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External debt sustainability and development

Note by the Secretary-General

The Secretary-General has the honour to transmit to the General Assembly the report prepared by the secretariat of the United Nations Conference on Trade and Development.

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Report prepared by the secretariat of the United Nations Conference on Trade and Development on the external debt sustainability and development

Summary

In the present report, prepared by the secretariat of the United Nations Conference on Trade and Development pursuant to General Assembly resolution 76/193, the evolution of core indicators of external debt sustainability in developing countries in 2021 and the first half of 2022, where relevant, is analysed in the wider context of trends over the past two decades. Significant differences across and within the country groups are also highlighted. Several developing countries, mainly from the most vulnerable groups, are facing mounting pressures on their external debt sustainability due to a multidimensional crisis: the coronavirus disease (COVID-19) pandemic, the armed conflict in Ukraine and climate change. The report discusses initiatives for debt prevention and debt resolution to preclude a generalized debt crisis in the developing world.

I. Introduction: global macroeconomic environment

1. Developing countries have been facing prolonged and mounting pressures on their external debt sustainability.[1] This already difficult situation is now reaching critical levels owing to the current multidimensional crisis: the coronavirus disease (COVID-19) pandemic, the armed conflict in Ukraine and climate-related shocks. The armed conflict is producing cascading effects on these countries. A growing number are struggling to meet their external obligations.[2] The ongoing monetary tightening in advanced economies aggravates the challenges ahead. While these economies are expected to regain their pre-pandemic trend output path in 2022 or 2023, aggregate output for emerging market and developing economies is expected to remain below their pre-pandemic trend throughout the forecast horizon (up to 2024).[3]

2. The global economy saw a two-speed recovery from the COVID-19 pandemic in 2021. Developing countries fell behind in a context of lower vaccination rates and reduced fiscal space. In addition, developing countries faced inflationary pressures as the recovery triggered a new boom in commodity prices and supply bottlenecks. In response, many countries tightened monetary policy from the second half of the year, curbing domestic growth and increasing the cost of domestic sovereign debt. These pressures have also led developed countries' central banks to signal sooner than expected rises in policy rates. Consequently, external financial conditions for most developing countries have deteriorated since September 2021, resulting in widening bond spreads and currency depreciations.[4]

3. The armed conflict has amplified these trends. First, food, energy and fertilizer prices increased by more than 30 per cent from January to May 2022.[5] Second, rising risk aversion triggered capital outflows from emerging and frontier market economies in early March, in some cases as large as those recorded at the start of the pandemic.[6] While the COVID-19 shock caused a widespread flight-to-safety, the financial impact of the shock of the armed conflict has been asymmetric. Net food importers and economies with greater trade linkages and commodity exposures to Ukraine and the Russian Federation have faced more significant challenges, with an adverse effect on their debt sustainability dynamics. Conversely, a few developing country net commodity exporters either benefited from the shock of the armed conflict or at least did not suffer a further deterioration of their financial conditions. This effect has, however, been overshadowed since the end of April following announcements by the United States Federal Reserve of a more aggressive process of monetary policy normalization caused a broad-based sell-off in assets and currencies of emerging and frontier market economies. By the end of May, emerging market bonds recorded their worst losses in almost three decades.[7]

4. According to the Secretary-General's Global Crisis Response Group on Food, Energy and Finance, 94 developing economies, home to 1.6 billion people, are severely exposed to at least one of the three main global channels of transmission arising from the armed conflict in Ukraine – rising food prices, rising energy prices

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[1] See A/76/214 and A/75/281.

[2] See United Nations, "Global impact of war in Ukraine on food, energy and finance systems", brief No. 1, 13 April 2022.

[3] See International Monetary Fund (IMF), *World Economic Outlook: War Sets Back the Global Recovery* (Washington, D.C., April 2022).

[4] See United Nations Conference on Trade and Development (UNCTAD), "Trade and Development Report update: tapering in a time of conflict" (March 2022).

[5] UNCTAD secretariat calculations based on Refinitiv data.

[6] See IMF, *Global Financial Stability Report*: *Shockwaves from the War in Ukraine Test the Financial System's Resilience* (Washington, D.C., April 2022).

[7] See *Financial Times*, "Emerging markets hit by worst sell-off in decades", 28 May 2022.

and worsened global financial conditions.[8] This has created a cost-of-living crisis not seen in at least a generation, while worldwide more people have been facing famine-like conditions and severe hunger emergencies. In addition, many developing countries are entering the current tightening cycle in a particularly vulnerable position. Before the armed conflict, 60 per cent of low-income countries were already at high risk of, or in, debt distress.[9] With growth estimates for 2023 in the United States and China being revised downwards, adverse spillover effects on developing countries from any slowdown in growth are to be expected.[10]

5. This troubling situation is worsened by the too-little, too-late response of the international community to the effects on developing countries' external debt sustainability of this multidimensional crisis.[11] Decisive action is needed to preclude a generalized debt crisis and another lost decade for development. This requires debt prevention and resolution initiatives. After presenting the main trends in developing countries' external debt sustainability in 2021, the report discusses possible initiatives. Conclusions are presented in the final section.

II. Main trends in external debt sustainability

6. The COVID-19 pandemic has entailed unique challenges for developing countries. On the eve of the crisis, external debt sustainability was already under pressure in many countries, but deteriorated in 2020 as the crisis worsened balance of payment positions and increased government financing needs while weakening countries' capacity to service an increasing debt burden.[12]

7. In 2021, the stock of external debt of all developing countries reached a record level of $11.9 trillion, an increase of 7.6 per cent with respect to 2020. The present report will focus on low-income countries and middle-income countries.[13] For these countries, the debt stock reached $9.7 trillion in 2021, an increase of 8.1 per cent as compared with 2020[14] and higher than the 5.2 per cent rise observed in 2020. This increase stemmed mainly from a 16 per cent rise in short-term debt in 2021 (see figure I), itself reflecting higher demand for global trade financing in the wake of a 10 per cent growth in global trade in 2021.[15]

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[8] See United Nations, "Global impact of war in Ukraine on food, energy and finance systems".

[9] See IMF, "List of LIC DSAs for PRGT-eligible countries", 31 May 2022. Available at https://rb.gy/mjnyxa.

[10] See, for example, UNCTAD, "Trade and Development Report update" (March 2022) (see footnote 4).

[11] See A/75/281.

[12] See A/76/214 and A/75/281.

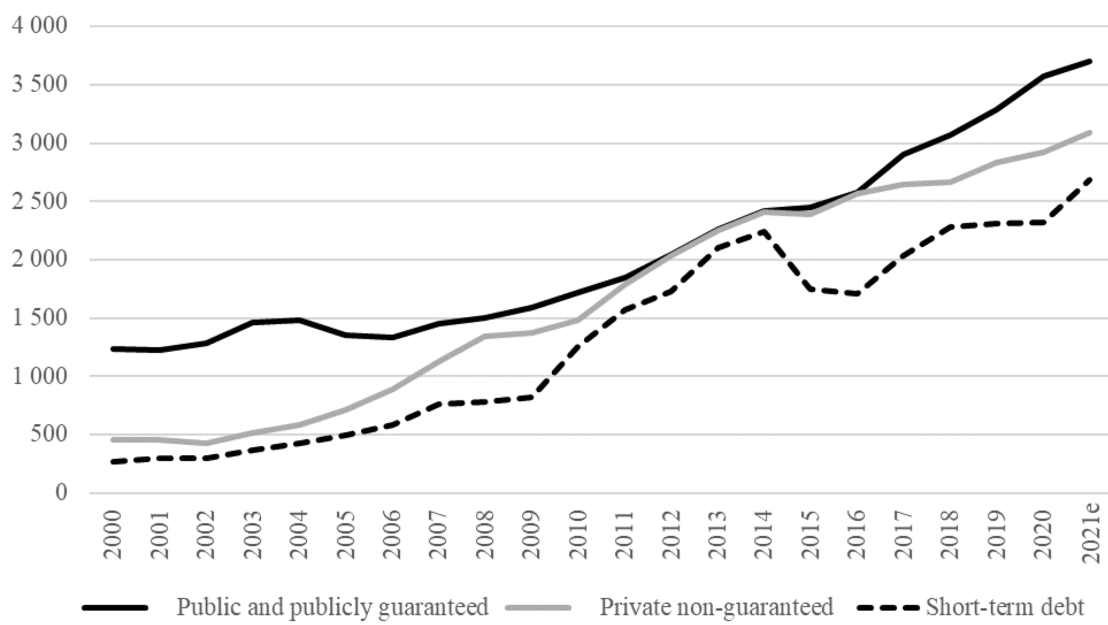
[13] Starting in 2022, this report uses the World Bank income classification instead of the UNCTAD classification, including all low-income countries and middle-income countries under the World Bank classification. This methodological change ensures comparability and interoperability across debt data reporting at the country group level by United Nations agencies and international financial institutions, including the World Bank and IMF. As a result, the sample of countries analysed declined from 139 in 2021 to 129 countries in 2022. This causes a change in both nominal values and aggregated ratios, mainly for middle-income countries, compared with previous years owing to two factors. First, countries excluded from the World Bank External Debt Reporting System due to their classification as high-income countries are also excluded from the current analysis. This concerns very few small countries classified as high-income developing countries under the UNCTAD classification. Conversely, most countries referred to as "transition economies" in previous reports and recently classified as developed countries under United Nations or UNCTAD classifications remain included here since they are mostly classified by the World Bank.

[14] Growth rates refer to the variation against the previous year, unless noted otherwise.

[15] See *Euromoney,* "Trade finance bounces back, but supply chain resilience remains a challenge", 1 April 2022.

8. The growth rate of long-term debt declined from 6.2 to 4.9 per cent from 2020 to 2021. The principal driver was the lower growth rate of long-term public and publicly guaranteed debt. This declined from 8.7 to 3.6 per cent from 2020 to 2021. Long-term private non-guaranteed debt followed an opposite trend. It increased by 6.5 per cent in 2021, twice its growth rate in 2020. Economic recovery from the pandemic underpinned this trend. On the one hand, it pushed up government revenues, alleviating fiscal constraints to meet financing needs. This was compounded by a withdrawal of policy support, albeit mainly in upper-middle-income countries, where progress in vaccinations mitigated the adverse impacts of COVID-19.[16] On the other hand, private sector external indebtedness surged with the recovery in private demand. On the supply side, foreign investor demand for the sovereign bonds of low-income countries and middle-income countries remained buoyant until mid-2021.[17]

Figure I
Trends in total external debt composition in low- and middle-income countries, 2000–2021
(Billions of United States dollars)



Source: United Nations Conference on Trade and Development (UNCTAD) secretariat calculations, based on World Bank data.
Abbreviation: e, estimate.

9. As a result, the share of short-term debt in total external debt rose from 25.7 per cent to 27.5 per cent. Conversely, the share of the long-term debt decreased from 71.8 per cent to 69.6 per cent, its lowest level since 2014. Despite the higher growth rate of private non-guaranteed compared with public and publicly guaranteed debt, the composition of long-term debt remained stable in 2021 compared with 2020, with public and publicly guaranteed debt accounting for 54.3 per cent of the total and private non-guaranteed debt for 45.7 per cent.

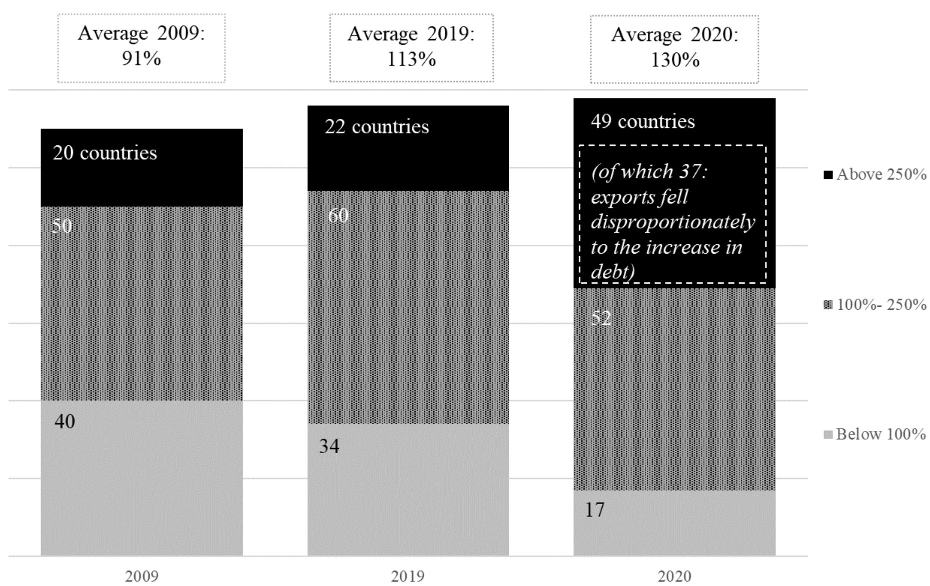
[16] See International Monetary Fund, *World Economic Outlook: Recovery During a Pandemic Health Concerns, Supply Disruptions, and Price Pressures* (Washington, D.C., October 2021).
[17] See Bank for International Settlements, *BIS Quarterly Review: International Banking and Financial Market Developments* (December 2021).

10. The average ratio of total external debt to gross domestic product (GDP) for low-income countries and middle-income countries fell from 29.2 per cent in 2020 to 27.3 per cent in 2021 owing to the pace of economic recovery in 2021 (at a 6.8 per cent growth rate following a contraction of 1.7 per cent in 2020). If China is excluded, this figure rises to 38.4 per cent in 2021, since the country's share in the global gross national product (GNP) is much higher than in the total external debt stock (47.6 per cent and 26 per cent, respectively).

11. Low- and middle-income countries' external solvency – their ability to service external debt obligations in the medium and long run – is dependent on their export earnings (goods and services, including tourism). For these countries, the ratio of total external debt to exports fell from 130.4 per cent to 108.3 per cent from 2020 to 2021. This fall stemmed from the larger increase in exports (30 per cent) relative to external debt stocks (8.9 per cent) in 2021. Export performance reflects two developments triggered by the recovery from the pandemic: a surge in commodity prices and an increase in export volumes.[18]

12. However, the fall in the ratio of total external debt to exports in 2021 masks large differences across countries. An analysis of the distribution of countries by this ratio shows that this exceeded 250 per cent in 49 countries in 2020 compared with 22 countries in 2019 because exports fell disproportionately relative to the increase in total external debt.[19] Meanwhile, only 17 countries had ratios below 100 per cent in 2020, down from 34 countries in 2019 (see figure II). This deterioration, however, was uneven across country groups (see sect. II.A).

Figure II
Distribution of low- and middle-income countries by ratio of external debt to exports, selected years



Source: UNCTAD secretariat calculations, based on World Bank data.

13. The ratio of total debt service to export – another main indicator of external solvency – declined from 17.3 per cent in 2020 to 13.2 per cent in 2021 as exports

[18] See UNCTAD, *Trade and Development Report 2021*: *from Recovery to Resilience – the Development Dimension* (United Nations, 2021).
[19] Countries' ratios for 2021 are not yet available.

increased and debt service remained stable. The ratio of public and publicly guaranteed debt service to government revenue – an indicator of the external solvency of the public sector – returned to pre-pandemic levels, falling from 5.2 per cent to 4.5 per cent from 2020 to 2021. This is a result of the 21.5 per cent rise in government revenue amid the economic recovery, even though public and publicly guaranteed debt service rose by 6.5 per cent in 2021.

14. The improvement in these indicators reflects mainly the economic recovery from the COVID-19 crisis, which had a favourable impact on exports and government revenues. The ratio of international reserves to short-term debt – a broad indicator of external liquidity – recorded an opposite trend, decreasing from 307 per cent to 275 per cent from 2020 to 2021. The deterioration of low- and middle-income countries' liquidity buffers resulted from the rapid growth of short-term debt highlighted previously. While this level is similar to pre-pandemic figures, it is far below its peak in 2009 of nearly 500 per cent, emphasizing the high vulnerability of these countries to sudden capital flow reversals.

Main external debt trends by country groups

1. Income groups

15. Upper-middle-income countries account for 72.2 per cent of the total external debt stock of all low-income countries and middle-income countries, 67.3 per cent of their long-term debt and 86.2 per cent of their short-term debt. By debtor classification, they represent 60 per cent of public and publicly guaranteed debt and 76.2 per cent of private non-guaranteed debt. This group's ratio of total external debt to exports fell from 124.4 per cent to 104 per cent from 2020 to 2021, well below levels in other income groups. This improvement reflects the combined effect of a 30.3 per cent rise in export revenues compared with an 8.2 per cent increase in total external debt. Many of these countries are commodity exporters and benefited from higher commodity prices in 2021. Moreover, the global trade recovery contributed to this group's export performance given the higher share of manufacturing exports compared with other income groups.

16. Group aggregates conceal significant differences across countries. Thus, the share of upper-middle-income countries with a ratio of total external debt to exports above 250 per cent grew from 15.5 per cent to 37.8 per cent from 2019 to 2020.[20] At the same time, the share of countries with ratios below 100 per cent fell from 33.3 per cent to 13.3 per cent. This analysis underscores the extent to which the COVID-19 crisis adversely affected the external debt sustainability of many emerging market economies from this group. For them, market-access is a double-edged sword. From mid-2020 to 2021, most emerging market economies were able to access external financing at borrowing costs at pre-pandemic levels, despite the increase in overall debt levels.[21] However, the tightening of global financial conditions in 2022 leaves them highly exposed to capital flow volatility. This risk is heightened by the large participation of commercial creditors in the public and publicly guaranteed debt (79.5 per cent).[22] Default by an emerging market economy may have a ripple effect on developing countries' borrowing conditions.

[20] Data on the distribution of countries in each country group by the ratio of total external debt to exports refer to UNCTAD secretariat calculations based on World Bank data. It should be noted that country-level data (as opposed to estimates of income group averages) are available only until 2020.

[21] See UNCTAD, "Trade and Development Report update" (March 2022) (see footnote 4).

[22] Data on the composition of the public and publicly guaranteed debt by creditor are UNCTAD secretariat calculations based on World Bank data.

17. For these countries, public and publicly guaranteed debt accounted for 31.4 per cent of total external debt, a lower share than in other countries in 2021. Upper-middle-income countries also spent a smaller share of government revenues on servicing public and publicly guaranteed debt than other income groups (3.9 per cent). By contrast, the ratio of international reserves to short-term debt fell slightly from 287.3 to 253.2 from 2020 to 2021, revealing lower liquidity buffers to face a capital flow reversal.

18. The main indicator of external solvency also improved for lower-middle-income countries in 2021. The ratio of total external debt to exports for the group declined from 145 per cent to 118.3 per cent from 2020 to 2021. Nevertheless, the level for this indicator remained above that of upper-middle-income countries. As with upper-middle-income countries, this favourable trend in 2021 was due to a strong rebound in exports of close to 30 per cent. An analysis of the distribution of ratios by countries in the group shows a greater deterioration in 2020 – the most recent year for which country-level data are available – than for upper-middle-income countries: 40 per cent of lower-middle-income countries had ratios above 250 per cent in 2020, up from 18 per cent in 2019; and the share of countries with ratios below 100 per cent declined from 30 per cent to 16 per cent in the same period.

19. For lower-middle-income countries, public and publicly guaranteed debt accounted for 53 per cent of the total external debt in 2021. In turn, commercial creditors represented 42.2 per cent of the creditor base in 2020. The share of government revenues spent on servicing public and publicly guaranteed debt is higher than in upper-middle-income countries but remained stable at 9.8 per cent in 2021 compared with 2020, but was up from 8 per cent in 2019, indicating that the Group of 20 (G20) Debt Service Suspension Initiative essentially just about helped to compensate for the additional debt service resulting from the new debt contracted in 2020.[23]

20. The ratio of international reserves to short-term debt recorded a slight decrease in those countries but remained above 400 per cent in 2021. While lower-middle-income countries have a larger liquidity buffer than upper-middle-income countries, many are considered frontier market economies,[24] which are highly vulnerable to shifts in global financial conditions. Bond spreads of these economies climbed much more than those of emerging market economies in recent episodes of financial stress.[25]

21. The fall in the ratio of total external debt to exports of low-income countries from 273.3 per cent in 2020 to 199.4 per cent in 2021 still left these countries with a higher level than those in the previous groups. Exports recovered at a slower pace than in middle-income countries (25 per cent) in 2021, reflecting the lower technological content and dynamism of their export performance. The distribution of this indicator across countries in 2019 and 2020 clearly shows the blow that the COVID-19 crisis dealt to this group: in 2020, 60 per cent of them had ratios above 250 per cent compared with 28.6 per cent in 2019, and only 15 per cent of countries had ratios below 100 per cent.

22. Public and publicly guaranteed debt accounted for 75 per cent of low-income countries' total external debt. This share is larger than in the other income groups. The share of government revenues going to service this debt is also higher but

[23] The potential Debt Service Suspension Initiative savings of the 21 lower-middle-income countries that participated in the Initiative was $13.4 billion in 2021. UNCTAD secretariat calculations based on World Bank data.

[24] Frontier-market economies are low-income countries and lower-middle-income countries that have issued bonds in the international debt market. See IMF, *The Evolution of Public Debt Vulnerabilities in Lower Income Economies*, policy paper, February 2020.

[25] See IMF, *Global Financial Stability Report* (April 2022).

remained stable at approximately 10 per cent from 2020 to 2021. While revenues grew by 14.5 per cent in 2021, service on public and publicly guaranteed debt grew more steeply (18.4 per cent). Hence, for this group, the G20 Debt Service Suspension Initiative also fell short of increasing fiscal space and was insufficient to compensate for the additional debt service resulting from new debt contracted in 2020, mainly from multilateral creditors.[26]

23. In contrast to other income groups, the ratio of international reserves to short-term debt of low-income countries increased from 258 to 279.7 per cent from 2020 to 2021, with reserves growing faster (at 22.4 per cent) than short-term debt (13.3 per cent) in 2021. While the allocation of $650 billion in special drawing rights in 2021 contributed to this increase, only around 37 per cent ($243 billion) went to 150 developing countries. The 1.4 per cent ($9.2 billion) received by 29 low-income countries has already largely been used. In the meantime, progress on redirecting unused or underused special drawing rights in high-income countries to countries that need them most has been slow: commitments to such redirection remain short of the G20 target of $100 billion, and the first actual transfer of special drawing rights under this G20 initiative took place in July 2022.

24. Overall, these indicators of external debt sustainability point to the predominance of solvency challenges in low-income countries and lower-middle-income countries. Comprehensive debt relief would be required to achieve external debt sustainability in many countries over the short and medium term (see sect. IV). A permanent solution based on structural transformation and improved export performance, consistent with a reduction in external and commodity dependence, would require a longer time frame. Thus far, only the International Monetary Fund (IMF) Catastrophe and Containment Relief Trust has provided a small amount of debt cancellation ($964 million) for 20 low-income countries and 11 lower-middle-income countries.[27]

2. United Nations country groups: least developing countries and small island developing States

25. After a significant deterioration in 2020, the external solvency of the least developed countries improved in 2021.[28] The ratio of total external debt to exports decreased from 207.7 per cent to 188 per cent from 2020 to 2021. As in other income groups, the improvement stemmed from a stronger increase in exports (20.3 per cent) than in external debt stocks (8.4 per cent). The lower growth rate of exports compared with middle-income countries reflects the productive vulnerabilities of this group that shape their export basket.[29] The distribution of countries by this indicator in 2020 shows a very worrying situation.[30] Half of the least developed countries had ratios above 250 per cent in 2020 compared with 20 per cent in 2019. Meanwhile, the share of countries with rates below 100 per cent dropped by more than a half to 15 per cent in 2020.

[26] See World Bank, *International Debt Statistics 2022* (Washington, D.C., 2021).

[27] See IMF, "Catastrophe containment and relief trust – fifth tranche of debt service relief in the context of the COVID-19 pandemic", policy paper, 20 December 2021. Available at www.imf.org/en/Publications/Policy-Papers/Issues/2021/12/17/Catastrophe-Containment-and-Relief-Trust-Fifth-Tranche-of-Debt-Service-Relief-in-The-511094.

[28] Unlike purely income-based classifications, the group of 46 least developed countries is classified using additional criteria, such as degree of economic vulnerability, structural impediments and levels of human development. Given data availability, our sample contains 43 least developed countries, of which 19 are lower-middle-income countries and 24 low-income countries.

[29] See UNCTAD, *The Least Developed Countries Report 2021*: *The Least Developed Countries in the Post-COVID World – Learning from 50 Years of Experience* (United Nations, 2021).

[30] As at 31 March 2022, 21 among the 46 least developed countries were in debt distress or faced high risk of debt distress.

26. The least developed countries' public and publicly guaranteed debt accounted for 72.8 per cent of the total in 2021. The share of government revenues spent on servicing public and publicly guaranteed debt rose from 13.2 per cent to 15 per cent from 2020 to 2021. Government revenue grew 13 per cent in 2021 – a lower rate than in upper-middle-income countries – since the least developed countries recovered at a slower pace in a context of low COVID-19 vaccination rates.[31] At the same time, the public and publicly guaranteed debt service increased by 27 per cent. The higher borrowing costs of the least developed countries may underlie this sharper rise.[32] In addition, the group's liquidity buffer remained at a comfortable level of 352.5 per cent in 2021, above that recorded for low-income countries.

27. These indicators suggest that the least developed countries face deepening external solvency problems. These reflect both the particularly harsh impact of the pandemic on their economies, including through the redirection of scarce funds to health and other crisis measures, as well as longer-standing structural vulnerabilities. For the same reasons, prospects for the group are even more daunting as they will take more time to return to pre-pandemic trends than other developing countries.[33]

28. The long-standing exposure of small island developing States to external shocks was reinforced during the COVID-19 pandemic owing to these States' multidimensional vulnerability (see sect. III.B).[34] This group's ratio of total external debt to exports reached 320 per cent in 2020, a record level since 2000. Although this ratio fell to 267.4 per cent in 2021, it remained much higher than in the other country groups. The distribution of countries by this ratio shows a similar trend to that observed in the least developed countries, with more than half of small island developing States with ratios above 250 per cent in 2020, up from 20 per cent in 2019. Meanwhile, the share of countries with rates below 100 per cent dropped by more than three times to 7.7 per cent in 2020.

29. The share of small island developing States' public and publicly guaranteed debt in total external debt was 38.4 per cent in 2021, lower than in the least developed countries. However, the share of government revenues spent on servicing public and publicly guaranteed debt was the largest among all country groups, indicating a relatively greater squeeze on their fiscal space. In 2021, this share fell slightly (to 16.2 per cent, down from 18.5 per cent in 2020) owing to the increase in revenues linked to the gradual resumption of the tourism industry in 2021. Secondarily, public and publicly guaranteed debt service recorded a small fall (3.2 per cent), which may be related to a rise in the share of official creditors in this debt (from 59 per cent in 2019 to 63 per cent in 2020). The higher ratio of public and publicly guaranteed debt service to government revenues is a structural matter for this group related to their small tax base and to the higher cost of debt associated with climate vulnerabilities (see sect. III.B). Small island developing States were also more vulnerable to financial shocks because of the lower liquidity buffer compared with all country groups. The ratio of international reserves to short-term debt was 198 per cent in 2021, almost the same level as in 2020.

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[31] The estimated growth rate of the least developed countries is 3 per cent in 2021. *World Economic Situation and Prospects as of mid-2022* (United Nations, New York, 2022).

[32] See UNCTAD, "Trade and Development Report update" (March 2022) (see footnote 4).

[33] See UNCTAD, *The Least Developed Countries Report 2021* (see footnote 29).

[34] Small island developing States analytical classification – as per UNCTADstat – is based on stricter criteria concerning size, vulnerability, identification as island, and identification as a sovereign state. Our sample includes 19 small island developing States: nine are upper-middle-income countries, seven are lower-middle-income countries, and three are high-income countries.

III. Routes to crisis prevention: transparency and measurement issues

A. Debt transparency

30. Debt transparency has featured prominently in multilateral efforts to improve the international sovereign debt architecture over the past decade. Relevant milestones in this area of work include the UNCTAD Principles on Promoting Responsible Sovereign Borrowing and Lending (2012), the Addis Ababa Action Agenda (2015), General Assembly resolution 69/319 entitled "Basic principles on sovereign debt restructuring processes" (2015), the G20 Operational Guidelines for Sustainable Financing (2017) and the IMF-World Bank Group multipronged approach to addressing debt vulnerabilities (2018).[35] Prioritization of debt transparency has underpinned a progressive improvement of workstreams in multilateral institutions including IMF, the World Bank and UNCTAD.[36]

31. Thanks to these efforts, some positive developments in debt transparency indicators took place.[37] However, significant gaps remain.[38] These include issues related to limited debt coverage, timely availability of information as well as reconciliation and interoperability of data between direct and indirect sources of reporting, mostly as they apply to borrowers.[39] Currently most countries eligible for international development assistance either do not have or have limited information on one or more areas of debt reporting.[40] The magnitude of the challenge is reflected by the fact that approximately a quarter of low-income countries have not reported on their debt in the last two years or provide any information on sovereign guarantees.[41]

32. The lack of a decisive breakthrough on debt transparency represents a serious challenge at both the domestic and global levels. While remaining transparency challenges at the national level undermine effective debt management practices to lower the risk of debt distress and the cost of resolution,[42] the global economic shocks of recent years have pushed many developing countries closer to debt distress.[43]

33. Against this background, the need for immediate and concrete improvements in debt transparency for creditors and debtors calls for a revision of existing approaches.

[35] See UNCTAD, *Principles on Promoting Responsible Sovereign Lending and Borrowing*; United Nations, Addis Ababa Action Agenda of the Third International Conference on Financing for Development (2015); G20, *G20 Operational Guidelines for Sustainable Financing* (available at www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/world/G7-G20/G20-Documents/g20-operational-guidelines-for-sustainable-financing.pdf?__blob=publicationFile&v=1); and IMF-World Bank Group, G20 Notes on Strengthening Public Debt Transparency (2018).

[36] See IMF-World Bank Group, *Making Debt Work for Development and Macroeconomic Stability*; and UNCTAD, "Strengthening debt data transparency: Strategic Plan 2020–2023 for UNCTAD's Debt Management and Financial Analysis Systems Programme".

[37] See IMF-World Bank Group, *Making Debt Work for Development and Macroeconomic Stability*.

[38] See General Assembly resolution 76/193 on external debt sustainability and development.

[39] See Diego Rivetti, "Debt transparency in developing economies", report, World Bank, 10 November 2021.

[40] See World Bank, "Debt Transparency: debt reporting heat map" https://bit.ly/3O1W8ev.

[41] See A/74/234; and United Nations, Inter-agency Task Force on Financing for Development, *Financing for Sustainable Development Report 2022* (New York, 2022).

[42] See Gerry Teeling "Debt data transparency", background paper for the second session of the Intergovernmental Group of Experts on Financing for Development, Geneva, 7–9 November 2018.

[43] See United Nations, Inter-agency Task Force on Financing for Development, *Financing for Sustainable Development Report 2022*.

Debt transparency is a public good from which both lenders and borrowers benefit.[44] Therefore, initiatives that place the burden on either voluntary disclosure by an increasingly complex group of lenders or independent improvements at the national level by borrowers are bound to produce the type of piecemeal results that have been observed to date.[45] Instead, what is required is an approach that recognizes the common responsibilities and benefits that characterize a global public good. This could be embodied through the establishment of a publicly accessible registry of debt data for developing countries. Following the UNCTAD Principles on Responsible Sovereign Borrowing and Lending, this registry would allow the integration of debt data by both lenders and borrowers at the level of specific transactions in a way that ensures interoperability of data across direct and indirect sources of reporting. The proposal for a registry has received the support of experts and agencies participating under the United Nations Financing for Development in the Era of COVID-19 and Beyond Initiative, as well as civil society organizations.[46] More recently, the World Bank explored the advantages provided by this type of reporting mechanism.[47] Further efforts would be required to identify the conditions and timeline involved in the establishment of a repository of this kind under the guidance of the United Nations.

B. Multivulnerability index

34. The COVID-19 crisis has exposed the multidimensional nature of developing countries' vulnerabilities. Climate change is reinforcing structural, trade and financing barriers to development. This highlights the need to go beyond income thresholds to assess eligibility for development finance in concessional terms, including official development assistance (ODA).[48]

35. Among developing countries, small island developing States are particularly exposed to multidimensional shocks, owing to their characteristics, which include geographical remoteness, small size, external economic dependence and greater exposure to adverse impacts of climate change.[49] With less than one third eligible for concessional lending lines,[50] most small island developing States depend on private capital flows to meet their financing requirements, making their economies

[44] See UNCTAD, "The Bridgetown Covenant: from inequality and vulnerability to prosperity for all" (TD/541/Add.2); and Anna Gelpern, "About government debt … who knows?", *Capital Markets Law Journal*, vol. 13, No. 3, 2018, pp. 321–355.

[45] For example, the G20 recently established the Organisation for Economic Co-operation and Development (OECD) Debt Transparency Initiative, which relies exclusively on voluntary disclosures by creditors and commercial providers of debt data. To date, only two banks have agreed to participate in the Initiative. European Network on Debt and Development, Open letter on the DTI to OECD, G20 and European Commission (available at https://www.eurodad.org/letter_on_oecd_s_debt_transparency_initiative_dti); Debt Justice, "Flagship lending transparency scheme gets information from just two banks", https://bit.ly/3ttcHIr.

[46] See United Nations, "Financing for Development in the Era of COVID-19 and Beyond: Menu of Options for the Considerations of Ministers of Finance Part II (New York, 2020); European Network on Debt and Development, "Transparency of loans to governments", 2 April 2019.

[47] See Rivetti, "Debt transparency in developing economies".

[48] See TD/541/Add.2.

[49] See General Assembly resolution 75/215 on the *follow-up to and implementation of the SIDS Accelerated Modalities of Action (SAMOA) Pathway and the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States.*

[50] For instance, 11 out of 38 Small Island Developing States are eligible for the World Bank's international development assistance.

particularly vulnerable to shifts in these capital flows. Exposure to climate change compounds this by increasing the cost of borrowing.[51]

36. In recognition of these challenges, the General Assembly called for the development of a multidimensional vulnerability index.[52] The index is considered necessary to address short-term debt vulnerabilities and to ensure long-term debt sustainability of small island developing States, echoing this group's call for criteria based on vulnerabilities since 1994. A representative high-level panel of experts was set up to finalize the index by December 2022.[53] It aims to capture all dimensions of vulnerability – economic, social and environmental – and countries' resilience to external shocks.

37. Although requested by small island developing States, the multidimensional vulnerability index thus endeavours to ensure comparability across other country groups[54] and to allow developing countries to account for the specific mix of vulnerabilities and different degrees of resilience to external shocks.

38. The multidimensional vulnerability index can play an important role in the prevention of debt crises in developing countries by ensuring that financing reaches countries in need. First, it could be employed as a core criterion for the provision of concessional financing, including ODA and loans and grants from development banks and other international financial institutions. Currently, only a few institutions consider climate-related vulnerabilities as a criterion in lending allocation.[55] The use of the index as a criterion for the allocation of development finance could consequently improve access to this source of finance for countries in need. Second, it could be used to identify the impact of climate change-related shocks and to assess the financing requirements for climate adaptation and mitigation in long-term debt sustainability assessments.[56] Third, it could be included in the design of State-contingent clauses and other instruments, such as catastrophe bonds. Finally, the use of the index would be an important consideration in the rechannelling of special drawing rights and the provision of financing issued via the IMF Resilience and Stability Trust.[57]

IV. Addressing debt vulnerabilities

39. Global shocks continue to reveal the limits of the existing sovereign debt architecture in addressing debt vulnerabilities based on country-level debt sustainability assessments. The underlying premise of the existing architecture is that unsustainable debt is the result of independent idiosyncratic factors operating at the national level.[58] However, the key driver of debt accumulation in developing countries over the last four decades is related to balance of payment constraints and

[51] See Bob Buhr, Ulrich Volz, "Climate change and the cost of capital in developing countries".

[52] Report of the Economic and Social Council forum on financing for development follow-up (2021) (E/FFDF/2021/3), para. 38.

[53] General Assembly resolution 76/203 on the follow-up to and implementation of the SIDS Accelerated Modalities of Action (SAMOA) Pathway.

[54] See United Nations, *Possible Development and Uses of Multi-Dimensional Vulnerability Indices: Analysis and Recommendations* (December 2021).

[55] See United Nations, Inter-agency Task Force on Financing for Development, *Financing for Sustainable Development Report 2022*.

[56] See report of the Secretary-General on the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011–2020 (A/73/80).

[57] The Resilience and Stability Trust eligibility criteria are based on income and population. See IMF, "Proposal to establish a resilience and sustainability trust", IMF policy paper, April 2022.

[58] See A/74/234.

the impact of exchange rate fluctuations on the valuation of external liabilities.[59] More recently, large exogenous shocks are moving to the forefront of debt accumulation dynamics. These include the COVID-19 pandemic and climate events. In the case of the former, government debt in developing countries rose from 58 to 65 per cent of GDP from 2019 to 2021.[60] At least 108 developing countries are facing the ongoing food and energy shock with higher government debt levels than those observed in 2019. In the case of the latter, increasingly frequent extreme weather events have been attributed as causal to significant increases on debt levels.[61] This impact is magnified by the lack of access to concessional financing by many climate-vulnerable countries, including middle-income countries, and, in particular, small island developing States (see sect. III.B) to address loss and damage in the aftermath of a climate event.[62]

40. Shifting the burden of response to these exogenous shocks on to national authorities through debt-creating mechanisms is counterproductive in at least three ways. First, developing countries are forced to undergo a synchronized process of fiscal consolidation to attempt to stabilize debt levels. This has a negative impact on global growth, which ultimately undermines debt sustainability.[63] Despite the lingering impact of COVID-19 and rising food and energy prices, at least 106 developing countries were expected to improve their fiscal balance, by either raising taxes or cutting expenditure, in 2022.[64] Second, rising debt service constrains the capacity of government to fulfil its development goals and human rights obligations.[65] This translates into a reduced ability of governments to respond effectively to emergencies and a reduced capacity to mobilize enough resources to meet the goals of the 2030 Agenda and the Paris Climate Agreement. For example, it is estimated that 59 developing countries allocated more resources to meet external public debt payments than those destined for public health care in the context of the COVID-19 pandemic in 2020.[66] Third, without an established mechanism for debt resolution, countries in financial distress are incentivized to delay debt restructuring.[67] This increases the costs of debt distress by reducing investment and long-term growth, increasing poverty and inequality.[68]

41. In the first instance, structural reforms of the international debt architecture must be part of a broader reform on the international financial system. This should, inter alia, address the inequalities of the Global Financial Safety Net.[69] Currently, the

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[59] See Marialuz Moreno Badia, Juliana Gamboa-Arbelaez, and Yuan Xiang "Debt dynamics in emerging and developing economies: is R-G a red herring?", IMF working paper, September 2021.

[60] UNCTAD secretariat calculations based on IMF World Economic Outlook.

[61] See IMF, "Building resilience in developing countries vulnerable to large natural disasters", policy paper, June 2019.

[62] See Preeya Mohan and Eric Strobl, "The impact of tropical storms on the accumulation and composition of government debt", 25 August 2020.

[63] See UNCTAD, *Trade and Development Report 2021* (see footnote 18).

[64] UNCTAD secretariat calculations based on IMF, *World Economic Outlook* (April 2022) (see footnote 3).

[65] See UNHRC, Note by the Secretary-General on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights (A/71/305).

[66] UNCTAD secretariat estimations based on World Bank data.

[67] See UNCTAD, "From the Great Lockdown to the Great Meltdown: Developing Country Debt in the Time of Covid-19" (April 2020).

[68] See M. Ayhan Kose and others, "The Aftermath of Debt Surges", policy research working paper 9771 (World Bank Group, Prospects Group and Development Economics Vice Presidency Office of the Chief Economist, September 2021).

[69] The Global Financial Safety Net is the network of global financial sources (IMF lending, Central Bank swaps and regional financial arrangements) that prevent or backstop a temporary balance of payment distress.

Safety Net is far smaller and less diversified for low- and lower-middle-income countries than for upper-middle-income and high-income countries. The lack of access to the Safety Net for many developing countries implies a high probability that a liquidity crisis turns into a solvency crisis.[70] This is aggravated by a lower liquidity buffers compared with the early 2000s. The endorsement by the international community of capital controls as a permanent policy tool for developing countries would further contribute to curbing the build-up of external financial fragility during surges of capital inflow, minimizing the risk of liquidity crises when the bust phase sets in.

42. Regarding structural reforms of the international debt architecture, the conventional approach to debt vulnerabilities has led to a multilateral response to the build-up of debt challenges that has been both insufficient and inadequate, as exemplified by the G20 Debt Service Suspension Initiative and Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative.[71] Both the Initiative and the subsequent Common Framework have suffered from two main shortcomings: limited country eligibility (only 73 countries eligible for international development assistance and least developed countries) and a lack of effective mechanisms to ensure comprehensive, including multilateral and private, creditor participation.

43. The G20 Debt Service Suspension Initiative allowed the deferral of $12.9 billion in debt service by 48 countries from 2020 to 2021.[72] To place this figure in context, countries eligible for the Debt Service Suspension Initiative are estimated to have paid a total of $103.3 billion in external public debt service over the same period.[73] Furthermore, the repayment schedule of the Initiative is effectively pro-cyclical, with countries that joined the initiative early on having to repay suspended debt service from June 2022. The Initiative is thus increasing the risk of debt distress of vulnerable countries by raising debt service, in some cases by over 1 per cent of GDP, at a time of rising global interest rates.[74] With the expiration of the Initiative at the end of 2021, the Common Framework has emerged as the main international mechanism for debt relief, but it too has so far fallen short of expectations to accomplish the goal. The Common Framework was established with the purpose of facilitating debt treatments for countries in distress, including by encouraging greater private sector participation. The initiative prioritizes debt relief through maturity extensions and interest rate reductions. Only in exceptional circumstances are outright debt stock reductions to be considered.. To date, only three countries – Chad, Ethiopia and Zambia – have applied for debt treatments through the Common Framework, none of which had seen their debt successfully restructured by the end of June 2022 or after more than one year since the initial requests.[75] Going forward, the prospects of success of the Common Framework remain uncertain.[76] This reflects the substantial limitations of an outdated process structured around bilateral creditor agreements, which excludes both commercial and multilateral creditors and sovereign

[70] See Laurissa Mühlich and others, "No one left behind? COVID-19 and the shortcomings of the Global Financial Safety Net for low- and middle-income countries" (UNCTAD, April 2022).

[71] See A/76/214 and A/75/281.

[72] See United Nations, Inter-agency Task Force on Financing for Development, *Financing for Sustainable Development Report 2022*.

[73] UNCTAD secretariat calculations based on World Bank, International Debt Statistics 2022 (see footnote 26).

[74] See Scope Ratings, "Africa's solvency crisis: China's participation in G20 debt relief a sign of multilateralism, but a 'DSSI+' framework is required", 16 November 2020.

[75] See United Nations, Inter-agency Task Force on Financing for Development, *Financing for Sustainable Development Report 2022*.

[76] See IMF, *Reviews of the Fund's Sovereign Arrears Policies and Perimeter*, policy paper, 18 May 2022.

debtors.[77] This process is ill-suited to address the complexities of the current debt landscape.

44. Against this background, tackling external debt vulnerabilities while simultaneously accomplishing the 2030 Agenda will require a structural revision of the global architecture of development finance and sovereign debt. First, developing countries should be allowed to mobilize, rather than borrow, their way to development. This includes revisions of global trading and tax regimes to promote structural transformation and support domestic resource mobilization.[78] Of special importance is the establishment of a United Nations Tax Convention with universal participation, as recommended by the High-level Panel on International Financial Accountability, Transparency and Integrity.[79] Second, the provision of ODA should be scaled up in line with established commitments, including those related to climate finance. Third, the financing and lending structure of international financial institutions should be updated[80] to include the establishment of a special drawing rights development link, a revision of both terms and conditions of lending by multilateral development banks and an increase in their leverage ratios.[81] Fourth, a multilateral legal framework for debt restructuring that allows temporary standstills, stays of litigation, exchange and capital controls and lending into arrears should be set up to facilitate timely and orderly debt crisis resolution with the involvement of all official (bilateral and multilateral) and private creditors.[82] Participation in the framework should be incentivized through the provision of debt relief linked to a debt sustainability assessment that incorporates long-term finance needs, including for the achievement of the 2030 Agenda and Paris Climate Agreement.[83]

V. Conclusions and recommendations

45. Beyond the pandemic, the armed conflict in Ukraine and climate events have aggravated the pressures on middle- and low-income countries' debt sustainability. The ongoing monetary tightening in developed countries, at the time of writing, compounds challenges faced by these countries.

46. Following the recommendations made in General Assembly resolution 76/193 and the Bridgetown Covenant,[84] initiatives of debt prevention and resolution to avoid another lost decade for development are urgently required. Regarding debt crisis

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[77] See World Bank, "Resolving high debt after the pandemic: lessons from past episodes of debt relief" (January 2022); and Indermit Gill, *It's time to end the slow-motion tragedy in debt restructurings*, World Bank Blogs, 1 March 2022.

[78] See UNCTAD, *Trade and Development Report 2018*: *Power, Platforms and the Free Trade Delusion* (New York and Geneva, United Nations, 2018).

[79] See United Nations, *Financial Integrity for Sustainable Development: Report of the High-level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda* (February 2021).

[80] See A/76/214; A/75/281; and United Nations, Inter-agency Task Force on Financing for Development, *Financing for Sustainable Development Report 2022*.

[81] See UNCTAD, *Trade and development report 2021*: *from Recovery to Resilience – the Development Dimension*; Daouda Sembene, Nancy Lee and Mark Plant, Country Platforms and Delivery of Global Public Goods, Center for Global Development, policy paper 249, January 2022; and Riccardo Settimo, "Higher multilateral development bank lending, unchanged capital resources and triple-a rating. A possible trinity after all?", *Questioni di Economia e Finanza*, occasional papers, No. 488, April 2019.

[82] See UNCTAD, *Trade and Development Report 2015*: *Making the International Financial Architecture Work for Development* (New York and Geneva, United Nations, 2015).

[83] See A/76/214; and UNCTAD, *Trade and Development Report 2019*: *Financing a Global Green New Deal* (Geneva, United Nations, 2019).

[84] See TD/541/Add.2.

prevention, in addition to wider reforms of the international financial system, including the Global Financial Safety Net, existing debt transparency initiatives should be strengthened through the establishment of a publicly accessible registry for debt data by both lenders and borrowers. This would recognize common responsibilities for and benefits from debt transparency. The report also discusses how the multidimensional vulnerability index under development could contribute to debt crisis prevention in developing countries.

47. Regarding debt crisis resolution, the report reiterates the urgent need to further advance discussions on the establishment of a multilateral framework for sovereign debt restructuring processes and debt relief measures consistent with long-term development financing needs and the achievement of the Sustainable Development Goals.

Annex

External debt of middle- and low-income countries by country group

(Billions of United States dollars)

	2009–2021 average	*2018*	*2019*	*2020*	*2021*[a]
All middle- and low-income groups					
Total external debt stocks[b]	6 980.3	8 169.6	8 598.3	9 042.6	9 778.3
Long-term external debt	4 916.2	5 735.1	6 114	6 490.1	6 810.2
Public and publicly guaranteed debt/long-term external debt	52.3%	53.6%	53.7%	55.0%	54.3%
Private non-guaranteed debt/long-term external debt	47.7%	46.4%	46.3%	45.0%	45.7%
Short-term external debt	1 907.7	2 277.2	2 306.4	2 306.4	2 689.4
Total external debt service	872.0	1 115.2	1 235.9	1 199.3	1 187.9
Debt ratio[c]					
Total external debt/GDP	25.5%	26.1%	26.7%	29.2%	27.3%
Total external debt/exports[d]	102.3%	106.6%	113.6%	130.4%	108.3%
Total debt service/GDP	3.2%	3.6%	3.8%	3.9%	3.3%
Total debt service/exports[d]	12.8%	14.6%	16.3%	17.3%	13.2%
Reserves/short-term debt	339.0%	280.7%	289.7%	306.6%	274.6%
Debt service on public and publicly guaranteed debt/government revenue	4.0%	4.6%	4.7%	5.2%	4.5%
Upper-middle-income					
Total external debt stocks[b]	5 113.6	5 945.6	6 201.2	6 476.5	7 054.7
Long-term external debt	3 400.1	3 898.3	4 129.5	4 370.3	4 580.8
Public and publicly guaranteed debt/long-term external debt	46.8%	48.0	48.1	49.4	48.3
Private non-guaranteed debt/long-term external debt	53.2%	52.0	51.9	50.6	51.7
Short-term external debt	1 630.4	1 961.7	1 969.6	1 981.6	2 317.0
Total external debt service	660.7	865.1	949.8	912.4	889.2
Debt ratio[c]					
Total external debt/GDP	25.1%	25.2%	25.8%	28.0%	26.1%
Total external debt/exports[d]	100.4%	103.8%	109.8%	124.3%	104.1%
Total debt service/GDP	3.2%	3.7%	4.0%	3.9%	3.3%
Total debt service/exports[d]	13.0%	15.1%	16.8%	17.5%	13.1%
Reserves/short-term debt	328.3%	269.2%	276.8%	287.3%	253.2%
Debt service on public and publicly guaranteed debt/government revenue	3.3%	3.9%	4.0%	4.1%	3.4%
Lower-middle-income					
Total external debt stocks[b]	1 745.9	2 082.1	2 246.4	2 399.9	2 549.1
Long-term external debt	1 415.9	1 717.3	1 858.0	1 981.5	2 086.8
Public and publicly guaranteed debt/long-term external debt	62.8%	63.7%	63.7%	64.8%	64.9%
Private non-guaranteed debt/long-term external debt	37.2%	36.3%	36.3%	35.2%	35.1%
Short-term external debt	265.6	301.3	321.5	323.9	356.1
Total external debt service	206.6	245.1	279.6	279.4	289.3
Debt ratio[c]					
Total external debt/GDP	26.5%	28.4%	29.1%	32.6%	30.4%
Total external debt/exports[d]	105.2%	111.9%	121.5%	145.5%	118.3%

	2009–2021 average	2018	2019	2020	2021[a]
Total debt service/GDP	3.1%	3.3%	3.6%	3.8%	3.4%
Total debt service/exports[d]	12.5%	13.1%	15.1%	17.0%	13.4%
Reserves/short-term debt	407.0%	355.4%	369.4%	426.7%	413.8%
Debt service on public and publicly guaranteed debt/government revenue	7.0%	7.5%	8.0%	9.8%	9.8%
Low-income					
Total external debt stocks[b]	120.7	141.9	150.7	166.3	174.4
Long-term external debt	100.2	119.4	126.4	138.3	142.6
Public and publicly guaranteed debt/long-term external debt	92.0%	89.7%	89.2%	89.5%	91.4%
Private non-guaranteed debt/long-term external debt	8.0%	10.3%	10.8%	10.5%	8.6%
Short-term external debt	11.7	14.2	15.3	14.4	16.2
Total external debt service	4.8	5.0	6.4	7.5	9.4
Debt ratio[c]					
Total external debt/GDP	29.4%	35.1%	35.5%	38.3%	39.4%
Total external debt/exports[d]	182.2%	195.8%	215.0%	237.3%	199.4%
Total debt service/GDP	1.2%	1.2%	1.5%	1.7%	2.1%
Total debt service/exports[d]	7.4%	7.2%	9.6%	11.2%	11.3%
Reserves/short-term debt	289.6%	270.5%	254.7%	258.0%	279.7%
Debt service on public and publicly guaranteed debt/government revenue	6.8%	7.9%	10.0%	10.3%	10.6%
Least developed countries					
Total external debt stocks[b]	302.3	374.1	403.1	446.5	483.8
Long-term external debt	256.2	327.2	351.1	381.9	409.2
Public and publicly guaranteed debt/long-term external debt	85.8%	82.9%	82.7%	83.3%	86.0%
Private non-guaranteed debt/long-term external debt	14.2%	17.1%	17.3%	16.7%	14.0%
Short-term external debt	30.9	33.3	37.4	41.8	48.8
Total external debt service	20.3	26.3	32.8	30.7	36.9
Debt ratio[c]					
Total external debt/GDP	32.9%	35.4%	36.6%	40.3%	40.9%
Total external debt/exports[d]	144.7%	159.0%	169.1%	207.7%	188.0%
Total debt service/GDP	2.2%	2.5%	3.0%	2.8%	3.1%
Total debt service/exports[d]	9.9%	11.4%	14.0%	14.6%	14.5%
Reserves/short-term debt	387.2%	398.7%	373.6%	361.8%	352.4%
Debt service on public and publicly guaranteed debt/government revenue	10.2%	12.7%	15.1%	13.2%	15.0%
Small island developing States[e]					
Total external debt stocks[b]	46.7	56.1	59.7	62.0	66.1
Long-term external debt	34.7	42.6	45.3	47.0	48.6
Public and publicly guaranteed debt/long-term external debt	53.1%	49.8%	47.3%	49.7%	52.2%
Private non-guaranteed debt/long-term external debt	46.9%	50.2%	52.7%	50.3%	47.8%
Short-term external debt	10.1	11.8	12.8	12.5	14.5
Total external debt service	6.5	6.8	8.4	6.3	8.1
Debt ratio[c]					
Total external debt/GDP	64.5%	69.6%	73.5%	89.0%	90.5%
Total external debt/exports[d]	207.5%	198.7%	210.3%	320.0%	267.4%
Total debt service/GDP	8.9%	8.4%	10.3%	9.1%	11.0%

	2009–2021 average	2018	2019	2020	2021[a]
Total debt service/exports[d]	36.1%	30.2%	37.0%	41.6%	41.1%
Reserves/short-term debt	211.1%	192.2%	182.1%	192.5%	198.1%
Debt service on public and publicly guaranteed debt/government revenue	15.8%	13.4%	21.2%	18.5%	16.2%

Source: United Nations Conference on Trade and Development secretariat calculations, based on World Bank, International Monetary Fund and national sources.

Note: Country groups are economic groups as defined under World Bank classifications, available at https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups.

Abbreviation: GDP, gross domestic product.

[a] 2021 estimates.

[b] Total debt stocks include long-term debt, short-term debt and use of International Monetary Fund credit.

[c] Data used for ratio calculations have been adjusted according to country data availability.

[d] Exports comprise goods, services and primary income.

[e] Small Island Developing States group also includes Saint Kitts and Nevis, Seychelles and Trinidad and Tobago, although they are classified as high-income by the World Bank.