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A WORLD OF DEBT
Key messages from regional narratives

in alphabetical order

Africa

1. Africa's public debt reached USD 1.8 trillion in 2022. It has increased by 183% since 2010, a rate roughly four times higher than its growth rate of GDP in dollar terms.
2. Africa's share of private creditors grew faster than in other developing regions. 44% of the external public debt in the region was held by private creditors in 2021.
3. Africa's aggregate cost of financing is 11.6%, a rate 8.5 percentage points higher than the risk-free rate of the US benchmark in 2022 and 2023.
4. Africa's interest payments have increased by 132% over the last decade, at the detriment of spending on education, health and investment.
5. Nearly 57% of the African population, or about 751 million people, live in countries that spend more on interest payments than on either education or health.

Arab region

1. Public debt in the Arab region increased sharply over the last decade. It reached a level of USD 1.5 trillion in 2022, equivalent to nearly half of the regional GDP.
2. Recent decreases in the debt-to-GDP ratio are linked to strong GDP growth of oil-exporting countries in the region.
3. Middle income countries hold about half of the Arab region's public debt. These countries remain ineligible to benefit from initiatives that facilitate debt relief efforts, such as the Debt Service Suspension Initiative (DSSI) and are increasingly reliant on borrowing from private creditors.
4. There are several conflict-affected countries and least developed countries at high risk of debt distress in the Arab region with particularly pressing needs that were compounded by the COVID-19 pandemic.
5. Multilateral assistance in the form of allocation of special drawing rights (SDRs) provided valuable liquidity support to countries in the Arab region in 2021. Low and middle income countries in the region received USD 15 billion. However, this distribution falls significantly short of the amount needed for the region to catch up with the global average fiscal support.

Asia and the Pacific

1. Public debt in Asia and the Pacific grew faster than in other regions over the last decade and reached USD 20 trillion in 2022. A debt surge during the COVID-19 pandemic has pushed government debt-to-GDP ratios back to the high levels witnessed immediately after the Asian financial crisis in 1997.
2. Small island developing states and least developed countries of the Asia and the Pacific region experienced immense fiscal pressure during the COVID-19 pandemic. Global shocks and natural disasters triggered debt crises in several highly vulnerable middle income countries in the region.
3. 13 countries in the Asia and the Pacific region had to spend more than 10% of their total government revenue to pay the interest due on their public debt.
4. In Asia and the Pacific, net interest payments on public debt grew faster than public spending on education, health and investments. Up to 2.1 billion people, or over half of the population in the region, live in countries where net interest payments are higher than education or health spending.
5. Asia and the Pacific is confronted with sizeable investment gaps for an effective pursuit of the Sustainable Development Goals (SDGs). The additional SDG spending needs amount to an average of 5% of the region's GDP annually. High levels of public debt further restrict the policy space of countries to mobilize the required resources for SDG spending.

Europe and Central Asia

1. The stock of public debt in the Europe and Central Asia region grew 2.5 times between 2010 and 2022, to a level of USD 789 billion.
2. Growth of debt has been fastest in the Caucasus, energy-exporting countries and, in the West Balkans.
3. Most of the public and publicly guaranteed external debt in the region is held by private creditors. For around half of the countries, private debt has played the main role in the growth of external public debt. Significant differences across the region largely reflect income levels and credit ratings.
4. Yields on international bonds in the region are much higher than in developed countries which typically have better credit ratings. Geopolitical concerns associated to the war in Ukraine and higher interest rates in developed countries have resulted in higher financial costs, as both benchmarks and spreads have moved up.
5. Only in a few countries of the region, the growth of nominal spending on education, health or investment has exceeded the rate of increase of net interest payments.

Latin America and the Caribbean

1. Public debt levels in Latin America and the Caribbean rose in the decade prior to the COVID-19 pandemic, after which they reached the highest level since 2000. The level of outstanding public debt reached USD 4 trillion in 2022.
2. In Latin America and the Caribbean, 19 countries out of 33 had public debt levels of at least 60% of GDP by 2022. Of these, 12 registered a level of indebtedness of 80% of GDP or more.
3. The share of external public debt held by private creditors is higher in Latin America than the aggregate across all developing countries. 74% of the external public debt of the region is owed to private creditors, compared to 62% for all developing countries.
4. Higher interest payments are increasingly displacing the domestic resources available for public investment and social spending in Latin America and the Caribbean. By 2020, 15 countries in the region were using 10% or more of their revenues to meet interest payments.
5. Debt burdens are worsening development challenges faced by countries in Latin America and the Caribbean. The region as a whole is currently spending more on net interest payments on public debt than on public investment. Furthermore, more than half of the population in Latin America and the Caribbean, 351 million people, are living in countries that spend more on interest than on health.

Least developed countries

1. Public debt owed by 46 LDCs continues to represent less than 1% of the worldwide total, but it expanded rapidly in the recent period, reaching a record-high level of USD 704 billion in 2022. For half of the LDCs, public debt almost tripled, between 2010 and 2022.
2. From 2014 onwards, the expansion of public debt outpaced the decelerating GDP dynamics. This trend was further exacerbated with the outbreak of the COVID-19 pandemic. As a result, the debt-to-GDP ratio for LDCs increased from around 37% between 2010 and 2014, to 56% in 2020.
3. The rise in LDCs' public debt has gone hand in hand with an increasing reliance on external debt. For half of the LDCs, external public debt increased from 95% of exports to 146%, while related debt service climbed from 3.6% of exports to 11.5%.
4. Net interest payments in LDCs have increased three times as fast as other key components of public spending, such as education, health and even investment. A third of the LDCs allocate 10% or more of their revenue to net interest payments.
5. 521 million people, equivalent to more than half of the LDC population, live in countries that are devoting more resources to pay interest on public debt than to finance either the health or education sector.

Small island developing states[1]

1. Small Island Developing States (SIDS) face unique challenges in their pursuit of sustainable development that are exacerbated by climate change and large vulnerabilities to external shocks and growing debt burdens.
2. Since 2010, public debt in SIDS has nearly doubled to a level of USD 82 billion in 2022. Given their small size, this is a significant burden for SIDS to bear.
3. The count of countries with a public debt-to-GDP ratio exceeding 60% has risen from 11 in 2010 to 15 countries – representing more than half of the SIDS – during the COVID-19 pandemic. Four among them have debt levels exceeding 100% of their GDP.
4. SIDS tend to structurally have a higher dependence on external financing and a smaller export sector. However, recent shocks have exacerbated existing external debt vulnerabilities. For half of the SIDS, the ratio of external public debt to exports was at least 100% in 2019, and above a staggering 180% in 2021.
5. A significant proportion of the SIDS population, around 6 million people or 47% of the total, reside in countries where interest expenditure is equal to or higher than public spending on either education or health.

[1] *"To prevent outliers from distorting the overall indicators for SIDS, thereby blurring their unique and particular vulnerabilities, the dashboard follows the criteria-based analytical list of SIDS outlined in [UNCTAD Research Paper No. 66](). "This classification results in 28 SIDS.*