

Public Debt Crisis in the Global South: A Call for Urgent Action

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Abstract: The Global South is facing a deepening debt crisis that threatens sustainable development and global economic stability. Between 2010 and 2024, public debt in the region surged from USD 8.6 trillion to USD 32.2 trillion, growing nearly fourfold and outpacing GDP growth, which increased only 1.8 times. As a result, the public debt-to-GDP ratio doubled to 76.2 per cent, driven by high borrowing costs, sluggish economic performance, and shocks such as the COVID-19 pandemic. By 2023, the Global South accounted for 45 per cent of global GDP but carried 31.6 per cent of global public debt, with external debt tripling to USD 3.45 trillion and per capita debt reaching USD 166,762. Mounting interest payments - amounting to USD 921 billion and consuming 14.29 per cent of government revenue - are diverting resources from critical areas like health, education, and infrastructure, affecting 3.3 billion people. The financing gap for the Sustainable Development Goals (SDGs) has widened to over USD 4 trillion, exacerbated by a 7.1 per cent decline in Official Development Assistance (ODA) in 2024, and a sharp drop in debt-related ODA. While initiatives like the G20's Debt Service Suspension Initiative and Common Framework offered limited support, urgent reforms are needed. Expanding debt relief to middle-income countries, increasing ODA grants, and strengthening debt management are one of the possible ways to avert stagnation and support long-term development.

Keywords: Global South, Public Debt, ODA, SDG

1. Introduction

In 2023, the global economy was valued at approximately USD 93.52 trillion (based on constant 2015 prices), with the Global South contributing 45 per cent of this total-equivalent to USD 42.27 trillion across 148 countries (UNCTAD, 2024). Despite this substantial economic contribution, the Global South faces a growing debt crisis amid a volatile macroeconomic environment. The global debt stock reached USD 102 trillion in 2023, surpassing the size of the global economy and raising serious concerns about sustainability (UN, 2024). For many low-income countries and frontier

markets, the cost of servicing this debt is draining critical public resources. The number of countries in which interest payments accounted for 10 per cent or more of public revenues increased from 29 in 2010 to 54 in 2023, reflecting a sharp rise in fiscal pressures (UN, 2024). This financial burden has profound social consequences, with at least 3.3 billion people now living in countries where governments spend more on interest payments than on essential services like health and education (UN, 2024). Studies conducted by the International Monetary Fund (IMF) and the World Bank indicate that 42 out of 66 developing

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countries would exceed external debt solvency thresholds within the next five years if they attempted to secure the external financing needed to meet the goals of the 2030 Agenda for Sustainable Development and the Paris Agreement (IMF & World Bank, 2024). Another study found that in 92 out of 120 low- and middle-income countries (LMICs), the external public debt service costs projected for 2024 would exceed the investment required to achieve the non-climate-related Sustainable Development Goals (SDGs) (UNCTAD, 2024). Between 2010 and 2022, the external debt stock for 118 LMICs (excluding China) more than doubled in nominal terms, increasing from USD 1.5 trillion to USD 3.1 trillion (World Bank, 2023). This surge in borrowing has not been matched by equivalent increases in economic productivity or domestic fiscal capacity, resulting in mounting fiscal stress. One of the most pernicious aspects of the crisis is the crowding-out effect, whereby governments are forced to divert public funds away from critical social investments to meet debt repayment obligations. From 2010 to 2023, interest payments in developing countries increased by 73 per cent, while spending on health and education rose by only 58 per cent and 38 per cent, respectively (OECD & World Bank, 2024). This skewed allocation of public spending weakens long-term development prospects and contributes to ongoing cycles of fragility and underdevelopment. Moreover, analysis of World Bank and OECD figures suggests that in 2024, countries

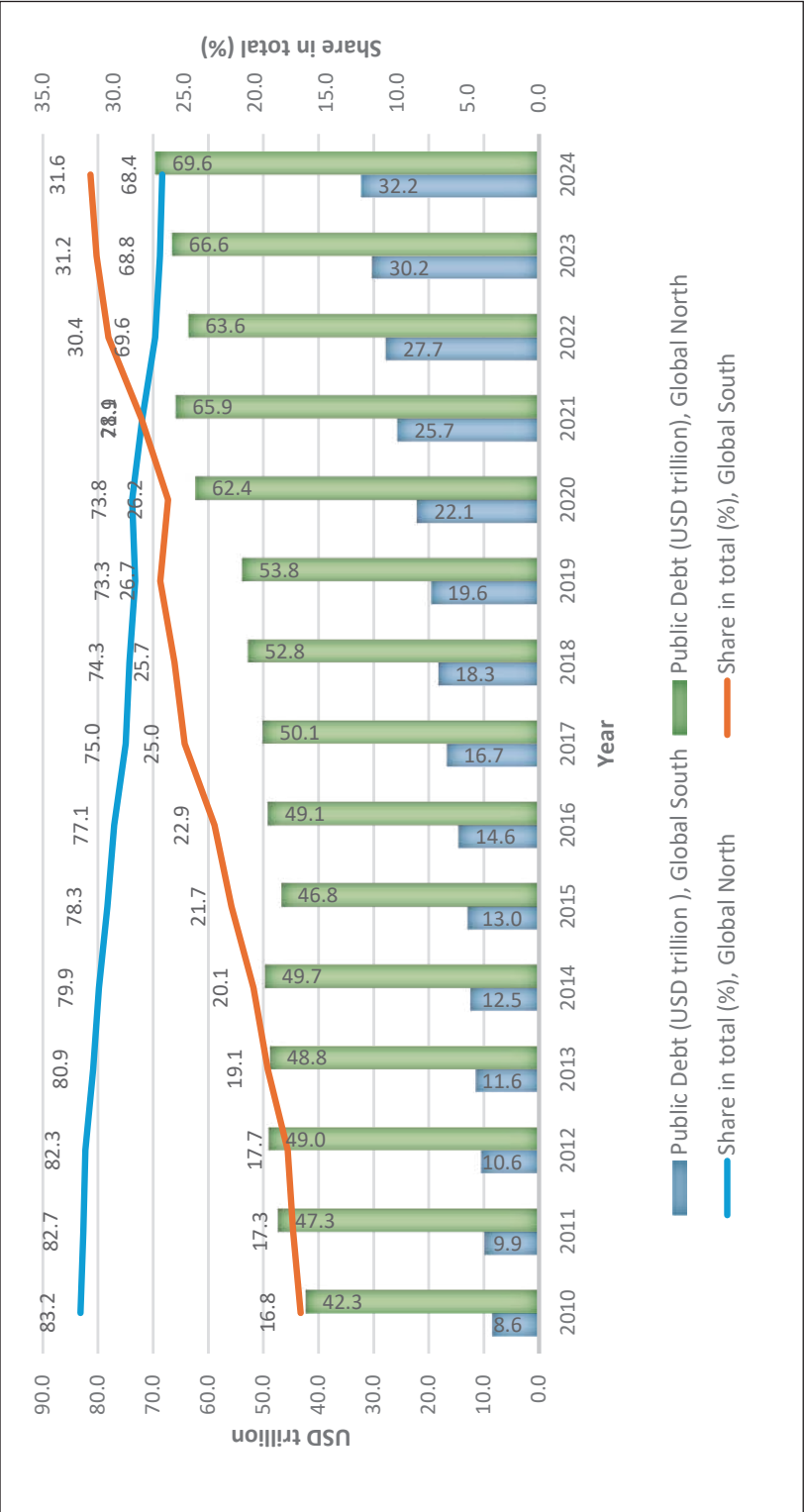
in the Global South are likely to pay out USD 50 billion more in debt service than they will receive in grants and loans - representing a net financial outflow that severely limits their ability to invest in sustainable growth (OECD & World Bank, 2024).

2. Explosive Growth in Debt Burden

Figure 1 illustrates the trends in public debt across the Global South and Global North from 2010 to 2024. During this period, the public debt in the Global South increased significantly - from USD 8.6 trillion in 2010 to USD 32.2 trillion in 2024 - representing nearly a fourfold rise. In contrast, the Global North's public debt grew from USD 42.3 trillion to USD 69.6 trillion, an increase of about 1.6 times. Notably, the total global public debt doubled, rising from USD 50.9 trillion to USD 101.8 trillion during the same period. This means that while the world's debt expanded substantially, the burden grew disproportionately for the Global South. Additionally, the share of the Global South in global public debt rose from 16.8 per cent in 2010 to 31.6 per cent in 2024, whereas the Global North's share declined from 83.2 per cent to 68.4 per cent.

This change highlights two major concerns. First, public debt in the Global South grew at a significantly faster rate - nearly 3.7 times - compared to the 1.6-fold increase seen in the Global North. Second, despite this rapid increase in debt, the GDP of the Global South only grew about 1.8 times during the same period. This growing gap between debt

Figure 1: ODA as Per cent of GNI in 2023, DAC Members Figure 1: Public Debt of Global South and Global North Between 2010-2024, USD Trillion



Source: UNCTAD and Author's Calculation

accumulation and economic output raises serious concerns about the sustainability of debt in many developing countries.

This trend (see Figure 1) is particularly concerning as many Global South economies continue to struggle with the aftermath of the COVID-19 pandemic and face heightened risks from ongoing geopolitical tensions and external economic shocks. The combination of rising debt levels and relatively slower economic growth makes these economies more vulnerable to fiscal instability, currency fluctuations, and reduced access to affordable financing. Overall, the data in Figure 1 underscores a critical global economic imbalance: while public debt has doubled worldwide, the Global South is shouldering a growing share of the burden - raising urgent questions about fiscal resilience and the need for international support and debt management reforms.

3. Public Debt as a Percentage of GDP of Global South

The evolution of public debt in the Global South reveals a concerning upward trend. Between 2010 and 2024,

the average public debt-to-GDP ratio in developing countries more than doubled - from 36.8 per cent to 76.2 per cent. This sharp increase indicates that public debt has grown significantly faster than the economies themselves in over half of these countries. The most pronounced surges occurred after 2018, reflecting growing fiscal pressures.

This trend is driven by a combination of weak economic growth - further suppressed by heightened uncertainty and geopolitical tensions - and persistently high borrowing costs. These factors have undermined fiscal stability across much of the Global South, exacerbating debt vulnerabilities and raising serious concerns about the sustainability of public finances in the coming years (UNCTAD 2025).

4. Heavily Indebted Countries in the Global South

As shown in the figures, Figures 1 and 2 illustrate key aspects of public debt trends in the Global South. Figure 1 presents the share of Global South countries in total global public debt, while Figure 2 shows public debt as a percentage

Figure 2: Public Debt as a Share of GDP (%), Global South



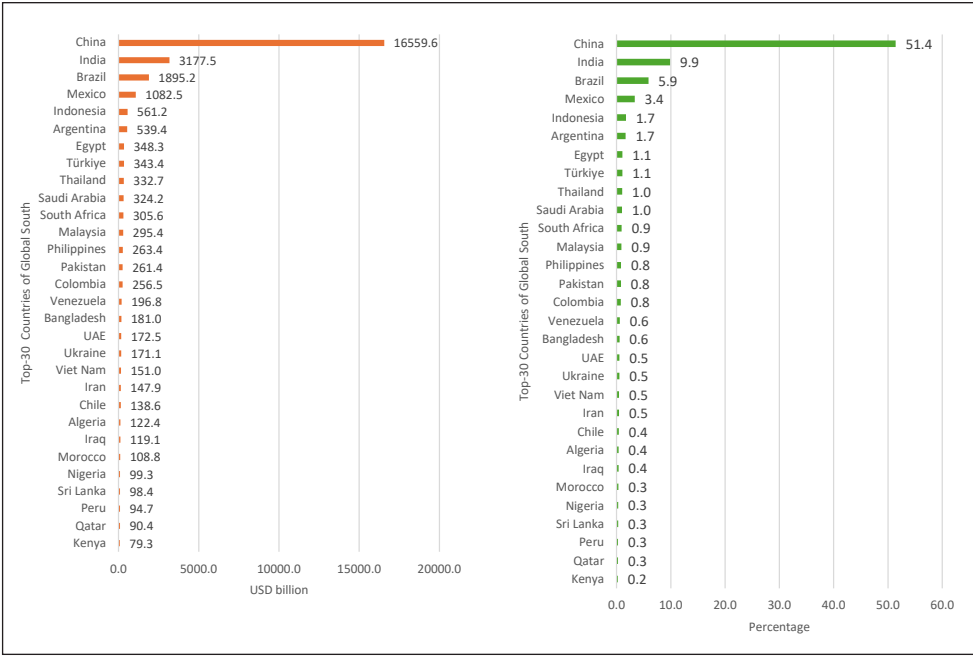
Source: UNCTAD and Author's Calculation.

of GDP for these countries. Together, these figures highlight the growing debt burden across developing economies. According to Figure 3, the debt burden is highly concentrated within a few major economies in the Global South. China alone accounts for 51.4 per cent of the Global South’s total public debt, with approximately USD 16.56 trillion in 2023. Other major contributors to the Global South’s debt include India, Brazil, Mexico, Indonesia, Argentina, Egypt, and Turkey. These countries collectively

represent a significant portion of the debt profile of the Global South and underline the increasing fiscal pressures faced by many emerging economies (see Figure 3).

The data in Table 1 reveals a concerning yet nuanced picture of the debt dynamics in the Global South over the period 2010-2023. Key indicators – ranging from external public debt as a share of GDP to per capita interest payments – show a persistent and growing dependence on debt to sustain public expenditure and economic functions.

Figure 3: Top-30 Countries of Global South High Public Debt in 2023



Source: Author’s calculation based on data UNCTAD.

This trend, while partly driven by economic development needs, has also led to increasing financial vulnerabilities.

5. Rising External Public Debt Burden

From 2010 to 2023, external public debt as a share of GDP rose significantly

from 26.29 per cent to 35.57 per cent. Although there was a peak during the COVID-19 pandemic in 2020 (41.54 per cent), the ratio has slightly declined but remains elevated compared to pre-2015 levels. Similarly, the total external public debt in absolute terms has nearly tripled from USD1.38 trillion in 2010 to

USD3.45 trillion in 2023. This increase highlights both the growing financial needs of developing countries and their increased exposure to foreign creditors and currency fluctuations.

6. Per Capita Debt Escalation

The per capita external public debt has also seen a sharp rise - from USD 80,852.46 in 2010 to USD 166,762.83 in 2023 - more than doubling over the period. Public debt per capita overall (including domestic debt) followed an even steeper trajectory, jumping from USD 385,014.55 to USD 807,783.87. This illustrates a widening debt burden on the average citizen, which may translate to reduced fiscal space for social spending or increased taxation in the long term.

7. Government Spending vs. Interest Obligations in Global South

While government expenditure as a share of GDP remained relatively stable (around 43–44 per cent), the share of interest payments on public debt as a portion of GDP increased from 1.84 per cent in 2010 to 2.76 per cent in 2023. More strikingly, interest payments as a share of government revenue rose from 9.23 per cent to 14.29 per cent, suggesting that a growing portion of public income is being diverted to debt servicing instead of development priorities like health, education, or infrastructure.

Additionally, the ratio of public interest payments to government expenditure increased from 7.58 per

cent in 2010 to 11.32 per cent in 2023, signaling rising fiscal pressures. This underscores a concerning trend: governments in the Global South are spending an increasing share of their budgets just to meet interest obligations.

The escalating debt crisis in the Global South, where the share of global debt has nearly doubled from 2010 to 2024, it grows per year by 9.93 per cent between 2010 to 2024, poses a severe threat to economic growth and sustainable development. During this period (2010-2024), while the GDP of developing countries grew 1.8 times, public debt surged fourfold, with net interest payments reaching US\$921 billion in 2023 - a 10 per cent increase from the previous year (UNCTAD, 2025). This mounting debt burden, with 38 per cent of developing countries - many in Africa - allocating over 10 per cent of government revenues to interest payments, diverts critical resources from essential sectors like education and health, affecting 3.3 billion people globally. Compounding this crisis, official development assistance (ODA) has significantly declined, dropping by 7.1 per cent in 2024, with debt-related ODA plummeting from 7.2 per cent in 2010 to just 0.2 per cent in 2023.¹ The financing gap for achieving the Sustainable Development Goals has widened from \$2.5 trillion in 2014 to over \$4 trillion in 2024, underscoring the urgent need for reform.²

To address this crisis, coordinated global action is imperative. The G20's Debt Service Suspension Initiative (DSSI), which suspended USD 12.9

Table 1: Debt Indicators of Global South

Indicator	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
External public debt as a share of GDP	26.29	24.47	25.21	26.26	27.05	30.54	32.40	34.14	33.67	35.04	41.54	38.81	36.03	35.57
External public debt in US\$ billions	1379.31	1482.61	1675.19	1820.60	2026.86	2101.15	2259.08	2554.77	2762.34	2950.82	3185.77	3329.16	3318.29	3450.45
External public debt in US\$ per capita	80852.46	81443.86	88721.88	96814.13	101055.22	106919.83	114155.09	125218.85	130361.14	134513.72	145619.97	150913.28	152791.32	166762.83
Government expenditure as a share of GDP	42.96		42.87	43.22	43.85	44.76		43.69	43.22	43.42	47.17		44.13	44.38
Public debt in US\$ per capita	385014.55	438360.72	455556.24	465532.36	469346.40	476847.69	507585.03	551259.93	589314.90	618034.13	660681.79	729341.15	764585.73	807783.87
Public debt interest payments as a share of GDP	1.84	1.83	1.85	1.91	1.86	1.95	2.14	2.17	2.30	2.39	2.49	2.51	2.48	2.76
Public debt interest payments as a share of revenues	9.23	9.12	9.04	9.53	9.53	10.73	11.93	11.29	11.71	12.40	14.18	13.44	12.95	14.29
Public debt interest payments in US\$ per capita	9938.14	10665.23	10088.45	10279.02	8849.68	8759.00	9443.41	10584.91	11899.94	12037.69	10716.02	12882.07	14307.94	16606.61
Ratio of public interest payments to government expenditure	7.58		7.43	7.63	7.81	8.47		9.15	9.70	10.03	9.78		10.02	11.32

Source: UNCTAD (2024) and Author Calculation.

billion in debt payments from May 2020 to December 2021, provided temporary relief, but only four countries - Chad, Ethiopia, Ghana, and Zambia - have pursued restructuring under the G20's Common Framework for Debt Treatments. The Common Framework must be strengthened and expanded to include all middle-income countries,³ ensuring broader access to debt relief and restructuring mechanisms. Additionally, increasing the share of ODA grants, which fell to 63 per cent of total ODA in 2022, is critical to providing low-cost financing. Policymakers should prioritize coordinated strategies for debt financing, relief, restructuring, and sound debt management to alleviate fiscal pressures and support long-term resilience.⁴ Without a significant scale-up in financing and policy reform, the Global South risks further economic stagnation and setbacks in achieving sustainable development.

Endnotes

- ¹ <https://unctad.org/news/development-aid-hits-record-high-falls-developing-countries>
- ² https://www.un.org/sites/un2.un.org/files/reportconfronting_the_debt_crisis_11_actions.pdf
- ³ https://www.un.org/sustainabledevelopment/wp-content/uploads/2025/06/Confronting-the-Debt-Crisis_11-Actions_Report.pdf

- ⁴ <https://financing.desa.un.org/sites/default/files/ffd4-documents/2025/Compromiso%20de%20Sevilla%20for%20action%2016%20June.pdf>

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