies and instruments, debt management offices could target specific investors that have an interest in supporting or are likely to be attracted to supporting youth development as part of their commitments to the SDGs. Designing specific borrowing instruments such as youth bonds, youth-education bonds and other youth-specific instruments could help to raise financing for some youth programmes outlined in the budget.

Additionally, the Debt Sustainability Framework and Debt Sustainability Analysis (DSA) should also consider/build in young people's concerns. The approach should be modelled on recent proposals whereby DSA is encouraged to take account of climate issues. There are ample reasons for youth development to be given the same attention at the country level and within the DSA, supported by institutions like the IMF and the World Bank. In tandem, efforts should be made by the authorities to engage with youth in efforts to maintain sustainability. Such engagement should be promoted with the aim of influencing and supporting the youth community.

Notwithstanding the widening of the public debt management and sustainability framework, basic principles of sound debt management must continue to be adhered to. Governments should continue to promote public debt sustainability within their fiscal policies and operations, and should ensure transparency around public debt operations and reporting. This sends a strong signal to the market and can significantly improve a government's access to funds, while reducing the cost of finance. Additionally, governments should build the capacity of their public debt offices to ensure that they operate at optimal capacity while they strive to embrace youth-related issues.

### 7.3.2 Improving transparency in the debt contracting process, the use of funds and debt reporting

Another important area that has come up in the public debt discourse is the general lack of transparency in debt management. Transparency must be promoted in the debt contracting process, the use of funds and debt reporting. The three main

benefits of debt transparency are: (a) it enhances planning by both the government and creditors alike; (b) it promotes credibility of the government and the debt management process; and (c) it reduces borrowing costs. These, among others, make debt transparency key in ensuring long-term debt sustainability.

Foremost, governments need to eliminate the opacity around debt contracting and the use of funds. Increasingly, all stakeholders – including investors and the public – have been demanding more transparent debt contracting processes and, importantly, transparency in the use of funds. More investors are interested in knowing exactly where their money is going. Accordingly, investors are moving away from borrowing practices that are unclear and towards ones where the use of funds is plainly outlined and reported. The rise in the popular use of proceeds bonds points to this and offers an opportunity for public debt management to be better aligned to funding for youth-specific areas.

Second, there is the need for improved transparency in debt reporting, where accurate debt data is made available to stakeholders, including the public, on a timely basis. Transparency in public debt reporting is assessed under five key data attributes: comprehensiveness, accuracy, timeliness, accessibility and compatibility.

## 7.4 Innovative financing solutions for youth development

The challenges faced by young people call for increased and sustained investment in their needs and capabilities. As countries are faced with a dearth of domestic revenues to support youth, it is time for governments to explore innovative financing solutions to scale such financing. This, though challenging, could be achieved if the recommendations discussed here are put in place to strengthen overall public financial management and effectively control public debt.

### 7.4.1 Incorporating youth-related activities into government financing strategy

In addition to national development strategies containing youth-related priorities, the importance of youth development should be equally defined in governments' financing strategies and plans. Such an approach would aim to bring a more coherent

approach to planning, mobilising and directing the right types of financial resources – ranging from pure grants to more innovative sources of financing – towards youth-related activities.

A financing strategy is usually designed and developed to ensure that optimum resources are secured from both public and private sources to fund the agreed development and investment plan. The overall objective of the strategy is therefore to establish robust and sustainable financing mechanisms for the achievement of the country's national development vision. The strategy will help identify sustainable and cost-effective sources of finance; minimise the cost and risk exposure of financing modalities; improve the alignment of government programmes to suitable financing options; and leverage non-borrowing mechanisms/alternatives while crowding in private sector investment in development priorities.

Some of the national financing strategies reviewed by the present research appear to be silent when it comes to investment towards youth development. That needs to change. If governments begin to define their youth development activities within the PFM process, as discussed in the previous sub-section, then defining priority youth-related activities in the financing strategy should be the logical outcome. The strategy should make a case for financing youth development and should make specific prescriptions to mobilise and channel much-needed financing for that purpose. For instance, activities could be defined to empower young adults, such as building financial literacy, employment programmes targeting the young, etc. The list of interventions should be comprehensive and reflect the needs of the country, while at the same time fully adhering to the fiscal and debt sustainability parameters already agreed. Experience has shown that mobilising resources through formal channels builds credibility in the eyes of different types of investors – from official to philanthropic and private sources.

Targeted policies to mobilise funds for youth development should be developed – both from domestic and external sources. The options available will include widened domestic revenue collection, increased resource mobilisation from development partners, greater participation in capital inflows by non-governmental actors such as philanthropic organisations, and new and innovative

financing sources such as blended financing being identified and accessed. Externally, the starting point would be concessional finance such as grant funding and official development assistance in support of youth development. Other forms of debt financing already being sourced by the government would be assessed on merit and in line with debt sustainability guidelines and, as required and relevant, should be directed towards youth investment.

There are already several initiatives in place that have been supporting youth development activities. It is difficult to know whether they are sufficient and able to bridge the financing gap. Notwithstanding this, having a coherent consolidated programme embedded within the development strategy and backed by a well-articulated financing strategy should bring credibility and, more importantly, much-needed local ownership of support for young people within the community. The announcement alone by government that it is mainstreaming the youth agenda nearly at par with gender and climate should make a big difference, addressing youth apathy and countering that the authorities are not interested in young people's problems.

Once the financing strategy has been approved, mobilisation will begin and be directed towards implementation. Again, the Commonwealth Secretariat's 'Financing for Youth Development' discussion paper (2018) contains a number of thought-provoking pointers towards developing a coherent youth-focused financing strategy. These are worth considering within the proposed blueprint.

The financing strategy can also be used as a basis for championing the role of official sources of funds for youth development (such as development finance institutions [DFIs] and national development banks) in crowding in private finance for investment into activities that benefit young people. International development partners have a key role in advancing youth development, particularly in developing countries. Foremost, development partners must scale up support by increasing concessional funding targeted at youth initiatives such as education, health and employment.

#### 7.4.2 Financing products dedicated to youth development

Among the different sources of funds that could be considered to finance government projects, reference has been made to innovative

sources that are increasingly available not only to advanced nations, but equally for emerging market economies and developing countries. For instance, there has been a notably increase in specialised bond products issued by governments. Sovereign SDG bonds are thematic bonds anchored in the SDGs and can assist governments finance their sustainable development priorities. In October 2023, Rwanda's National Development Bank issued a sustainability-linked bond (SLB). This was the first such instrument issued by a such a bank globally and in East Africa.

Like those SDG instruments already developed, government could investigate dedicated products with similar features, and which could be directed towards youth investment. Given that youth-related priorities are aligned within the SDGs, countries could take advantage of the growing investor appetite for impact investing and issue youth development bonds that reflect the same features. In that sense, the bond proceeds would be dedicated towards priority activities that would make a genuine difference to young people in a country.

Countries are seriously considering greening their financing strategy with green finance products, sustainable investment towards infrastructure and by using innovation to boost 'green jobs'. Decisions being taken to mobilise more finance towards managing climate change, for instance, as recently seen by a statement made by one parliamentary committee in Malawi (The Times Group 2025), are equally welcome. Such opportunities to address youth issues and incorporate youth development within such strategies should not be missed. Like any new borrowing, it is important that adherence to public debt management thresholds, as well as debt sustainability principles, are fully in place.

#### 7.4.3 Bringing youth considerations into debt and climate initiatives

There has been a proliferation of proposals to address the debt–climate vicious circle. Some of the financing products defined in the previous section are increasingly being used to mobilise targeted investment in support of climate action. Furthermore, the need to deal with the twin debt and climate crises remains pertinent – as discussed extensively here. While the paths proposed vary, there has generally been a serious call for developed nations and private creditors to offer debt relief so that countries can use those funds

to transition away from fossil fuels, adapt to the effects of climate change, or obtain financial reward for the natural assets they protect, like forests and wetlands.

To ensure that the climate agenda is not abandoned as developing countries try to get their economies back on track following the pandemic and other challenges, a new debt reduction package could be useful in mobilising targeted investment to support climate action. One such 'tool', as requested by the G20, could be a debt-for-climate-and-nature facility. Debt-for-nature swap transactions were tried in the 1980s when the G20 asked lenders to offer debt relief to countries, in return for a pledge from the countries to invest in green and inclusive recovery. Over more recent years, debt swap initiatives to support climate action have been used in several countries.

In 2015, Seychelles announced the creation of 13 new marine protected areas as part of a larger debt deal with The Nature Conservancy (TNC) that committed the country to fund marine

conservation and climate adaptation activities. In 2021, Credit Suisse and The Nature Conservancy helped raise the Blue Bond for Belize, amounting to US\$364 million. The proceeds were used to repay Belize's debt and support conservation programmes in the country. In 2024, Barbados completed the world's first debt swap for climate resilience.

Debt-for-nature swaps and similar products can provide a useful template that countries can extend into other areas or projects linked to the SDGs. One such area could be youth development programmes, which can benefit from any savings made from debt relief within the countries concerned. The overarching objective should be for countries to reduce fiscal pressures from onerous debt repayments, with the proceeds used for targeted interventions. There is, therefore, ample scope to bring the youth development agenda within such financing initiatives: countries could explore a debt-for-youth development swap and youth-themed bonds in the future.

### Box 7.1 Key considerations for developing a youth-themed bond

A youth-themed bond is a financial instrument designed specifically to raise finance on the capital market (either domestic or international) to support youth development. The International Capital Market Association (ICMA) provides some useful guides on issuing social bonds and other impact bonds, which can be useful to countries in structuring similar issuances.

#### Benefits

- i. The proceeds of the bonds go solely towards youth development programmes that are specified in the offer document. This addresses the problems of fungibility of youth budgets, driving greater transparency and accountability.
- ii. There is potential to draw on a new pool of impact investors who are willing to support youth development.
- iii. The strict requirements call for careful preparation of the youth projects to be

funded. Though most governments see this as time consuming and tend to lose interest, it is necessary to ensure efficient project delivery. Most funding for poorly designed projects has a 'negative carry'<sup>28</sup> due to delays and other implementation hurdles that impact the otherwise efficiency gains.

#### Disadvantages

- i. The interest rate on a youth-themed bond may not vary widely from that of a plain vanilla bond. As such, the cost implications will remain the same for the government. As discussed earlier, most developing nations pay a higher premium on their bonds and loans; this must be addressed to help reduce the overall funding costs to governments.
- ii. For first time issuers, the strict requirements may be daunting and may come with administrative overheads.

<sup>28</sup> Negative carry refers to a financial situation where the cost of holding borrowed funds exceeds the income it generates.

- iii. There is the need to guard against 'youth-washing', whereby the overall gains of the funded projects are widely exaggerated. This could have a long-term impact on fiscal and debt sustainability and could pose a reputational risk to the countries – leading to higher borrowing costs.

### Key considerations

a. **Integration with national development plans and public financial management framework**

- Refer to Sections 7.1 and 7.2 for detailed discussion.

b. **Project evaluation, selection and measurement of impact**

- Carefully prepare, appraise and select projects to be financed in line with the country's public investment guidelines.
- Clearly outline specific youth-related goals to be achieved or enhanced.
- Define key performance indicators (KPIs) for each project.
- Design a contingency plan.
- Establish a monitoring and evaluation (M&E) framework.

c. **Legal and regulatory framework**

- Align with PFM laws and with Medium-Term Debt Management Strategies.
- Ensure compliance with securities regulations and social bond standards.
- Use of proceeds: The use of the proceeds should be clearly stated in the legal documentation.

d. **Bond issuance process**

- Stakeholder engagement: Consult with relevant government ministries

and agencies, youth organisations, development partners, investors.

- Product design: Determine the type of bond to be issued and set the terms for the bond.
- Credit enhancement: Seek credit enhancements, increase investor interest (confidence) and reduce costs.
- Road shows: Market bonds to potential investors. Involve youth stories and youth representation in road shows.
- Issue bond and transfer proceeds into designated account: create an earmarked sub-account for the funds, for example: 'Youth development fund'. Proceeds should not be comingled with main government funds to allow for greater transparency and ease of reporting.

e. **Ongoing monitoring, risk management and reporting**

- Regularly carry out Debt Sustainability Analysis and necessary portfolio risk assessments to mitigate any potential risks to debt repayments.
- Regularly monitor project implementation in line with project goals and KPIs.
- Where risks arise, refer to contingency plans and seek necessary corrective measures.
- Provide comprehensive, timely and accurate reports (both project reports in line with set KPIs and public debt reports) to all relevant stakeholders.

Source: Commonwealth Secretariat (Debt Management Unit)

## 7.5 Enhancing youth participatory governance

Countries have made progress at involving young people in the formulation and implementation of social policies; however, a lot of gaps remain with youth involvement in making economic decisions. As discussed in previous chapters, youth are affected by most economic decisions and bear the brunt of public debt burdens and other unsustainable economic policies. It is, therefore,

imperative for young people to be progressively involved in economic policy formulation and implementation.

First, for youth participatory governance to be effective, young people must be well trained and equipped with the necessary knowledge and skills to contribute meaningfully. Universal training in financial literacy and public financial management must be incorporated into curricula to ensure that young people can engage meaningfully

in economic management discourse. This will also empower youth to better understand the implications of government economic policies and demand accountability from the government in the management of public finances.

Second, governments should encourage youth engagement in the formulation of economic policies and making economic decisions. Youth involvement in the development of the national strategy and in the budget process is key to ensure the interests of young people are taken on board and incorporated into these frameworks. Youth should have due representation on national

economic advisory boards and public debt advisory boards so they can make first-hand contributions. By leveraging current technology and widespread social media activity, governments can hold annual youth outreach programmes where economic policies, including the budget and debt policies, are presented and explained to young people and all concerns addressed. A good example is provided by the Kenya Accountable Devolution Program (KDAP), where the Government of Kenya is taking decisive steps to encourage youth involvement in the budget decision-making process.

## 8. Conclusion

This publication on *Public Debt and Youth Development in the Commonwealth Member States* brings to the fore the key development challenges that arise when economic and social development policies are not well co-ordinated. It examines how rising public debt levels impact youth development in Commonwealth member states, focusing on how fiscal and public debt sustainability can unlock funds for optimal investments in the future generation and overall development.

The report explores the progress made by countries in advancing youth development in line with the 2030 Agenda and Sustainable Development Goals. Data from the recently published Commonwealth Youth Development Index show some progress made by Commonwealth members in the areas of civic participation, education and employment. However, progress is uneven across all regions with many countries in Africa recording marginal progress in these areas.

Looking at fiscal sustainability in the Commonwealth, key findings from the study show that in most member states, governments grapple with low revenue mobilisation due to the structure of the economy and inefficient tax administration systems. This has led to governments running successive deficits, which have inflated public debt levels in the Commonwealth. This, among other external shocks, has heightened fiscal stress in the Commonwealth and available data show that debt servicing is taking up fiscal space – leading to the deprioritisation of key social investments to support youth development.

To address this challenge, countries need a bold reform of their overall public financial management framework, to better integrate youth development and other social development objectives of the government. It also calls for governments to embrace effective public debt management practices that will help to keep the public debt within sustainable levels. These actions could help unlock financing opportunities for governments to scale critical investment in youth development – which would have long-term gains for development generally. Last, there is the need to encourage participatory governance, where youth voices are amplified in economic decision-making.

A key challenge encountered in the present research was the unavailability of data on government budgets for education and health disaggregated by age. While inferences were drawn from aggregate budgets, it would have been more useful to analyse how much of these budgets went specifically to youth. There were also many data gaps in the countries and this impacted the sample sizes used in some of the analyses, though in all cases, efforts were made to be representative. These gaps call for all national governments, statistical departments and development partner institutions to endeavour to improve data on young people to support effective decision-making.

The Commonwealth fully recognises that young people are best placed to lead the necessary global transformation and address pertinent challenges. Accordingly, the Commonwealth governments must give a stronger voice to the next generation to play a decisive role in shaping national discourse on public debt and effective public financial management. The time is ripe for the debt and youth agenda to be given exclusive space in international discussions.

In this light, the Commonwealth Secretariat will continue to champion youth development across member countries and spotlight public debt and youth development issues at the highest level internationally. It is not a coincidence that the year 2025 has been declared by Commonwealth Heads of Government as the 'Year of Resilient, Innovative and Sustainable Public Debt'. This comes shortly after having commemorated the year 2023 as the 'Year of Youth', in recognition of the need for countries to address mounting public debt vulnerabilities to support youth development and overall development in line with the SDGs.

Second, through its Debt Management Programme, the Commonwealth Secretariat provides support to member countries to effectively manage their public debt portfolios. Support is delivered to countries through a mix of policy advisory and capacity development programmes. The Commonwealth's flagship debt management system, Meridian, has

been key in helping countries keep and manage a comprehensive database on public debt to support effective debt analysis and reporting to improve debt operations and debt transparency. The system has been enhanced to support and promote comprehensive and accurate recording, reporting and analysis of all contracted public debt, directly contributing to the achievement of 2030 Agenda and Sustainable Development Goals (see Appendix F for details of the Commonwealth Debt Management Programme).

The Commonwealth Secretariat will continue to work with other development agencies in supporting the course of young people and in mainstreaming the public debt and youth development nexus into the sustainable development agenda. Youth development cannot be left to chance. Decisive actions are needed to ensure young people are fully equipped to lead the transformation for a better world, while at the same time being able to deal with the numerous challenges that will continue to come their way. It is hoped that this report will contribute towards this endeavour.

# Bibliography

- Agarwala, M, M Burke, J Doherty-Bigara, P Klusak and K Mohaddes (2024), 'Climate Change and Sovereign Risk: A Regional Analysis for the Caribbean', Working Paper, University of Cambridge, [www.janeway.econ.cam.ac.uk/working-paper-pdfs/jwp2414.pdf](http://www.janeway.econ.cam.ac.uk/working-paper-pdfs/jwp2414.pdf)
- Akande, T (2014), 'Youth Unemployment in Nigeria: A Situation Analysis', 23 September, Brookings, [www.brookings.edu/articles/youth-unemployment-in-nigeria-a-situation-analysis/](http://www.brookings.edu/articles/youth-unemployment-in-nigeria-a-situation-analysis/)
- Alcidi, C, C Francesco and G Daniel (2022), 'A Golden Rule for Social Investments: How to Do It', *Intereconomics*, Vol. 57 No. 1, <https://link.springer.com/content/pdf/10.1007/s10272-022-1024-y.pdf>
- Alliance For Financial Inclusion (no date), 'Youth', [www.afi-global.org/thematic-areas/youth/](http://www.afi-global.org/thematic-areas/youth/)
- Amegah, A, C Voufo, G Amoka, S Diabate and Ú McCarthy-Fakhry (2023), 'Empowering Africa's future: Prioritizing STEM skills for youth and economic prosperity', 25 September, World Bank, <https://blogs.worldbank.org/en/education/empowering-africas-future-prioritizing-stem-skills-youth-and-economic-prosperity>
- Amico, L, F Giavazzi, V Guerrieri, G Lorenzoni and CH Weymuller (2022), 'Revising the European fiscal framework, part 2: Debt management', Centre for Economic Policy and Research (CEPR), <https://cepr.org/voxeu/columns/revising-european-fiscal-framework-part-2-debt-management>
- Asian Development Bank (2024), *Asian Development Outlook (April)*, [www.adb.org/publications/asian-development-outlook-april-2024](http://www.adb.org/publications/asian-development-outlook-april-2024)
- Asian Development Bank and Plan International, UK (2018), *What's the evidence? Youth engagement and the Sustainable Development Goals*, [www.adb.org/sites/default/files/publication/466811/youth-engagement-sdgs.pdf](http://www.adb.org/sites/default/files/publication/466811/youth-engagement-sdgs.pdf)
- Ayhan Kose, M, F Ohnsorge and N Sugawara (2020), 'Benefits and Costs of Debt: The Dose Makes the Poison', World Bank, February, <https://documents1.worldbank.org/curated/en/648141582830563001/pdf/Benefits-and-Costs-of-Debt-The-Dose-Makes-the-Poison.pdf>
- Bank for International Settlements (1998), *68th Annual Report*, Basle, [www.bis.org/publ/ar98f01.pdf](http://www.bis.org/publ/ar98f01.pdf)
- British Broadcasting Corporation (BBC) (2025), 'New faces of protest – Kenya's Gen Z anti-tax revolutionaries', <https://www.bbc.co.uk/news/articles/c2jj5mee1pmo>
- Carayannis, EG, TD Barth and DFJ Campbell (2012), 'The Quintuple Helix innovation model: global warming as a challenge and driver for innovation', *Journal of Innovation and Entrepreneurship*, [www.researchgate.net/publication/257884675\\_The\\_Quintuple\\_Helix\\_innovation\\_model\\_global\\_warming\\_as\\_a\\_challenge\\_and\\_driver\\_for\\_innovation](http://www.researchgate.net/publication/257884675_The_Quintuple_Helix_innovation_model_global_warming_as_a_challenge_and_driver_for_innovation)
- Cantamutto, F and A Costantino (2024), 'Debt and the Right to Education in Latin America and the Caribbean', *Feminism in Public Debt*, May, 211–228, [www.researchgate.net/publication/380282331\\_Debt\\_and\\_the\\_Right\\_to\\_Education\\_in\\_Latin\\_America\\_and\\_the\\_Caribbean](http://www.researchgate.net/publication/380282331_Debt_and_the_Right_to_Education_in_Latin_America_and_the_Caribbean)
- Caselli, F, A Lagerborg and P Medas (2024), *Green Fiscal Rules? Challenges and Policy Alternatives*, June, IMF, Washington, DC.
- Cerra, V (2022), 'Framework for Inclusive and Sustainable Growth in Asia and the Pacific', *Asia-Pacific Sustainable Development Journal*, Vol. 29, No. 1, May, [www.unescap.org/sites/default/d8files/2022-06/APSDJ%20Vol.%2029%2C%20No.%201%2C%20May%202022-pp17-41\\_Rev.pdf](http://www.unescap.org/sites/default/d8files/2022-06/APSDJ%20Vol.%2029%2C%20No.%201%2C%20May%202022-pp17-41_Rev.pdf)
- Climate Bonds Initiative (2024), 'Maximising Impact by Investing in Climate Resilience and Gender Equality: A Twofold Opportunity', September, [www.climatebonds.net/2024/09/maximising-impact-investing-climate-resilience-and-gender-equality-twofold-opportunity](http://www.climatebonds.net/2024/09/maximising-impact-investing-climate-resilience-and-gender-equality-twofold-opportunity)
- Commonwealth Secretariat (2018), 'Financing for Youth Development', Discussion Paper 25, June, [www.thecommonwealth-ilibrary.org/index.php/comsec/catalog/view/555/555/4305](http://www.thecommonwealth-ilibrary.org/index.php/comsec/catalog/view/555/555/4305)
- Commonwealth Secretariat (2020), 'Global Youth Development Report', [https://production-new-commonwealth-files.s3.eu-west-2.amazonaws.com/s3fs-public/2023-05/global-youth-development-report-2020%20\(1\).pdf?VersionId=NPqn9ixg6YR11762eRVdBGG5AQ3feSeL](https://production-new-commonwealth-files.s3.eu-west-2.amazonaws.com/s3fs-public/2023-05/global-youth-development-report-2020%20(1).pdf?VersionId=NPqn9ixg6YR11762eRVdBGG5AQ3feSeL)

Commonwealth Secretariat (2024), 'Youth Development Index', <https://youth-development-index.thecommonwealth.org/>

Conference of the Parties (COP) 28 (2023), 'COP28 hosts first ever Youth Stocktake with YOUNGO to "build a global legacy" on climate action', Press Release, 8 December, [www.eco-business.com/press-releases/cop28-hosts-first-ever-youth-stocktake-with-youngo-to-build-a-global-legacy-on-climate-action/](http://www.eco-business.com/press-releases/cop28-hosts-first-ever-youth-stocktake-with-youngo-to-build-a-global-legacy-on-climate-action/)

The Conversation (2022), 'How soaring inflation can be particularly harmful for young people', <https://theconversation.com/how-soaring-inflation-can-be-particularly-harmful-for-young-people-181377>

Coppo, M, S Hill, Y Ji and J Khadan (2024), 'The challenge of debt and deficits in small states', World Bank, 14 August, <https://blogs.worldbank.org/en/opendata/the-challenge-of-debt-and-deficits-in-small-states>

Davoodi, HR, P Montiel and A Ter-Martirosyan (2021), *Macroeconomic Stability and Inclusive Growth*, IMF, March, [www.imf.org/en/Publications/WP/Issues/2021/03/19/Macroeconomic-Stability-and-Inclusive-Growth-50259](http://www.imf.org/en/Publications/WP/Issues/2021/03/19/Macroeconomic-Stability-and-Inclusive-Growth-50259)

Davoodi, HR, P Elger, A Fotiou, D Garcia-Macia, X Han, A Lagerborg, WR Lam and P Medas (2022), *Fiscal Rules and Fiscal Councils: Recent Trends and Performance during the COVID-19 Pandemic*, IMF, [www.imf.org/en/Publications/WP/Issues/2022/01/21/Fiscal-Rules-and-Fiscal-Councils-512128](http://www.imf.org/en/Publications/WP/Issues/2022/01/21/Fiscal-Rules-and-Fiscal-Councils-512128)

Debt Relief for Green and Inclusive Recovery Project (GDGR) Report (2024), 'Defaulting on Development and Debt: Debt Sustainability and the race for the 2030 Agenda and Paris Agreement', Boston University Global Development Policy Center, Heinrich-Böll Foundation, & Centre for Sustainable Finance at SOAS, University of London [www.bu.edu/gdp/files/2024/04/DRGR-Report-2024-FIN.pdf](http://www.bu.edu/gdp/files/2024/04/DRGR-Report-2024-FIN.pdf)

Demirgüç-Kunt, A, L Klapper, D Singer and S Ansar (2021), 'Global Findex Database', World Bank, [www.worldbank.org/en/publication/globalfindex/Report](http://www.worldbank.org/en/publication/globalfindex/Report)

De Paoli, B, G Hoggarth and V Saporta (2009), 'Output costs of sovereign crises: some empirical estimates', Bank of England Working Paper No. 362, [www.bankofengland.co.uk/-/media/boe/files/working-paper/2009/output-costs-of-sovereign-crises-some-empirical-estimates.pdf](http://www.bankofengland.co.uk/-/media/boe/files/working-paper/2009/output-costs-of-sovereign-crises-some-empirical-estimates.pdf)

Diamond, Jack (2013), *Good Practice Note on Sequencing PFM Reforms*, International Monetary Fund, European Commission, and PEFA Secretariat, [https://www.pefa.org/sites/pefa/files/resources/downloads/v8-Good\\_Practice\\_Note\\_on\\_Sequencing\\_PFM\\_Reforms\\_%28Jack\\_Diamond\\_January\\_2013%29\\_1.pdf#:~:text=This%20document%20summarizes%20work%20that%20began%20in%20September,%28GPN%29%20to%20assist%20donors%20when%20sequencing%20PFM%20reforms.](https://www.pefa.org/sites/pefa/files/resources/downloads/v8-Good_Practice_Note_on_Sequencing_PFM_Reforms_%28Jack_Diamond_January_2013%29_1.pdf#:~:text=This%20document%20summarizes%20work%20that%20began%20in%20September,%28GPN%29%20to%20assist%20donors%20when%20sequencing%20PFM%20reforms.)

Estevão, M and S Essl (2022), 'When the debt crises hit, don't simply blame the pandemic', World Bank Blog, 28 June, <https://blogs.worldbank.org/en/voices/when-debt-crises-hit-dont-simply-blame-pandemic>

Fornino, M and A Tiffin (2024), 'Sub-Saharan Africa's Growth Requires Quality Education for Growing Population', IMF Blog, 25 April, [www.imf.org/en/Blogs/Articles/2024/04/25/sub-saharan-africas-growth-requires-quality-education-for-growing-population](http://www.imf.org/en/Blogs/Articles/2024/04/25/sub-saharan-africas-growth-requires-quality-education-for-growing-population)

Gaspar, V and C Pazarbasioglu (2024), 'Dangerous Global Debt Burden Requires Decisive Cooperation', IMF Blog, [www.imf.org/en/Blogs/Articles/2022/04/11/blog041122-dangerous-global-debt-burden-requires-decisive-cooperation](http://www.imf.org/en/Blogs/Articles/2022/04/11/blog041122-dangerous-global-debt-burden-requires-decisive-cooperation)

Gaspar, V, D Amaglobeli, M Garcia-Escribano, D Prady and M Soto (2019), 'PFM for the SDGs', IMF Blog, 7 March, <https://blog-pfm.imf.org/en/pfmblog/2019/03/pfm-for-the-sdgs>

Global Partnership for Education (GPE) (no date), 'Education in Mozambique', [www.globalpartnership.org/where-we-work/mozambique](http://www.globalpartnership.org/where-we-work/mozambique)

Government of Ghana, National Development Planning Commission (2021), *Medium-Term National Development Policy Framework, Agenda for Jobs II, 2022–2025*, October, [https://ndpc.gov.gh/media/AGENDA\\_FOR\\_JOB\\_II.pdf](https://ndpc.gov.gh/media/AGENDA_FOR_JOB_II.pdf)

Government of Saint Lucia (2022), 'Youth Economy Agency YEA Launched', [www.govt.lc/news/youth-economy-agency-yea-launched](http://www.govt.lc/news/youth-economy-agency-yea-launched)

Gray, A (2018), 'What you need to know about the world's youth, in 7 charts', World Economic Forum, [www.weforum.org/stories/2018/08/what-you-need-to-know-about-the-worlds-young-people-in-7-charts/](http://www.weforum.org/stories/2018/08/what-you-need-to-know-about-the-worlds-young-people-in-7-charts/)

Group of 20 (G20) (2020), 'Finance Ministers and Central Bank Governors Meeting, 15 April, [www.g20.utoronto.ca/2020/2020-g20-finance-0415.html](http://www.g20.utoronto.ca/2020/2020-g20-finance-0415.html)

Grover, A and M Viollaz (2025), 'Gender bias in access to finance and implications for capital misallocation', CEPR, 6 March, <https://cepr.org/voxeu/columns/gender-bias-access-finance-and-implications-capital-misallocation#:~:text=Access%20to%20finance%20is%20essential%20for%20firm%20growth%2C,World%20Bank%20Enterprise%20Survey%20data%20from%2061%20countries.>

The Guardian (2020), 'How youth activism is moving the needle on climate action', [www.theguardian.com/climate-academy/2020/sep/23/youth-activism-climate-crisis-action](http://www.theguardian.com/climate-academy/2020/sep/23/youth-activism-climate-crisis-action)

Hacibedel, B, P Mandon, P Muthoorra and N Pouokam (2019), *Inequality in Good and Bad Times: A Cross-Country Approach*, IMF, [www.imf.org/en/Publications/WP/Issues/2019/01/22/Inequality-in-Good-and-Bad-Times-A-Cross-Country-Approach-46504](http://www.imf.org/en/Publications/WP/Issues/2019/01/22/Inequality-in-Good-and-Bad-Times-A-Cross-Country-Approach-46504)

Hamilton, SF, MA Hamilton and K Pittman (2004), 'Principles for youth development', in *The Youth Development Handbook: Coming of Age in American Communities*, [www.researchgate.net/publication/277051935\\_Principles\\_for\\_Youth\\_Development](http://www.researchgate.net/publication/277051935_Principles_for_Youth_Development)

Ho, E, A Clarke and I Dougherty (2015), 'Youth-led social change: topics, engagement types, organizational types, strategies, and impacts', *Futures*, Vol. 67, March, 52–62, [www.researchgate.net/publication/272424518\\_Youth-Led\\_Social\\_Change\\_Topics\\_Engagement\\_Types\\_Organizational\\_Types\\_Strategies\\_and\\_Impacts](http://www.researchgate.net/publication/272424518_Youth-Led_Social_Change_Topics_Engagement_Types_Organizational_Types_Strategies_and_Impacts)

Holland, A and C Pazarbasioglu (2024), 'How to Ease Rising External Debt-Service Pressures in Low-Income Countries', Blog, IMF, [www.imf.org/en/Blogs/Articles/2024/01/24/how-to-ease-rising-external-debt-service-pressures-in-low-income-countries](http://www.imf.org/en/Blogs/Articles/2024/01/24/how-to-ease-rising-external-debt-service-pressures-in-low-income-countries)

Horn, S, D Mihalyi, P Nickol and C Sosa-Padilla (2024), *Hidden Debt Revelations*, World Bank, September, <https://documents1.worldbank.org/curated/en/099436209162426807/pdf/IDU11e8447b910f541496b18a3018630cb1554dc.pdf>

Hurley, G, V Panwar, E Wilkinson, C Lindsay, M Bishop and El Mami (2024), 'Breaking the cycle

of debt in Small Island Developing States', ODI Working Paper, May, [https://media.odi.org/documents/ODI\\_SIDS\\_Breaking\\_the\\_cycle\\_of\\_debt\\_main\\_paper.pdf](https://media.odi.org/documents/ODI_SIDS_Breaking_the_cycle_of_debt_main_paper.pdf)

Institute of Policy Studies (2021), 'Public Debt and Intergenerational Equity in Singapore', Working Paper No. 38, May.

International Capital Markets Association (ICMA), (2025), 'Social Bonds Principles' <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>

International Fund for Agricultural Development (IFAD) (2024), 'Shaping the rural economies of tomorrow', [www.ifad.org/en/youth](http://www.ifad.org/en/youth)

International Labour Organization (ILO) (2022), *Global Employment Trends for Youth 2022*, [www.ilo.org/sites/default/files/wcmsp5/groups/public/%40dgreports/%40dcomm/%40publ/documents/publication/wcms\\_853321.pdf](http://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40dgreports/%40dcomm/%40publ/documents/publication/wcms_853321.pdf)

ILO (2023), *World Employment and Social Outlook Trends 2023*, [www.ilo.org/sites/default/files/wcmsp5/groups/public/%40dgreports/%40inst/documents/publication/wcms\\_865332.pdf](http://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40dgreports/%40inst/documents/publication/wcms_865332.pdf)

ILO (2024), *World Social Protection Report 2024–26*, September, [www.ilo.org/sites/default/files/2024-09/WSPR\\_2024\\_EN\\_WEB\\_1.pdf](http://www.ilo.org/sites/default/files/2024-09/WSPR_2024_EN_WEB_1.pdf)

International Monetary Fund (IMF) (2003), *World Economic Outlook*, September, [www.imf.org/en/Publications/WEO/Issues/2016/12/31/Public-Debt-in-Emerging-Markets](http://www.imf.org/en/Publications/WEO/Issues/2016/12/31/Public-Debt-in-Emerging-Markets)

IMF (2012), 'Youth demanding change', *Finance and Development*, March, [www.imf.org/external/pubs/ft/fandd/2012/03/pdf/fd0312i.pdf](http://www.imf.org/external/pubs/ft/fandd/2012/03/pdf/fd0312i.pdf)

IMF (2018), 'Chart of the Week: Crime, Joblessness, and Youth in the Caribbean', IMF Blog, 12 February, [www.imf.org/en/Blogs/Articles/2018/02/12/chart-of-the-week-crime-joblessness-and-youth-in-the-caribbean](http://www.imf.org/en/Blogs/Articles/2018/02/12/chart-of-the-week-crime-joblessness-and-youth-in-the-caribbean)

IMF (2022), 'St Vincent and the Grenadines: 2022 Article IV Consultation-Debt Sustainability Analysis', 17 November, [www.imf.org/en/Publications/CR/Issues/2022/11/17/St-Vincent-and-the-Grenadines-2022-Article-IV-Consultation-Press-Release-Staff-Report-and-525774](http://www.imf.org/en/Publications/CR/Issues/2022/11/17/St-Vincent-and-the-Grenadines-2022-Article-IV-Consultation-Press-Release-Staff-Report-and-525774)

- IMF (2023), 'A demographic transformation in Africa has the potential to alter the world order', *Finance and Development*, November, [www.imf.org/en/Publications/fandd/issues](http://www.imf.org/en/Publications/fandd/issues)
- IMF (2024a), *Fiscal Monitor*, April, [www.elibrary.imf.org/display/book/9798400255632/9798400255632.xml](http://www.elibrary.imf.org/display/book/9798400255632/9798400255632.xml)
- IMF (2024b), 'Fostering Africa's Economic Transformation through Innovative Financing', Keynote Address by Director of the African Department, IMF, Africa Economic Symposium (AES), Morocco, July, [www.imf.org/en/News/Articles/2024/07/11/sp071124-fostering-africas-economic-transformation-abebe-aemro-selassie](http://www.imf.org/en/News/Articles/2024/07/11/sp071124-fostering-africas-economic-transformation-abebe-aemro-selassie)
- IMF (2024c), *World Economic Outlook*, April, [www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024](http://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024)
- IMF (2024d), 'Productivity and Prosperity', *Finance and Development*, September, [www.imf.org/en/Publications/fandd/issues](http://www.imf.org/en/Publications/fandd/issues)
- IMF (2024e), *Fiscal Monitor*, October, [www.imf.org/en/Publications/FM/Issues/2024/10/23/fiscal-monitor-october-2024](http://www.imf.org/en/Publications/FM/Issues/2024/10/23/fiscal-monitor-october-2024)
- IMF (2024f), *2024 Global Debt Monitor*, [www.imf.org/external/datamapper/GDD/2024%20Global%20Debt%20Monitor.pdf](http://www.imf.org/external/datamapper/GDD/2024%20Global%20Debt%20Monitor.pdf)
- IMF and International Development Association (IDA) (2023a), 'Malawi: Joint Bank/Fund Debt Sustainability Analysis', July, <https://documents1.worldbank.org/curated/en/946631648217580282/pdf/Malawi-Joint-World-Bank-IMF-Debt-Sustainability-Analysis.pdf>
- International Organisation for Migration (IOM) (2024), *World Migration Report*, May, <https://publications.iom.int/books/world-migration-report-2024>
- International Institute for Environment and Development (IIED) (2024), 'World's least developed countries spend twice as much servicing debts as they receive in climate finance', 16 October, [www.iied.org/worlds-least-developed-countries-spend-twice-much-servicing-debts-they-receive-climate-finance](http://www.iied.org/worlds-least-developed-countries-spend-twice-much-servicing-debts-they-receive-climate-finance)
- Jeffreys, B (2022), 'Student loan interest rate to hit 12% in England', *British Broadcasting Corporation News*, [www.bbc.co.uk/news/education-61088025](http://www.bbc.co.uk/news/education-61088025)
- Karthik, M (2024), 'Kenya Protests: A Wake-Up Call to a Failing International Financial Architecture', CEPR, August, <https://cepr.net/publications/kenya-protests-a-wake-up-call-to-a-failing-international-financial-architecture/>
- Kentikelenis, A and T Stubbs (2021), 'Austerity Redux: The Post-pandemic Wave of Budget Cuts and the Future of Global Public Health', *Global Policy*, Durham University and John Wiley & Sons Ltd, <https://onlinelibrary.wiley.com/doi/pdf/10.1111/1758-5899.13028>
- Klusak, P, M Agarwala, M Burke, M Kraemer and K Mohaddes (2023), 'Rising Temperatures, Falling Ratings: The Effect of Climate Change on Sovereign Creditworthiness', *Management Science*, [www.jbs.cam.ac.uk/wp-content/uploads/2023/12/eprg-nts2110.pdf](http://www.jbs.cam.ac.uk/wp-content/uploads/2023/12/eprg-nts2110.pdf)
- Kourilsky, ML, WB Walstad and A Thomas (2007), *The Entrepreneur in Youth: An Untapped Resource for Economic Growth, Social Entrepreneurship, and Education*, New Horizons in Entrepreneurship series, Edward Elgar Publishing, <https://archive.org/details/entrepreneurinyo0000kour>
- Lahiani, A, A Mtibaa and F Gabsi (2022), 'Fiscal Consolidation, Social Sector Expenditures and Twin Deficit Hypothesis: Evidence from Emerging and Middle-Income Countries', *Association for Comparative Economic Studies*, <https://link.springer.com/article/10.1057/s41294-022-00183-6>
- Lawrance, EL, N Jennings, V Kioupi, R Thompson, J Diffey and A Vercammen (2022), 'Psychological responses, mental health, and sense of agency for the dual challenges of climate change and the COVID-19 pandemic in young people in the UK: an online survey study', *Lancet Planet Health*, <https://pmc.ncbi.nlm.nih.gov/articles/PMC9451498/pdf/main.pdf>
- Lindsay, C, E Wilkinson, M Campus and M Bishop (2024), 'Debt-disaster-debt: hurricane-damaged islands are being saddled with loans they cannot afford', *The Conversation*, July, <https://theconversation.com/debt-disaster-debt-hurricane-damaged-islands-are-being-saddled-with-loans-they-cannot-afford-234194>
- Loop News Barbados (2022), 'Saint Lucia Youth Economy Agency Making Strides', [www.loopnewsbarbados.com/content/saint-lucia-youth-economy-agency-making-strides](http://www.loopnewsbarbados.com/content/saint-lucia-youth-economy-agency-making-strides)

- Marques, P and F Hörisch (2020), 'Understanding massive youth unemployment during the EU sovereign debt crisis: a configurational study', *Comparative European Politics*, Vol. 18, <https://link.springer.com/article/10.1057/s41295-019-00184-3>
- Mihalyi, D, D Rivetti and Z Bango (2023), 'Shedding a light on domestic debt', World Bank, 5 October, <https://blogs.worldbank.org/en/developmenttalk/shedding-light-domestic-debt>
- Mosley, L and BP Rosendorff (2023), 'The Unfolding Sovereign Debt Crisis', *Current History*, Vol. 122 No. 840, 9–14, <https://online.ucpress.edu/currenthistory/article/122/840/9/195022/The-Unfolding-Sovereign-Debt-Crisis>
- Mugisha, F (2020), 'Africa's experiences integrating SDGs in Development Plans, Budgets and Statistics', UNDP Africa, <https://sdgintegration.undp.org/africa%E2%80%99s-experiences-integrating-sdgs-development-plans-budgets-and-statistics>
- National Endowment for Financial Education (NEFE) (2014), *Financial Behaviour, Debt, and Early Life Transitions: Insights from the National Longitudinal Survey of Youth, 1997 Cohort, Final Report*, 30 June, [www.nefe.org/\\_images/research/Financial-Behavior-Debt-Early-Life-Transitions/Final%20Report.pdf](http://www.nefe.org/_images/research/Financial-Behavior-Debt-Early-Life-Transitions/Final%20Report.pdf)
- New York Times (2021), 'How Debt and Climate Change Pose "Systemic Risk" to World Economy', 7 April, [www.nytimes.com/2021/04/07/climate/debt-climate-change.html](http://www.nytimes.com/2021/04/07/climate/debt-climate-change.html)
- Nigeria Debt Management Office (2017), 'The debut Federal Government of Nigeria Green Bonds', [www.dmo.gov.ng/fgn-bonds/green-bond/2290-green-bond-factsheet/file](http://www.dmo.gov.ng/fgn-bonds/green-bond/2290-green-bond-factsheet/file)
- Office of the Human Commissioner for Human Rights (no date), 'Human rights of youth', [www.ohchr.org/sites/default/files/Documents/Issues/Youth/YouthrightsbriefOHCHR.pdf](http://www.ohchr.org/sites/default/files/Documents/Issues/Youth/YouthrightsbriefOHCHR.pdf)
- Office of National Statistics, UK (2023), 'Young people from disadvantaged backgrounds feel less in control of their futures', December, [www.ons.gov.uk/peoplepopulationandcommunity/educationandchildcare/articles/young-people-from-disadvantaged-background-feel-less-in-control-of-their-futures/2023-11-06](http://www.ons.gov.uk/peoplepopulationandcommunity/educationandchildcare/articles/young-people-from-disadvantaged-background-feel-less-in-control-of-their-futures/2023-11-06)
- Onyekwena, C and MA Ekeruche (2019), 'Is a debt crisis looming in Africa?', Brookings, April, [www.brookings.edu/articles/is-a-debt-crisis-looming-in-africa/](http://www.brookings.edu/articles/is-a-debt-crisis-looming-in-africa/)
- Organisation for Economic Co-operation and Development (OECD) (2010), *Rising Youth Unemployment during the crisis: How to prevent negative long-term consequences on a generation*. [https://www.researchgate.net/publication/46457117\\_Rising\\_Youth\\_Unemployment\\_During\\_The\\_Crisis\\_How\\_to\\_Prevent\\_Negative\\_Long-term\\_Consequences\\_on\\_a\\_Generation](https://www.researchgate.net/publication/46457117_Rising_Youth_Unemployment_During_The_Crisis_How_to_Prevent_Negative_Long-term_Consequences_on_a_Generation)
- OECD (2020), 'Youth and COVID-19: Response, Recovery and Resilience', 11 June, [www.colima.tecnm.mx/img/banners/banner\\_483\\_file\\_20200701\\_132510.pdf](http://www.colima.tecnm.mx/img/banners/banner_483_file_20200701_132510.pdf)
- OECD (2024), *Africa's Development Dynamics 2024*, July, [https://au.int/sites/default/files/documents/43884-doc-Africas\\_Development\\_Dynamics\\_2024\\_EN.pdf](https://au.int/sites/default/files/documents/43884-doc-Africas_Development_Dynamics_2024_EN.pdf)
- The ONE Campaign (2024), 'Debt service payments outpacing aid, investments in developing countries', 17 April, [www.one.org/us/press/debt-service-payments-outpacing-aid-investments-in-developing-countries/](http://www.one.org/us/press/debt-service-payments-outpacing-aid-investments-in-developing-countries/)
- Pawa, K and C Gee (2021), 'Public Debt and Intergenerational Equity in Singapore', Working Paper No. 38, May, Institute of Policy Studies, [https://lkyspp.nus.edu.sg/docs/default-source/ips/working-paper-38\\_public-debt-and-intergenerational-equity-in-singapore.pdf](https://lkyspp.nus.edu.sg/docs/default-source/ips/working-paper-38_public-debt-and-intergenerational-equity-in-singapore.pdf)
- Public Debt Management Network (Case) (2023), *Emerging Sovereign Debt Market News Newsletter*, No. 26, Week 24–30 June, [www.publicdebt.net.org/pdm/newsletters/weekly-newsletter/weekly-newsletter-archive/](http://www.publicdebt.net.org/pdm/newsletters/weekly-newsletter/weekly-newsletter-archive/)
- PDM Network (2024a), 'Moody's pushes Kenya's rating deeper into junk', *Emerging Sovereign Debt Market News Newsletter*, No. 28, Week 6–12 July, [www.publicdebt.net.org/pdm/newsletters/weekly-newsletter/weekly-newsletter-archive/](http://www.publicdebt.net.org/pdm/newsletters/weekly-newsletter/weekly-newsletter-archive/)
- PDM Network (2024b), 'Barbados completes world first debt swap for climate resilience on Emerging Markets', *Emerging Sovereign Debt Market News Newsletter*, No. 47, Week 30 November–6 December, [www.publicdebt.net.org/pdm/newsletters/weekly-newsletter/weekly-newsletter-archive/](http://www.publicdebt.net.org/pdm/newsletters/weekly-newsletter/weekly-newsletter-archive/)

PEFA (2022), *Global Report on Public Financial Management 2022*, [www.pefa.org/global-report-2022/en/](http://www.pefa.org/global-report-2022/en/)

Rawdanowicz, L, S Turban, J Haas, D Crowe and V Millot (2021), *Constraints and Demands on Public Finances: Considerations of resilient fiscal policy*, OECD, [www.oecd.org/content/dam/oecd/en/publications/reports/2021/12/constraints-and-demands-on-public-finances-considerations-of-resilient-fiscal-policy\\_9d86739b/602500be-en.pdf](http://www.oecd.org/content/dam/oecd/en/publications/reports/2021/12/constraints-and-demands-on-public-finances-considerations-of-resilient-fiscal-policy_9d86739b/602500be-en.pdf)

Sgard, J (2023), *The Debt Crisis of the 1980s: Law and Political Economy*, Edward Elgar Publishing, [www.sciencespo.fr/ceri/sites/sciencespo.fr.ceri/files/TheDebtCrisisOfThe1980s-Introduction.pdf](http://www.sciencespo.fr/ceri/sites/sciencespo.fr.ceri/files/TheDebtCrisisOfThe1980s-Introduction.pdf)

Simpson, L and M Bui (2021), 'Left behind: A decade of intergenerational unfairness', *The Intergenerational Foundation*, November, [www.if.org.uk/wp-content/uploads/2021/11/Left-Behind-A-Decade-of-Intergenerational-Unfairness\\_Curtis\\_Banks.pdf?dm\\_i=21A8,7MIG8,7M17GR,V2XTV,1](http://www.if.org.uk/wp-content/uploads/2021/11/Left-Behind-A-Decade-of-Intergenerational-Unfairness_Curtis_Banks.pdf?dm_i=21A8,7MIG8,7M17GR,V2XTV,1)

Stiglitz, J and H Rashid (2020), 'A global debt crisis is looming – how can we prevent it?', *The Guardian*, [www.theguardian.com/business/2020/aug/03/global-debt-crisis-relief-coronavirus-pandemic](http://www.theguardian.com/business/2020/aug/03/global-debt-crisis-relief-coronavirus-pandemic)

Swarbrick, A (2021), 'Challenges to successful PFM reform', CIPFA, [www.publicfinancefocus.org/viewpoints/2021/01/challenges-successful-pfm-reform](http://www.publicfinancefocus.org/viewpoints/2021/01/challenges-successful-pfm-reform)

The Nature Conservancy (TNC) (2022), *Belize Blue Bonds for Ocean Conservation: Case Study*, [www.nature.org/content/dam/tnc/nature/en/documents/TNC-Belize-Debt-Conversion-Case-Study.pdf](http://www.nature.org/content/dam/tnc/nature/en/documents/TNC-Belize-Debt-Conversion-Case-Study.pdf)

Thomas, AH (2006), 'Do Debt-Service Savings and Grants Boost Social Expenditures?', IMF, [www.imf.org/external/pubs/ft/wp/2006/wp06180.pdf](http://www.imf.org/external/pubs/ft/wp/2006/wp06180.pdf)

Tiftik, E, K Mahmood and R Aycock (2024), 'Navigating the New Normal', *Global Debt Monitor*, 7 May, Institute of International Finance, [www.iif.com/portals/0/Files/content/Global%20Debt%20Monitor\\_May2024\\_vf.pdf](http://www.iif.com/portals/0/Files/content/Global%20Debt%20Monitor_May2024_vf.pdf)

The Times Group (2025), 'Parliament pushes for more climate funding', <https://times.mw/parliament-pushes-for-more-climate-funding/>

United Nations Development Programme (UNDP) (2012), 'Caribbean Human Development Report 2012: Human development and the shift to better

citizen", <https://www.undp.org/publications/caribbean-human-development-report-2012>

United Nations (2015), 'Youth population trends and sustainable development, Population facts', No. 2015/1, [www.un.org/en/development/desa/population/publications/pdf/popfacts/PopFacts\\_2015-1.pdf](http://www.un.org/en/development/desa/population/publications/pdf/popfacts/PopFacts_2015-1.pdf)

United Nations (no date), 'Transforming our World: The 2030 Agenda for Sustainable Development'; [https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf?\\_gl=1\\*1xn440y\\*\\_ga\\*ODczOTg0ODIzLjE3NTI2NTQ3MzM.\\*\\_ga\\_TK9BQL5X7Z\\*czE3NTU3OTQ0NTYkbzlkZzEkdDE3NTU3OTQ2NjEkaE0JGwwJGgw](https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf?_gl=1*1xn440y*_ga*ODczOTg0ODIzLjE3NTI2NTQ3MzM.*_ga_TK9BQL5X7Z*czE3NTU3OTQ0NTYkbzlkZzEkdDE3NTU3OTQ2NjEkaE0JGwwJGgw)

United Nations (2018a), *World Youth Report 2018: Youth and the 2030 Agenda for Sustainable Development*, <https://social.desa.un.org/publications/world-youth-report-2018>

United Nations (2018b), 'Youth-related Sustainable Development Goal Indicators', Statistical Annex, *World Youth Report 2018*, [www.un.org/development/desa/youth/wp-content/uploads/sites/21/2019/02/statistical-annex-wyr-2030agenda.pdf](http://www.un.org/development/desa/youth/wp-content/uploads/sites/21/2019/02/statistical-annex-wyr-2030agenda.pdf)

United Nations (2020a), *World Social Report 2020: Inequality in a rapidly changing world*, Department of Economic and Social Affairs of the United Nations Secretariat, [www.un.org/en/desa/world-social-report-2020](http://www.un.org/en/desa/world-social-report-2020)

United Nations (2020b), *World Youth Report 2020: Youth Social Entrepreneurship and the 2030 Agenda*, <https://social.desa.un.org/publications/world-youth-report-2020>

United Nations (2023a), 'Financing, Mentorship, Safe Spaces for Youth Initiatives, Organizations Key for Achieving Sustainable Development', *Speakers Tell Forum*, <https://press.un.org/en/2023/ecosoc7123.doc.htm>

United Nations (2023b), *Financing for Sustainable Development*, [www.un.org/sustainabledevelopment/financing-for-development/](http://www.un.org/sustainabledevelopment/financing-for-development/)

United Nations (2024a), *The Sustainable Development Goals Report 2024*, <https://unstats.un.org/sdgs/report/2024/The-Sustainable-Development-Goals-Report-2024.pdf>

United Nations (2024b), *Youth in Action*, [www.un.org/en/climatechange/youth-in-action](http://www.un.org/en/climatechange/youth-in-action)

United Nations (2024c), *Who are the Youth?*, [www.un.org/en/global-issues/youth](http://www.un.org/en/global-issues/youth)

United Nations (2024d), *Financing for Sustainable Development Report 2024*, April.

UNAIDS (Joint UN Programme on HIV/AIDS) (2024), *Domestic revenues, debt relief and development aid: Transformative pathways for ending AIDS by 2030 – Report on Eastern and Southern Africa*, [https://www.unaids.org/sites/default/files/media\\_asset/domestic-revenues-debt-relief-development-aid-esa\\_en.pdf](https://www.unaids.org/sites/default/files/media_asset/domestic-revenues-debt-relief-development-aid-esa_en.pdf)

UN Children's Fund (UNICEF) (2017), *Progress in the Implementation of Commitments to Children and Youth under the Addis Ababa Financing for Development Agenda*, Background Report for the Interagency Task Force on Financing for Development.

UNICEF (no date), 'Youth for climate action', website, [www.unicef.org/environment-and-climate-change/youth-action](http://www.unicef.org/environment-and-climate-change/youth-action)

United Nations Department of Economic and Social Affairs (UN DESA) (2015), 'Youth population trends and sustainable development', [www.un.org/en/development/desa/population/publications/pdf/popfacts/PopFacts\\_2015-1.pdf](http://www.un.org/en/development/desa/population/publications/pdf/popfacts/PopFacts_2015-1.pdf)

UN Development Programme (UNDP) (2017a), *Strategy for Inclusive and Sustainable Growth*, [www.undp.org/sites/g/files/zskgke326/files/publications/UNDPs%20Inclusive%20and%20Sustainable%20Growth-final.pdf](http://www.undp.org/sites/g/files/zskgke326/files/publications/UNDPs%20Inclusive%20and%20Sustainable%20Growth-final.pdf)

UN Development Programme (UNDP) (2017b), *Strategy for Inclusive and Sustainable Growth*, [www.undp.org/sites/g/files/zskgke326/files/publications/UNDPs%20Inclusive%20and%20Sustainable%20Growth-final.pdf](http://www.undp.org/sites/g/files/zskgke326/files/publications/UNDPs%20Inclusive%20and%20Sustainable%20Growth-final.pdf)

UNDP (2024), *Youth, Peace and Security: Fostering Youth-Inclusive Political Processes*, [www.undp.org/publications/youth-peace-and-security-fostering-youth-inclusive-political-processes](http://www.undp.org/publications/youth-peace-and-security-fostering-youth-inclusive-political-processes)

United Nations, Economic and Social Commission for Asia and the Pacific (ESCAP) (2019, 2020, 2021), 'Economic and Social Survey of Asia and the Pacific' (various), [www.unescap.org/publications/economic-and-social-survey-asia-and-pacific-2020](http://www.unescap.org/publications/economic-and-social-survey-asia-and-pacific-2020)

UN Educational, Scientific and Cultural Organization (UNESCO) (2024), *Education and Climate Change: Global Education Monitoring Report*, [www.unesco.org/reports/gem-report/en/2024](http://www.unesco.org/reports/gem-report/en/2024)

UN Framework Convention on Climate Change (UNFCCC) (2014), 'Integrating and Operationalising Intergenerational Equity Within and Beyond the UNFCCC', Youthpolicy.org, 15 December, [www.youthpolicy.org/articles/participation-global-governance/integrating-and-operationalising-intergenerational-equity-within-and-beyond-the-unfccc](http://www.youthpolicy.org/articles/participation-global-governance/integrating-and-operationalising-intergenerational-equity-within-and-beyond-the-unfccc)

United Nations Office for Sustainable Development (UNOSD) (2020), 'Learning Brief: Design-Thinking to Accelerate Solutions for the Sustainable Development Goals', [https://unosd.un.org/sites/unosd.un.org/files/learning\\_brief\\_-\\_designthinking\\_to\\_accelerate\\_the\\_sdgs.pdf](https://unosd.un.org/sites/unosd.un.org/files/learning_brief_-_designthinking_to_accelerate_the_sdgs.pdf)

UN Trade and Development (UNCTAD) (2022), 'Tackling debt and climate challenges in tandem: A policy agenda', Policy Brief 104, November, [https://unctad.org/system/files/official-document/presspb2022d12\\_en.pdf](https://unctad.org/system/files/official-document/presspb2022d12_en.pdf)

UNCTAD (2023a), *Trade and Development Report*, [https://unctad.org/system/files/official-document/tdr2023\\_en.pdf](https://unctad.org/system/files/official-document/tdr2023_en.pdf)

UNCTAD (2023b), *Addressing debt vulnerabilities in LDCs, LDC Report*, November, [https://unctad.org/system/files/official-document/ldc2023\\_ch3\\_en.pdf](https://unctad.org/system/files/official-document/ldc2023_ch3_en.pdf)

UNCTAD (2024), *A world of debt: A growing burden to global prosperity, 2024 report*, July, [https://unctad.org/system/files/official-document/osgtinf2024d1\\_en.pdf](https://unctad.org/system/files/official-document/osgtinf2024d1_en.pdf)

Useer, D (2021), 'Redesigning debt: Lessons from HIPC for COVID, climate and nature', Issue Paper July, International Institute for Environment and Development (IIED) and International Development Research Centre (IDRC), Canada, [www.iied.org/sites/default/files/pdfs/2021-07/20276iied.pdf](http://www.iied.org/sites/default/files/pdfs/2021-07/20276iied.pdf)

Vasic-Lalovic, I, A Arauz and F Amsler (2024), 'The Case for the Complete Removal of IMF Surcharges: Historical Precedents and a Growing Burden', CEPR, August, <https://cepr.net/wp-content/uploads/2024/08/The-Case-for-the-Complete-Removal-of-IMF-Surcharges-Historical-Precedents-and-a-Growing-Burden-Vasic-Lalovic-Arauz-Amsler.pdf>

Velez Bustillo, E and HA Patrinos (2023), 'Four of the biggest problems facing education – and four trends that could make a difference', World Bank Blog, 12 September, <https://blogs.worldbank.org/en/education/four-biggest-problems-facing-education-and-four-trends-could-make-difference>

- Vince, G (2022), 'Is the world ready for mass migration due to climate change?', British Broadcasting Corporation (BBC) News, [www.bbc.co.uk/future/article/20221117-how-borders-might-change-to-cope-with-climate-migration](http://www.bbc.co.uk/future/article/20221117-how-borders-might-change-to-cope-with-climate-migration)
- Wildman, JM, A Goulding, S Moffatt, T Scharf and A Stenning (2022), 'Intergenerational equity, equality and reciprocity in economically and politically turbulent times: narratives from across generations', *Ageing and Society*, [www.cambridge.org/core/services/aop-cambridge-core/content/view/AE775CC15A9E61F732B9F446729BD4D6/S0144686X21000052a.pdf/intergenerational-equity-equality-and-reciprocity-in-economically-and-politically-turbulent-times-narratives-from-across-generations.pdf](http://www.cambridge.org/core/services/aop-cambridge-core/content/view/AE775CC15A9E61F732B9F446729BD4D6/S0144686X21000052a.pdf/intergenerational-equity-equality-and-reciprocity-in-economically-and-politically-turbulent-times-narratives-from-across-generations.pdf)
- Williamson, J (1999), 'Implications of the East Asian Crisis for Debt Management', Debt Management Conference, <https://warwick.ac.uk/fac/soc/pais/research/csgf/research/keytopic/global/jw.pdf>
- Woldegiorgis, MM (2023), 'Drivers of demographic dividend in Sub-Saharan Africa', *Review of Evolutionary Political Economy*, [www.econstor.eu/bitstream/10419/305436/1/s43253-023-00094-x.pdf](http://www.econstor.eu/bitstream/10419/305436/1/s43253-023-00094-x.pdf)
- Women Deliver (2022), *Equitable Youth Engagement and Co-leadership*, [https://womendeliver.org/wp-content/uploads/2023/07/2023-06\\_Women-DeliverV6-3-EN\\_Final.pdf](https://womendeliver.org/wp-content/uploads/2023/07/2023-06_Women-DeliverV6-3-EN_Final.pdf)
- World Bank (2017a), 'Financing for development: Innovative mobilization of public and private finance', [www.worldbank.org/en/news/speech/2017/11/27/financing-for-development-innovative-mobilization-of-public-and-private-finance](http://www.worldbank.org/en/news/speech/2017/11/27/financing-for-development-innovative-mobilization-of-public-and-private-finance)
- World Bank (2017b), *World Bank Group Support to Small States*, [www.worldbank.org/en/country/smallstates/overview](http://www.worldbank.org/en/country/smallstates/overview)
- World Bank (2022), *International Debt Report 2022: Updated International Debt Statistics*, <https://documents1.worldbank.org/curated/en/552361634028314881/pdf/International-Debt-Statistics-2022.pdf>
- World Bank (2023a), *International Debt Report 2023*, <https://documents1.worldbank.org/curated/en/099146012112331629/pdf/IDU0e959f3f60973404af0088210e669e5f07689.pdf>
- World Bank (2023b), 'In 7 charts: The Urgent Need for Macroeconomic Stabilization in Malawi', World Bank Blog, January, <https://blogs.worldbank.org/en/africacan/7-charts-urgent-need-macroeconomic-stabilization-malawi>
- World Bank (2023c), 'World Bank Supports Ghana to Expand, and Enhance Social Safety Nets, including for 3.6 million School Children', 5 June, [www.worldbank.org/en/news/press-release/2023/06/05/world-bank-supports-ghana-to-expand-and-enhance-social-safety-nets-including-for-3-6-million-school-children](http://www.worldbank.org/en/news/press-release/2023/06/05/world-bank-supports-ghana-to-expand-and-enhance-social-safety-nets-including-for-3-6-million-school-children)
- World Bank (2023d), 'Rwanda Development Bank Launches First Sustainability-Linked Bond to Promote Inclusive Sustainable Development', 29 September, [www.worldbank.org/en/news/press-release/2023/09/29/rwanda-afe-development-bank-launches-first-sustainability-linked-bond-to-promote-inclusive-sustainable-development](http://www.worldbank.org/en/news/press-release/2023/09/29/rwanda-afe-development-bank-launches-first-sustainability-linked-bond-to-promote-inclusive-sustainable-development)
- World Bank (2023e), *Medium Term Expenditure Frameworks revisited*, October, <https://documents1.worldbank.org/curated/en/099103123092041103/pdf/P1710511d8f0fb01919e381309624bbb7e9.pdf>
- World Bank (2023f), *Nigeria Economic Update*, <https://documents1.worldbank.org/curated/en/099121223114542074/pdf/P5029890fb199e0180a1730ee81c4687c3d.pdf>
- World Bank, (2024a), *The Great Reversal: Prospects, Risks, and Policies in International Development Association (IDA) Countries*, [www.worldbank.org/en/research/publication/prospects-risks-and-policies-in-IDA-countries](http://www.worldbank.org/en/research/publication/prospects-risks-and-policies-in-IDA-countries)
- World Bank (2024b), Chapter 4 in *Global Economic Prospects*, June, <https://documents1.worldbank.org/curated/en/099003106112426991/pdf/IDU1bc56b5c41f04914acb194181b46ce62466fe.pdf>
- World Bank (2024c), 'World Bank in Small States', [www.worldbank.org/en/country/smallstates/overview](http://www.worldbank.org/en/country/smallstates/overview)
- World Bank (2024d), 'South Asia Development Update', April, <https://thedocs.worldbank.org/en/doc/0cb67acbf46f4b41dbbea27d29e33ffd-0360012024/original/South-Asia-Development-Update-April-2024.pdf>

World Bank (2024e), *International Debt Report*, 2024, <https://openknowledge.worldbank.org/entities/publication/f1700aa0-cc73-42b7-8ceb-630c5528a574>

World Bank (2024f), 'South Asia Development Update', October, <https://openknowledge.worldbank.org/server/api/core/bitstreams/6a04abae-03fa-4335-b12e-804528a3a048/content>

World Economic Forum (2017), *Global Shapers Annual Survey 2017*, <https://www.weforum.org/stories/2017/08/global-shapers-survey-2017-5-things-we-learned/>

World Economic Forum (2021a), *Davos Lab: Youth Recovery Plan Insight Report*, Global Shapers, August, [https://www3.weforum.org/docs/WEF\\_Davos\\_Lab\\_Youth\\_Recovery\\_Plan\\_2021.pdf](https://www3.weforum.org/docs/WEF_Davos_Lab_Youth_Recovery_Plan_2021.pdf)

World Economic Forum (2021b), 'Young people hold the key to creating a better future', Klaus Schwab, Executive Chairman, [www.weforum.org/stories/2021/08/young-people-hold-the-key-to-creating-a-better-future/](http://www.weforum.org/stories/2021/08/young-people-hold-the-key-to-creating-a-better-future/)

World Economic Forum (2021c), *Country Financing Roadmap for the SDGs: Ghana*, [https://www3.weforum.org/docs/WEF\\_SDIP\\_CFR\\_Ghana\\_Report\\_2021.pdf](https://www3.weforum.org/docs/WEF_SDIP_CFR_Ghana_Report_2021.pdf)

World Economic Forum (2022a), 'Resilience for sustainable inclusive growth', White Paper, May, [https://www3.weforum.org/docs/WEF\\_Resilience%20for\\_Sustainable\\_Inclusive\\_Growth\\_2022.pdf](https://www3.weforum.org/docs/WEF_Resilience%20for_Sustainable_Inclusive_Growth_2022.pdf)

World Economic Forum (2022b), 'A New Era for Investment, Finance and Internationalism: Action Now to Deliver a Sustainable, Resilient and Inclusive Future', White Paper, May, [https://www3.weforum.org/docs/WEF\\_A\\_New\\_Era\\_for\\_Investment\\_Finance\\_and\\_Internationalism\\_2022.pdf](https://www3.weforum.org/docs/WEF_A_New_Era_for_Investment_Finance_and_Internationalism_2022.pdf)

World Resource Institute (2020), 'In the Time of COVID-19, China Could Be Pivotal in Swapping Debt for Climate and Health Action', 4 November, [www.wri.org/insights/time-covid-19-china-could-be-pivotal-swapping-debt-climate-and-health-action](http://www.wri.org/insights/time-covid-19-china-could-be-pivotal-swapping-debt-climate-and-health-action)

World Resource Institute (2023), 'Developing Countries Won't Beat the Climate Crisis Without Tackling Rising Debt', 22 September, [www.wri.org/insights/debt-climate-action-developing-countries](http://www.wri.org/insights/debt-climate-action-developing-countries)

Zettelmeyer, J, C Trebesch and M Gulati (2013), 'The Greek Debt Restructuring: An Autopsy', *Peterson Institute for International Economics Working Paper* No. 2013-13-8, August, [www.econstor.eu/bitstream/10419/79650/1/cesifo\\_wp4333.pdf](http://www.econstor.eu/bitstream/10419/79650/1/cesifo_wp4333.pdf)

# Appendix A. Commonwealth Countries joining China's Belt and Road Initiative (BRI)

Country	Region	Income Group	Likely date of MoU
Brunei Darussalam	East Asia & Pacific	High income	1 November 2018
Fiji	East Asia & Pacific	Upper middle income	1 November 2018
Kiribati	East Asia & Pacific	Lower middle income	1 January 2020
Malaysia	East Asia & Pacific	Upper middle income	1 May 2017
New Zealand	East Asia & Pacific	High income	1 March 2017
Papua New Guinea	East Asia & Pacific	Lower middle income	1 July 2016
Samoa	East Asia & Pacific	Upper middle income	1 October 2018
Singapore	East Asia & Pacific	High income	1 April 2018
Solomon Islands	East Asia & Pacific	Lower middle income	1 October 2019
Tonga	East Asia & Pacific	Upper middle income	1 March 2018
Vanuatu	East Asia & Pacific	Lower middle income	1 November 2018
Cyprus	Europe & Central Asia	High income	1 April 2019
Antigua and Barbuda	Latin America & Caribbean	High income	1 June 2018
Barbados	Latin America & Caribbean	High income	1 February 2019
Dominica	Latin America & Caribbean	Upper middle income	13 July 2018
Grenada	Latin America & Caribbean	Upper middle income	1 September 2018
Guyana	Latin America & Caribbean	Upper middle income	1 July 2018
Jamaica	Latin America & Caribbean	Upper middle income	1 April 2019
Trinidad and Tobago	Latin America & Caribbean	High income	1 May 2018
Malta	Middle East & North Africa	High income	1 November 2018
Bangladesh	South Asia	Lower middle income	1 March 2019
Maldives	South Asia	Upper middle income	1 August 2017
Pakistan	South Asia	Lower middle income	1 December 2013
Sri Lanka	South Asia	Lower middle income	1 April 2017
Botswana	Sub-Saharan Africa	Upper middle income	7 January 2021
Cameroon	Sub-Saharan Africa	Lower middle income	1 August 2015
Gabon	Sub-Saharan Africa	Upper middle income	1 September 2018
Gambia, The	Sub-Saharan Africa	Low income	1 September 2018
Ghana	Sub-Saharan Africa	Lower middle income	1 September 2018
Kenya	Sub-Saharan Africa	Lower middle income	1 June 2017
Lesotho	Sub-Saharan Africa	Lower middle income	1 June 2019

(Continued)

Country	Region	Income Group	Likely date of MoU
Malawi	Sub-Saharan Africa	Low income	24 March 2022
Mozambique	Sub-Saharan Africa	Low income	1 September 2018
Namibia	Sub-Saharan Africa	Upper middle income	1 September 2018
Nigeria	Sub-Saharan Africa	Lower middle income	1 September 2018
Rwanda	Sub-Saharan Africa	Low income	1 July 2018
Seychelles	Sub-Saharan Africa	High income	1 September 2018
Sierra Leone	Sub-Saharan Africa	Low income	1 August 2018
South Africa	Sub-Saharan Africa	Upper middle income	1 December 2015
Tanzania	Sub-Saharan Africa	Low income	1 September 2018
Togo	Sub-Saharan Africa	Low income	1 September 2018
Uganda	Sub-Saharan Africa	Low income	1 September 2018
Zambia	Sub-Saharan Africa	Lower middle income	1 September 2018

Source: Green Finance & Development Center

# Appendix B. The Youth Economy Agency (YEA) of Saint Lucia

## Overview

The Youth Economy Agency (YEA) of Saint Lucia was established via the Youth Economy Act No. 17 of 2022 and was launched on 7 March 2023; operations commenced about a month later, on 3 April 2023.

YEA seeks to create an economic space for young Saint Lucians aged 15 to 35, to convert their ideas, skills and hobbies into entrepreneurship. Recognising the critical need to address youth unemployment, underemployment and build social resilience, while providing increased access to finance and financial inclusion, the agency provides a comprehensive suite of services designed to foster entrepreneurship, innovation and economic participation among young people.

## Key objectives:

- i. **Empower young entrepreneurs and aid in the creation of a more equitable society:** By providing financial support, training and mentorship, the YEA aims to equip young people with the skills and resources they need to start and grow successful businesses (Government of Saint Lucia 2022).
- ii. **To address challenges associated with an increasing youth population and relatively high rates of youth unemployment:** Data from the Central Statistical Office (2023) of Saint Lucia revealed that youth unemployment remained high, although it declined to 25.0 per cent in 2023 from 26.8 per cent in 2022 and compared to 38.2 per cent in 2020. The youth unemployment rate was 11.0 percentage points above the overall unemployment rate in 2023, compared to 10.3 per cent in 2022.
- iii. **Foster innovation and creativity:** The agency encourages innovative ideas and

creative solutions to economic challenges, promoting a culture of entrepreneurship among the youth (Loop News Barbados 2022).

- iv. **Economic and financial inclusion:** YEA strives to ensure that all young people, regardless of their background, have the opportunity to participate in the economy and achieve financial independence. Youth MSMEs face considerable challenges in gaining access to finance and training programmes, which are critical for the sustainability of their businesses.

## Services and programmes

### a. Financial support:

- **Grants:** The YEA offers grants to young entrepreneurs to help them launch and expand their businesses.
- **Loans:** Accessible loans at a maximum of 30,000.00 Eastern Caribbean dollars (EC\$), with interest at 3 per cent over 6 years to support business growth and development.

### b. Capacity building:

- **Training programmes:** Regular programmes are conducted to enhance entrepreneurial skills, covering topics such as business planning, financial management and marketing.
- **Mentorship programmes:** Experienced business professionals provide one-on-one mentoring to guide young entrepreneurs through the challenges of starting and running a business.
- **Psycho-social programmes** tailored to the needs of each individual grant and loan recipient.

c. **Networking opportunities:**

- **Business expos:** Events where young entrepreneurs can showcase their products and services, network with potential investors, and connect with other business owners.
- **Partnership programmes:** Collaborations with local and international organisations to provide additional resources and opportunities for young entrepreneurs.

## Impact and achievements

- Job creation:** Since its inception, the YEA has supported the creation of more than 500 jobs for young people in various sectors, including technology, agriculture and creative industries (Government of Saint Lucia 2022).
- Business growth:** The agency has assisted with the registration of over 200 new businesses, many of which have shown significant growth and sustainability.
- Economic contribution:** By fostering youth entrepreneurship, the YEA has contributed to Saint Lucia's GDP growth, demonstrating the vital role of youth in economic development (Government of Saint Lucia 2022).
- Disbursements:** As of 31 July 2024, the agency has received more than 3,500 applications and has disbursed 768 grants; that is, over EC\$3.24 million in grant funding.
- Training and mentorship programme:** As of 31 July 2024, YEA had trained more than 428 and mentored more than 81 youth.
- Outreach activities:** From April 2024, YEA embraced an initiative to facilitate financial inclusion to ensure that as much as possible, no one individual is left behind. The Agency 7 of the 10 districts in Saint Lucia and interviewed 567 young persons.

## Success stories

a. **Innovative start-ups:**

- **Tech Solutions Ltd.:** Founded by a group of young tech enthusiasts, this company received a grant from the YEA to develop a mobile app that connects local farmers with consumers. The

app has revolutionised the agricultural market in Saint Lucia, increasing farmers' incomes and reducing food waste (Loopslu 2022).

- **Real 3D Printing:** This company was founded by a young entrepreneur who is visually impaired. He operates in a low-income community that is often subject to negative stereotypes. Specialising in digital manufacturing, the business has been a pioneer in its field, receiving early grant funding, training and mentorship from the Youth Economy Agency (YEA). As one of the first YEA grant recipients, the entrepreneur has made significant strides. Real 3D was selected to represent YEA at a prestigious Training for Trainers programme in 3D printing technology in Taiwan in 2024.
  - **Creative Minds Studio:** This is a creative agency started with the support of YEA's soft loan programme. The studio offers graphic design, video production and social media marketing services, and has quickly become a leader in the local creative industry (Government of Saint Lucia 2022).
- b. **Empowered youth leaders:**
- **H&S Agro-processing:** This is a start-up partnership dedicated to addressing critical health issues in Saint Lucia, such as gluten intolerance and diabetes, by producing premium breadfruit-based products. The company aims to manufacture a range of innovative value-added items, including breadfruit fries, cubes, microwaveable balls and cheese biscuits. H&S Agro-processing is committed to becoming a household name in Saint Lucia and the Organisation of Eastern Caribbean States (OECS) by utilising advanced technology and delivering nutritious, health-conscious products. Supported by YEA through training and angel fund assistance, the company is focused on transitioning from concept to full operation. In 2024, H&S Agro-processing was recognised with the YEA Award for Most Innovative Business Idea.

- **D'Lokal Bites:** This is a local agro-processing company focused on providing nutritious chips made from locally sourced ground provisions, such as: sweet potato, dasheen, plantain and breadfruit, as well as a variety of salsas. It offers a healthier alternative to snacks. As one of the first recipients of a YEA grant, the company has showcased its products at both national and international trade shows. In recognition of its innovation and success, D'Lokal Bites received the YEA Award at the Saint Lucia Youth Awards 2023.

## Challenges and future directions

- Sustainability:** Supporting the long-term sustainability of funded businesses remains a challenge. The YEA plans to introduce more rigorous follow-up support and monitoring as a mitigating strategy.
- Expanding reach:** To reach more young entrepreneurs, especially those in rural areas, vulnerable deprived communities and the differently abled, the YEA is looking to expand its services and establish a physical location in the southern part of the island to allow for greater access and inclusion.
- Increasing partnerships:** Strengthening partnerships with international organisations will be crucial for securing additional funding and resources.

## Conclusion

The Youth Economy Agency of Saint Lucia exemplifies how targeted support for youth can drive economic development and innovation. By providing financial assistance, training and mentorship, the YEA is helping to build a generation of young entrepreneurs who are poised to lead Saint Lucia into a prosperous future.

## References

Government of Saint Lucia (2022), 'Youth Economy Agency YEA Launched', [www.govt.lc/news/youth-economy-agency-yea-launched](http://www.govt.lc/news/youth-economy-agency-yea-launched)

Loop News Barbados (2022), 'Saint Lucia Youth Economy Agency Making Strides', [www.loopnewsbarbados.com/content/saint-lucia-youth-economy-agency-making-strides](http://www.loopnewsbarbados.com/content/saint-lucia-youth-economy-agency-making-strides)

Loopslu (2022), 'Saint Lucia Launches Youth Economy Agency to Support Young Entrepreneurs', [www.loopslu.com/content/saint-lucia-launches-youth-economy-agency-support-young-entrepreneurs](http://www.loopslu.com/content/saint-lucia-launches-youth-economy-agency-support-young-entrepreneurs)

St Lucia News Online (2022), 'Saint Lucia to Launch Youth Economy Agency to Support Young Entrepreneurs', [www.stlucianewsonline.com/saint-lucia-to-launch-youth-economy-agency-to-support-young-entrepreneurs/](http://www.stlucianewsonline.com/saint-lucia-to-launch-youth-economy-agency-to-support-young-entrepreneurs/)

Department of Finance (2023), *Saint Lucia 2023 Economic and Social Review*, <https://www.finance.gov.lc/programmes/view/170>

# Appendix C. Commonwealth Youth Programme

The Commonwealth Youth Programme has supported member countries with youth development work for more than 50 years.

The Commonwealth's 56 member countries have a combined population of 2.5 billion people, of which more than 60 per cent are under 30 years of age.

The Commonwealth sees young people aged 15 to 29 as assets to a country's development who should be empowered to realise their potential.

Young people have a proven capability to lead change, and are a vital and valuable investment for now and the future.

## Commonwealth Youth Programme

The Commonwealth Secretariat's youth development work is delivered through the Commonwealth Youth Programme, which has been supporting member countries for 50 years.

- Engaging and recognising young people
  - Support the effective participation of young women and men in development processes and promote their engagement at all levels of decision-making, including with Heads of Government.
  - Showcase and celebrate the achievements of young people in driving democracy and development, to demonstrate their capabilities and inspire further action.
- Supporting member governments
  - Provide technical assistance for national and regional youth policies and create youth development frameworks, guidelines and tools.

Advocate for increased investments in youth ministries and programmes.

- Professionalising youth work

Promote the professionalisation of youth work by supporting youth work education and training and setting competency standards.

Celebrate good practice and advocate for national and international youth worker associations.

## Youth Development Index (YDI)

The Youth Development Index (YDI), developed by the Commonwealth Secretariat, measures the status of young people in 183 countries around the world.

The index is a comprehensive measure across five domains that are critical to youth development:

- Education
- Health
- Employment
- Civic participation
- Political participation

It informs policy-makers about young people's needs and opportunities, indicating areas of success and where attention and investment is needed. It also acts as a data advocacy tool, highlighting the importance of gathering statistics on key youth indicators in order to achieve the Sustainable Development Goals.

# Appendix D. Youth Employment Trends

Table D1 Young people not in employment, education or training, and youth labour force participation rate, by sex, world and by country income group, 2019–2022

Country income group	Sex	Not in employment, education or training				Labour force participation rate			
		percentages		millions		percentages			
		2019	2020	2019	2020	2019	2020	2021	2022p
World	Total	21.8	23.3	262.7	282.2	41.2	38.6	39.7	40.1
	Female	30.6	31.5	178.4	183.9	33.0	30.7	31.8	32.1
	Male	13.5	15.7	84.3	98.3	49.0	46.0	47.1	47.5
Low income	Total	21.3	23.3	28.0	31.4	50.8	48.1	49.2	49.8
	Female	28.6	30.0	18.6	20.0	46.7	43.8	45.1	45.6
	Male	14.2	16.7	9.3	11.3	54.8	52.2	53.2	53.8
Lower-middle income	Total	25.7	27.0	151.5	160.3	35.2	32.6	33.5	33.9
	Female	38.3	38.7	108.9	110.7	23.5	21.7	22.5	22.8
	Male	14.0	16.1	42.6	49.6	46.1	42.8	43.8	44.3
Upper-middle income	Total	19.9	21.5	68.6	73.5	46.2	43.1	44.6	44.7
	Female	26.1	27.1	43.0	44.4	39.5	36.4	37.9	38.0
	Male	14.3	16.4	25.6	29.1	52.3	49.2	50.7	50.8
High income	Total	10.4	12.3	14.6	17.1	45.6	44.1	45.5	45.6
	Female	11.5	13.0	7.8	8.8	44.0	42.4	43.8	43.9
	Male	9.4	11.6	6.7	8.3	47.2	45.7	47.1	47.2

Note: Data are estimates up to 2021. "p" indicates that the values in the column for the year 2022 are projections. Young people are defined as those aged 15–24 years.

Source: International Labour Organization (2022)

# Appendix E. Public Debt Management Programme of the Commonwealth Secretariat

Through its debt management programme, the Commonwealth Secretariat supports member countries' efforts to effectively manage their debt portfolios. Its Debt Management Unit (DMU), through its public debt management programme, supports member countries' efforts to effectively manage their debt portfolios.

In accordance with the mission of the Commonwealth Secretariat and the Sustainable Development Goals, the programme aims to strengthen the policy framework, institutional and legal arrangements, institutional capacity and management information systems to support prudent and effective debt management in member countries.

It therefore supports the overall aim of individual member countries to achieve sustainable debt, reduce long-term debt-servicing cost, manage the risk of contingent liabilities, as well as the risks of debt distress.

Delivery of the programme is through advisory support, capacity building and provision, and support of public debt management systems.

## Advisory services

Advisory support to member countries is usually initiated with a diagnostic analysis either conducted remotely or through an in-country mission, resulting in defining and agreeing on the scope and implementation method of the support required.

The following are the key focus areas of advisory support provided:

- Formulation and implementation of the Medium-Term Debt Management Strategy (MTDS)

- Institutional reforms
- Legal framework
- Contingent liability management
- Domestic market development
- Debt bulletin
- Procedures manual

## Support of Public Debt Management Systems, including Commonwealth Meridian

A key component of the debt management programme is the provision of Commonwealth Secretariat Debt Management Solutions, which consists of a suite of software products that is primarily used by governments to manage their sovereign debt (both external and domestic) portfolios.

### Commonwealth Meridian

In recent years, the public debt management arena has undergone significant transformation and development, including stronger emphasis on Medium-Term Debt Management Strategy development, increasing awareness of risk management, growing importance of the management of contingent liabilities, new reporting standards and the need for improved transparency.

Given these changes in public debt management, as well as significant advances in technology, the Commonwealth Secretariat's Debt Management Unit embarked on a project to develop a new public debt management system, Commonwealth Meridian, which incorporates advanced and

improved functionalities to address emerging debt management requirements and takes advantage of the latest state-of-the-art technologies.

#### Comprehensive solution

Commonwealth Meridian is a comprehensive solution that promotes effective and proactive public debt management. It offers the following functions and features:

- Public and publicly guaranteed debt, lending portfolios and private sector external debt can be recorded, managed and analysed.
- Customisable deployment of the solution in centralised, decentralised and hybrid environments defined by member countries' information technology (IT) and institutional infrastructure.
- It is configurable around the delivery to key stakeholders, for example, the Ministry of Finance, Debt Management Office, central bank, various funding agencies and project implementing agencies, thus streamlining the information flow between the various entities.
- Meridian has the ability to model any workflow arrangement and/or institutional structure for debt management.
- It provides flexibility in adding and maintaining a wide range of financing products, including any future financing products, through the use of instrument templates.
- It is organised around a central repository of data from which key stakeholders can access information to ensure that real-time data is always available, even to remote offices.
- Meridian is driven by alerts and notifications, integrated with mail exchange systems to support the business workflow process.
- It fosters accountability and transparency through data-driven work flow.
- It integrates with external systems to provide straight-through processing and accurate data to stakeholders.

Meridian has undergone various forms of rigorous testing, including by the software development partner, the Secretariat's Debt Management Unit, user acceptance testing by 16 debt management experts from various countries and organisations across the Commonwealth, and through a pilot programme lasting one year with ten participating countries.

**Commonwealth Secretariat**

Marlborough House, Pall Mall  
London SW1Y 5HX  
United Kingdom

[thecommonwealth.org](http://thecommonwealth.org)