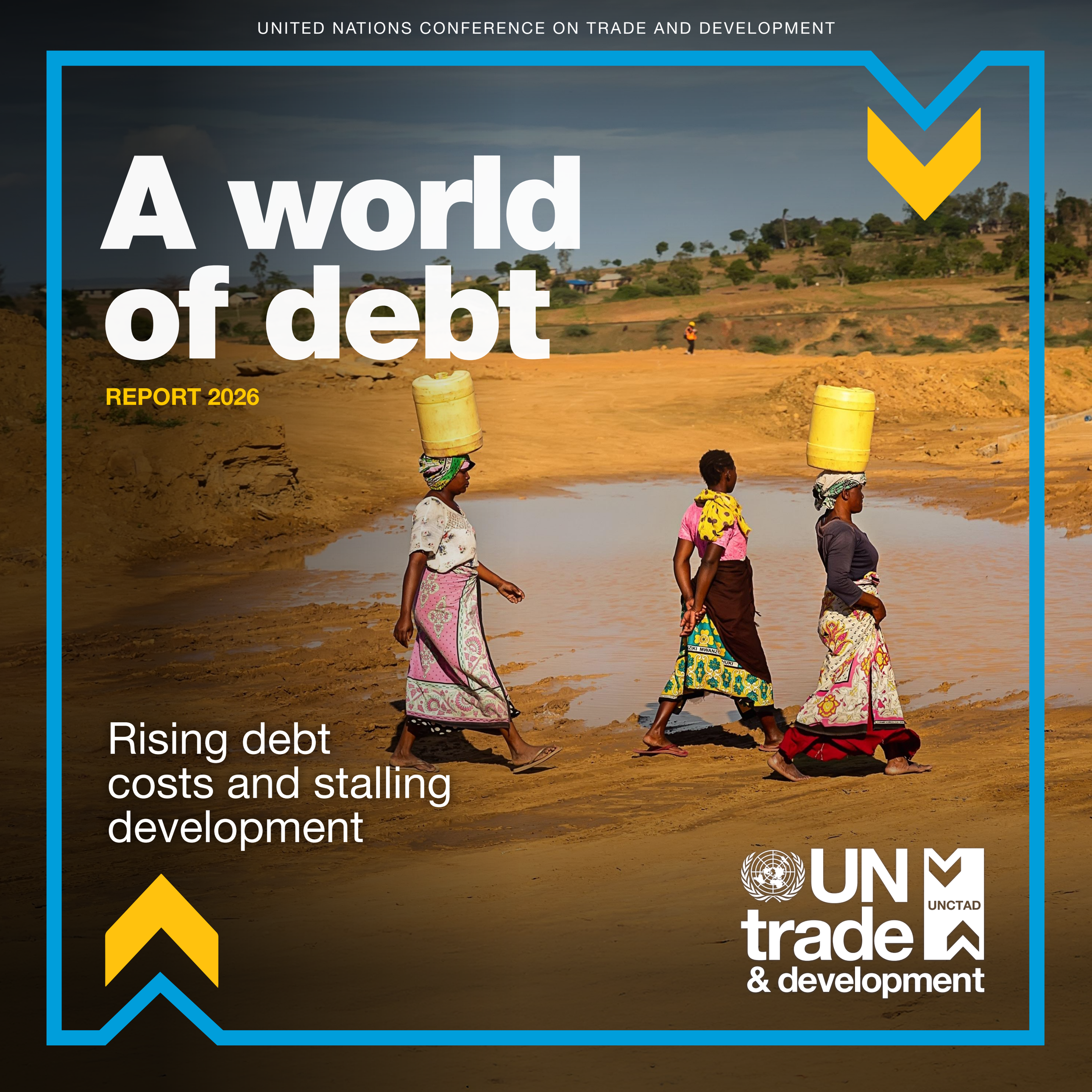
UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

A world of debt

REPORT 2026



Rising debt costs and stalling development

UN trade & development

UNCTAD



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Introduction

Developing countries already pay far more to borrow than developed ones. And recent global crises and conflicts have pushed those costs even higher.

As a result, interest payments on public debt approached **$1 trillion** in 2025 and have been growing much faster than government revenues.

Money spent servicing debt is unavailable for health, education and other essential public services, putting people's futures at risk.

At the same time, new external finance has become harder to access. Bilateral lenders are diverting development assistance to deal with issues closer to home and private creditors have become more risk averse.

Debt should help countries invest in their future. But in many developing countries, the servicing of external debt now exceeds new inflows. It is no longer able to contribute to development.

Development stalls.



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1

Public debt rises in line with GDP

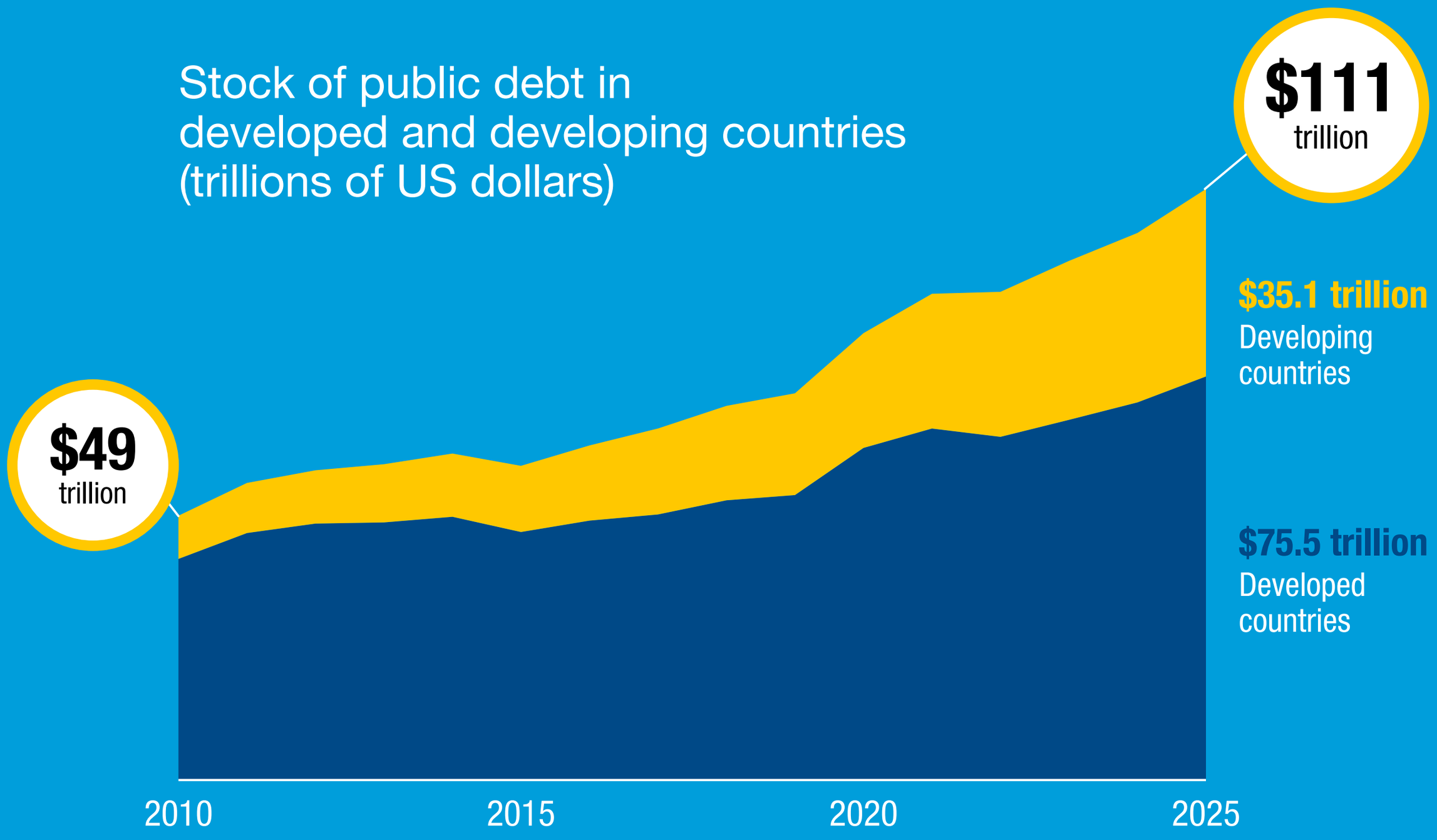
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Global public debt rose to

111 000 000 000 000

US dollars in 2025

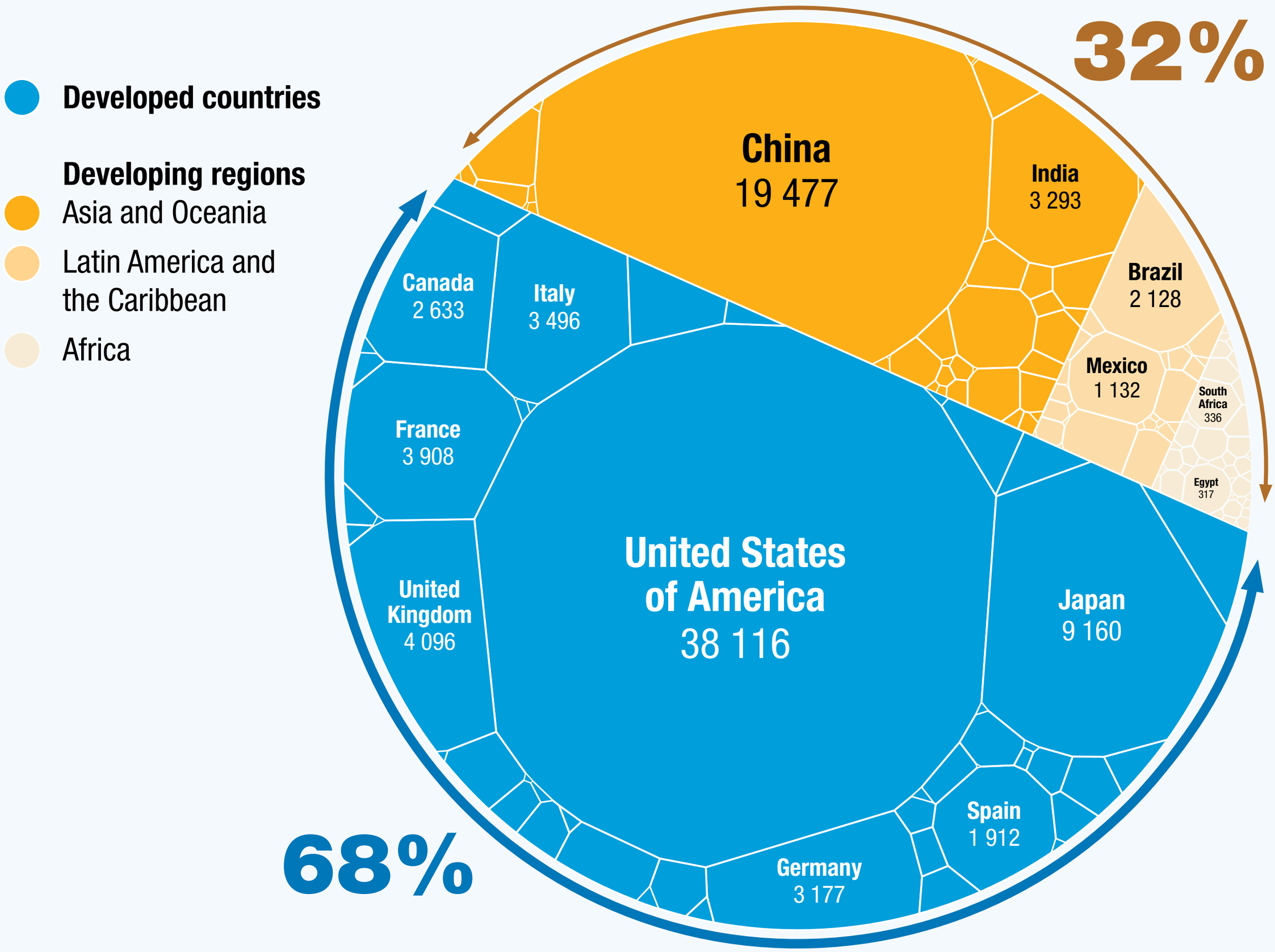
Stock of public debt in
developed and developing countries
(trillions of US dollars)



Source: UN Trade and Development (UNCTAD) calculations based on IMF World Economic Outlook (April 2026).
Note: Public debt refers to the gross debt of national, state/provincial and local government as well as any social security funds for which they are responsible in current US dollars. Figures may not add up to totals due to rounding.

Over two-thirds of public debt is held by developed countries.

Public debt in billions of US dollars, 2025

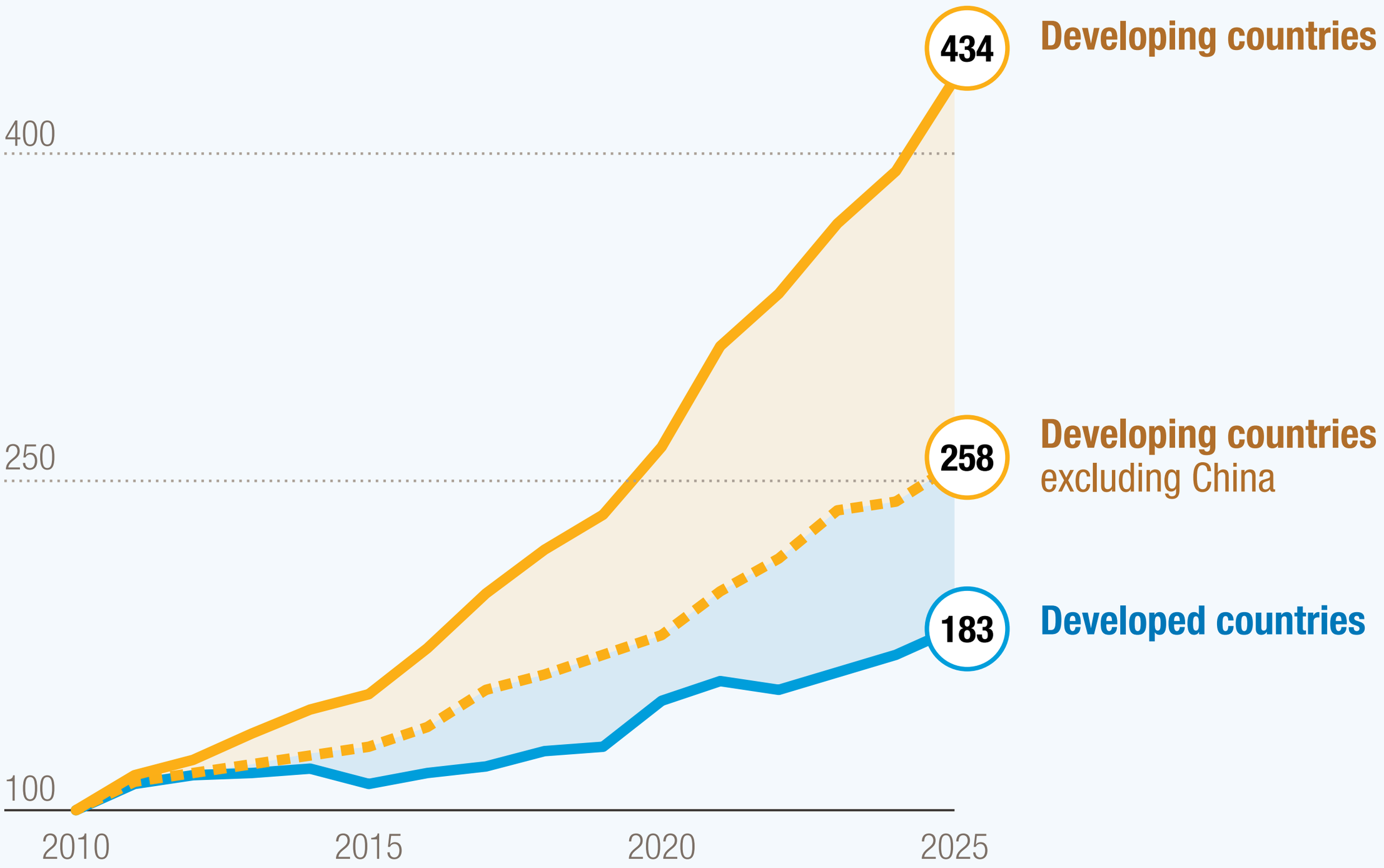


Source: UN Trade and Development (UNCTAD) calculations based on IMF World Economic Outlook (April 2026).

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Debt is growing faster in the developing world.

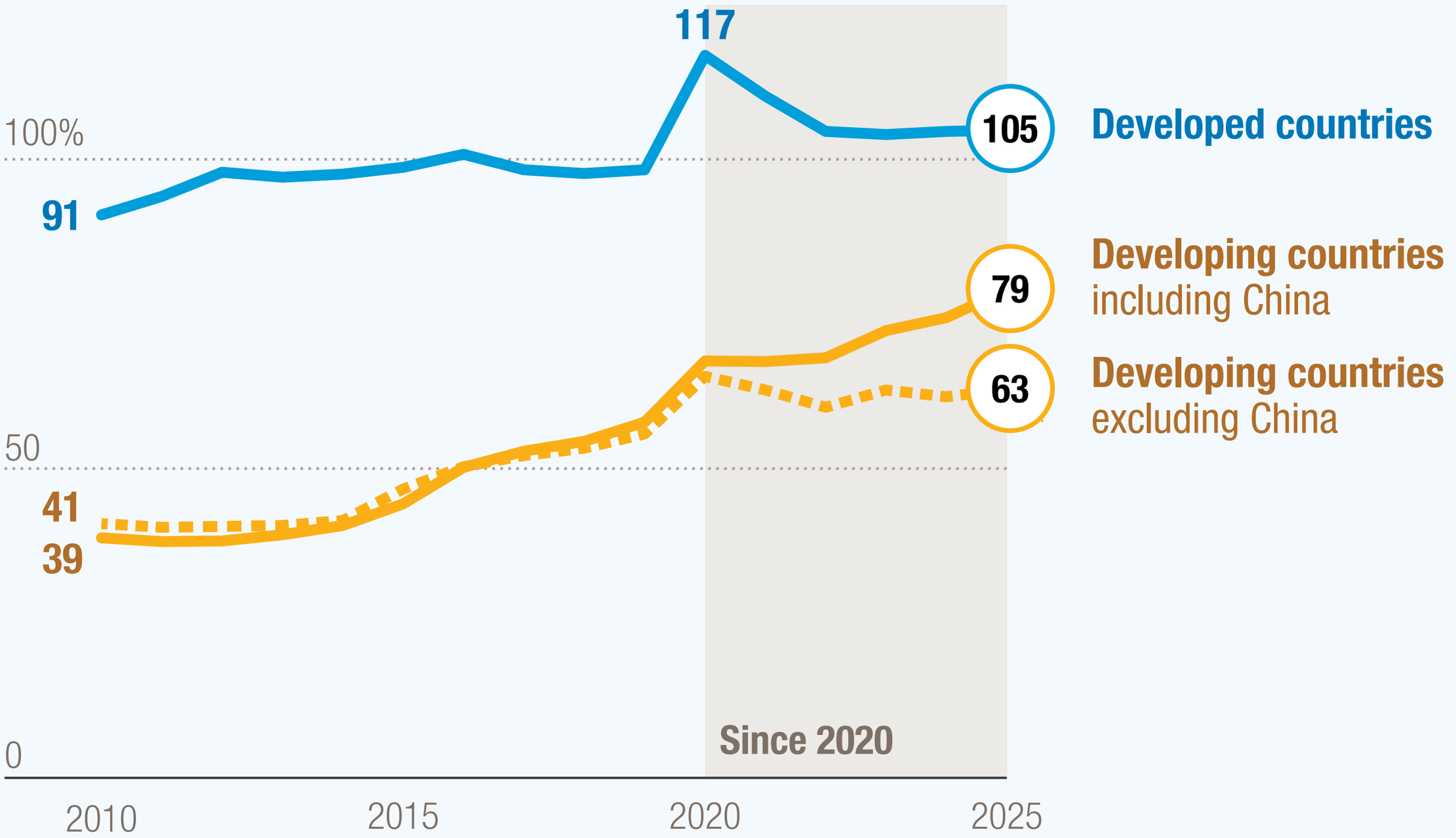
Relative trends in the stock of public debt in developed and developing countries (Index: 2010 = 100)



Source: UN Trade and Development (UNCTAD) calculations based on IMF World Economic Outlook (April 2026).
Note: Public debt refers to the gross debt of national, state/provincial and local government as well as any social security funds for which they are responsible in current US dollars.

While debt has grown debt-to-GDP ratios have stabilized.

Public debt as a share of GDP in developed and developing countries (%)



Source: UN Trade and Development (UNCTAD) calculations based on IMF World Economic Outlook (April 2026).
Note: Public debt refers to the gross debt of national, state/provincial and local government as well as any social security funds for which they are responsible in current US dollars. GDP represents the nominal value of goods and services produced within the borders of a country.

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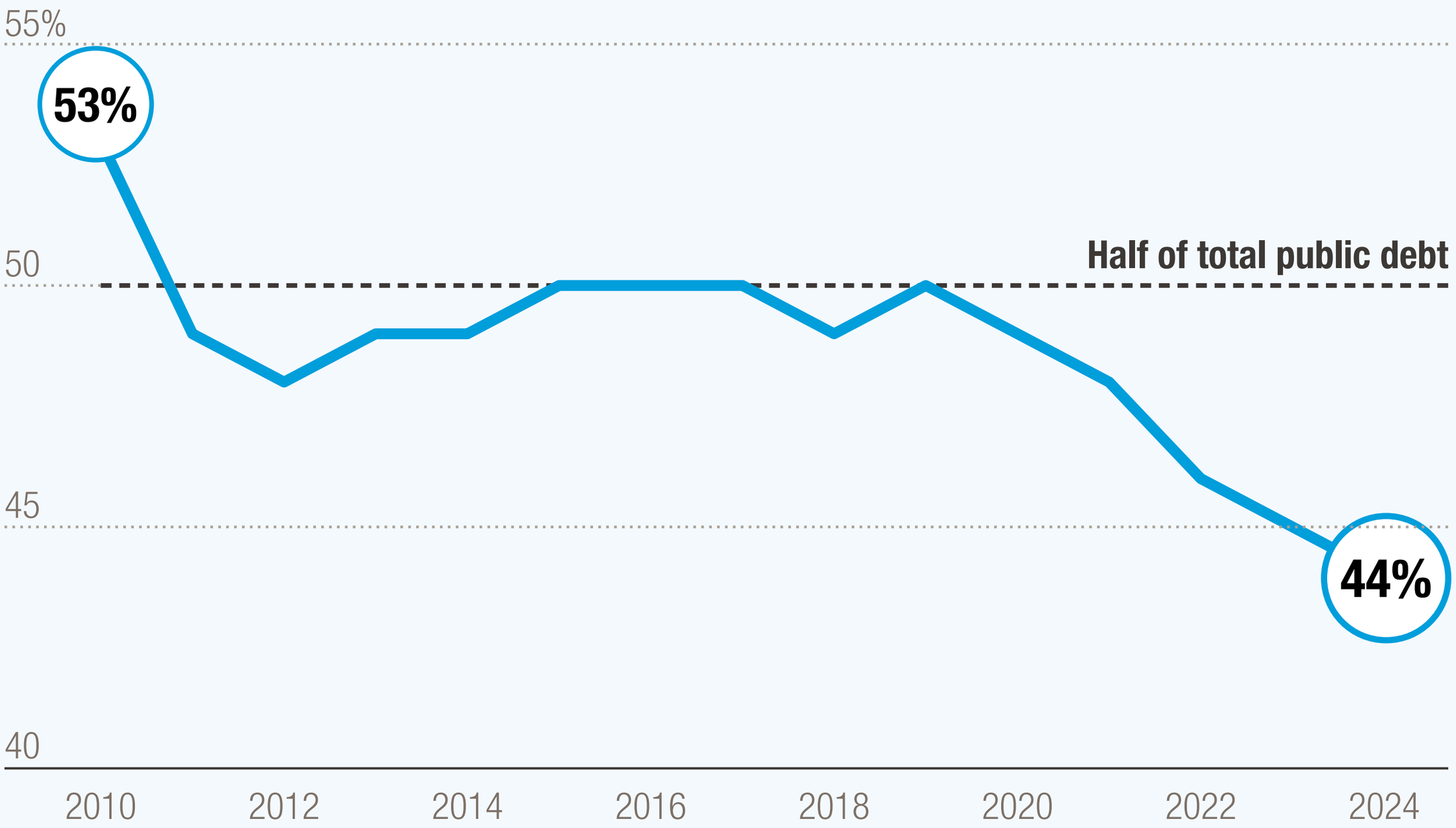
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2

External debt share declines; borrowing costs soar

Developing countries are relying less on external public debt.

Median share of external public and publicly guaranteed debt in total public debt (%)

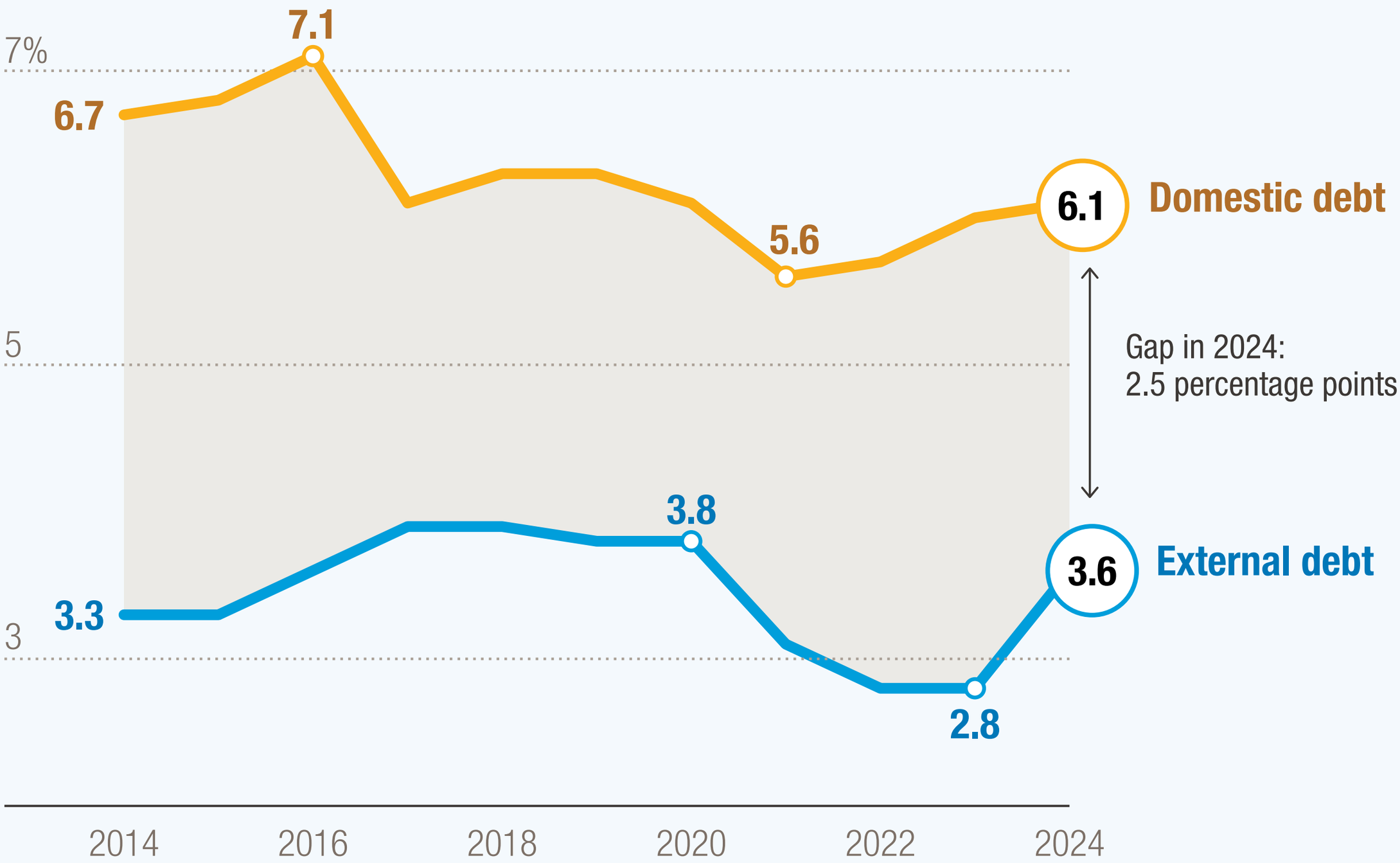


Source: UN Trade and Development (UNCTAD) calculations based on IMF World Economic Outlook (April 2026), World Bank International Debt Statistics and national data.
Note: External public debt refers to external public and publicly guaranteed (PPG) debt. The World Bank and IMF apply different definitions of external and foreign currency public debt that can impact the interpretation of the relative shares of external and domestic public debt. Median refers to the mid-point of the country-level distribution.

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Domestic borrowing comes at a higher cost.

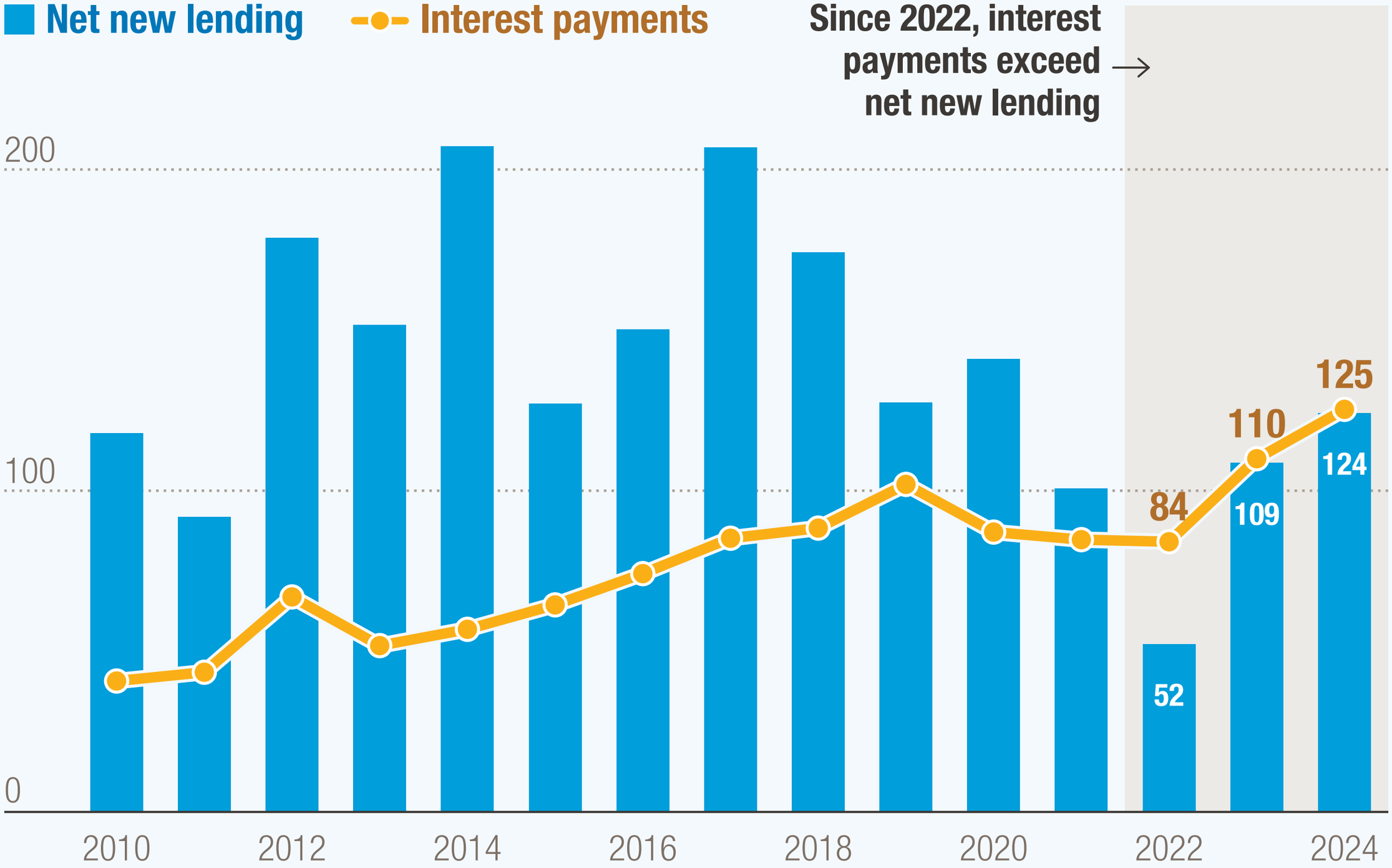
Comparative average interest rate on external and domestic public debt in developing countries (% per annum)



Source: UN Trade and Development (UNCTAD) calculations based on IMF World Economic Outlook (April 2026) and World Bank International Debt Statistics.
Note: External public debt service refers to external public and publicly guaranteed (PPG) debt. Analysis excludes China.

Interest payments have overtaken net new lending.

Interest payments on external public debt and net external lending to developing countries (billions of US dollars)

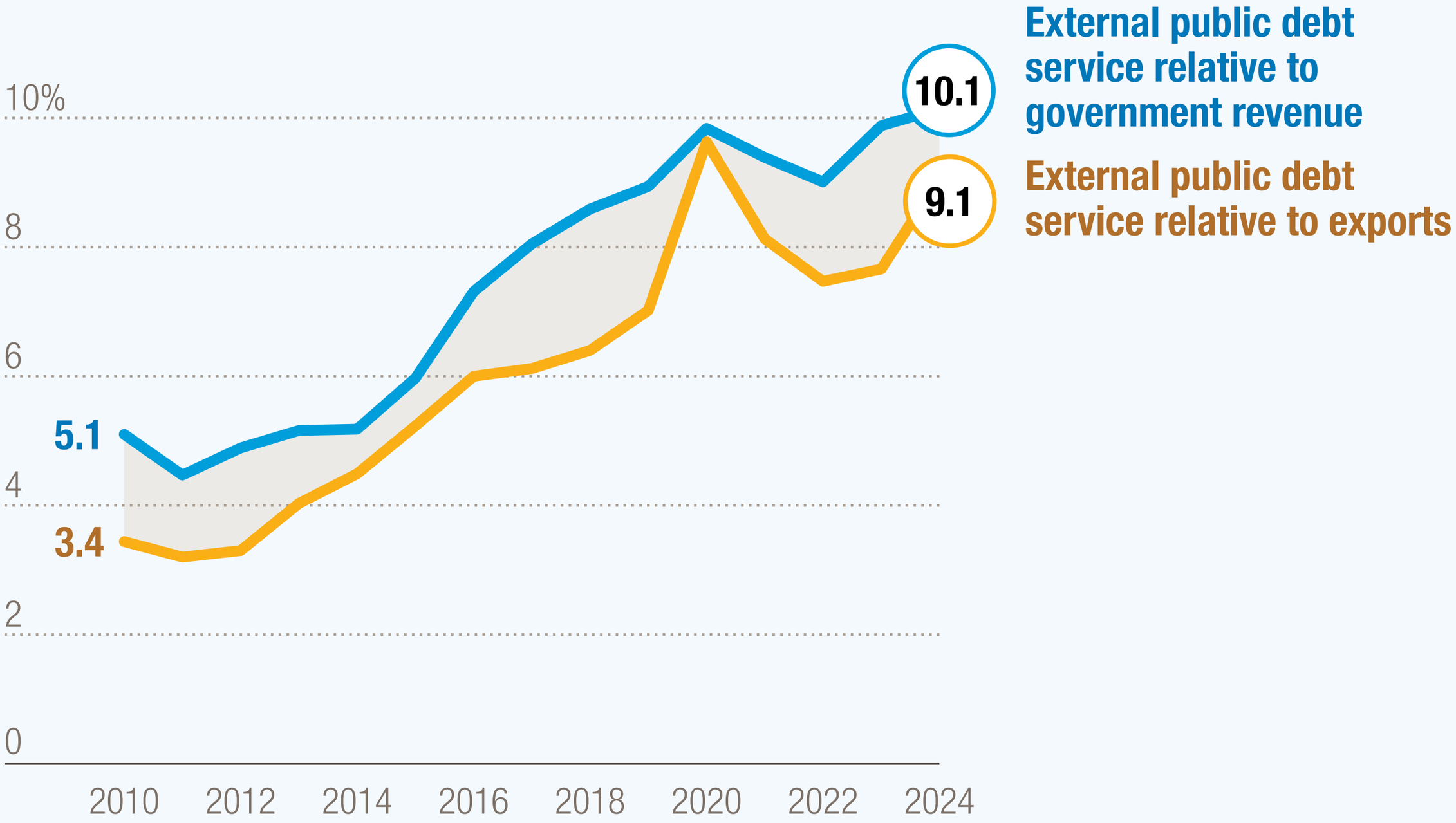


Source: UN Trade and Development (UNCTAD) calculations based on World Bank International Debt Statistics.
Note: Net new lending is disbursements minus principal repayments. Net new lending minus interest payments reflects the net debt transfer. External public debt refers to external public and publicly guaranteed (PPG) debt. Analysis excludes China.

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External debt service has been rising faster than servicing capacity.

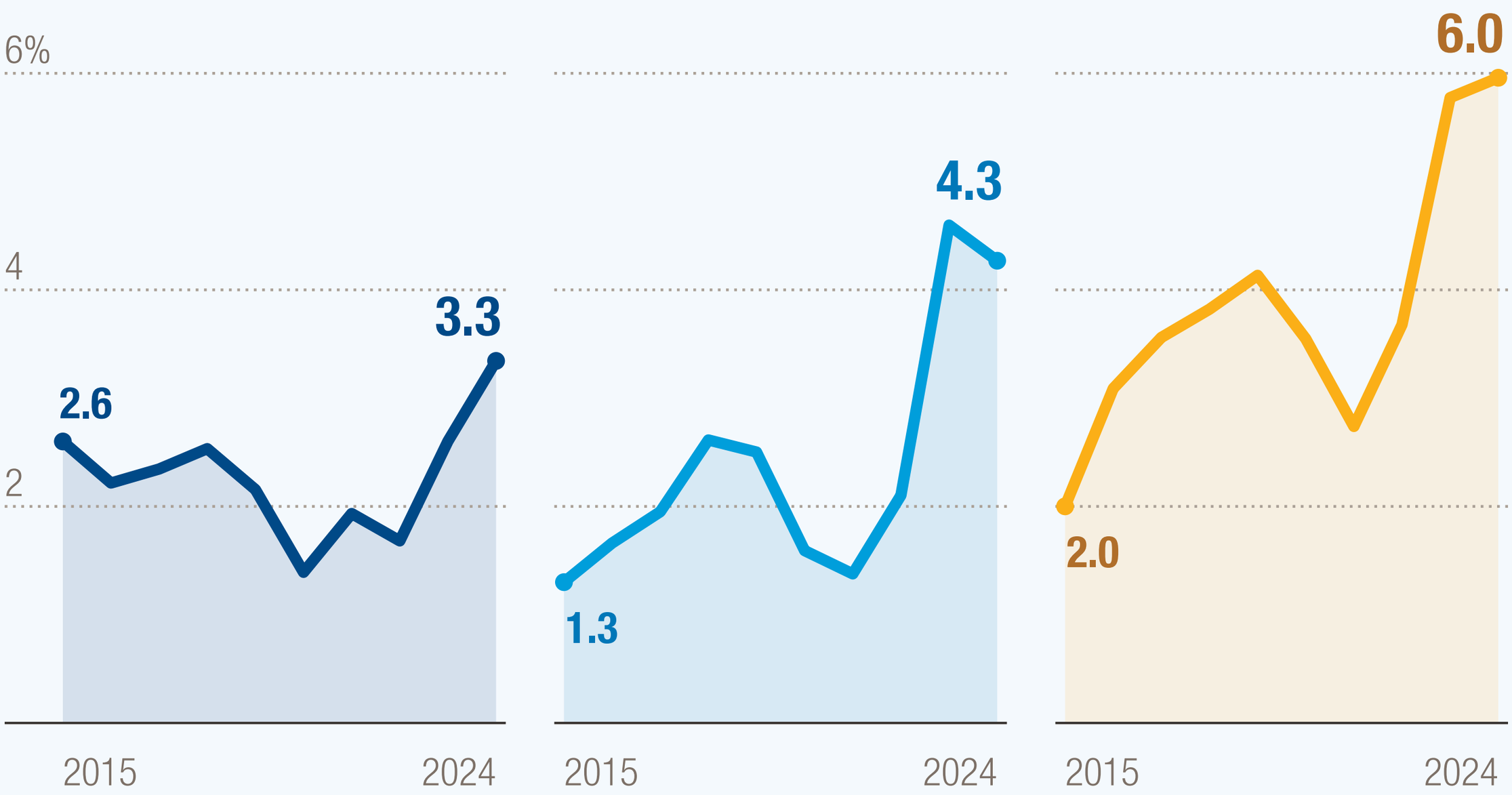
Median external public debt service as a share of exports and government revenues in developing countries (%)



Source: UN Trade and Development (UNCTAD) calculations based on IMF World Economic Outlook (April 2026), World Bank International Debt Statistics and national data.
Note: External public debt service refers to principal and interest payments on external public and publicly guaranteed (PPG) debt. Exports include exports of goods and services. The median represents the midpoint of the country-level distribution.

More private credit leads to higher debt costs.

Trends in costs of new loans from different external creditor groups (% per annum)

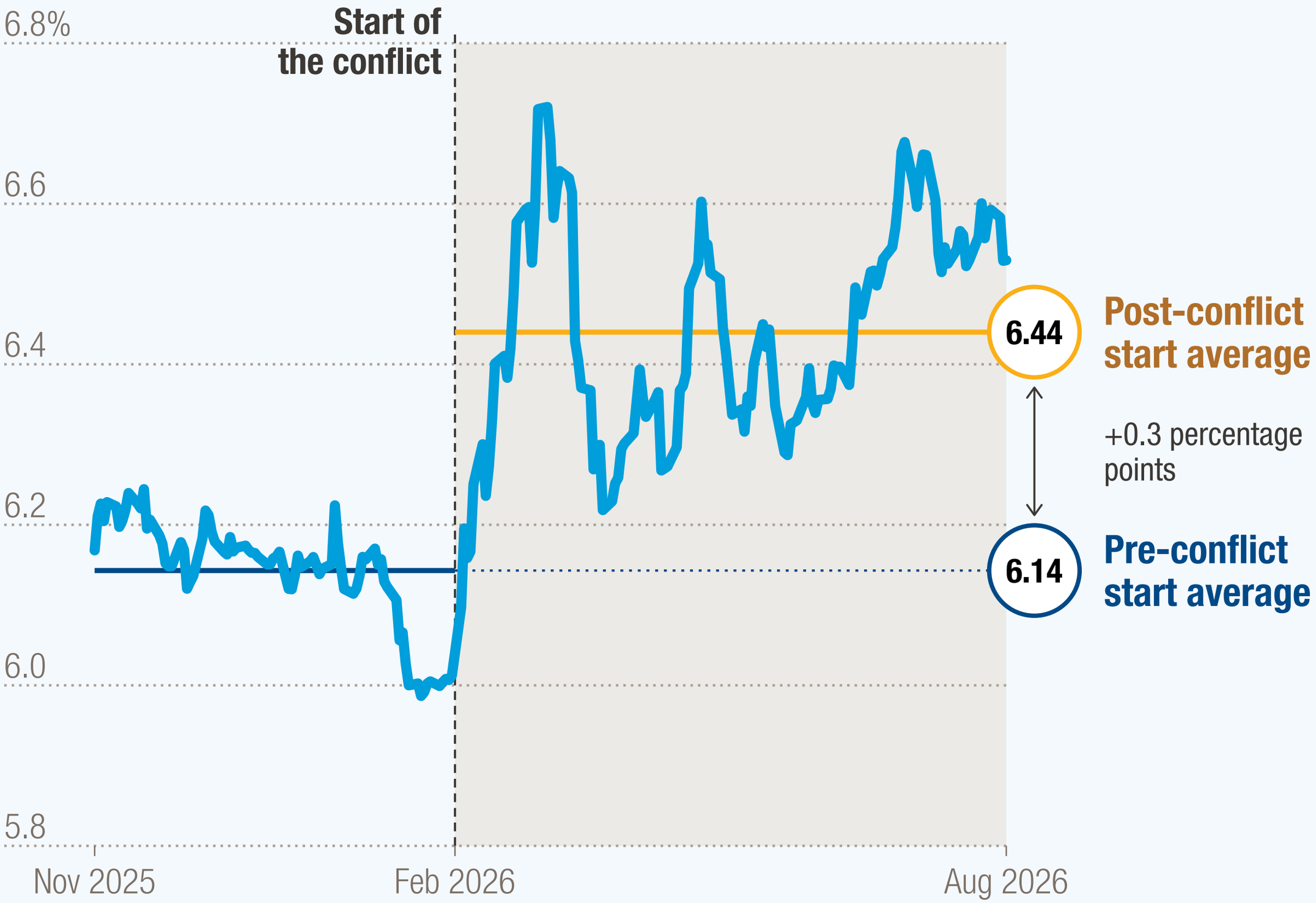


Source: UN Trade and Development (UNCTAD) calculations based on World Bank International Debt Statistics.
Note: External public debt refers to external public and publicly guaranteed (PPG) debt. Interest rates are weighted by the value of new commitments.

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Conflict in the Middle East has pushed up borrowing costs.

Weighted yields on the sovereign bonds of financially integrated developing countries (% per annum)



Source: UN Trade and Development (UNCTAD) calculations based on LSEG DataStream.
Note: Financially integrated developing countries are emerging and frontier market economies that have issued bonds in international capital markets.



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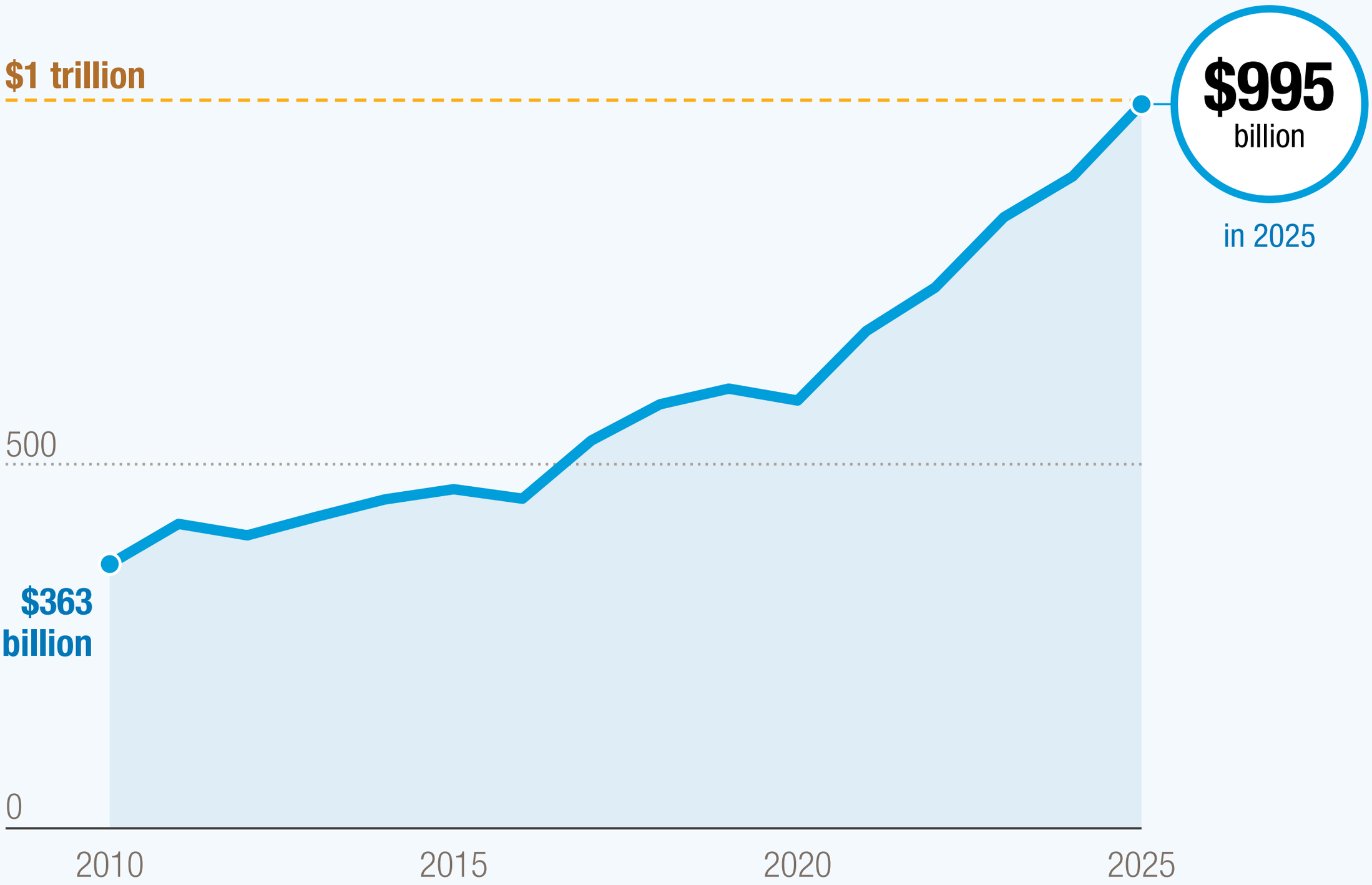
3

Developing countries' debt service costs much more

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Developing countries paid almost a trillion dollars in interest in 2025.

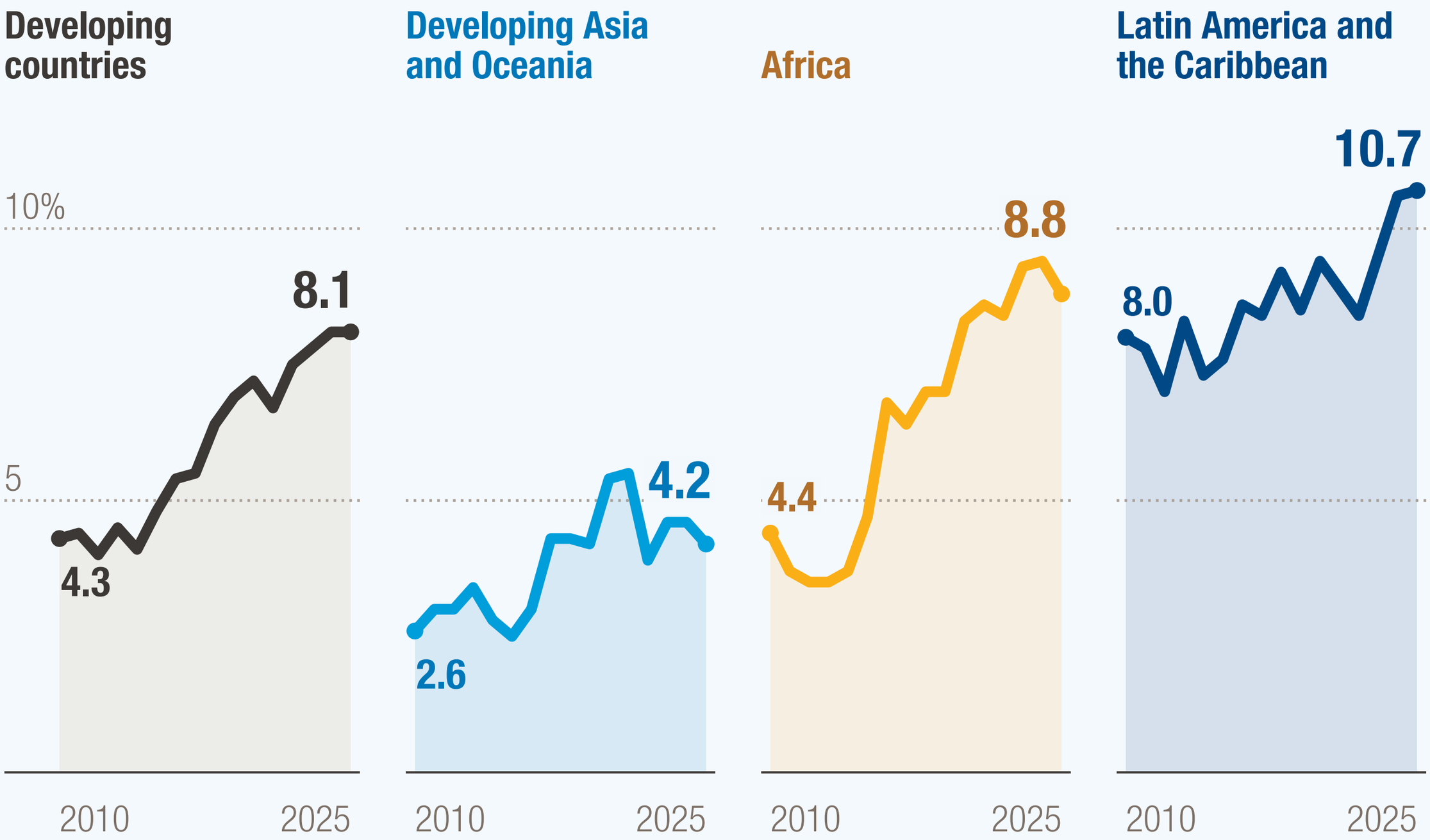
General government net interest payments on total public debt in developing countries (billions of US dollars)



Source: UN Trade and Development (UNCTAD) calculations based on IMF World Economic Outlook (April 2026).
Note: Net interest payments of the general government refer to the total amount of domestic and external interest expenses incurred from loans and other forms of borrowing, minus any interest income received.

Interest burdens have almost doubled.

Median general government net interest payments as a share of government revenues (%)

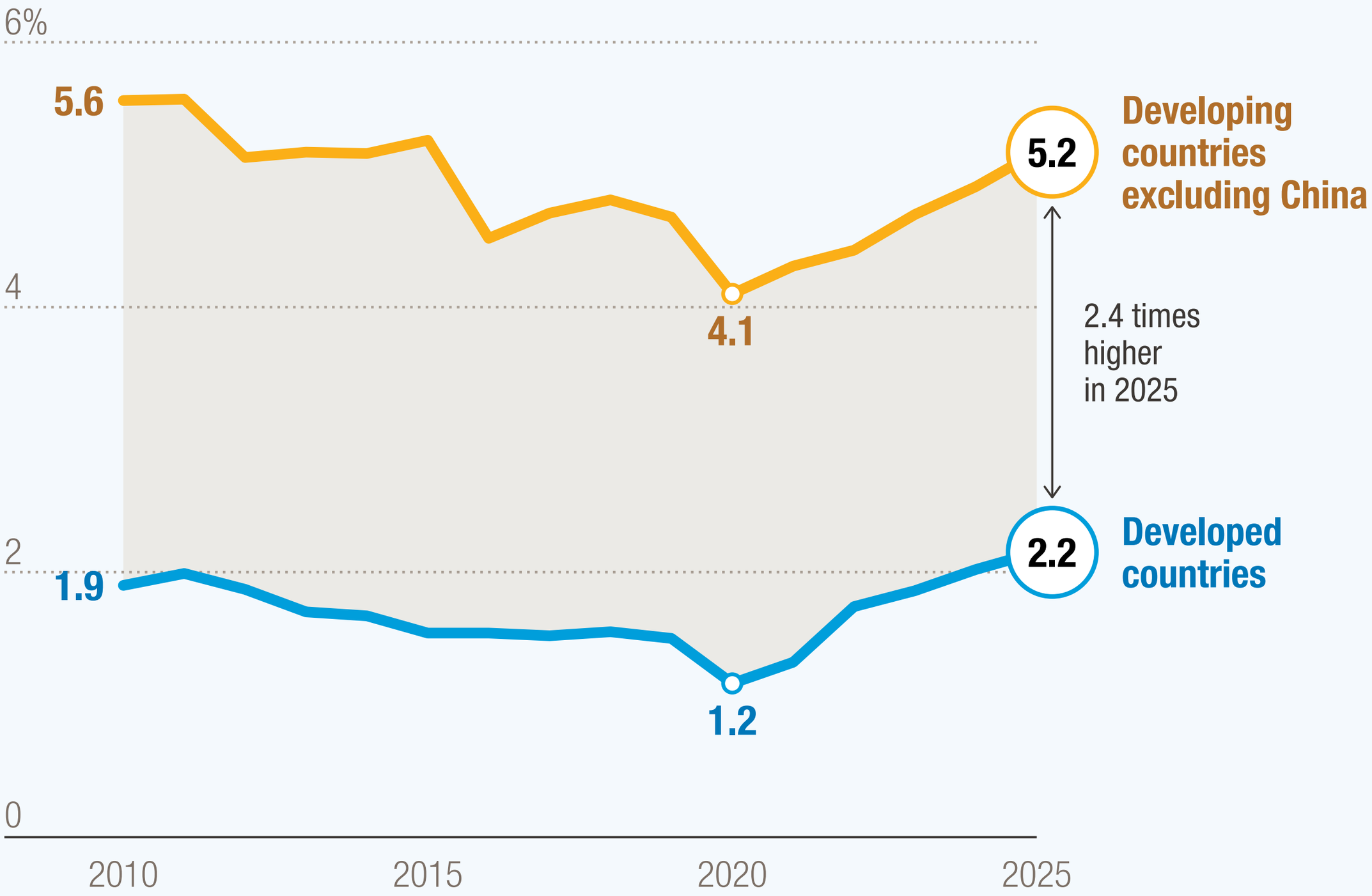


Source: UN Trade and Development (UNCTAD) calculations based on IMF World Economic Outlook (April 2026).
Note: Net interest payments of the general government refer to the total amount of domestic and external interest expenses incurred from loans and other forms of borrowing, minus any interest income received. The median represents the midpoint of the country-level distribution.

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Developing countries pay much more to service their public debt.

Average interest rate on public debt in developed and developing countries (% per annum)



Source: UN Trade and Development (UNCTAD) calculations based on IMF World Economic Outlook (April 2026).

Higher interest payments compromise development outcomes.

Annual expenditures that could be funded if developing countries paid what developed countries do

$500 billion
annual interest savings

NUTRITION
≈1.6 billion
children benefiting from minimum dietary diversity diet for one year

RAIL
≈24,000 km
high-speed railway track

ROADS
≈66,000 km
dual-lane rural highways

ENERGY
≈923 GW
solar generation capacity

HEALTH
≈1.3 million
primary health-care centres

EDUCATION
≈375,000
additional schools

Source: UN Trade and Development (UNCTAD) calculations based on IMF and World Bank data and costing estimates from other sources.
Note: Interest savings relate to 94 developing countries that borrowed at higher rates than the average for developed countries in 2025. Each example represents one illustrative use of the full US$500 billion in annual interest savings; estimates are not additive. Costs may vary significantly according to location and prevailing standards.

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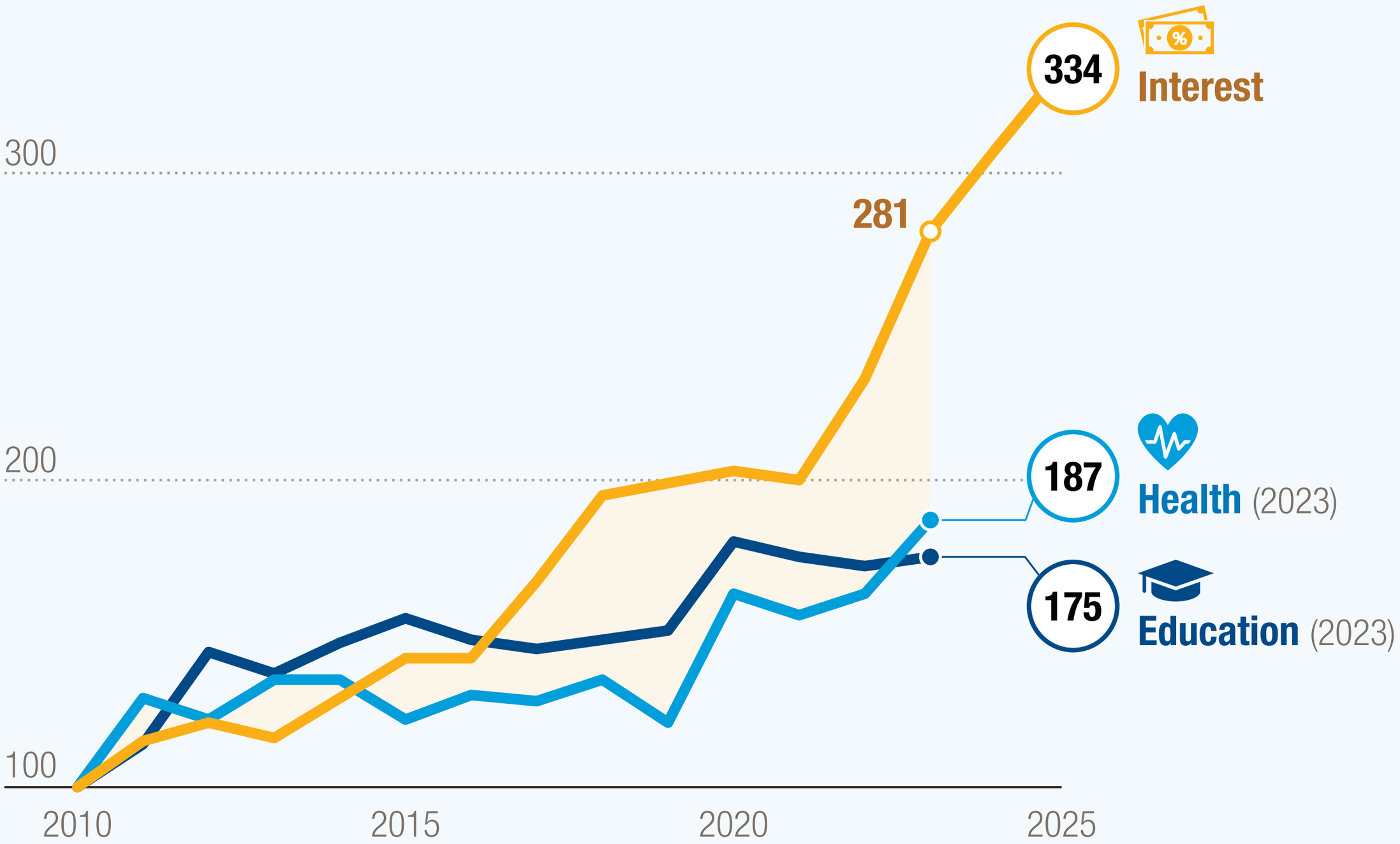
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4

People's futures are at stake

Interest payments are outpacing critical development spending.

Median public expenditure per capita on interest, education and health (Index: 2010 = 100)

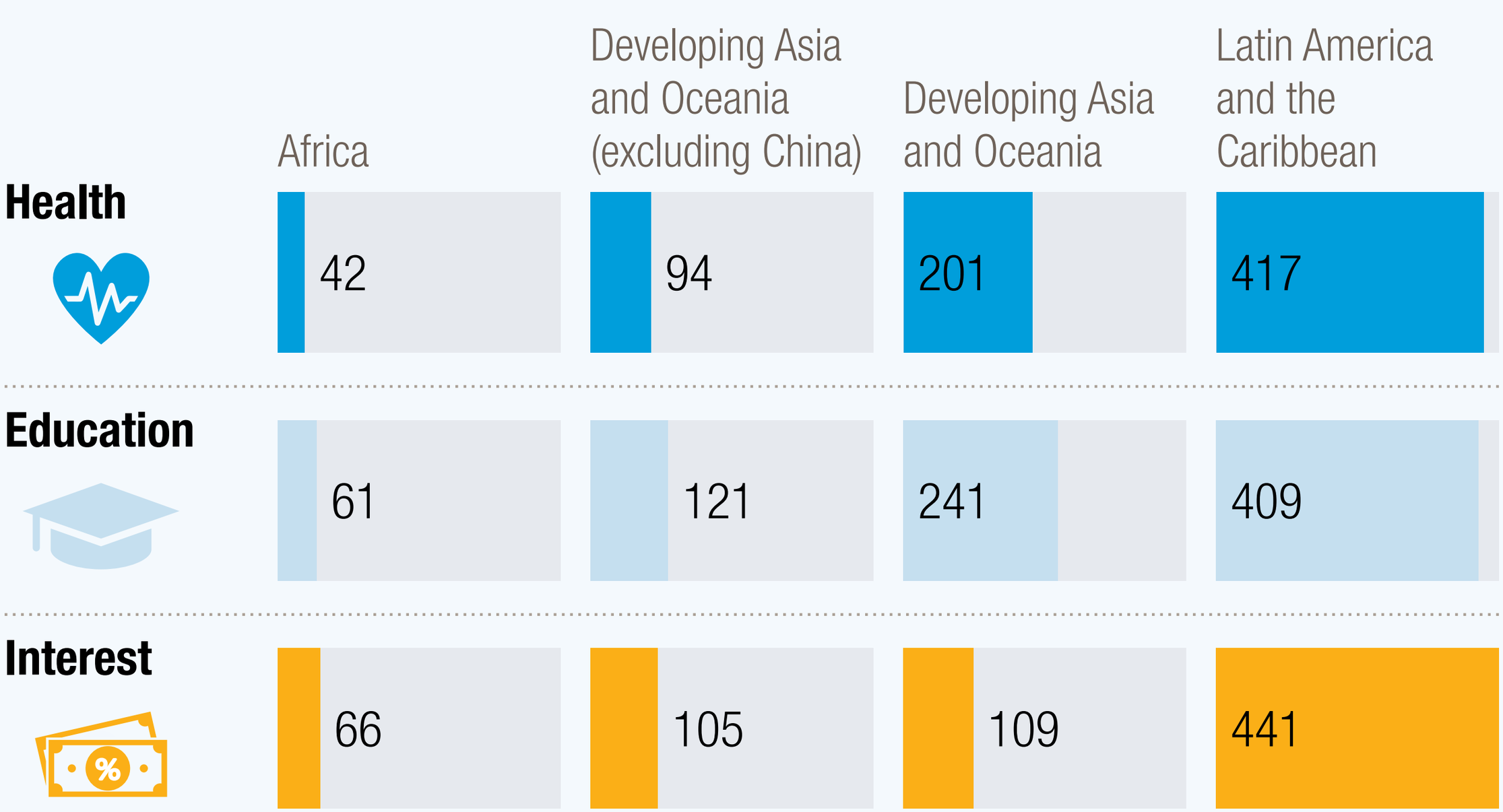


Source: UN Trade and Development (UNCTAD) calculations based on World Bank World Development Indicators and IMF World Economic Outlook (April 2026).
Note: The median represents the midpoint of the country-level distribution. Analysis excludes countries with net interest receipts. Education and health data for 2024 is not included due to limited data coverage of developing countries.

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Some developing regions spend more on interest than on health or education.

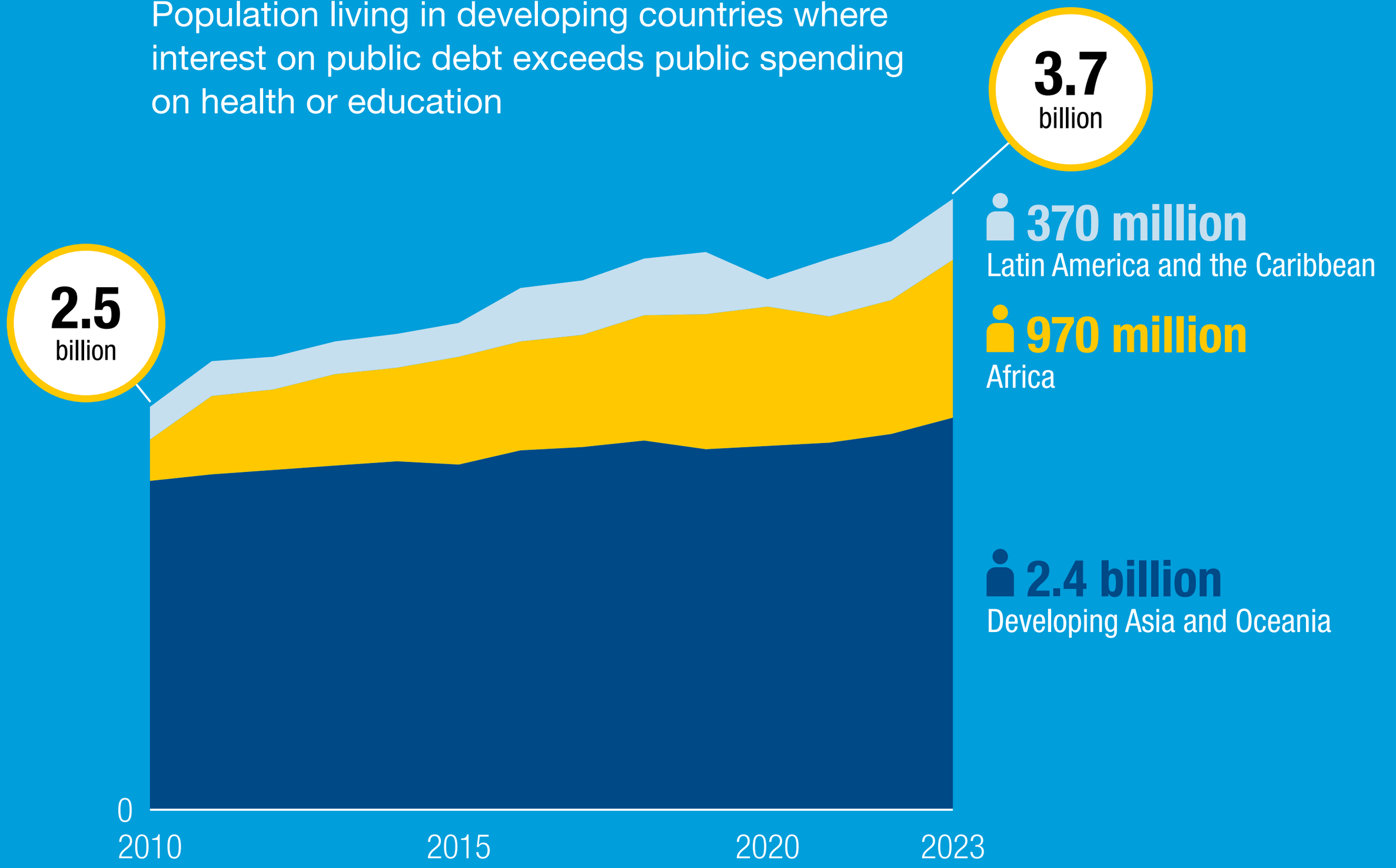
Public expenditure per capita on net interest, education and health in US dollars, 2023



Source: UN Trade and Development (UNCTAD) calculations based on IMF World Economic Outlook (April 2026), World Bank World Development Indicators and UNCTADstat.
Note: Figures refer to 2023 because data coverage for 2024 is limited. For education spending, 2022 values were used for 15 developing countries without data for 2023.

3.7 billion people's futures are threatened.

Population living in developing countries where interest on public debt exceeds public spending on health or education



Source: UN Trade and Development (UNCTAD) calculations based on World Bank World Development Indicators, IMF World Economic Outlook (April 2026) and UNCTADstat data.
Note: Interest refers to net interest payments on public debt.

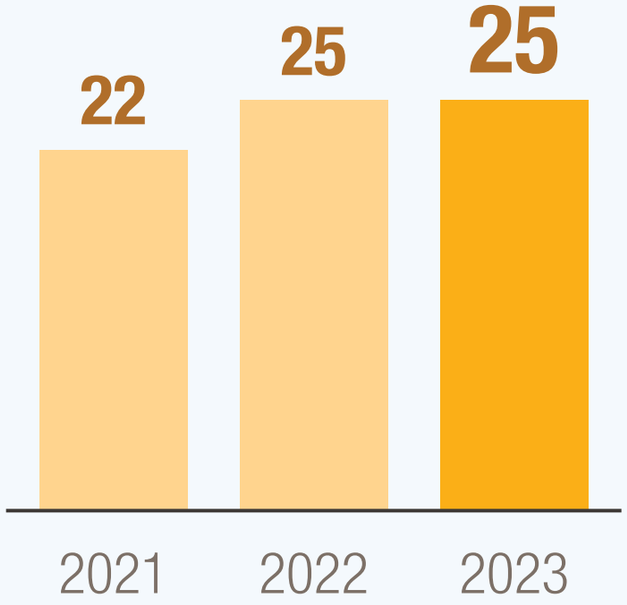
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The effects of higher interest costs are felt across the developing world.

Number of developing countries where interest on public debt exceeds public spending on health or education

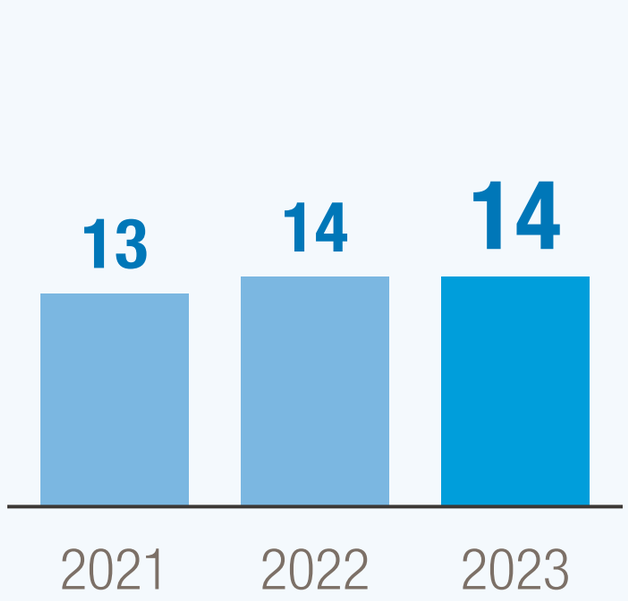


Africa



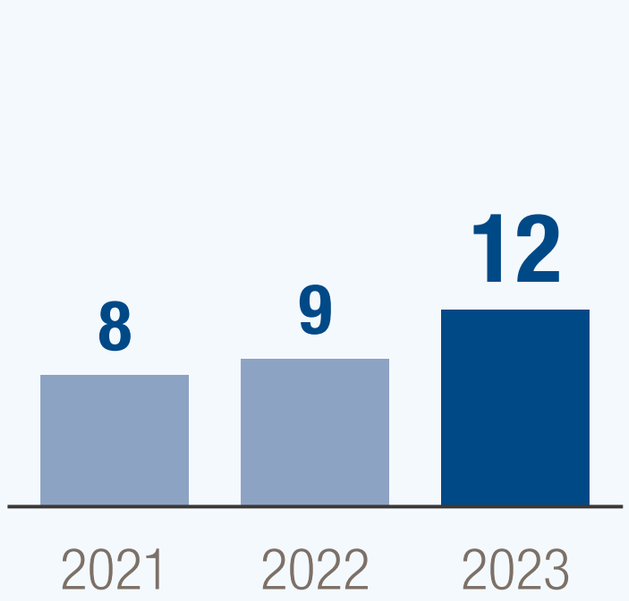


Developing Asia and Oceania





Latin America and the Caribbean



Total for all developing regions 2021 **43** › 2022 **48** › 2023 **51**

Source: UN Trade and Development (UNCTAD) calculations based on IMF World Economic Outlook (April 2026) and World Bank World Development Indicators.



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5

What is needed to get back on track?

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START WITH

Strengthening global and regional financial safety nets.

Address structurally higher borrowing costs

GLOBALLY BY

1. Reversing declines in official development assistance.
2. Expanding multilateral and regional development bank lending.
3. Scaling-up technical assistance to build key capacities.
4. Advancing the Borrowers' Platform and the Working Group on guiding principles on responsible sovereign lending and borrowing.

AND NATIONALLY BY

1. Strengthening macroeconomic management and public institutions.
2. Improving the structure of debt portfolios.
3. Scaling-up the use of innovative financial instruments.

Development is stalling.

High, and rising, interest costs are putting the brakes on development.

We can change this.

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