IDR 2022 Key Messages

A debt crisis is intensifying

Without coordinated action by the international community to deliver swift and substantial debt relief, millions of people in the most vulnerable countries will fall into poverty, and long-term development objectives – including climate action – will be obstructed. A comprehensive approach is needed to reduce debt, increase transparency, and facilitate swifter restructuring – so countries can focus on spending that supports growth, advances climate action, and reduces poverty.

Unsustainable debt is holding back critical investments in climate action, pandemic preparedness, education, poverty reduction, and other key development priorities.

Debt payments are putting a massive squeeze on poor countries

In 2022 (forecast), the external debt service payments by IDA countries are estimated at $62 billion.

Record debt levels, rising rates, and slowing growth increase crisis risk

The total external debt of low- and middle-income countries at the end of 2021 was $9 trillion. That is more than double the level a decade ago. These debt loads amid rising interest rates and slowing growth risk tipping many countries into debt crises.

The global recession risk is rising

Global growth is expected to slow sharply this year, amid one of the most internationally synchronous episodes of monetary and fiscal policy tightening in 50 years. Currency depreciations are adding to the risk by making dollar-denominated debt repayment costlier.

About 60% of the world's poorest countries are at high risk of debt distress or are already in distress.

Expanded role of private creditors and non-Paris Club Lenders

The share of external debt owed to private creditors (namely banks and bondholders) has increased sharply over the past decade. The share of debt owed to government creditors that don't belong to the Paris Club has soared. These developments make restructuring significantly harder.

At the end of 2021, low- and middle-income countries owed 61% of their public and publicly guaranteed debt to private creditors, a 15 percentage point increase from 2010.

China, which is not a member of the Paris Club, has become the largest bilateral lender to low- and middle-income countries, lending an average of $19.3 billion annually over the past ten years – nearly 1/3 of all bilateral lending to those countries.

Among other non-Paris Club members, Russia averaged $6.1 billion in annual lending over this time, Saudi Arabia $2.5 billion, and India $2.4 billion. That compares to an average of $12.9 billion annual lending from Japan, $5.3 billion from France, and $3.9 billion from Germany (which are Paris Club members).

The ‘International Debt Statistics’ is a unique WBG-produced global public good

For over four decades, the World Bank Group has produced comprehensive debt stock and flow data for low- and middle-income countries.

The World Bank works with governments, development partners, and creditors to collect, compile, analyze, and publish reliable statistics that increases data availability, quality, timeliness, and transparency. Coherent and comprehensive debt data are the cornerstone of good development outcomes to ensure policy makers in borrowing countries assess their countries debts, debt to invite new investment, and help safeguard long-term sustainability.