

UK takes lead in protecting developing countries from debt crises

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Developing countries will be able to respond faster to economic crises through new proposals developed by the London Coalition and driven by the UK government.

- New private sector tools strongly supported by the UK government will help resolve sovereign debt crises faster, cutting economic damage in developing countries
- Proposals build on Chancellor Rachel Reeves' securonomics by strengthening global economic stability and protecting British business
- Ongoing work will continue to provide practical tools for negotiating debt crises while cementing London as a world-leading emerging markets hub

Developing countries will be able to respond faster to economic crises through new proposals developed by the London Coalition on Sustainable Sovereign Debt and driven by the UK government.

These are designed to reduce the delays and uncertainty that make debt crises more damaging – for developing countries and for British investors and businesses with exposure to emerging markets.

Debt crises are becoming more common as global shocks increase. Faster and more predictable resolutions mean less economic damage, more stable markets and stronger growth in the UK and abroad. This is the Chancellor's 'securonomics' in action – building a more resilient global economy to protect families and businesses from knock-on effects of international instability.

Two key products have been published this week by the London Coalition Secretariat:

- The Pause Clause Proposal and Term Sheet, developed by a group of leading international bondholders, will allow countries hit by major shocks to temporarily defer debt payments in a clear, time-bound way, building on precedents in Barbados and Grenada. This will sit alongside strong debt transparency so markets can price risk properly, and the group will continue consulting with developing countries to support uptake.
- The Implementation Guide for Restructuring Private Sector Sovereign Loans developed by leading commercial lenders provides a practical, voluntary reference on how to organise engagement and streamline discussions. This will help reduce delays and uncertainty in negotiations and limit the economic damage that prolonged debt distress can cause.

Economic Secretary to the Treasury, Lucy Rigby, said:

By working with private creditors and international partners, we are harnessing the UK's world-leading role as an emerging markets hub to support greater stability and resilience for developing economies.

We're tackling the increasing number of worldwide economic shocks by strengthening the global financial system, safeguarding development gains, and protecting British business.

Co-Chair of the London Coalition and Former Chairman of Standard Chartered Bank. José Viñals said:

Emerging markets and developing economies are being hit by more frequent and severe shocks, but debt restructurings are still too slow and unpredictable. This further increases the economic damage.

The Coalition is focused on practical fixes – like a new guide for restructuring private loans and crisis pause clauses. These practical, voluntary tools, can make negotiations faster and more orderly when it matters most.

Efforts are being coordinated by the London Coalition Secretariat, a multistakeholder forum launched by the UK government in 2025 and co-chaired by the Economic Secretary to the Treasury Lucy Rigby and José Viñals.

The Coalition is focused on turning shared principles into practical, voluntary tools that sovereign borrowers in developing countries and private creditors can use in live negotiations to make outcomes faster, clearer and more predictable in response to economic shocks.

Both documents have been developed by private sector groups and follow iterative discussions held between the Coalition and borrowers in developing countries, investors, official sector stakeholders, rating agencies, and other market participants. These new pause clauses draw on the UK's experience with Natural Disaster Clauses in UKEF lending, extending a similar shock-responsive approach to sovereign bonds.

This reinforcing London's position as a leading emerging markets finance hub where standards and market practices evolve to support resilience and transparency.

Notes to editors:

- Find the two products published here:
 - Bondholder Proposal and Term Sheet
 - Implementation Guide for Restructuring Private Sector Sovereign Loans

<https://www.gov.uk/government/news/uk-takes-lead-in-protecting-developing-countries-from-debt-crises>