



Addressing the Debt and Development Crises in Developing Countries

A Joint PASS/IDP Workshop



The debt crisis in developing countries is on the rise. Despite the social struggles, many debt-ridden countries have been allocating significant resources towards servicing the increasing debt payments, which seriously cuts into investments in essential public goods, such as education, healthcare, public infrastructure, and the green energy transition. This has led to a combination of development and debt crisis. In other words, the financial resources that developing countries have to allocate towards servicing their debt are resources that cannot be channeled towards achieving sustainable development; therefore, the debt crisis lies at the core of the development crisis.

Twenty-five years ago, the Jubilee movement played a pivotal role in securing significant debt relief for the poorest countries in crisis through the HIPC Initiative. However, the Initiative fell short of bringing about necessary reforms to the international financial architecture, and we are now facing another debt crisis. This year, 2025, marks another Year of Jubilee; every 25 years, the Church emphasizes its call for justice, and it has prioritized debt as the central focus for this Jubilee, acknowledging that the current financial system is inadequate in addressing the growing challenges that affected countries are experiencing and urgently require global reforms. Overall, there is overwhelming evidence that suggests the current financial architecture is not equipped to effectively resolve the mounting debt crisis, and it urgently requires reform.

The debt crisis faced by developing countries necessitates an examination of the international

financial architecture and the monetary policies that continue to influence the debt outcomes observed today. For example, the origins of the current rise in debt fragilities predate the COVID-19 pandemic. In 2008, advanced economies responded to the financial crisis by creating massive amounts of global liquidity, which in turn resulted in sharp increases in borrowing and lending worldwide. Consequently, many developing countries have become increasingly vulnerable to the impacts of shocks, both internal and external, which have disproportionately affected their economies and their ability to invest in sustainable development.

In light of the above, the Pontifical Academy of Social Sciences (PASS), with the technical support of Columbia University's Initiative for Policy Dialogue (IPD), has established a Commission of Experts to develop and propose reforms that will help address the burden of debt in developing countries, and prevent a recurrence of such crises in the future, while improving standards of living among the poorest and most vulnerable.

The inaugural meeting of the Commission took place on February 21, 2025, at Columbia Business School in New York. The Commissioners discussed critical issues related to the debt and development crises. The outcomes of the workshop have informed the drafting of a preliminary report, which was discussed during the penultimate workshop of the Commission on April 23, 2025, alongside the IMF/World Bank Spring Meetings in Washington, D.C. As the Commission's work continues to progress, preparations are underway for the presentation of the Jubilee Commission Report.

The Commission, chaired by Professor Joseph E. Stiglitz, will present the final outcomes of the Jubilee Report on June 20, 2025, at the PASS in Vatican City, Rome. The report aims to provide a nuanced and analytical assessment of the current debt crisis while serving as a blueprint for reforms to the international financial architecture. We anticipate that the implementation of these reforms will help redirect the trajectory of debt crises in developing countries, enabling them to achieve sustainable debt levels, while also facilitating investments in healthcare, education, infrastructure, and climate adaptation. Similarly, we believe that the Report will also be pivotal to the ongoing deliberations on debt reform at the International Financial Institutions and this year's Finance for Development Conference in Seville in June.

Joseph E. Stiglitz
Professor, Columbia University
Co-President, Initiative for Policy Dialogue

Martin Guzman
Professor, Columbia University SIPA
Co-President, Initiative for Policy Dialogue

Sr. Helen Alford

President, The Pontifical Academy of Social Sciences

© 2025 - The Pontifical Academy of Social Sciences