



The IMF-WB Debt Sustainability Framework: Procedures, Applications and Criticisms

Prof. Danny Cassimon, Karel Verbeke and Dr. Dennis Essers
Institute of Development Policy & Management, University of Antwerp

Executive Summary

At the completion of the Heavily Indebted Poor Countries (HIPC) initiative and the Multilateral Debt Relief Initiative (MDRI), eligible countries' public debt sustainability was restored. To ensure that irresponsible borrowing (and lending) policies do not derail debt again, the World Bank and IMF jointly developed the Debt Sustainability Framework (DSF) for low-income countries (LICs). In this article we explain how the DSF works, discuss the different creditor policies the output of the DSF informs, and highlight a number of critiques on the framework. We end by looking at potential modifications to the DSF.