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Understanding how the debt crisis is a gender justice crisis

The gendered impacts of the debt crisis

As of 2025, according to the IMF, over half of lower-income countries are in or at high risk of debt default.[1] For those countries, being trapped in a debt crisis significantly undermines progress on gender equality, as governments are forced to implement austerity policies (budget cuts) that prioritise repaying creditors over funding social protection, key public services and gender-transformative policies. The gendered impact of these austerity-related budget cuts is so acute that it has been strongly argued that austerity itself constitutes a form of gender-based violence.[2]

The impacts of debt-induced austerity are deeply gendered due to the ways in which existing economic structures, social norms, and systemic inequalities disproportionately affect women and girls, as well as people of diverse sexual orientations and gender identities - especially those experiencing intersecting inequalities based on other identities such as race, disability and migration status. Austerity-related budget cuts often result in diminished expenditure on public services, on which women and gender-diverse people depend for their right to live dignified lives, including access to essential Sexual and Reproductive Health Rights (SRHR) services. For countries with high debt servicing burdens, the impact of cuts to essential services has been shown to increase maternal mortality rates by 32.5%.[3]

As women comprise the majority of teachers, nurses and community health workers,[4] cuts to the sector threaten women's livelihoods and income, with women often being the first to lose their jobs.[5] Over time, the compounding impacts of high debt servicing and austerity measures lead to an estimated 10.6% decline in women's employment - equivalent to 92.5 million women losing their jobs.[6] The financial strain of loss of household income is widely acknowledged to increase the risk of Gender-Based Violence (GBV) and intimate partner violence. Yet with austerity measures reducing access to essential services, options to report abuse or bring abusers to justice are constrained.[7]

Simultaneously, cuts to the public sector lead to gaps in the provision of key services such as childcare and social care. As women carry the vastly unequal share of unpaid care - performing over three-quarters of the global total[8] - it is left to women to fill the gaps when services are cut. This forces many to reduce their working hours or leave the workforce, limiting access to education, training and participation in decision-making, thus entrenching the cycle of gender inequality.

The impact of debt is not gender-neutral:

- **Access to public services:** Debt servicing consumes eleven times more resources than social protection spending across lower-income countries.[9] Thirty-two African countries now spend more on external debt than on healthcare, and twenty-five spend more on debt than on education.[10] The ten countries with the greatest barriers to girls' education - home to 32 million out-of-school girls - spent four times more on debt repayments than on education in 2024.[12]
- **Women as public sector workers:** 90% of nurses globally are women. Two-thirds of the world's teaching workforce are women, with women comprising 94% of pre-primary teachers.[13] In sub-Saharan Africa, 70% of community health workers are young women, most inadequately compensated or unpaid.[14]
- **Unpaid care and domestic work:** Women perform 76% of unpaid care globally;[15] 708 million are excluded from the workforce by care responsibilities.[16]
- **Climate crisis:** Lower-income countries spend five times more on debt than on climate action.[17] Climate change could push 158 million more women into poverty by 2050, nearly half in sub-Saharan Africa.[18]
- **Gender-based violence:** When governments cut prevention programmes, shelters, and specialist support services, survivors are left without recourse.[19] Economic stress from austerity also increases the prevalence of intimate partner violence.[20]

The need for UK action

Countries facing debt distress currently hold little power in debt relief negotiations. Urgent debt relief is often blocked by the failure of bilateral, multilateral and private creditors to agree on sharing the burden of debt restructurings. In particular, some private creditors refuse to participate in agreed debt treatments and use aggressive lawsuits to seek full repayment.

The UK is uniquely placed to address this: 90% of bonds issued by countries eligible for the G20 Common Framework are governed by English law.[21] This means that most disputes over these debts must be resolved in UK courts - not because creditors are UK-based, but because that is what the original loan contracts specify. This gives the UK a unique, unilateral lever: unlike most global reforms, which require multilateral agreement, a change to English law alone can close the holdout loophole for the vast majority of the world's private sovereign debt, without needing any other country to act.

If passed by Parliament, the Debt Relief (Developing Countries) Bill would ensure that predatory creditors cannot undermine collectively agreed restructurings, offering a concrete mechanism to demonstrate meaningful solidarity with women and girls, as well as people of diverse sexual orientations and gender identities, in the Global South, at no cost to the taxpayer. The Seville FFD4 outcome document (July 2025) explicitly encouraged jurisdictions to consider such legislation.[22]

Why now?

This call comes at a moment of profound contradiction. In February 2025, the UK Government announced UK ODA would be cut from 0.5% to 0.3% of GNI by 2027 to fund defence. At 0.3%, ODA spend in 2027 is expected to be £9.6 billion - the lowest level since 2012 and £4.5 billion lower than in 2024.[23] Bilateral ODA will be cut by 37%, with the government's own equality impact assessment acknowledging that this will have negative impacts, particularly for the safeguarding of women and children.[24] Globally, Save the Children found that 167 million adolescent girls in countries with the widest gender equality gaps were among the worst hit by 2025 ODA cuts: 17 of the 20 most affected countries rated 'poor' or 'very poor' on the SDG Gender Index.[25] In 2023, African countries spent over 50 times more on external debt than they received in UK ODA.[26]

This contradiction sits uneasily alongside the UK's own stated ambitions. In May 2026, at the Global Partnerships Conference, the UK Government published its refreshed International Strategic Framework on Women and Girls, committing that at least 90% of FCDO bilateral ODA will contribute to gender equality by 2030, and launched a new International Coalition to End Violence Against Women and Girls, with a summit planned for 2027 to track members' progress. At a time when UK ODA is being dramatically reduced, ensuring fairer debt processes that free up fiscal space for gender equality in the Global South is not only essential to delivering on these commitments, but consistent with the UK's obligations under the UN Convention on the Elimination of All Forms of Discrimination Against Women.

What can the UK do?

The UK should also use its G20 Presidency in 2027 to champion changes to the Common Framework to agree:

1) Deeper debt relief which leaves debtors with substantial space to absorb shocks without moving back to high risk of debt distress and contributes to freeing up enough fiscal space to meet gender equality, human rights and climate justice goals. *Current relief is calibrated only to do the minimum needed to avoid default, not to fund public services or resilience - leaving countries choosing between debt service and investing in their people.*

2) A clear definition of how debt relief should be split between creditors, so that no creditors are repaid more than others. *Without an agreed formula, each creditor argues its own definition of "fair", which stalls negotiations for years - as seen in Zambia, where bondholders and official creditors couldn't agree on whose losses counted as comparable.*

3) A faster process. *Long, open-ended negotiations (Zambia has taken over five years) leave countries trapped in uncertainty, put governments off from applying for relief and compound the human cost of austerity while they wait.*

4) A suspension of debt payments during restructuring negotiations, so that all creditors are incentivised to negotiate, and so that no private creditor can undermine the process by threatening to sue during negotiations. *Without a standstill, countries keep paying some creditors while negotiating with others - draining fiscal space and rewarding creditors who refuse to cooperate.*

5) A mechanism to ensure no creditor can hold out from a restructuring, and use the UK courts to demand more than other creditors. *Around 90% of low-income countries' private debt is under English law, letting a single holdout creditor sue for full repayment in the UK courts and undercut relief everyone else agreed to.*

UK legislation is needed both to remove the incentive for private creditors to sue during restructuring negotiations, and to ensure all private creditors participate fairly. The Debt Relief (Developing Countries) Bill would do this by limiting what a private creditor can recover through UK courts to the same terms every other creditor has agreed to - so a lender that refuses to join a deal and sues instead cannot be awarded more by a UK court than they would have received by cooperating. In practice, this means there is no longer any financial upside to holding out or suing, which is what currently allows a single creditor to delay a country's entire recovery while everyone else waits. It would come at no cost to the taxpayer and could be presented on the global stage as a key element of a wider agenda to strengthen and expand the Common Framework - addressing the critical financing gaps facing lower-income countries.

Endnotes

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Debt Justice

We are a campaigning organisation working with others to end unjust debt and the poverty and inequality it perpetuates, in the UK and across the world.

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