



INTERVENTION ON BEHALF OF THE ALLIANCE OF SMALL ISLAND STATES (AOSIS)

Multi-Stakeholder Round Table 5: Realizing a development-oriented sovereign debt architecture

2 July 2025
FIBES 1
3:00 p.m. -6:00 p.m.

Thank you Co-Chairs,

I have the honor to deliver these remarks on behalf of the Alliance of Small Island States (AOSIS).

Small Island Developing States are facing deep and protracted debt distress. We are caught in a vicious cycle where climate shocks force us to borrow repeatedly, often at high cost, just to rebuild. This diverts already scarce resources away from our long-term development. It is debt we accumulate not because of fiscal mismanagement, but because we are on the frontlines of a crisis we did not create.

In this regard, AOSIS wishes to highlight three urgent priorities.

First, we call for support to fully operationalize the SIDS Debt Sustainability Support Service. This is a proposal built by SIDS, for SIDS. It offers independent, transparent assessments of debt sustainability, incorporating our real vulnerabilities, and not just income metrics. It is flexible, scalable, and tailored to the evolving risks our countries face. The DSSS would empower governments and creditors alike with better data, tailored support and enable early interventions before crises erupt.

Second, we urge the expansion and adaptation of the G20 *Common Framework* to explicitly include SIDS. The Framework, in its current form, was not designed with our economies in mind.

We need the Common Framework to reflect the specific characteristics of small island developing economies and circumstances, offering timely, fair, and coordinated restructurings, with clear pathways to restore debt sustainability. An accelerated track for SIDS within the Common Framework could be a game-changer.

Third, we emphasize the importance of the intergovernmental process on debt, as outlined in the Sevilla outcome. This must be the space where comprehensive reform of the sovereign debt architecture is advanced. In that context, AOSIS strongly supports the development of an international sovereign debt instrument that is legally grounded and ensures predictable, inclusive, and fair debt resolution processes. For SIDS, such an instrument could finally align the global financial system with the realities of our economies and the shocks we face.

This is not a technical exercise; it is a question of justice.

Let us move decisively. If we are serious about building a fair and resilient international financial system, we must act now.

Thank you.