



# General Assembly

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Item 16 (c) of the provisional agenda\*

### Macroeconomic policy questions

## 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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\* [A/79/150](#).



**Report prepared by the secretariat of the United Nations  
Conference on Trade and Development on 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 [78/137](#), the evolution of core indicators of external debt sustainability in developing countries in 2023 is analysed and differences across developing regions are highlighted. High debt servicing costs continue to undermine the achievement of the Sustainable Development Goals. Although sovereign debt-for-development swaps offer developing countries an opportunity to create some fiscal space and to channel funds to development priorities, they are not the main tool for debt restructuring and should be considered only where more favourable options are not available and where they align with and advance national development priorities. In the report, policy recommendations to address developing countries' debt challenges, including debt-for-development swaps, are put forward.

## I. Introduction

1. The debt challenges and development crisis facing developing countries have shown signs of divergence between regions and groups since the previous report (A/78/229). In most low-income countries and frontier markets, high debt costs are draining vital public resources from development, with the number of countries in which interest spending accounted for 10 per cent or more of public revenues increasing from 29 in 2010 to 54 in 2023. At least 3.3 billion people live in countries that spend more on interest payments than on health and education.<sup>1</sup>

2. According to the Debt Sustainability Framework of the International Monetary Fund (IMF) and the World Bank, half of the countries eligible for the Poverty Reduction and Growth Trust (34 out of 68) were either at high risk of or already in debt distress as of February 2024.<sup>2</sup> Debt sustainability challenges are more widespread, with a study by IMF and the World Bank showing that 42 out of 66 countries would exceed external debt solvency thresholds in the next five years if they were to secure external finance for the investments required to achieve the goals of the 2030 Agenda for Sustainable Development and the Paris Agreement.<sup>3</sup> Another study showed that external public debt service costs would surpass the investment needs associated with the non-climate-related Sustainable Development Goals in 92 out of 120 low- and middle-income countries in 2024.<sup>4</sup>

3. The current development crisis is unfolding in the context of a global financial system that has become increasingly disconnected from development priorities, as stressed in previous reports.<sup>5</sup> Since the coronavirus disease (COVID-19) pandemic, systemic inequities have been compounded by two factors. First, cascading crises – including the pandemic, a deepening climate crisis, a cost-of-living crisis and mounting geopolitical conflicts and tensions – have cumulatively hampered developing countries' ability to generate export earnings to service their external debt. Second, the most aggressive monetary tightening since the 1970s has led to higher borrowing costs, currency depreciations and a loss of market access, which have exacerbated debt sustainability risks in developing countries.<sup>6</sup>

4. However, not all financially integrated developing countries were equally affected. Most emerging market economies showed resilience, while frontier market economies were hardest hit.<sup>7</sup> The situation deteriorated further in 2023. Additional non-investment-grade frontier market sovereigns lost market access,<sup>8</sup> and net issuance of international debt securities was essentially zero.<sup>9</sup>

<sup>1</sup> United Nations Conference on Trade and Development (UNCTAD), "A world of debt: a growing burden to global prosperity", 2024.

<sup>2</sup> See <https://www.imf.org/external/pubs/ft/dsa/dsalist.pdf>.

<sup>3</sup> Marina Zucker-Marques and others, *Defaulting on Development and Climate: Debt Sustainability and the Race for the 2030 Agenda and Paris Agreement* (Boston, London and Berlin; Boston University Global Development Policy Center, Centre for Sustainable Finance of SOAS University of London and Heinrich Böll Foundation, 2024).

<sup>4</sup> Lara Merling and others, "The rising cost of debt: an obstacle to achieving climate and development goals", paper prepared for the Center for Economic and Policy Research, Washington, D.C., May 2024.

<sup>5</sup> A/78/229 and A/77/206.

<sup>6</sup> *World Economic Situation and Prospects 2023* (United Nations publication, 2023).

<sup>7</sup> *Trade and Development Report 2023: Growth, Debt, and Climate – Realigning the Global Financial Architecture* (United Nations publication, 2024).

<sup>8</sup> World Bank, *Global Economic Prospects: January 2024* (Washington, D.C., 2024).

<sup>9</sup> IMF, *Global Financial Stability Report: The Last Mile – Financial Vulnerabilities and Risks* (Washington, D.C., 2024).

5. Global financial conditions improved from October 2023 to March 2024, driven by expectations of interest rate cuts in the United States of America and other major developed economies. Sovereign bond sales reached \$45.5 billion in the first quarter of 2024, a record first-quarter high. However, market access remained uneven, with investment-grade emerging market sovereigns accounting for most issuances. Some frontier market sovereigns also regained market access but at a steep premium, which will have detrimental effects on future debt dynamics, in particular amid stagnating exports.<sup>10</sup>

6. Although the global economy showed resilience in 2023, growing by 3.2 per cent, world trade volume increased by only 0.3 per cent, merchandise trade growth was negative and commodity prices fell. Following the rise in commodity prices as a result of the war in Ukraine, commodity markets saw a broad-based price decline in 2023, with the greatest deflation recorded in energy prices.<sup>11</sup>

7. This resilience relied heavily on growth in the United States, where better-than-expected economic performance during the first quarter of 2024 triggered a shift in market expectations. By mid-April, global investors were predicting a delay in Federal Reserve interest rate cuts in 2024.<sup>12</sup> Consequently, global financial conditions again worsened, leading to capital flight that put depreciation pressures on developing countries' currencies.<sup>13</sup> In response, some developing countries intervened in currency markets or even raised their policy rates, a measure usually associated with dampening domestic growth and government revenue, in order to mitigate the soaring costs of servicing external debt.<sup>14</sup>

8. Although economic growth in the United States was not as strong as preliminary data had indicated, data released at the end of April 2024 showed an uptick in inflation. The Federal Reserve signalled that it would hold the country's policy rate higher for longer at its meeting in May 2024, in line with market expectations.<sup>15</sup> Nevertheless, global investors' appetite for risk has subsequently increased again, thereby ensuring appreciation of some emerging market currencies.<sup>16</sup>

9. The global macroeconomic outlook is volatile and challenging, with adverse effects expected on the debt sustainability and development prospects of developing countries. Volatility in global financial conditions is anticipated throughout the year, subject to market expectations of inflation and economic growth data in the United States. An escalation of conflicts could further heighten developing countries' sovereign risks, including those of major emerging market economies.<sup>17</sup> In the absence of additional geopolitical tensions, commodity prices are forecast to decline by 3 per cent in 2024<sup>18</sup> and continued trade and shipping disruptions could constrain

<sup>10</sup> *Trade and Development Report 2023* (United Nations publication, 2023).

<sup>11</sup> IMF, *World Economic Outlook: Steady but Slow – Resilience amid Divergence* (Washington, D.C., 2024); UNCTAD, "Trade and Development Report update" (April 2024).

<sup>12</sup> Kate Duguid and Harriet Clarfelt, "Investors price in growing chance of another Federal Reserve interest rate rise", *Financial Times*, 23 April 2024.

<sup>13</sup> Joseph Cotterill, Cheng Leng and Leo Lewis, "Asia's central bankers struggle to contain strong US dollar", *Financial Times*, 19 April 2024.

<sup>14</sup> A. Anantha Lakshmi, "Indonesia raises interest rates to support sliding rupiah", *Financial Times*, 24 April 2024.

<sup>15</sup> Claire Jones and Kate Duguid, "Federal Reserve chair Jay Powell signals interest rates will remain higher for longer", *Financial Times*, 1 May 2024.

<sup>16</sup> Kevin Simauchi and Andras Gergely, "Emerging market currencies extend their steepest rally this year", *Bloomberg*, 6 May 2024.

<sup>17</sup> IMF, *Global Financial Stability Report*.

<sup>18</sup> World Bank, *Commodity Markets Outlook: April 2024* (Washington, D.C., 2024).

growth in volumes. Medium-term forecasts for global growth are at their lowest in decades, with the pace of convergence slowing for developing countries.<sup>19</sup>

10. Identifying a solution to the ongoing development crisis is of the utmost urgency. The initiatives taken to date by the international community are insufficient and inadequate for overcoming the challenges that many developing countries are facing. An increasing number of developing countries are trapped in a vicious cycle in which investments to meet development and climate goals are postponed in favour of servicing external debt, making those countries more vulnerable to climate shocks, delaying development efforts and perpetuating indebtedness. In the final section of the present report, policy recommendations are put forward to help break that cycle.

## II. Main trends in external debt sustainability<sup>20</sup>

11. The external debt stock of developing countries<sup>21</sup> reached a record level of \$11.4 trillion in 2023, an increase of 3.4 per cent.<sup>22</sup> This section will focus on the trends in the external debt stock of developing countries, excluding China, which rose by 2.6 per cent to \$8.9 trillion in 2023 (see figure I). The slight increase in the external debt stock of developing countries reflects two developments that diverge from the trends observed in 2022.

12. First, long-term external debt grew 3.1 per cent (compared with a decrease of 0.6 per cent in 2022) despite the adverse global financial conditions (see sect. I above). The main driver of that growth was the increase of 3.9 per cent in private non-guaranteed debt (compared with a decrease of 0.2 per cent in 2022), which may be explained, in part, by the tapping of international capital markets by investment-grade corporations from emerging market economies, albeit at higher interest rates than in 2022. The second driver was the rise of 2.4 per cent in public and publicly guaranteed debt (compared with a decrease of 0.9 per cent in 2022). The growth rates did little to shift the composition of long-term debt, with private non-guaranteed debt making up 47.4 per cent and public and publicly guaranteed debt accounting for the remaining 52.6 per cent in 2023.

13. Second, short-term debt also increased, but at a much slower pace of 1.5 per cent. That performance contrasts with the increase of 10.1 per cent in 2022 and primarily reflects the weaker demand for trade credit in an environment of sluggish global trade (see sect. I above). Consequently, the share of long-term debt increased for the first time since the COVID-19 pandemic to 76.6 per cent, compared with short-term debt of 19.4 per cent of total external debt stock.

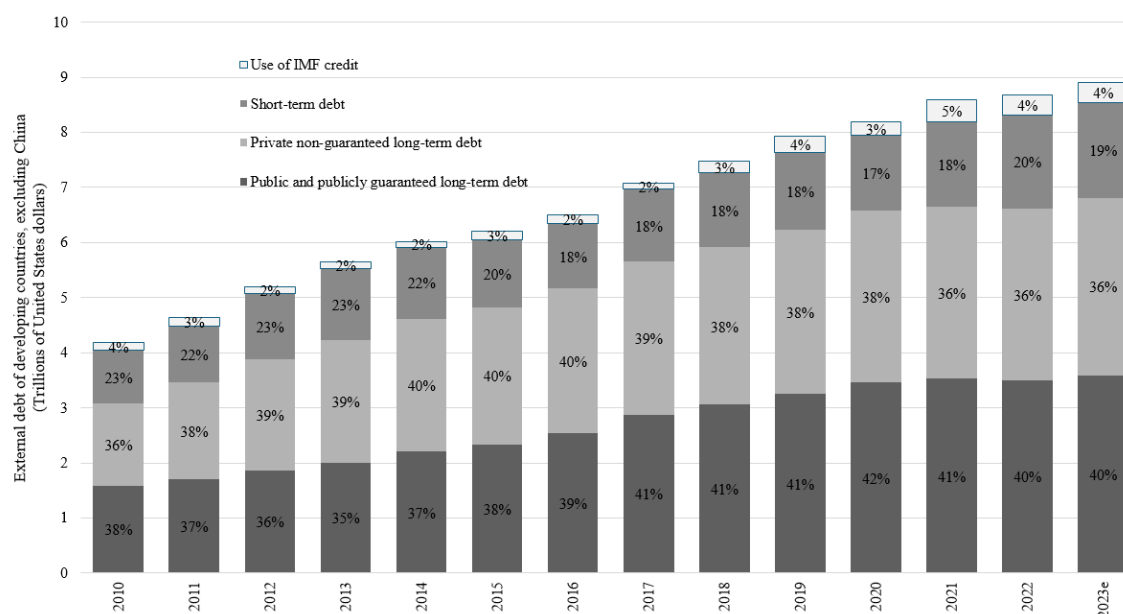
<sup>19</sup> IMF, *World Economic Outlook*.

<sup>20</sup> All figures mentioned in this section are UNCTAD secretariat calculations based on World Bank, IMF and national sources, unless otherwise noted. Figures for 2023 are UNCTAD secretariat estimations.

<sup>21</sup> According to UNCTAD classification.

<sup>22</sup> Growth rates refer to the variation against the previous year, unless otherwise noted.

Figure I  
Trends in total external debt composition of developing countries, 2010–2023



Source: United Nations Conference on Trade and Development (UNCTAD) secretariat calculations, based on World Bank estimates.

Abbreviation: e, estimate.

14. In addition to net flows of new debt, changes in the stock of debt may be associated with net changes in interest arrears, the capitalization of interest, debt cancellation or other debt reduction mechanisms, and cross-currency valuation effects.<sup>23</sup>

15. The external solvency of developing countries deteriorated in 2023 for the first time since 2020. This deterioration was expected, as the improvements observed in 2021 and 2022 were related to cyclical and non-structural factors, including the recovery in demand for developing countries' exports following the COVID-19 pandemic and the boom in commodity prices in 2022. The ratio of total external debt to exports increased from 104 per cent in 2022 to 111.3 per cent in 2023, as total external debt grew and export earnings slumped. Subdued global trade and lower commodity prices (see sect. I above) greatly affected developing countries' export earnings, since 95 of 142 of those countries (66.9 per cent) are commodity-dependent.<sup>24</sup> The second indicator of external solvency, the ratio of total external debt service to exports, grew from 13.5 in 2022 to 15.2 per cent in 2023. This is due to the fall in exports already referred to and a 9.3 per cent increase in external debt service costs – the highest since 2019. The latter was the result of higher costs of both new debt and variable-interest-rate debt. However, both external solvency indicators are below the exceptional levels achieved in 2020.

16. The external solvency of the public sector also deteriorated in 2023, albeit to a lesser degree. The ratio of public and publicly guaranteed external debt service to

<sup>23</sup> World Bank, *International Debt Statistics 2022* (Washington, D.C., 2021). According to the World Bank International Debt Statistics database, the dollar accounts for around 70 per cent of developing countries' external debt, followed by the euro (12 per cent) and the yen (3 per cent).

<sup>24</sup> *State of Commodity Dependence 2023* (United Nations publication, 2023).

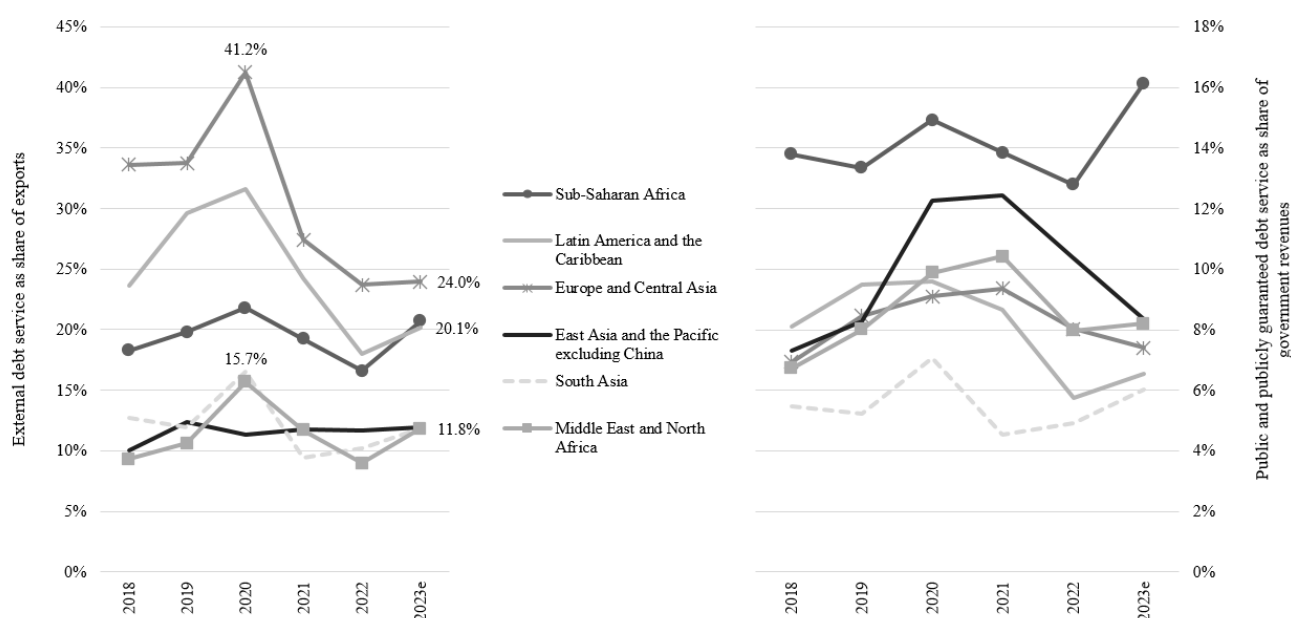
government revenues increased from 7.2 per cent in 2022 to 7.6 per cent in 2023, as debt service costs surpassed government revenues.

17. The external liquidity of developing countries (the ratio of international reserves to short-term debt) increased from 244.3 per cent in 2022 to 257.3 per cent in 2023, as increases in international reserves outpaced short-term debt. The liquidity ratio reached a high of 315.8 per cent in 2020.

## A. Main external debt trends, by developing region

18. External debt sustainability – measured by the ratio of external debt service costs to exports – deteriorated or was flat in all regions in 2023 (see figure II (left)), which stemmed from a fall in export earnings in almost all regions amid declining global commodity prices, subdued external demand and a significant increase in total debt service costs in all but one region. The trends in the external solvency of the public sector (see figure II (right)) diverged across all regions. Compared with 2022, regional external liquidity ratios either improved or were stable.

Figure II  
Trends in debt service ratios in developing countries, 2018–2023



Source: UNCTAD secretariat calculations, based on World Bank and IMF estimates.

Abbreviation: e, estimate.

19. Economic growth in East Asia and the Pacific picked up from 3.5 per cent in 2022 to 4.8 per cent in 2023.<sup>25</sup> The total external debt stock reached \$2.2 trillion, excluding China (\$4.7 trillion, including China), in 2023. Long-term external debt accounted for 72 per cent of the total, the lowest share of any region. The share of the private non-guaranteed debt in that debt rose from 68 per cent in 2022 to 69.4 per cent in 2023, the highest of any region. Excluding China, the ratio of external debt to exports and the ratio of total debt service to exports deteriorated in 2023, owing

<sup>25</sup> Economic and Social Commission for Asia and the Pacific, *Economic and Social Survey of Asia and the Pacific 2024: Boosting affordable and longer-term financing for governments* (Bangkok, 2024).

mainly to weaker export performance that partly reflected the normalization in the demand for goods relative to services following the COVID-19 pandemic.<sup>26</sup> The region was the only one in which total external debt service declined (by 2.5 per cent), even as the external debt stock grew by 3.6 per cent. This trend may be associated with the greater share of investment-grade sovereign issuers compared with the other regions. The external solvency of the public sector improved, with the ratio of public and publicly guaranteed debt service to government revenues declining from 10.3 per cent in 2022 to 8.3 per cent in 2023 owing to a significant decrease (16.2 per cent) in debt service and a slight increase in government revenues (3.9 per cent). The liquidity buffer ratio improved slightly to 184.6 per cent.

20. Economic growth in Europe and Central Asia increased to 3.3 per cent in 2023 from 1.5 per cent in 2022, but unevenly. Excluding the Russian Federation and Ukraine, growth in the region slowed to 3.1 per cent in 2023 from 4.8 per cent in 2022 because of the sharp decrease in levels of economic activity in major trading partners in the euro area, tighter financial conditions and the lingering effects of the cost-of-living crisis. Commodity exporters, especially energy producers, struggled with declining global commodity prices and a sluggish rebound in China.<sup>27</sup> The total external debt stock rose by 6.6 per cent in 2023, the highest increase of any region, reaching \$793.3 billion, of which 73.3 per cent was long-term external debt. Of the long-term debt, private non-guaranteed debt accounted for a higher proportion than public and publicly guaranteed debt (57.8 per cent compared with 42.2 per cent), growing by 5.6 per cent in 2023. Short-term debt grew at an even faster pace (9.5 per cent), reaching \$197.5 billion. The external solvency indicators deteriorated in 2023, with the ratio of debt service to exports rising to 24 per cent – the highest of any region. Conversely, the ratio of public and publicly guaranteed debt service to government revenues declined to 7.4 per cent owing to relatively fast-growing government revenues. At the same time, the ratio of reserves to short-term debt was the lowest of any region, falling to 118.6 per cent in 2023.

21. Economic growth in Latin America and the Caribbean slowed from 3.8 per cent in 2022 to 2.2 per cent in 2023.<sup>28</sup> Total external debt in the region grew by 2.5 per cent, reaching \$2.7 trillion in 2023. Short-term debt grew faster, by 5.5 per cent, while long-term debt grew by 2.1 per cent, with private non-guaranteed debt increasing by 3 per cent and public and publicly guaranteed debt by 1.3 per cent. The share of the long-term debt in the total remained virtually stable at 81 per cent (the highest of any region), of which the public and publicly guaranteed debt accounted for 51 per cent. Both external debt service and public and publicly guaranteed debt service grew significantly in 2023, resulting in a deterioration in the solvency indicators. The ratio of debt service to exports reached 20.1 per cent in 2023, the third highest after sub-Saharan Africa and Europe and Central Asia. Meanwhile, the liquidity buffer ratio declined slightly to 262.9 per cent in 2023.

22. Growth in the Middle East and North Africa fell sharply, from 6.1 per cent in 2022 to 1.9 per cent in 2023, as oil prices fell and member countries of the Organization of the Petroleum Exporting Countries Plus cut production.<sup>29</sup> Total external debt increased by 0.9 per cent in 2023, reaching \$1.4 trillion. Long-term debt accounted for 77 per cent of total external debt, with private non-guaranteed debt accounting for 30 per cent of the long-term debt. Private non-guaranteed debt

<sup>26</sup> IMF, *Regional Economic Outlook: Asia and Pacific – Steady Growth amid Diverging Prospects* (Washington, D.C., 2024).

<sup>27</sup> World Bank, *Europe and Central Asia Economic Update: Unleashing the Power of the Private Sector* (Washington, D.C., 2024).

<sup>28</sup> *World Economic Situation and Prospects 2024* (United Nations publication, 2024).

<sup>29</sup> World Bank, *Middle East and North Africa Economic Update: Conflict and Debt in the Middle East and North Africa* (Washington, D.C., 2024).



expanded by 10.6 per cent in 2023 compared with growth of only 0.3 per cent in public and publicly guaranteed debt. Short-term debt declined by 5.8 per cent to \$266.8 billion in 2023. Both external debt service and public and publicly guaranteed debt service increased significantly, while export earnings decreased owing to the fall in oil prices. Consequently, the ratio of external debt service to exports increased to 11.8 per cent and the ratio of public and publicly guaranteed debt service to government revenues to 7.4 per cent, compared with 2022. The liquidity buffer ratio improved slightly, increasing to 471 per cent in 2023, the highest of the developing regions.

23. Economic growth in sub-Saharan Africa slowed from 4 per cent in 2022 to 3.4 per cent in 2023. The region faced significant external debt sustainability risks.<sup>30</sup> According to IMF, 19 out of 35 low-income African countries were either in debt distress or at high risk of distress as of the end of 2023.<sup>31</sup> The region's external debt stock increased slightly by 1.7 per cent to \$861.1 billion in 2023. Long-term external debt rose by 2.8 per cent in 2023 and accounted for 78.7 per cent of the total, lower only than in Latin America and the Caribbean. Public and publicly guaranteed debt accounted for 74 per cent of this debt, the highest share of any region. While short-term debt fell by 5.3 per cent, both total external debt service and public and publicly guaranteed debt service increased at the highest pace of any region, which was associated with the predominance of non-investment-grade frontier market sovereigns that were particularly affected by adverse global financial conditions. The ratio of external debt service to exports rose from 16.6 per cent to 20.7 per cent in 2023, lower only than in Europe and Central Asia. The ratio of public and publicly guaranteed debt service to government revenues increased from 12.8 per cent to 16 per cent, the highest of any region. The liquidity buffer ratio improved slightly in 2023, increasing to 171.2 per cent.

24. The economy of South Asia grew by an estimated 5.3 per cent in 2023, driven by robust expansion in India, the fastest-growing large economy in the world.<sup>32</sup> The region was buffeted by sharp currency depreciations after the pandemic and faced balance-of-payments pressures.<sup>33</sup> External debt stock reached \$943 billion in 2023, an increase of 2.6 per cent compared with 2022. Long-term debt accounted for 77.7 per cent of the total, and, of that debt, public and publicly guaranteed debt grew at a faster rate than private non-guaranteed debt in 2023 and made up 59 per cent of the total. Both external debt service and public and publicly guaranteed debt service increased rapidly. As in sub-Saharan Africa, the region has non-investment-grade frontier market countries that experienced a sharp increase in bond spreads. The ratio of external debt service to exports increased to 11.9 per cent and the public and publicly non-guaranteed ratio to 6 per cent in 2023. The liquidity buffer ratio rose from 376.2 per cent in 2022 to 403.6 per cent in 2023, the second highest of the developing regions after the Middle East and North Africa.

## **B. Main external debt trends: least developed countries and small island developing States**

25. The gross domestic product of the least developed countries is estimated to have grown by 4.4 per cent in 2023, up from 3.4 per cent in 2022 but still well below the 7 per cent growth target set in the 2030 Agenda. Volatile commodity prices continued to undermine growth prospects for 38 of the 46 least developed countries classified

<sup>30</sup> *Trade and Development Report 2023* (United Nations publication, 2023).

<sup>31</sup> IMF, *Regional Economic Outlook: Sub-Saharan Africa – A Tepid and Pricey Recovery* (Washington, D.C., 2024).

<sup>32</sup> *World Economic Situation and Prospects 2024* (United Nations publication, 2024).

<sup>33</sup> World Bank, *South Asia Development Update: April 2024 – Jobs for Resilience* (Washington, D.C., 2024).

as commodity-dependent economies.<sup>34</sup> External debt sustainability for this group of countries worsened significantly in 2023, with total external debt expanding by nearly 5 per cent to \$577.6 billion. External debt service and public and publicly guaranteed debt service grew by over 50 per cent owing to soaring external borrowing costs in non-investment grade sovereigns. At the same time, exports and government revenues fell by around 6 per cent. The external solvency indicators deteriorated, with the ratio of external debt service to exports rising to 25.4 in 2023 from 15.9 per cent in 2022, much higher than the average level of 15.3 per cent for developing countries, excluding China. The group's liquidity buffer continued its downward trend, declining to 234.1 per cent in 2023.

26. Small island developing States<sup>35</sup> had benefited from a strong rebound in tourism inflows in 2022, but economic growth slowed from 4.5 per cent to an estimated 2.3 per cent in 2023. Economic prospects for this group of countries remain negative owing to the increasing impacts of climate change and fluctuations in oil prices, which affect both tourism flows and consumer prices.<sup>36</sup> As in the case of the least developed countries, this group's external debt sustainability situation deteriorated in 2023. While total external, public and publicly guaranteed, private non-guaranteed and short-term debt grew moderately, external debt service surged by over 50 per cent and public and publicly guaranteed debt service by 33.4 per cent. Consequently, the ratio of external debt service to exports and the ratio of public and publicly guaranteed debt service to government revenues rose significantly to 20.3 per cent and 17.1 per cent, respectively. Although these ratios are lower than those of the least developed countries, they remain higher than the average of developing countries, excluding China. In addition, a lower liquidity buffer makes this group relatively more vulnerable to external financial shocks than the least developed countries, with the ratio of reserves to short-term debt decreasing to 133.1 per cent in 2023.

### III. Sovereign debt-for-development swaps

27. Sovereign debt-for-development swaps are used with the objective of creating fiscal space to mobilize resources for investments in targeted development-oriented projects or initiatives. Recent debt-for-nature swaps have mobilized increasingly larger sums to finance nature conservation initiatives in developing countries, which has raised interest in their potential to serve as a tool for use in a broader range of innovations for mobilizing much-needed development finance for underfunded sectors aligned with the Sustainable Development Goals. This section has been prepared in response to the request by the General Assembly in paragraph 44 of its resolution 78/137.

28. Developing countries have a range of financing tools at their disposal when considering the financing of development priorities and objectives. Generally, grants and unconditional concessional loans are the preferred external sources of development funding. For countries with limited access to capital markets and little to no access to concessional finance or grants, the next preference is debt relief, for which availability and eligibility are often limited. Moreover, countries that have capital market access may not want to resort to this option because of the risk of credit rating downgrades and reputational costs.

29. Countries may pragmatically consider sovereign debt-for-development swaps (hereinafter "debt swaps") as one type of financial instrument in a broader financing toolbox, especially when more favoured options are unavailable. This consideration

<sup>34</sup> *World Economic Situation and Prospects 2024* (United Nations publication, 2024).

<sup>35</sup> Analytical classification of small island developing States according to UNCTAD statistics.

<sup>36</sup> *World Economic Situation and Prospects 2024* (United Nations publication, 2024).

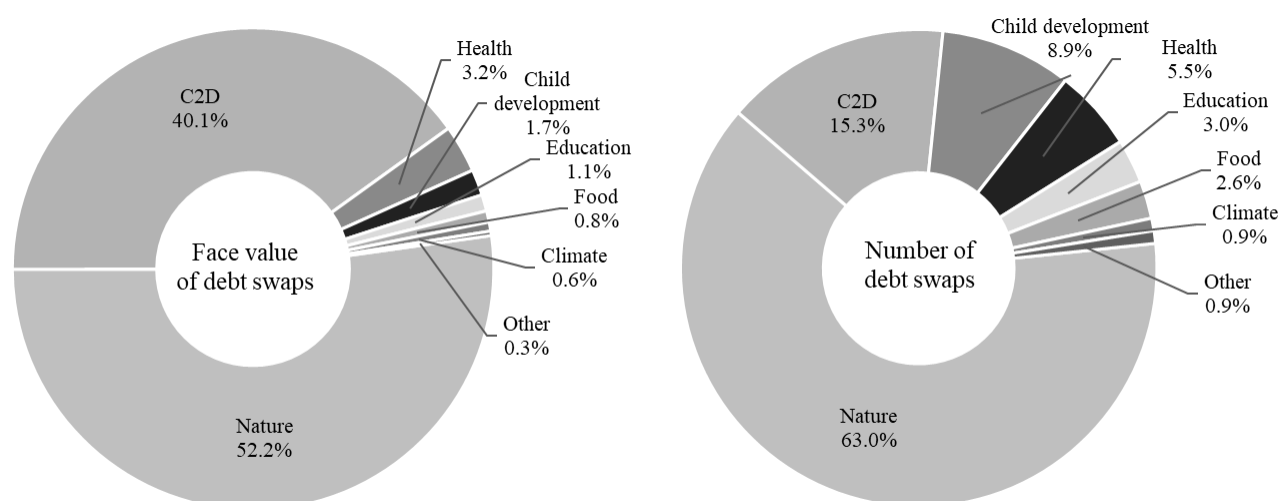
should be grounded in national priorities and have associated project pipelines. For example, debt swaps typically release a series of predictable financial flows that are better suited to underfunded programmes than large upfront capital amounts.

30. Since 1987, debt swaps have been implemented to create fiscal space in various areas, including education, health, child development, food, climate, nature and poverty reduction.<sup>37</sup>

31. Data collected by UNCTAD on 235 debt swaps collectively valued at \$11.5 billion provide some insights into the evolution of debt swap practices from 1987 to 2023. Debt-for-nature swaps had the largest aggregate face value of the categories examined over the entire period (see figure III). Such swaps were concluded by a number of countries, including Barbados in 2022 (\$150 million), Belize in 2021 (\$580 million), Ecuador in 2023 (\$1.6 billion) and Gabon, also in 2023 (\$500 million) – all of which were notable exceptions in terms to the average face value of debt swaps. Generally, the face value of debt swaps has been relatively low, averaging \$25 million for debt-for-nature swaps and \$35 million for climate-related swaps. The face value of health-related swaps averaged \$28 million.

Figure III

**Composition of the face value (left) and number (right) of debt-for-development swaps by purpose, 1987–2023**



Source: UNCTAD debt swap database.

Note: "C2D" refers to the bilateral development-oriented swaps of France (Debt Reduction-Development Contract).

32. The degree of complexity of a swap depends on the number of creditors and intermediaries involved, its institutional design and the conditionalities on the contracting parties. Bilateral swaps are the least complex and entail an agreement between an official creditor and a sovereign debtor, which can be initiated by either party and typically involve non-bonded debt. Multiparty swaps are at the other end of the complexity spectrum. This modality can include buy-backs of existing debt and the issuance of new bond instruments. It can incorporate special purpose vehicles and the establishment of trusts or endowments charged with overseeing and managing the proceeds, and separate institutions to monitor and evaluate performance and numerous contractual clauses. A debt swap's complexity has significant implications

<sup>37</sup> Organisation for Economic Co-operation and Development, *Lessons Learnt from Experience with Debt-for-Environment Swaps in Economies in Transition* (Paris, 2007).

for its associated transaction costs and the minimum size required to generate positive financial returns, as well for the terms of conditionalities. In the case of some multiparty debt swaps, the creation of special purpose vehicles and endowments introduces additional considerations regarding legal and governance structures for managing, distributing and monitoring the use of funds diverted for development objectives, all of which may have systemic implications for sovereign debt sustainability.

33. From 1987 to 2023, bilateral debt swaps accounted for 59 per cent of the total swaps on public record and 68 per cent of their total face value, with an average face value of \$57 million. The average face value of multiparty swaps was close to \$38 million, including the swaps concluded by Belize and Ecuador, but declines to less than \$16 million when they are excluded.

34. Considerable variations in the modalities of debt swaps translate into differences in the benefits they may deliver in terms of development resources generated and the extent of debt relief. Debt swaps may be viable when fiscal space is constrained and debt levels are not inherently unsustainable.

35. While debt swaps should ideally include a degree of credit enhancement, they fall short of being a comprehensive or effective debt restructuring tool primarily because of their limited face values and high transaction costs. Such costs arise from their relative novelty for many countries (resulting in limited “in-country” expertise and need for international advisers), their size (relatively low in value), long lead times to allow for the necessary consultation and coordination, and subsequent monitoring and evaluation to ensure that targets are met. Preliminary analysis of recent debt swaps indicates that transaction-related costs (including those related to guarantees, issuance and international advisory services associated with structuring, issuance, monitoring and evaluation, as well as in-country human resource costs) could account for 40 per cent or more of any financial benefits generated.<sup>38</sup>

36. In multiparty swaps involving bondholders, even with full guarantees, blue bonds or alternative financing mechanisms will need to be priced at a premium (e.g. 250 basis points) above United States benchmark rates in order to accommodate these high transaction costs. If countries can access global capital markets at rates lower than this premium, debt swaps may be an inefficient financing option for them. Debt swaps would have been a financially efficient option for a relatively small share of developing countries (around 8 per cent) at the end of 2023. If the required transaction cost funding premium were reduced, the share of developing countries for which swaps could have been a financially efficient option would have increased significantly.<sup>39</sup>

37. Proponents of scaling up and increasing the size of swaps argue that spillovers from larger or more frequent swaps can positively affect the cost of future commercial borrowing if they improve a country’s debt sustainability. This is especially true in cases in which a debt swap replaces an expensive or opaque debt commitment, and it can be converted into local currency. Scaling up debt swaps can be achieved mainly by expanding the number of countries engaging in swaps, increasing the number of swaps concluded by individual debtor countries and raising the face value of the swaps concluded.

38. Expanding the number of countries that can engage in swaps is subject to the associated transaction costs being lowered. It is likely that those countries that engage in several swaps in relatively close succession would develop experience and institutional capacity that should help to lower the transaction costs of subsequent swaps. However, increasingly more complex debt swaps involving larger numbers of

<sup>38</sup> Other analyses suggest that some of these costs are inherent to liabilities management.

<sup>39</sup> UNCTAD secretariat calculations based on Refinitiv data.

intermediaries may generate fewer possibilities to significantly lower transaction costs.

39. The diverse range of possible debt swap architectures makes it unlikely that credit rating agencies will respond uniformly and predictably to debt swaps. If all parties engage in the swap proactively and voluntarily, and it generates measurable credit enhancement for the debtor country, the swap may garner approval from these agencies and could even lead to sovereign credit rating upgrades. However, if swaps are structured in ways that impose losses on existing creditors or unreasonable risks and conditions on the debtor country, they could trigger ratings downgrades and jeopardize future debt sustainability.

40. The positive benefits of debt swaps will be undermined in cases of default, as, in such cases, funding for development will not be realized and any subsequent attempts at debt relief and restructuring will become more complex. Swaps may also introduce new senior creditors (such as guarantors). Conditionalities in swap agreements can also expose the debtor country to additional risks that could have implications for their credit rating and debt service costs over the longer term.

41. Debt swaps are not a quick fix. They can take several years to conclude and often require agreement on specific financing and institutional arrangements that create conditionalities as to how the resources are used and monitored, which adds to transaction costs. These comparatively long lead times also expose the debtor country to additional risks related to changing domestic and global financial and economic conditions.

42. As for increasing the size of swaps, assessing the financial benefits of small debt swaps often leads to the view that larger swaps could yield even greater gains relative to sovereign debt. However, executing a sizeable debt swap may draw market attention and raise concerns of distressed exchange or debt distress.

## IV. Policy recommendations

43. Although sovereign debt-for-development swaps offer developing countries an opportunity to create some fiscal space and channel funds to development priorities, they are not the main tool for debt restructuring and must be viewed as one of several potential development financing instruments. Such swaps should be considered only where more favourable options are not available and where they align with and advance national development priorities.

44. In this context, the international community could consider several measures to support the scaling-up of debt swaps, including:

(a) Assisting countries in identifying and defining a pipeline of development projects and programmes requiring funding: the pipeline should be identified in conjunction with affected communities. Although doing so is a time-consuming and relatively costly process, it is an essential first step in ensuring that the proceeds of debt swaps or other sources of secured funding are aligned with the debtor country's development agenda. Well-conceived programmes are more likely to deliver good development outcomes. However, many developing countries do not have the capacity or technical expertise required to undertake the process effectively;

(b) Providing technical assistance to countries considering debt swaps: the decision to pursue debt swaps entails a complex and lengthy process that may be challenging. The provision of technical assistance (e.g. by multilateral development banks) could be valuable. Assistance could be provided, inter alia, in project identification and for cost-benefit assessments, debt sustainability analyses,

negotiation support, advocacy for national priorities, policy advice, risk management, and monitoring and evaluation mechanisms;

(c) Sharing information on debt swaps on an appropriate platform: technical assistance could be coordinated and managed in a cost-effective manner through a platform that facilitates knowledge-sharing among developing countries and stakeholders, allowing for the exchange of best practices, experiences and lessons learned. The platform could also host a comprehensive database on debt swap modalities, which would enhance transparency and accountability;

(d) Provision of greater credit enhancement by development partners in debt swaps: for countries for which debt swaps make financial sense, development partners could consider increasing the provision of credit enhancements, such as political or credit risk insurance, or other guarantees. Such enhancements can mitigate risk for creditors, potentially lowering costs and increasing participation in debt swap programmes. Credit enhancements could also lead to improved terms for new debt instruments, including lower interest rates or longer maturities;

(e) Increasing the debt relief component of debt swaps could provide countries with more fiscal space for development priorities, making it easier to scale up financing for targeted development initiatives.

45. Debt swaps should not serve as a distraction from the urgent need to address the debt challenges that are undermining the achievement of the development agendas of many countries. There has been little progress in this direction since the previous report, which called for immediate action and reforms to the global financial architecture.<sup>40</sup>

46. Regarding immediate action, as mentioned in paragraph 2 above, half of the Poverty Reduction and Growth Trust countries eligible for the Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative are at high risk of or already in debt distress. Addressing these countries' debt challenges is urgent, and, to this end, the Common Framework's shortcomings must be addressed, including improving the pace of the process and providing a clear methodology for comparability of treatment.

47. An improved Common Framework should include: first, an automatic debt service standstill during negotiations that would alleviate liquidity constraints, avoid the accumulation of arrears and incentivize quicker resolutions; second, greater predictability and reliable timelines; third, the extension of eligibility to all middle-income countries that are on the brink of or in debt distress; and fourth, clarification as to how comparability of treatment will be determined and regarding the concrete tools to incentivize or enforce participation of private creditors in the Common Framework. Drawing on lessons from previous umbrella initiatives, these tools may include debt exchanges for longer maturities and lower interest rates, debt buy-backs, credit enhancements (e.g. financial guarantees and/or collateralization), moral suasion, tax and regulatory incentives, and legislative measures.

48. A second immediate and necessary action is to reduce and temporarily suspend IMF surcharges for countries at high risk of or in debt distress.

49. Regarding the reforms of the global debt architecture, the priorities are:

(a) To establish a multilateral sovereign debt workout framework. Only such a framework can fully address sovereign external debt distress and provide an effective, efficient and equitable mechanism for managing debt crises in a way that is aligned with the development needs of developing countries;

<sup>40</sup> See [A/78/229](#).

(b) To adopt a new approach to debt sustainability analyses that puts the achievement of the Sustainable Development Goals at its centre and considers the balance of payments position as the dominant economic constraint on growth and development in most developing countries;

(c) To enhance debt transparency and strengthen debt management in order to appropriately assess debt sustainability and ensure effective debt restructuring. The limited scope of data coverage of central government and government-guaranteed debt remains a challenge. Expanded coverage to include all national and local government debts, extrabudgetary debt, debt of State-owned enterprises, contingent liabilities and collateralized debt would improve transparency;

(d) To scale up concessional financing by multilateral and regional development banks through the implementation of the recommendations of the Capital Adequacy Framework review of the Group of 20, capitalization by shareholders and the re-channelling of special drawing rights. Boosting the lending capacity of those institutions is critical to the achievement of the Sustainable Development Goals and should be complemented by a new eligibility criterion that goes beyond income, such as the multidimensional vulnerability index.

## Annex

## External debt of developing economies

(Billions of United States dollars)

	2009–2023 average	2020	2021	2022	2023 <sup>a</sup>
<b>All developing economies<sup>b</sup></b>					
Total external debt stocks <sup>c</sup>	8 271.77	10 515.42	11 294.86	11 061.57	11 442.68
Long-term external debt	5 760.67	7 654.13	7 856.40	7 686.46	8 035.70
Public and publicly guaranteed external debt/long-term external debt	49.4%	50.3%	51.0%	51.6%	51.4%
Private non-guaranteed external debt/long-term external debt	50.6%	49.7%	49.0%	48.4%	48.6%
Short-term external debt	2 282.89	2 610.48	2 988.93	2 964.10	2 993.76
Total external debt service	979.72	1 257.55	1 396.27	1 538.92	1 413.90
Debt service on public and publicly guaranteed external debt	256.10	326.00	367.34	365.15	398.49
<b>Debt indicators (percentage)<sup>d</sup></b>					
Total external debt/GDP	27.5	33.0	29.8	27.4	27.6
Total external debt/exports <sup>e</sup>	99.0	133.9	109.1	91.9	99.3
Total debt service/exports <sup>e</sup>	11.7	16.3	13.7	12.9	12.3
Reserves/short-term external debt	324.7	294.1	264.2	251.9	258.4
Debt service on public and publicly guaranteed external debt/ government revenue	3.7	4.8	4.4	4.2	4.3
Debt service on public and publicly guaranteed external debt/exports <sup>e</sup>	4.0	5.4	4.6	4.0	4.6
<b>All developing economies, excluding China<sup>b</sup></b>					
Total external debt stocks <sup>c</sup>	6 595.09	8 189.18	8 592.62	8 672.82	8 902.38
Long-term external debt	5 097.33	6 574.20	6 651.05	6 611.09	6 815.13
Public and publicly guaranteed external debt/long-term external debt	50.9%	52.6%	53.1%	52.9%	52.6%
Private non-guaranteed external debt/long-term external debt	49.1%	47.4%	46.9%	47.1%	47.4%
Short-term external debt	1 287.64	1 374.25	1 542.71	1 698.91	1 723.83
Total external debt service	803.56	983.15	1 058.97	1 110.87	1 214.67
Debt service on public and publicly guaranteed external debt	228.73	292.19	316.98	292.29	341.48
<b>Debt indicators (percentage)<sup>d</sup></b>					
Total external debt/GDP	36.8	48.3	43.2	39.1	38.0
Total external debt/exports <sup>e</sup>	114.4	160.6	126.8	104.6	111.3
Total debt service/exports <sup>e</sup>	14.0	19.7	15.9	13.5	15.3
Reserves/short-term external debt	296.3	315.8	291.6	244.3	257.3
Debt service on public and publicly guaranteed external debt/ government revenue	6.6	9.9	8.9	7.2	7.6
Debt service on public and publicly guaranteed external debt/exports <sup>e</sup>	6.1	8.8	7.3	5.6	6.7
<b>Sub-Saharan Africa</b>					
Total external debt stocks <sup>c</sup>	598.99	789.10	829.88	847.16	861.15
Long-term external debt	474.40	643.72	653.93	659.07	677.77



	2009–2023 average	2020	2021	2022	2023 <sup>a</sup>
Public and publicly guaranteed external debt/long-term external debt	69.3%	72.5%	73.3%	73.7%	73.9%
Private non-guaranteed external debt/long-term external debt	30.7%	27.5%	26.7%	26.3%	26.1%
Short-term external debt	92.61	103.90	106.26	118.95	112.69
Total external debt service	55.80	73.16	85.46	86.43	101.84
Debt service on public and publicly guaranteed external debt	28.99	38.53	44.03	45.17	53.99
<b>Debt indicators (percentage)<sup>d</sup></b>					
Total external debt/GDP	34.0	46.1	43.1	41.2	43.1
Total external debt/exports <sup>e</sup>	145.0	235.0	186.6	162.5	174.8
Total debt service/exports <sup>e</sup>	13.5	21.8	19.2	16.6	20.7
Reserves/short-term external debt	200.5	173.1	193.2	160.8	171.2
Debt service on public and publicly guaranteed external debt/ government revenue	9.7	14.9	13.9	12.8	16.1
Debt service on public and publicly guaranteed external debt/exports <sup>e</sup>	7.3	11.8	10.2	8.9	11.3
<b>Latin America and the Caribbean</b>					
Total external debt stocks <sup>c</sup>	2 096.97	2 492.09	2 588.54	2 636.77	2 701.52
Long-term external debt	1 733.57	2 079.04	2 103.66	2 130.44	2 175.61
Public and publicly guaranteed external debt/long-term external debt	50.2%	52.6%	53.0%	52.4%	51.9%
Private non-guaranteed external debt/long-term external debt	49.8%	47.4%	47.0%	47.6%	48.1%
Short-term external debt	308.70	328.38	354.98	372.56	393.13
Total external debt service	279.98	339.81	382.90	355.26	400.70
Debt service on public and publicly guaranteed external debt	98.41	112.89	122.38	98.31	120.56
<b>Debt indicators (percentage)<sup>d</sup></b>					
Total external debt/GDP	36.0	51.8	43.0	38.6	35.1
Total external debt/exports <sup>e</sup>	160.5	214.7	153.5	130.9	132.4
Total debt service/exports <sup>e</sup>	21.8	31.6	24.2	18.0	20.1
Reserves/short-term external debt	296.6	342.0	308.0	266.7	262.9
Debt service on public and publicly guaranteed external debt/ government revenue	6.4	9.6	8.7	5.7	6.5
Debt service on public and publicly guaranteed external debt/exports <sup>e</sup>	8.9	11.6	9.5	6.3	7.8
<b>Europe and Central Asia</b>					
Total external debt stocks <sup>c</sup>	628.37	694.97	711.55	744.27	793.29
Long-term external debt	491.27	559.68	556.25	549.11	581.48
Public and publicly guaranteed external debt/long-term external debt	35.9%	39.8%	41.1%	42.0%	42.2%
Private non-guaranteed external debt/long-term external debt	64.1%	60.2%	58.9%	58.0%	57.8%
Short-term external debt	129.19	129.89	139.73	180.34	197.47
Total external debt service	111.93	129.23	117.97	129.68	130.70
Debt service on public and publicly guaranteed external debt	20.41	26.33	29.91	29.55	33.69
<b>Debt indicators (percentage)<sup>d</sup></b>					
Total external debt/GDP	50.6	64.1	57.3	52.6	46.9
Total external debt/exports <sup>e</sup>	170.2	221.7	165.4	136.3	145.9

	2009–2023 average	2020	2021	2022	2023 <sup>a</sup>
Total debt service/exports <sup>e</sup>	30.6	41.2	27.4	23.7	24.0
Reserves/short-term external debt	140.1	141.2	137.6	122.9	118.6
Debt service on public and publicly guaranteed external debt/ government revenue	5.8	9.1	9.4	8.0	7.4
Debt service on public and publicly guaranteed external debt/exports <sup>e</sup>	5.4	8.4	7.0	5.2	6.1
<b>East Asia and the Pacific</b>					
Total external debt stocks <sup>c</sup>	3 249.40	4 383.76	4 817.23	4 486.84	4 703.85
Long-term external debt	1 756.02	2 627.76	2 740.37	2 565.82	2 764.61
Public and publicly guaranteed external debt/long-term external debt	36.1%	34.0%	35.5%	36.6%	37.9%
Private non-guaranteed external debt/long-term external debt	63.9%	66.0%	64.5%	63.4%	62.1%
Short-term external debt	1 421.14	1 704.54	1 983.89	1 842.85	1 854.40
Total external debt service	350.33	470.23	584.12	709.37	473.58
Debt service on public and publicly guaranteed external debt	60.89	83.39	105.91	123.73	99.65
<b>Debt indicators (percentage)<sup>d</sup></b>					
Total external debt/GDP	21.9	24.6	22.7	20.7	21.7
Total external debt/exports <sup>e</sup>	75.3	98.5	85.2	73.3	81.2
Total debt service/exports <sup>e</sup>	7.9	10.6	10.3	11.6	8.2
Reserves/short-term external debt	320.8	262.5	232.8	232.8	235.8
Debt service on public and publicly guaranteed external debt/ government revenue	1.7	2.0	2.0	2.4	1.9
Debt service on public and publicly guaranteed external debt/exports <sup>e</sup>	1.7	2.3	2.3	2.5	2.1
<b>East Asia and the Pacific, excluding China</b>					
Total external debt stocks <sup>c</sup>	1 573.53	2 057.53	2 114.98	2 098.09	2 175.62
Long-term external debt	1 094.21	1 547.83	1 535.02	1 490.46	1 567.01
Public and publicly guaranteed external debt/long-term external debt	35.0%	32.4%	32.3%	31.9%	30.6%
Private non-guaranteed external debt/long-term external debt	65.0%	67.6%	67.7%	68.1%	69.4%
Short-term external debt	425.66	468.31	537.67	577.66	581.15
Total external debt service	174.18	195.82	246.81	281.32	274.35
Debt service on public and publicly guaranteed external debt	33.51	49.58	55.55	50.87	42.65
<b>Debt indicators (percentage)<sup>d</sup></b>					
Total external debt/GDP	55.3	65.8	61.9	57.2	58.2
Total external debt/exports <sup>e</sup>	91.1	119.4	100.8	87.3	94.3
Total debt service/exports <sup>e</sup>	10.0	11.4	11.8	11.7	11.9
Reserves/short-term external debt	207.4	238.6	221.4	170.2	184.6
Debt service on public and publicly guaranteed external debt/ government revenue	8.8	12.3	12.4	10.3	8.3
Debt service on public and publicly guaranteed external debt/exports <sup>e</sup>	3.9	5.6	5.3	4.2	3.6
<b>South Asia</b>					
Total external debt stocks <sup>c</sup>	672.49	831.14	912.68	919.06	942.99
Long-term external debt	533.82	680.03	719.17	712.08	732.68

	2009–2023 average	2020	2021	2022	2023 <sup>a</sup>
Public and publicly guaranteed external debt/long-term external debt	56.4%	56.9%	58.0%	58.8%	59.1%
Private non-guaranteed external debt/long-term external debt	43.6%	43.1%	42.0%	41.2%	40.9%
Short-term external debt	116.46	131.39	151.76	166.28	169.25
Total external debt service	68.15	96.83	73.27	91.83	105.53
Debt service on public and publicly guaranteed external debt	26.76	40.96	34.02	37.82	56.57
<b>Debt indicators (percentage)<sup>d</sup></b>					
Total external debt/GDP	21.8	23.8	22.5	20.9	20.9
Total external debt/exports <sup>e</sup>	110.9	141.7	117.4	101.8	106.1
Total debt service/exports <sup>e</sup>	11.2	16.5	9.4	10.2	11.9
Reserves/short-term external debt	417.8	518.5	477.2	376.2	403.6
Debt service on public and publicly guaranteed external debt/ government revenue	4.6	7.1	4.5	4.9	6.0
Debt service on public and publicly guaranteed external debt/exports <sup>e</sup>	4.2	7.0	4.4	4.2	6.4
<b>Middle East and North Africa</b>					
Total external debt stocks <sup>c</sup>	1 025.56	1 324.36	1 434.98	1 427.46	1 439.88
Long-term external debt	771.60	1 063.90	1 083.03	1 069.93	1 103.54
Public and publicly guaranteed external debt/long-term external debt	69.5%	73.8%	73.3%	72.3%	70.3%
Private non-guaranteed external debt/long-term external debt	30.5%	26.2%	26.7%	27.7%	29.7%
Short-term external debt	214.80	212.38	252.31	283.13	266.82
Total external debt service	113.53	148.29	152.55	166.36	201.55
Debt service on public and publicly guaranteed external debt	20.64	23.90	31.09	30.57	34.03
<b>Debt indicators (percentage)<sup>d</sup></b>					
Total external debt/GDP	33.7	48.8	44.6	36.9	38.4
Total external debt/exports <sup>e</sup>	79.1	139.6	109.4	76.3	83.8
Total debt service/exports <sup>e</sup>	8.7	15.7	11.7	9.0	11.8
Reserves/short-term external debt	550.2	518.0	447.8	416.8	470.9
Debt service on public and publicly guaranteed external debt/ government revenue	6.9	9.9	10.4	8.0	8.2
Debt service on public and publicly guaranteed external debt/exports <sup>e</sup>	5.9	9.7	9.1	6.2	7.4
<b>Least developed countries</b>					
Total external debt stocks <sup>c</sup>	367.03	502.27	544.40	552.56	577.56
Long-term external debt	312.54	436.56	451.55	458.93	482.34
Public and publicly guaranteed external debt/long-term external debt	75.8%	74.3%	74.2%	74.4%	75.4%
Private non-guaranteed external debt/long-term external debt	24.2%	25.7%	25.8%	25.6%	24.6%
Short-term external debt	34.76	42.92	51.05	52.05	53.21
Total external debt service	27.29	29.40	44.63	47.71	72.33
Debt service on public and publicly guaranteed external debt	17.19	19.33	25.97	24.61	37.96
<b>Debt indicators (percentage)<sup>d</sup></b>					
Total external debt/GDP	34.8	43.4	43.2	39.0	39.6
Total external debt/exports <sup>e</sup>	165.5	247.1	219.3	181.3	201.2

	2009–2023 average	2020	2021	2022	2023 <sup>a</sup>
Total debt service/exports <sup>e</sup>	12.0	14.6	18.2	15.9	25.4
Reserves/short-term external debt	365.6	366.3	307.8	257.3	234.1
Debt service on public and publicly guaranteed external debt/ government revenue	10.5	12.2	14.7	12.2	20.0
Debt service on public and publicly guaranteed external debt/exports <sup>e</sup>	7.7	9.6	10.6	8.2	13.2
<b>Small island developing States<sup>f</sup></b>					
Total external debt stocks <sup>c</sup>	50.82	59.77	67.08	70.08	73.17
Long-term external debt	36.34	43.48	46.63	48.42	49.67
Public and publicly guaranteed external debt/long-term external debt	58.0%	59.4%	59.0%	57.9%	58.5%
Private non-guaranteed external debt/long-term external debt	42.0%	40.6%	41.0%	42.1%	41.5%
Short-term external debt	11.76	13.41	15.86	17.41	18.33
Total external debt service	6.67	7.88	6.63	5.92	9.14
Debt service on public and publicly guaranteed external debt	1.99	2.23	2.24	2.33	3.10
<b>Debt indicators (percentage)<sup>d</sup></b>					
Total external debt/GDP	65.9	85.7	85.8	77.7	77.0
Total external debt/exports <sup>e</sup>	146.2	274.0	202.8	148.9	161.5
Total debt service/GDP	8.7	11.3	8.5	6.6	9.6
Total debt service/exports <sup>e</sup>	19.5	36.5	20.2	12.6	20.3
Reserves/short-term external debt	200.7	182.3	174.1	152.4	133.1
Debt service on public and publicly guaranteed external debt/ government revenue	15.1	17.1	15.3	14.2	17.1
Debt service on public and publicly guaranteed external debt/exports <sup>e</sup>	9.9	15.9	11.4	8.6	11.9

*Source:* United Nations Conference on Trade and Development (UNCTAD) secretariat calculations based on World Bank, International Monetary Fund (IMF) database and national sources.

*Abbreviation:* GDP, gross domestic product.

<sup>a</sup> Figures for 2023 are UNCTAD secretariat estimates.

<sup>b</sup> Developing economies are defined in line with UNCTAD statistics country classifications.

<sup>c</sup> Total external debt stocks include long-term external debt, short-term external debt and use of IMF credit.

<sup>d</sup> Data series used for ratio calculations have been adjusted according to data availability.

<sup>e</sup> Exports comprise exports of goods and services.

<sup>f</sup> Analytical classification of small island developing States according to UNCTAD statistics (2023).