DEBT REPORT

2022

EDITION I

January 2022

WORLD BANK GROUP

Debt Report 2022

About the Report

This is the first of three Debt Reports for 2022 to be published online over the course of the year to provide users with data and analysis on external and public debt of low- and middle-income countries.

The reports will:

- Complement the information for 123 low- and middle-income countries presented in International Debt Statistics (IDS 2022), published in October 2021 with regional and country specific analyses on the composition and characteristics of external debt stocks and flows. These analyses are underpinned by the detailed loan-by-loan data on stocks, transactions (commitments, disbursements, and debt service payments) and loan terms reported to the World Bank Debtor Reporting System (DRS);

- Draw from the high-frequency, Quarterly External Debt Statistics (QEDS) and Quarterly Public Sector Debt (QPSD) databases to provide users with syntheses of emergent trends in external and public debt, and preliminary estimates of 2021 external debt stocks;

- Provide information on current issues and ongoing initiatives aimed at improving external and public debt transparency, including improvements in monitoring and reporting public debt in low- and middle-income countries, filling data gaps, and enhancing debt data dissemination, both coverage and ease of access.

Debt Report 2022 Edition I presents summary analyses of the composition of external debt stocks and flows from the regional perspective. It draws out the main messages of the regional and country specific data and incorporates updates to the 2020 data included in IDS 2022. The report also presents updated data on the outcomes of the Debt Service Suspension Initiative (DSSI). The updated dataset was released in December 2021 and is available to users at: https://data.worldbank.org/products/ids.

Regional Overview

Table 1: External Debt Stock and Net Financial Flows, Low- and Middle-income Countries, 2011-2020

US$ (billion)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
External Debt Stocks	5116.2	5654.7	6431.3	6867.8	6396.7	6660.0	7389.3	7832.1	8250.5	8689.4
Net financial flows, debt and equity	1331.6	1225.0	1457.6	1136.9	207.8	720.9	1292.1	1109.3	952.0	906.8
Percent of GNI (%)	4.3	5.0	5.6	4.2	0.8	2.8	4.5	3.7	3.1	3.0
Net Debt Inflows	724.1	588.9	814.6	540.4	-316.2	208.4	757.6	574.8	400.4	435.0
Long-term	411.8	468.7	447.0	394.8	171.6	243.1	432.0	352.5	371.2	418.3
Official creditors	39.2	34.4	30.8	48.2	49.3	62.3	56.3	81.2	63.4	128.9
World Bank (IBRD and IDA)	6.4	12.0	14.1	15.1	17.6	13.5	13.1	14.7	19.1	27.2
IMF	0.5	-8.4	-17.7	-7.2	4.8	5.0	3.6	30.9	21.6	46.5
Private creditors	372.7	434.2	416.2	346.7	122.3	180.8	375.7	271.3	307.7	289.4
Bonds	150.5	225.7	173.0	174.6	75.8	120.7	287.6	202.8	254.3	278.3
Banks and other private	222.2	208.6	243.2	172.1	46.5	60.1	88.1	68.5	53.4	11.1
Short-term	312.2	120.2	367.7	145.6	-487.8	-34.8	325.6	222.3	29.2	16.7
Net equity flows	607.5	636.1	643.0	596.5	524.0	512.5	534.5	534.5	551.6	471.8
Net foreign direct investment inflows	603.8	538.8	572.9	512.7	502.4	467.9	467.7	497.1	503.9	431.5
Net portfolio equity inflows	3.7	97.4	70.1	83.8	21.6	44.6	66.9	37.5	47.7	40.3
Change in reserves (- = increase)	-457.4	-284.1	-523.3	96.9	607.1	274.9	-313.5	84.1	-189.3	-330.4
Memorandum item										
Workers remittances	337.2	362.8	384.0	414.8	417.3	408.2	444.4	482.8	502.7	503.3

Sources : World Bank Debtor Reporting System, International Monetary Fund, and Bank for International Settlements.

Financial flows to low- and middle-income countries fell for the third consecutive year in 2020. Aggregate net financial flows, debt and equity combined, totaled $907 billion in 2020, 4.8 percent lower than the comparable figure for 2019. Measured relative to borrower countries' GNI aggregate financial flows were equivalent to 3.0 percent, on a par with 2019 but well short of the 5.6 percent of GNI recorded in 2013. The downturn in net financial flows was the outcome of a 14 percent contraction in net equity inflows which fell to $472 billion from $552 billion in 2019. The net inflow of foreign direct investment, long considered the most resilient and least volatile component of financial flows to low-and middle-income countries, fell 14 percent in 2020 to $432 billion, the lowest level in a decade. Portfolio equity inflows dropped 16 percent to $40 billion. In contrast, net debt inflows (gross disbursements of new financing minus principal payments) rose 9 percent to $435 billion from $400 billion in 2019.

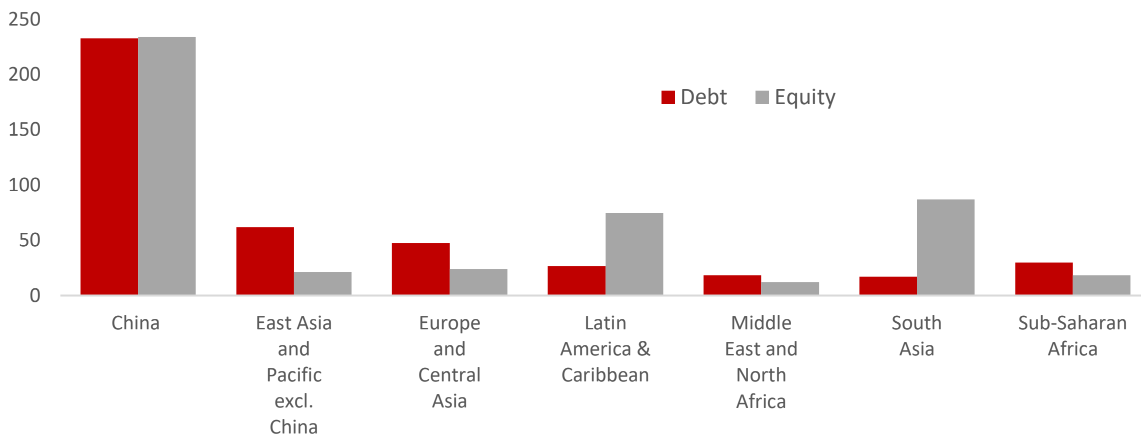
China accounted for over half of the combined aggregate net inflows to low- and middle-income countries in 2020. As in prior years, China dominated the volume and direction of aggregate financial flows to low- and middle-income countries and was the single largest recipient with combined debt and equity inflows of $467 billion in 2020. This was equivalent to 52 percent of 2020 aggregate financial flows to low- and middle-income countries. Inflows to China were driven by a 62 percent increase in net debt inflows to $233 billion, from $144 billion in 2019, and a 13 percent rise in net equity inflows to $234 billion. This was a marked contrast to aggregate net financial flows to other low- and middle-income countries, which fell 27 percent in 2020 to $440 billion, from $601 billion in 2019 on account of a 21 percent contraction in debt inflows and 31 percent decrease in net equity inflows. Within net equity flows, FDI fell 23 percent and portfolio equity flows were negative, with an outflow of $24 billion compared to a small, $3 billon, inflow in 2019.

The headline numbers masked sharp divergence in the volume and trend of financial flows with the largest borrowers recording the steepest contraction. Aggregate financial flows to low- and middle-income countries' top-ten borrowers, excluding China (defined as those with the highest end-2020 external debt stock), fell to $152 billion in 2020, less than half the comparable figure for 2019, reflecting a near total collapse in net debt inflows, which dropped to $4 billion, from $109 billion in 2019 and a 33 percent contraction in net equity inflows. In other low- and middle-income countries, excluding China, aggregate financial inflows rose 6 percent in 2020 to $287 billion. Net debt inflows, excluding China, rose 35 percent to $198 billion, offsetting a 28 percent fall in net equity inflows

Close to half the 2020 aggregate financial flows to low- and middle-income countries, excluding China, went to countries in South Asia and Latin America and the Caribbean. Aggregate financial flows, excluding China, totaled $440 billion in 2020 of which $104 billion (24 percent) went to countries in South Asia, primarily India, and $102 billion (23 percent) to Latin America and Caribbean countries. For both regions, equity inflows were the dominant component, accounting for 83 percent of 2020 aggregate financial flows to South Asia and 74 percent of those to Latin and America and the Caribbean. Equity inflows to the two regions combined were $162 billion, equivalent to 68 percent of 2020 equity inflows to all low- and middle-income countries, excluding China. In contrast, other regions debt inflows surpassed equity inflows by a wide margin in 2020. Net debt inflows to countries in the East Asia and the Pacific region, excluding China, were $62 billion, equivalent to 74 percent of aggregate financial flows to these countries in 2020 and 31 percent of net debt inflows to all countries, excluding China. For countries in Europe and Central Asia, Middle East and North Africa and Sub-Saharan Africa net debt inflows averaged 63 percent of aggregate financial flows to each region in 2020.

Figure 1: Net Financial Flows by Regional Distribution, 2020

US$ (billion)



Sources: World Bank Debtor Reporting System, International Monetary Fund and United Nations Conference on Trade and Development (UNCTAD).

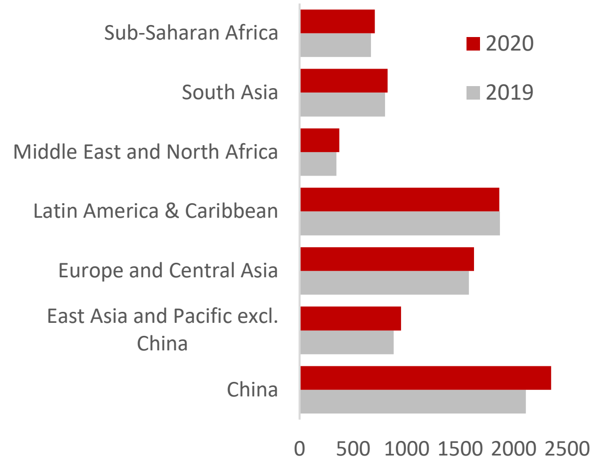
Total external debt stocks of low- and middle-income countries rose 5.3 percent in 2020 to $8.7 trillion, driven by an increase in long-term debt. Long-term external debt, including the IMF, rose 6 percent in 2020 to $6.3 trillion, equivalent to 72 percent of total external debt stock, driven by a 9 percent rise in external public and publicly guaranteed debt, including obligations to the IMF, and a much smaller 3 percent increase in the non-guaranteed external debt of private sector entities. Short-term debt stock, $2.2 trillion at end-2020, was largely unchanged from 2019. The overall rate of debt stock accumulation in 2020 was comparable to that in 2018 and 2019, but below the annual average increase of 8 percent from 2011 to 2017. This reflects a much slower accumulation of external private non-guaranteed debt stocks, which rose on average 3.3 percent per annum in 2018–2020 compared to an annual average increase of 8.6 percent from 2011 to 2017. The 2020 increase in external debt stocks resulted from net debt inflows of $435 billion and valuation changes in year-on-year exchange rates in relation to the U.S. dollar (about half the external debt of low- and middle-income countries is denominated in currencies other than the U.S. dollar).

China accounted for over a quarter of the end-2020 external debt stock of low- and middle-income countries. China's external debt stock rose 11 percent in 2020 to $2.3 trillion, propelled by a 23 percent increase in long-term debt. The external debt stock of China's public sector borrowers rose 30 percent to $415 billion at end-2020 and the external debt stock of private Chinese entities, without any government guarantee, rose 18 percent to $688 billion. External short-term debt, $1.2 trillion at end-2020, was up only 2.6 percent from the end-2019 level, reflecting the slowdown in trade volumes induced by the global pandemic. However, short-term debt remained by far the most significant component of China's total external debt stock, 53 percent at end-2020.

The external debt stock of other low- and middle-income countries, excluding China rose, on average 3.3 percent in 2020 to $6.3 trillion but with wide divergence at the regional and individual country level. The nine largest low- and middle-income countries, excluding China, had a combined external debt stock of $3.5 trillion at end-2020, little changed from the end-2019 level. In contrast, the external debt stock of other low- and middle-income countries, excluding China and the largest nine, rose on average, 8.7 percent to $2.8 trillion. At the regional level the pace of debt stock accumulation in 2020 appeared divergent, ranging from an average increase of 8.5 percent for countries in the Middle East and North Africa to a marginal, 0.3 percent decrease for those in Latin America and the Caribbean. However, when the major borrowers were excluded the picture changed significantly. The average rate of external debt stock accumulation in 2020 remained lowest for countries in Latin America and the Caribbean, but rose to an average of 8.4 percent excluding Argentina, Brazil, and Mexico. For countries in Sub-Saharan Africa, it increased to an average of 10.8 percent, excluding South Africa. It was unchanged at 8.5 percent the Middle East and North Africa region which had none of the major borrowers. For the other three regions, it converged, with an average increase for countries in East Asia and the Pacific of 9.6 percent, for countries in Europe and Central Asia of 9.7 percent, and those in South Asia, 9.4 percent.

Figure 2: Change in External Debt Stock by Regional Distribution, 2019-2020

US$ (billion)



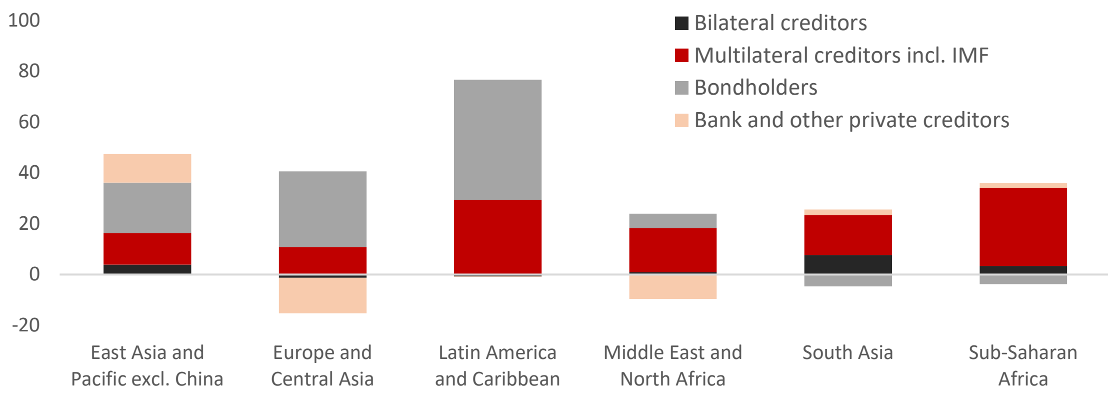
Source: World Bank Debtor Reporting System.

Net debt inflows to China and other low- and middle-income countries in 2020 took very different trajectories. Net debt inflows to low- and middle-income countries rose 9 percent in 2020 to $435 billion with a 13 percent rise in long-term debt inflows offset by a steep contraction in short-term debt inflows. They fell 43 percent to $17 billion in 2020 from $29 billion in 2019, paralleling the sharp pandemic-induced slowdown in global trade. The 2020 net debt inflows were characterized by a marked divergence between those to China and other low- and middle-income countries. Net debt flows to China rose 62 percent to $233 billion, on account of a 28 percent increase in long-term debt inflows and short-term debt inflows of $31 billion; a reversal from outflows of $14 billion in 2019. Net debt inflows to other low- and middle-income countries fell 21 percent in 2020 to $202 billion, their lowest level since 2016, because of short-term debt outflows of $14 billion from inflows of $43 billion in 2019. Long-term debt inflows were $216 billion in 2020, virtually the same as the 2019 level.

Over 95 percent of 2020 net long-term debt inflows were from bondholders and multilateral creditors. Net inflows from bondholders totaled $278 billion and accounted for 67 percent of net long-term debt inflows to low- and middle-income countries in 2020, much the same share as 2019. The significant shift in the composition of 2020 debt inflows was the surge in inflows from multilateral creditors. They rose to $116 billion in 2020, more than double the 2019 level, raising their share of long-term debt inflows to 28 percent, from 16 percent in 2019 and offset a 79 percent fall in inflows from private creditors. Inflows from bilateral creditors increased in 2020 to $12.6 billion, nearly double to 2019, but their share of total debt inflows remained small, 3 percent. Net long-term debt inflows to low- and middle-income countries, excluding China were bondholders at $94 billion (44 percent) and multilateral creditors at $116 billion (54 percent). The remaining inflows were from bilateral creditors. Flows from commercial banks and other private creditors were negative, an outflow of $8 billion.

At the regional level, the composition of 2020 long-term debt inflows were divergent. Countries in Latin America and the Caribbean accounted for the largest share, $76 billion (35 percent) of 2020 net long-term debt inflows, followed by the East Asia and the Pacific region, excluding China, $47 billion (22 percent), and countries in Sub-Saharan Africa $32 billion (15 percent). Regarding the composition of long-term debt inflows, 62 percent of inflows to Latin American and the Caribbean and 42 percent of those to countries in East Asia and the Pacific region were from bondholders. Inflows in 2020 to Sub-Saharan Africa were entirely from official creditors, where an overwhelming share was from multilateral creditors. Flows from bondholders were negative, an outflow of $4 billion. The $23 billion in inflows to countries in South Asia were also dominated by those from official, bilateral, and multilateral creditors. It accounted for 55 percent of 2020 bilateral inflows to all low- and middle-income countries, excluding China. In Europe and Central Asia, inflows totaled $25 billion with inflows from bondholders of $30 billion, and multilateral creditors $11 billion offsetting outflows of $14 billion to private creditors and a much smaller outflow of $1 billion to bilateral creditors. It was a similar story for countries in the Middle East and North Africa. Inflows totaled $14 billion of which $17 billion was from multilateral creditors and $6 billion was from bondholders and was offset by outflows to private creditors.

Figure 3: Net Long-Term Debt Inflows by Creditor Type and Regional Distribution, 2020
US$ (billion)



Source: World Bank Debtor Reporting System.

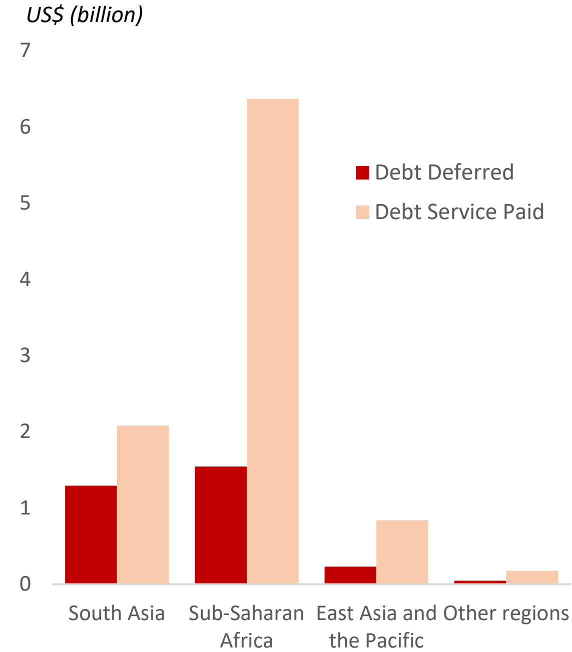
The Debt Service Supension Initiative

The Debt Service Suspension Initiative (DSSI) was launched by G-20 countries in April 2020 to assist the poorest countries to cope with the costs of the COVID-19 pandemic. It offered 73 IDA-eligible and least developed countries a temporary suspension of debt-service payments owed to official bilateral creditors. The suspension period was originally set to cover principal and interest payments falling due from May 1-December 31, 2020 but was subsequently extended to end-December 2021. Under this initiative debt-service payments are deferred and repaid over 4–6 years after a 1-year grace period. As of end-December 2020, 43 of the eligible 73 countries were participating in DSSI.

DSSI-participants reported $3.1 billion in debt service payments to bilateral creditors was deferred in 2020. This figure includes deferrals agreed with G-20 countries and non-G-20 bilateral creditors, notably Kuwait and the United Arab Emirates, participating in the initiative on comparable terms. Debt service deferred in 2020 included $0.7 billion in deferred interest payments, capitalized, and added to debt stocks. This was in line with the common term sheet adopted for the initiative, which defines the standstill in payments as net present value neutral. The figure of $3.1 billion is revised downwards from the $3.5 billion given in IDS 2022 published in October 2021. The primary reason for this revision is a change in the data for the Maldives which inadvertently reported external debt stock for the loans subject to the deferral, not the actual debt service deferred. Some DRS reporters signaled that agreement on deferral has been reached with G-20 creditors, but administrative procedures were still ongoing, and that data reported were estimates.

With reference to the amount of debt deferred, Kenya did not request participation in the initiative until 2021 and paid all 2020 debt service due to bilateral creditors. Australia and Papua New Guinea agreed on a refinancing operation instead of a deferral, and the estimated $357 million deferral reported by Paris Club creditors as the amount eligible for deferral for the Republic of Yemen is not included. The Republic of Yemen, a country in conflict, did not report to the DRS in 2020.

Figure 4: DSSI-Participants Bilateral Debt Service Paid and Deferred in 2020, Regional Distribution
US$ (billion)



Source: World Bank Debtor Reporting System.

Countries in South Asia and Sub-Saharan Africa were the principal beneficiaries of the debt service deferral. Pakistan recorded the largest debt service deferral in 2020, $1.3 billion, equivalent to 42 percent of the debt service deferred for all DSSI- participating countries. Twenty-eight countries in Sub-Saharan Africa reported debt service deferred in 2020 of which the largest was Angola at $572 million. Except for Myanmar, which reported debt service deferred of $208 million, amounts deferred in other regions were negligible. Together, countries in South Asia and Sub-Saharan Africa accounted for 91 percent of the $3.1 billion debt service deferred. Aside from the debt service deferred, DSSI-participating countries reported $9.4 billion in debt service payments to bilateral creditors in 2020.

Table 2: External Debt Stock and Net Financial Flows, East Asia and the Pacific, 2011-2020

US$ (billion)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
External Debt Stocks	1556.7	1738.4	2096.7	2438.9	2004.0	2112.5	2481.8	2789.3	2993.5	3297.1
Net financial flows, debt and equity	658.1	468.7	718.2	606.6	-105.3	261.5	613.9	632.9	449.7	550.5
Percent of GNI (%)	3.9	4.5	6.3	4.9	-0.8	2.0	4.3	3.9	2.7	3.2
Net Debt Inflows	367.9	175.0	380.8	296.6	-367.9	44.6	389.2	339.2	188.1	294.9
Long-term	101.6	130.6	88.5	137.9	63.4	60.4	130.4	155.1	201.1	249.4
Official creditors	4.3	3.8	1.0	4.5	2.3	0.1	0.5	4.1	2.8	15.0
World Bank (IBRD and IDA)	0.9	1.4	2.4	1.6	3.2	1.5	2.4	2.1	2.2	3.1
IMF	0.0	-0.1	-0.1	-0.1	0.0	0.0	0.1	0.1	0.0	0.9
Private creditors	97.2	126.8	87.5	133.4	61.1	60.4	129.9	151.0	198.3	234.4
Bonds	36.6	76.2	41.2	60.6	24.9	40.1	111.2	124.4	138.0	204.0
Banks and other private	60.6	50.6	46.2	72.8	36.2	20.3	18.7	26.6	60.3	30.4
Short-term	266.4	44.4	292.3	158.8	-431.3	-15.9	258.7	184.0	-13.0	45.5
Net equity flows	290.2	293.7	337.4	310.0	262.6	217.0	224.7	293.8	261.7	255.6
Net foreign direct investment inflows	283.1	259.0	308.7	259.2	258.9	192.9	190.0	244.9	215.3	206.4
Net portfolio equity inflows	7.1	34.7	28.7	50.8	3.7	24.1	34.7	48.9	46.3	49.2
Change in reserves (- = increase)	-366.3	-157.5	-485.1	-22.1	522.6	281.2	-190.5	66.2	-97.3	-185.8
Memorandum item										
Workers remittances	62.1	66.8	73.4	89.6	95.7	91.8	97.2	98.4	96.1	94.2

Sources : World Bank Debtor Reporting System, International Monetary Fund, and Bank for International Settlements.

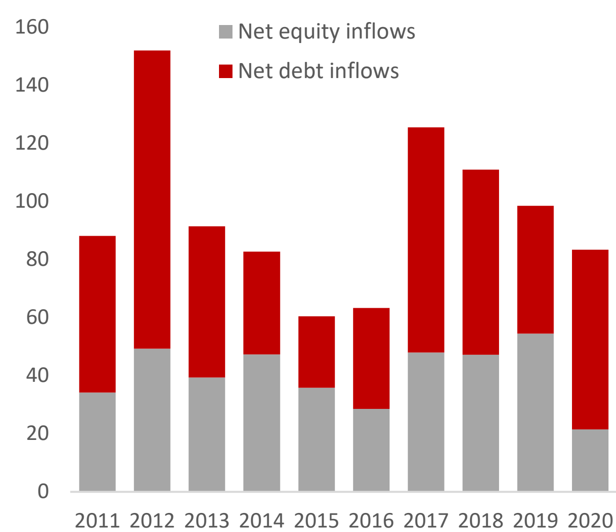
East Asia and the Pacific

Net financial flows totaled $551 billion in 2020, an increase of 22 percent from the prior year, propelled by a 33 percent rise in debt and equity flows to China. In contrast, comparable net flows to other countries in the region fell 15 percent.

The volume and trend of net aggregate financial flows was determined by China which accounted for 85 percent of the combined debt and equity inflows to the region in 2020. Aggregate financial flows, debt and equity combined, rose 22 percent in 2020 to $551 billion on account of a 57 percent rise in net debt inflows to $295 billion. Net equity inflows continued their downward trajectory, falling a further 2 percent in 2020 to $256 billion following the 11 percent decline in 2019. Aggregate financial flows to China rose 33 percent in 2020 to $467 billion driven by a 62 percent increase in net debt inflows and 13 percent rise in net equity inflows. The factors that drove the level and composition of debt and equity inflows to China are discussed in IDS 2022 overview section and Box 1. Excluding

Figure 5: Net Debt and Equity Inflows excluding China, 2011-2020

US$ (billion)

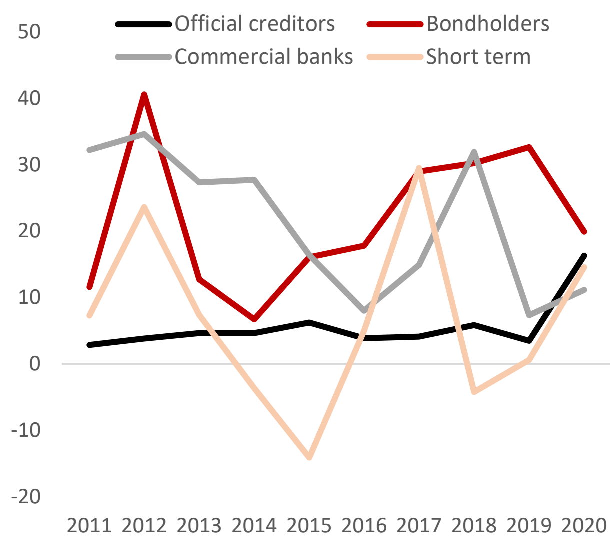


Sources: World Bank Debtor Reporting System, International Monetary Fund.

China, net financial flows to other countries in the region fell for the third consecutive year, declining a further 15 percent to $83 billion with debt and equity flows on alternate trajectories. Net debt inflows rose, on average, 41 percent to $62 billion whereas net equity inflows fell 61 percent to $21 billion, the lowest level in a decade. These outcomes were driven in large part by developments in Indonesia and Thailand. FDI inflows to Indonesia fell 23 percent to $19.3 billion following a steep fall in investment in manufacturing. In Thailand, FDI flows were negative, with an outflow of $5.1 billion reflecting dis-investment by Tesco (United Kingdom) to a Thai investor group for $10 billion. Investor retreat from the Indonesian and Thai stock markets also accounted for over 80 percent of the $15 billion outflow of portfolio equity, compared to a small, $1 billion, inflow in 2019. Among the smaller economies, FDI inflows to the People's Democratic Republic of Lao rose 28 percent in 2020 to $968 million, reflecting booming investment in large-scale infrastructure by Asian, primarily Chinese, investors.

Net debt inflows to the region, excluding China, rose 41 percent in 2020 to $62 billion on account of a 9 percent rise in long-term debt and short-term debt inflows of $15 billion, up from $1 billion in 2019. The rise in long-term debt flows was driven by inflows from official creditors which more than quadrupled to $16.3 billion in 2020, from $3.5 billion in 2019. Net inflows from private creditors fell 22 percent with a 52 percent rise in net inflows from commercial banks and other private entities offset by a 39 percent contraction in inflows from bondholders which bondholders fell 39 percent to $19.9 billion, from $32.7 billion in 2019. Thailand accounted for much of the increase in inflows from commercial banks and other private entities. Inflows from commercial banks to non-guaranteed private sector borrowers in Thailand rose to $6.7 billion in 2020, from an outflow of $0.4 billion the prior year. Thailand also accounted for the surge in short-term debt inflows, recording inflows of $15 billion in 2020 compared to a $3.6 billion outflow in 2019. Indonesia drove the downturn in inflows from bondholders. It was one of the first countries to re-enter international capital markets after the pandemic induced global lockdown with the $4.3 billion sovereign Eurobond issue in April 2020. But a slowdown in non-resident investors' purchase of bonds issued in the domestic market reduced the government's overall 2020 bond issuance to $19.2 billion, from $26.4 billion in 2019, reducing net inflow to $8.8 billion from the prior year level of $22.3 billion. Inflows from multilateral creditors, including the IMF, rose threefold to $12.4 billion from $3.9 billion in 2019, of which $6.5 billion (52 percent) was from the Asian Development Bank and a further $2 billion (16 percent) was from the Asian Infrastructure Bank. The Philippines received 62 percent of inflows from the Asian Development Bank. Inflows of $4 billion from bilateral creditors in 2020 also came primarily from lenders in the region, including Japan for $1.6 billion and Australia for $1 billion. Indonesia received 46 percent of inflows from bilateral creditors, followed by Myanmar, 19 percent, and the Philippines, 18 percent.

Figure 6: Creditor Type Composition of Net Debt Inflows excluding China, 2011-2020
US$ (billion)

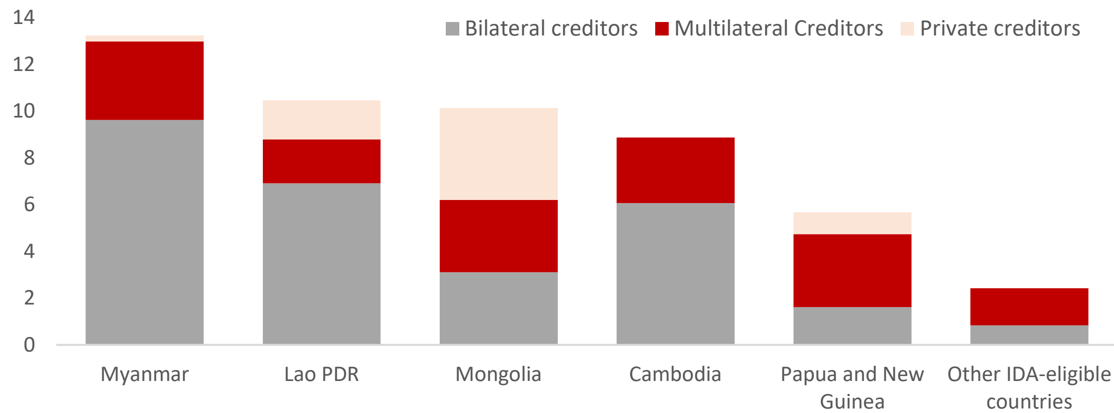


Source: World Bank Debtor Reporting System.

Eleven countries of the sixteen countries in the region are classified as IDA borrowers with a combined external debt of $102.5 billion at end-2020. This debt stock comprised public and publicly guaranteed debt, including the IMF, $50.8 billion (49.6 percent), non-guaranteed external debt of private sector entities $43.3 billion (42.2 percent) and short-term debt $8.4 billion (8.2 percent). Mongolia was the largest debtor in the group, with an external debt stock of $33.2 billion at end-2020, followed by Papua New Guinea ($18.0 billion), Cambodia ($17.6 billion) and the People's Democratic Republic of Lao ($17.2 billion). With regard to the composition of end-2020 public and publicly guaranteed debt stock, on average 56 percent was owed to bilateral creditors, 31 percent to multilateral creditors and the remaining 13 percent to private creditors, including bondholders, commercial banks, and other private entities. For individual countries the volume and composition of external public debt stocks was divergent. Myanmar had the largest external public debt stock among the region's IDA borrowers, $13.3 billion at end-2020, of which $9.6 billion (73 percent) was owed to bilateral creditors. In Cambodia and the People's Democratic Republic of Lao 68 percent and 66 percent, respectively, of end-2020 external public debt stock was owed to bilateral creditors. In contrast in Papua New Guinea $3.1 billion (55 percent) was owed to multilateral creditors, while in Mongolia $3.9 billion or 39 percent of the end-2020 debt stock was owed to private creditors. China, the group's largest bilateral creditor accounted for 54 percent of end-2020 bilateral debt stocks followed by Japan with 24 percent. The Asian Development Bank was the largest multilateral creditor, accounting for 51 percent of debt owed to multilateral creditors, including the IMF, followed by the World Bank (IBRD and IDA) with 31 percent.

Figure 7: IDA Borrowers – Creditor Type Composition of External Public Debt Stock, end-2020

US$ (billion)



Source: World Bank Debtor Reporting System.

Europe and Central Asia

The 26 percent fall in net financial flows in 2020 to $72 billion reflected in large part the $12 billion outflow of debt and equity from the Russian Federation. Net financial flows to other countries rose 38 percent in 2020 with net debt inflows increasing to $58 billion from $17 billion in 2019.

Aggregate financial flows to the region fell 26 percent in 2020 to $72 billion, with a 63 percent rise in net debt inflows offset by a corresponding 65 percent fall in net equity inflows. The increase in debt inflows was driven by a sharp, 134 percent rise in long-term debt inflows and more moderate, 22 percent, increase in short-term debt inflows. Regarding equity inflows the downturn was widespread. FDI inflows fell 41 percent to $43 billion, the lowest level in two decades, with only three countries in the region, Belarus, Bulgaria, and Kosovo recording higher FDI inflows in 2020. Portfolio

Table 3: External Debt Stock and Net Financial Flows, Europe and Central Asia, 2011-2020

US$ (billion)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
External Debt Stocks	1429.6	1537.5	1713.9	1584.9	1473.3	1539.0	1607.6	1552.8	1580.5	1630.3
Net financial flows, debt and equity	214.7	233.5	210.7	4.5	-73.1	129.3	153.7	10.2	97.6	71.7
Percent of GNI (%)	5.7	5.9	5.0	0.1	-2.4	4.5	4.7	0.3	2.9	2.3
Net Debt Inflows	138.8	159.5	143.4	-46.8	-118.4	49.3	93.8	-33.6	29.1	47.7
Long-term	116.9	130.0	107.8	-7.6	-57.2	50.8	63.8	-28.7	10.8	25.3
Official creditors	11.0	-2.4	-9.2	3.0	8.6	7.8	5.6	0.7	-2.1	9.6
World Bank (IBRD and IDA)	2.3	1.6	1.7	2.5	1.7	0.7	1.3	0.6	0.2	1.2
IMF	-1.0	-8.0	-15.8	-7.3	3.1	0.9	0.0	-1.0	-1.8	3.3
Private creditors	105.9	132.5	117.0	-10.7	-65.8	43.0	58.2	-29.4	12.9	15.7
Bonds	24.7	43.8	44.6	2.8	3.8	15.7	36.3	16.0	48.6	29.7
Banks and other private	81.2	88.7	72.4	-13.4	-69.6	27.3	21.9	-45.5	-35.7	-14.0
Short-term	21.9	29.5	35.5	-39.2	-61.2	-1.4	30.0	-4.9	18.3	22.4
Net equity flows	75.9	73.9	67.3	51.3	45.3	80.0	59.9	43.8	68.5	24.1
Net foreign direct investment inflows	86.1	65.9	71.8	61.5	52.8	81.4	64.9	51.1	72.7	42.6
Net portfolio equity inflows	-10.3	8.0	-4.5	-10.2	-7.5	-1.4	-5.0	-7.3	-4.2	-18.6
Change in reserves (- = increase)	-13.8	-45.7	-10.2	156.6	41.2	-3.3	-47.8	-13.2	-69.8	-13.2
Memorandum item										
Workers remittances	44.9	47.3	56.1	55.0	47.7	49.1	58.8	66.0	69.8	63.8

Sources : World Bank Debtor Reporting System, International Monetary Fund, and Bank for International Settlements.

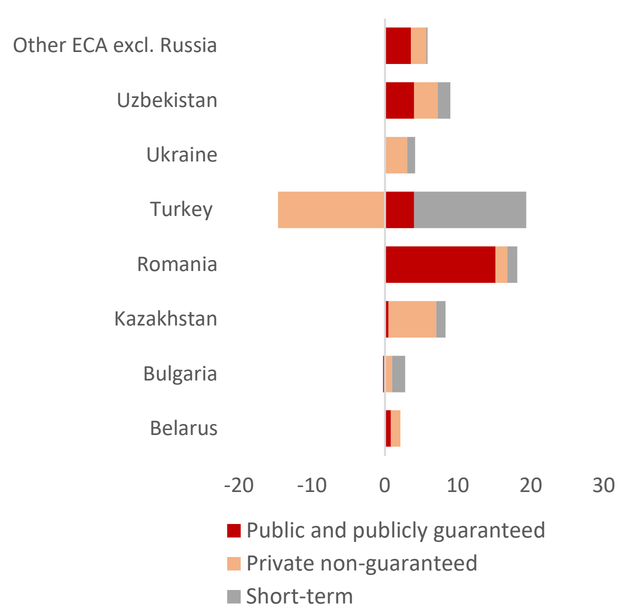
equity outflows widened to $19 billion, from $4 billion in 2019. The region trend was dictated by the near complete reversal in the direction of aggregate financial flows to the Russian Federation. They turned to an outflow of $12 billion in 2020 compared to inflows of $37 billion in 2019. The drop in debt inflows to Russia was the result of non-resident holders' sell-off of domestically issued bonds. This led to a $6 billion outflow in 2020, as compared to inflows of $27 billion in the prior year. Additionally, short-term flows turned from inflows of $9 billion in 2019 to a small, $0.3 billion, outflow in 2020. Net FDI inflows to the Russian Federation fell 55 percent to $13 billion with new policies aimed at diversifying FDI derailed by the pandemic and investments in high-tech industries falling off sharply. Investors also withdrew from Russian stocks, widening portfolio equity outflows to $15 billion up from $4 billion in 2019. Aggregate financial flows to other countries in the region rose 38 percent in 2020, to $84 billion, driven by a 241 percent rise in net debt inflows. Equity inflows fell, on average, 41 percent but there was marked divergence at the country level. For example, in Turkey FDI inflows fell 16 percent to $8.8 billion with only a rebound in investment the second half of the year preventing a steeper decline. In Ukraine, they dropped 94 percent, to $272 million, from $4.9 billion in 2019, undermined by macroeconomic issues and geopolitical tensions.

Net debt inflows to countries in the region, other than the Russian Federation, rose to $58 billion from $17 billion in 2019 with an appreciable rise in both long- and short-term debt. Long-term inflows were $35 billion in 2020, more than four times the 2019 level of $10 billion and short-term inflows rose to $23 billion, from $9 billion in 2019. Most of the 2020 long-term debt inflows (87 percent) went to public and publicly guaranteed borrowers but inflows to private sector borrowers were also higher. They rose to $4 billion in 2020 as compared to outflows of $2.5 billion in 2019. The volume and composition of 2020 debt inflows varied widely at the country level and were highly concentrated. Romania, by far the largest recipient, accounted for 52 percent of long-term debt inflows to the region in 2020, excluding the Russian Federation, and Kazakhstan for another 23 percent. Total 2020 debt inflows to Romania were $18 billion, compared to $3.6 billion in 2019, of which 84 percent were long-term debt inflows to the government and other public sector borrowers. In contrast, in Kazakhstan where long-term debt inflows rose to $7.1 billion in 2020, 93 percent were accounted for by non-guaranteed private sector borrowers. Net debt inflows to Turkey, the region's largest debtor after the Russian Federation, were $4.7 billion in 2020, compared to outflows of $3.7 billion in 2019. The 2020 debt flows were characterized by a $14.6 billion outflow from Turkish private non-guaranteed borrowers to private creditors offset by $15 billion in short-term debt inflows. Long-term debt inflows to public sector borrowers fell 6 percent in 2020 to $4 billion. Some of the small

Figure 8: Net Debt Inflows by Creditor Type excluding Russia, 2011-2020
US$ (billion)

Source: World Bank Debtor Reporting System.

Figure 9: Creditor Type Composition of Net Debt Inflows, 2020
US$ (billion)



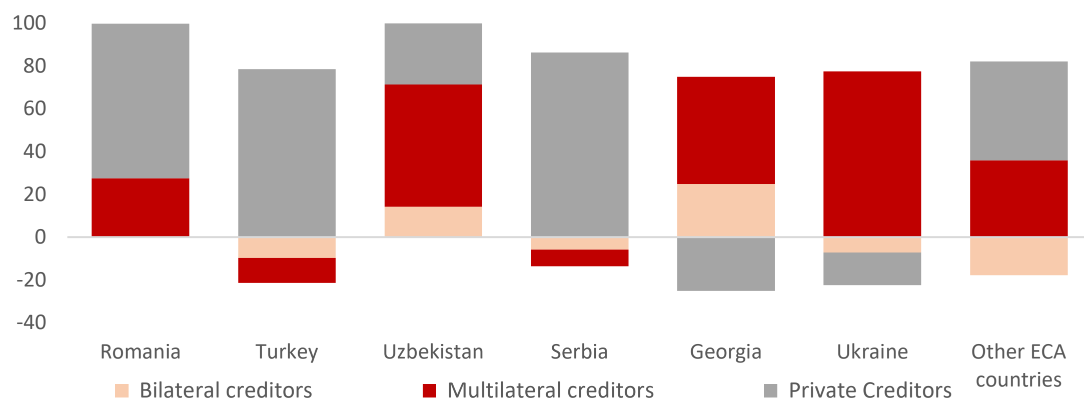
Source: World Bank Debtor Reporting System.

countries in the region recorded the fastest rise in net debt inflows in 2020. In Bosnia, total debt inflows rose from $48 million in 2019 to $695 million in 2020 and in Moldova they increased tenfold from $67 million to $676 million. In both countries the primary driver was the rise in inflows from multilateral creditors, largely the IMF and the World Bank.

Bondholders and multilateral creditors were the driving force of the increase in net inflows of public and publicly guaranteed debt in 2020. Excluding Russia, net long-term inflows of public and publicly guaranteed debt, including the IMF, totaled $31 billion in 2020 up from $10.6 billion in 2019. Sixty-nine percent of the 2020 net inflows ($21.5 billion) were from private creditors and 31 percent ($9.6 billion) from official creditors. Inflows from private creditors were accounted for almost entirely by bondholders. They rose 54 percent to $21.4 billion. The net inflow from commercial banks and other private creditors was negligible, $0.1 billion. Romania accounted for 52 percent ($11.1 billion) of the inflows from bondholders in 2020 followed by Turkey 24 percent ($5.2 billion) and Serbia 11 percent ($2.3 billion). Regarding official creditors, flows from bilateral creditors remained negative, an outflow of $1.2 billion. In contrast inflows from multilateral creditors, including the IMF, rose to $10.8 billion, from outflows of $3.4 billion in 2019. Support to mitigate the economic and social costs of the global pandemic drove this increase. Inflows to Romania were a significant factor and accounted for the largest share, 39 percent of 2020 inflows from multilateral creditors. This reflected the $4 billion support from the European Union's temporary 'Support to Mitigate Unemployment Risks in an Emergency' (SURE) program. Net inflows from the IMF rose to $3.3 billion in 2020, of which one-third were accounted for by inflows to Ukraine under the $5 billion 18-month Standby Arrangement approved in June 2020. Other major recipients of inflows from the IMF in 2020 were Uzbekistan ($384 million), Bosnia and Herzegovina ($369 million) and Georgia ($314 million). Net inflows from the World Bank totaled $1.1 billion in 2020, a tenfold increase from 2019. Uzbekistan was the primary recipient with combined net inflows from IBRD and IDA of $978 million, followed by Romania and Ukraine with $425 million and $381 million, respectively, from IBRD. Some countries, including Azerbaijan, Bulgaria, Kazakhstan, and Turkey recorded outflows to the World Bank in 2020.

Figure 10: Net Inflows of Public and Publicly Guaranteed Debt by Creditor Type, 2020

Percent



Source: World Bank Debtor Reporting System.

Latin America and Caribbean

Net financial flows fell 46 percent in 2020 to $102 billion, the lowest level in a decade in absolute terms, and measured in relation to GNI. Debt inflows fell 54 percent with short-term debt outflows offsetting increased long-term inflows from bondholders and emergency, Covid-related support, from the IMF and World Bank and equity inflows fell 41 percent.

Aggregate net financial inflows to the region fell 46 percent in 2020, the lowest level in a decade, on account of a 54 percent fall in net debt inflows and 42 percent decline in net equity inflows. The downturn in net debt inflows was driven entirely by the $49 billion outflow of short-term debt. The combined short-term debt outflows from the big three, Argentina, Brazil, and Mexico were $48 billion in 2020. Long-term debt inflows, including from the IMF, rose 54 percent to $76 billion divided between bondholders, 62 percent, and multilateral creditors 38 percent. This rise in inflows reflected large-scale emergency support from the IMF and the World Bank to mitigate the social and economic costs of the Covid-19 pandemic. The impact of the pandemic also weighed heavily on investment flows and FDI inflows which fell more than one-third in 2020 to $81 billion, the lowest level in a decade. Inflows to Brazil, the region's largest FDI

Table 4: External Debt Stock and Net Financial Flows, Latin America and the Caribbean, 2011-2020
US$ (billion)

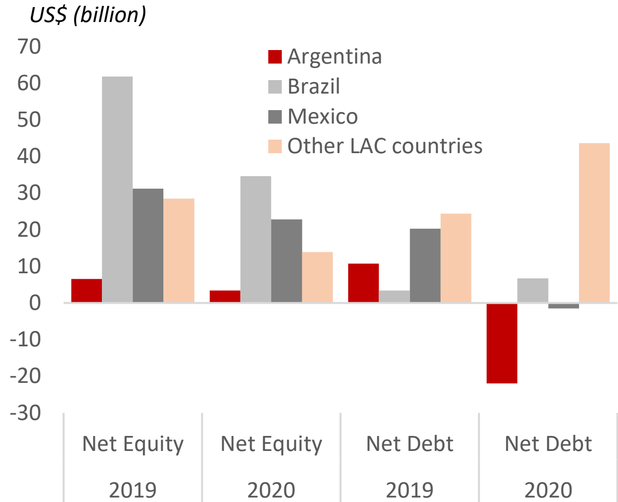
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
External Debt Stocks	1141.6	1270.5	1416.7	1573.7	1596.6	1622.7	1708.9	1814.5	1873.1	1867.3
Net financial flows, debt and equity	274.6	295.5	309.0	312.9	205.3	182.3	259.4	286.9	187.0	101.5
Percent of GNI (%)	5.4	5.8	5.9	6.0	4.6	4.2	5.4	6.2	4.1	2.7
Net Debt Inflows	127.4	143.1	174.9	183.4	83.8	54.5	108.1	167.0	58.9	26.9
Long-term	125.0	125.0	143.5	155.0	80.8	85.2	99.6	125.6	49.2	75.9
Official creditors	3.7	10.7	9.0	11.8	6.4	6.2	8.9	35.5	18.0	28.7
World Bank (IBRD and IDA)	-2.9	3.6	3.2	2.2	2.7	1.8	-0.7	1.8	2.1	6.8
IMF	0.2	-0.1	-0.2	-0.6	-0.4	0.4	-0.1	28.5	17.4	13.3
Private creditors	121.4	114.3	134.5	143.2	74.4	79.0	90.7	90.1	31.2	47.3
Bonds	72.0	76.9	70.5	63.9	31.2	54.0	73.2	47.0	26.2	47.3
Banks and other private	49.4	37.4	64.0	79.3	43.1	25.0	17.5	43.0	5.1	-0.1
Short-term	2.4	18.1	31.3	28.4	3.0	-30.7	8.5	41.5	9.7	-49.1
Net equity flows	147.2	152.3	134.2	129.5	121.5	127.8	151.2	119.9	128.1	74.6
Net foreign direct investment inflows	144.4	137.7	122.6	111.0	107.2	106.9	131.6	122.0	131.2	81.2
Net portfolio equity inflows	2.8	14.6	11.5	18.5	14.3	20.9	19.6	-2.1	-3.2	-6.5
Change in reserves (- = increase)	-91.2	-56.0	-5.8	-25.7	33.2	-24.4	-27.6	-9.3	19.7	-34.4
Memorandum item										
Workers remittances	59.7	60.1	61.3	64.3	68.5	73.4	81.4	89.5	97.0	103.0

Sources: World Bank Debtor Reporting System, International Monetary Fund, and Bank for International Settlements.

recipient, fell 37 percent, to $41 billion, despite some sizeable gains from privatization. Inflows to Mexico were down 28 percent to $23 billion and would have fallen further had it not been for reinvested earnings which accounted for around 60 percent of 2020 inflows. A downgrade of the investment rating and political unrest weighed on FDI inflows to Colombia, which dropped 54 percent to $5.1 billion in 2020. FDI to Peru fell 53 percent to $2.4 billion and in Panama they turned negative, an outflow of $890 from inflows of $2.4 billion in 2019, despite measures by the government to counter the economic impact of the pandemic. Portfolio equity outflows also widened to $6.5 billion, double the comparable outflow in 2019, as investors also retreated from regional stock markets, notably Brazil. It registered outflows of $5.9 billion in 2020, up from $1.8 billion in 2019.

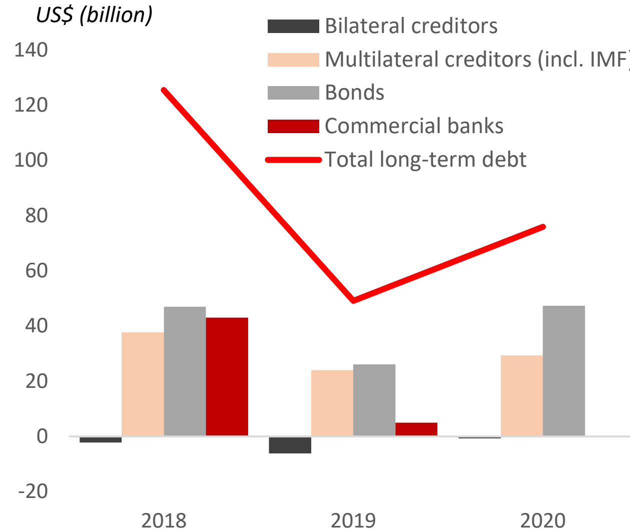
The 54 percent rise in long-term debt flows in 2020 was driven by a parallel rise in inflows from bondholders and multilateral creditors. Net long-term inflows from private creditors rose 51 percent in 2020 to $47 billion and were primarily from bondholders and to public sector entities. Net inflows from official creditors, including the IMF, were $29 billion in 2020, 59 percent higher than the comparable figure for 2019, and virtually all from multilateral creditors. The combined net long-term debt inflows to the three largest debtors, Argentina, Brazil, and Mexico, rose 46 percent to $31 billion, equivalent to 41 percent of net inflows to the region

Figure 11: Net Debt and Equity Inflows to Select Countries, 2019-2020
US$ (billion)



Sources: World Bank Debtor Reporting System, International Monetary Fund.

Figure 12: Composition of Long-term Net Debt Inflows, 2018-2020
US$ (billion)

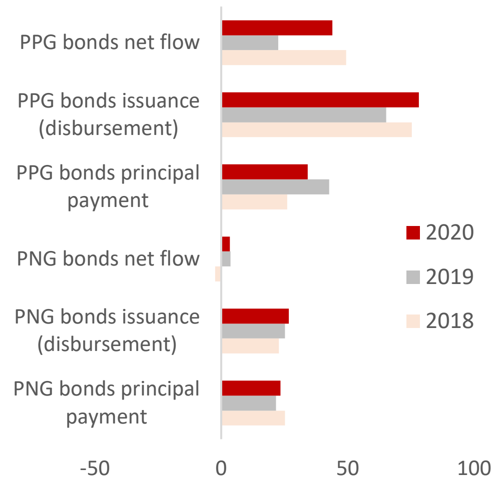


Source: World Bank Debtor Reporting System.

in 2020 of which over 90 percent were from private creditors. Outcomes at the country level were divergent. Inflows to Brazil rose to $17 billion, from an outflow of $9 billion in 2019, following a turnaround in the direction of flows from bondholders and other private creditors. In Argentina, net long-term inflows fell 75 percent to $2.8 billion because of zero inflow from the IMF, compared to $16.2 billion in 2019, and $2.7 billion outflows to commercial banks and other private creditors from non-guaranteed private sector entities. In Mexico, they dropped 38 percent on account of a contraction in inflows from bondholders and commercial banks to public sector borrowers. Net long-term debt inflows to other countries in the region were $45 billion, 61 percent higher than the 2019 level, of which over half, 56 percent were from multilateral creditors. The IMF and the World Bank accounted for 70 percent of 2020 inflows from multilateral creditors. Inflows from the IMF totaled $13.3 billion and those from the World Bank, largely IBRD, were $6.8 billion, over three times the 2019 level. Regarding borrowers, 72 percent of inflows from the IMF were accounted for by Colombia ($5.2 billion) and Ecuador ($4.4 billion) and 65 percent of those from the World Bank by Peru ($1.9 billion), Ecuador ($1.3 billion) and Colombia ($1.1 billion).

Net inflows from bondholders rose 81 percent in 2020 to $47 billion following a 16 percent increase in new issuance and lower repayment on maturing bonds. The combined issuance by public and private sector borrowers in the region totaled $105 billion in 2020, a 16 percent increase over the comparable figure for 2019. Issuance by public sector entities rose 20 percent to $78 billion and those of non-guaranteed private sector entities increase 6 percent to $27 billion. New bond issuance by public and private sector entities in Mexico totaled $44 billion, virtually the same amount as 2019, and equivalent to 42 percent of bond issuance by the region in 2020. Issuance by Peru, one of the countries hardest hit by the global pandemic, rose nearly tenfold in 2020 to $7 billion from $750 million in 2019. Sovereign issues by Colombia rose 177 percent in 2020 to $8.3 billion and doubled in the Dominican Republic to $8.3 billion. High-yielding corporates in Brazil and Mexico accounted for 75 percent of 2020 issuance by non-guaranteed private sector entities. Net inflows from bondholders were $47 billion in 2020. Net inflows to public sector borrowers accounted for 93 percent of these inflows. Repayment on maturing bonds drove the composition of these inflows. Principal repayments on maturing bonds issued by public sector borrowers fell 20 percent in 2020 to $34 billion from $43 billion in 2019 enabling net inflows to rise to $44 billion, almost double the 2019 level. In contrast principal repayments on maturing bonds issued by private sector entities rose 8 percent in 2020 reducing the net inflow to $3.4 billion.

Figure 13: Bond Issuance by Borrower Type, Gross and Net Flow, 2018-2020
US$ (billion)



Source: World Bank Debtor Reporting System.

Middle East and North Africa

Net financial flows fell 19 percent in 2020 to $31 billion the lowest level since 2015. Equity inflows remained on a downward trajectory, falling 29 percent to a decade low of $12 billion. Debt inflows fell 11 percent with a sharp increase in inflows from multilateral creditors offset by outflows to private creditors.

Aggregate net financial inflows to the region fell 19 percent in 2020 to $31 billion, their lowest level since 2015 due to an 11 percent decline in net debt inflows and a more severe, 29 percent, contraction in net equity flows. Net long-term debt inflows fell 7 percent in 2020 to $14.4 billion on account of a $3.9 billion outflow to private creditors. Net flows from bondholders fell 37 percent, but remained positive at $5.6 billion, but flows from commercial banks and other private entities were negative. Outflows to these creditors widened to $9.5 billion in 2020, from $2 billion in 2019. In contrast, net inflows from official creditors rose to $18.3 billion, more than twice the 2019 level, driven in large part by a threefold increase in inflows from the IMF. Short-term debt inflows totaled $4 billion, 23 percent below the 2019 level. On the equity front, FDI inflows fell 15 percent in 2020 to $14.1 billion, the lowest level in a decade. Inflows to Egypt, the region's largest FDI recipient, declined by 35 percent to $5.9 billion despite concerted efforts to promote diversification of FDI here most investments were in the oil and gas sector. FDI inflows to Tunisia fell to 27 percent below the 2019 level, to $600 million, due to a steep fall in investments in the service sectors with tourism particularly hard hit. Morocco was a bright spot, with FDI inflows rising 9 percent in 2020

Table 5: External Debt Stock and Net Financial Flows, Middle East and North Africa, 2011-2020

US$ (billion)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
External Debt Stocks	190.6	199.5	222.2	225.0	239.6	266.9	300.1	322.7	341.4	370.4
Net financial flows, debt and equity	14.2	28.5	40.1	29.5	36.4	49.0	45.3	43.4	37.9	30.7
Percent of GNI (%)	1.1	2.1	3.2	2.4	3.1	4.1	4.0	4.3	3.7	3.2
Net Debt Inflows	0.3	9.0	22.1	11.5	21.6	29.1	25.1	24.3	20.7	18.5
Long-term	1.0	12.4	20.2	7.2	20.4	18.4	24.0	29.0	15.5	14.4
Official creditors	0.9	4.6	10.3	2.9	8.3	16.0	9.3	6.3	8.6	18.3
World Bank (IBRD and IDA)	0.9	0.7	1.1	0.8	1.8	2.3	2.5	2.5	2.9	2.5
IMF	-0.1	0.5	0.9	1.5	0.9	2.8	2.8	1.7	3.5	10.5
Private creditors	0.1	7.9	9.9	4.3	12.1	2.5	14.7	22.7	6.9	-3.9
Bonds	-0.8	5.8	7.8	0.9	6.7	1.3	11.4	10.6	8.9	5.6
Banks and other private	1.0	2.0	2.1	3.4	5.4	1.1	3.3	12.0	-2.0	-9.5
Short-term	-0.7	-3.4	1.9	4.3	1.2	10.7	1.1	-4.7	5.2	4.0
Net equity flows	13.9	19.5	18.0	18.0	14.9	19.8	20.2	19.1	17.2	12.2
Net foreign direct investment inflows	14.5	20.7	18.1	17.3	15.7	19.1	20.9	19.4	16.6	14.1
Net portfolio equity inflows	-0.6	-1.2	-0.1	0.7	-0.8	0.7	-0.6	-0.2	0.6	-1.9
Change in reserves (- = increase)	24.4	-4.7	-10.4	15.7	31.9	18.4	17.2	17.2	13.2	22.9
Memorandum item										
Workers remittances	37.1	43.5	44.8	50.4	46.7	45.9	48.1	49.2	50.8	53.0

Sources : World Bank Debtor Reporting System, International Monetary Fund, and Bank for International Settlements.

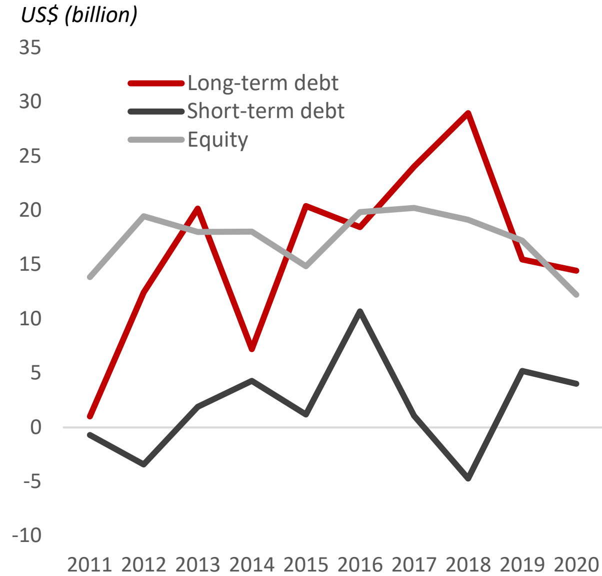
to $1.5 billion. The country benefited from the established presence of multinational companies in the automotive, aerospace, and textile industries and investment into phosphates, of which it holds the world's largest known reserves.

Long-term debt inflows to the region fell 7 percent in 2020 but this was largely the result of outcomes in Lebanon; for other countries in the region they rose, on average, 19 percent. The economic and financial crises in Lebanon led to the collapse of long-term debt inflows to public sector borrowers and an outflow of $10.3 billion, double the comparable figure in 2019, from non-guaranteed private sector borrowers to commercial banks and other private creditors. Long-term debt inflows to the rest of the region rose, on average, 20 percent to $24.7 billion reflecting support from multilateral creditors to mitigate the economic and social costs of the global pandemic, and sovereign bond issuance by Egypt, Morocco, and Jordan totaling $11.1 billion. Egypt and Morocco, the region's two largest borrowers, accounted for 87 percent of the 2020 inflows. Net inflows from multilateral creditors rose from $7.6 billion in 2019 to $17.4 billion in 2020, and of these, 75 percent were from the IMF and the World Bank. In Egypt, multilateral creditors accounted for 77 percent of long-term debt inflows in 2020. They totaled $10.2 billion, of which $6.5 billion from the IMF, including $2.8 billion in emergency Covid-related support approved in May 2020 and $2.4 billion from the 12-month $5.2 Standby Arrangement approved in June 2020. In Morocco, inflows from multilateral creditors rose fourfold in 2020 to $4.8 billion of which $3 billion was from the IMF under the Precautionary and Liquidity Line (PLL) arrangement and $1 billion from the World Bank (IBRD). In Jordan, they were up 71 percent, to $1.2 billion, of which 42 percent was from the IMF. Egypt's net long-term debt inflows fell 10 percent in 2020 to $13.2 billion, in large part due to higher repayments on maturing bonds. In contrast, inflows to Morocco more than doubled to $8.2 billion, from $3.8 billion in 2019, and in Jordan they rose threefold in 2020 to $2.4 billion propelled by inflows from the IMF and bondholders.

External debt ratios are on a rising trajectory for most countries in the region. Historically, the ratios of external debt-to-GNI and debt-

Figure 14: Debt and Equity Inflows, 2011-2020

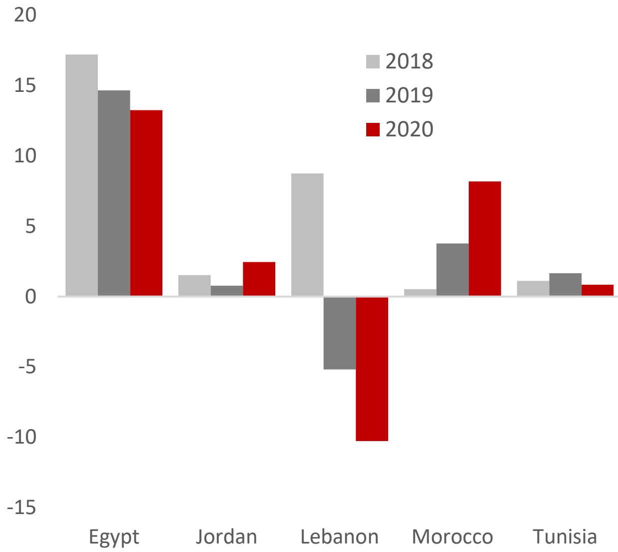
US$ (billion)



Sources: World Bank Debtor Reporting System, International Monetary Fund.

Figure 15: Net Long-term Debt Inflows, 2018-2020

US$ (billion)

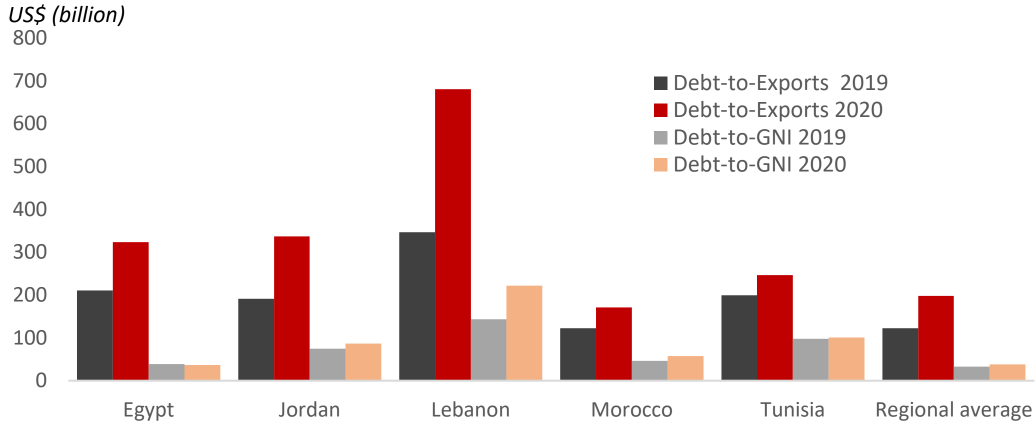


Source: World Bank Debtor Reporting System.

to-exports for countries in the region were low due to robust export earnings and preponderance of equity in net financial flows. In recent years however, a rapid rise in debt creating flows, coupled with a downturn in global oil prices and contraction in other export earnings raised debt-to-export ratios sharply in many countries. This trend was exacerbated in 2020 by the impact of the global pandemic with export earnings for countries in the region falling, on average, 33 percent. The external debt-to-export ratio rose from an average of 53 percent in 2011 to 198 percent in 2020 and the external debt-to-GNI ratio from 14.5 percent to 38 percent over the same period. Moreover, the regional aggregates mask much higher ratios in some countries because of Algeria's very low debt-to-exports and debt-to-GNI ratios, 20.1 percent and 3.6 percent, respectively, at end-2020. The economic collapse in Lebanon pushed external debt stock, in relation to exports and GNI, to one of the highest levels in the world, 681 percent and 222.1 percent, respectively at end-2020. In Egypt, the combination of a 14 percent rise in external debt stock and 25 percent fall in export earnings raised the external debt-to-exports ratio to 323.7 percent in 2020 from 210.9 percent in 2019. It was a similar story for Jordan where debt rose 13 percent and export earnings fell 35 percent raising the debt-to-exports ratio from 192 percent in 2019 to 337.4 percent in 2020. Tunisia's external debt-to-GNI ratio rose only marginally in 2020 but surpassed 100 percent and in Jordan it reached 87.2 percent, up from 75.2 percent in 2019. Egypt's debt-to-GNI ratio fell slightly in 2020 to 37.2 percent, from 39.4 percent in 2019, but has more than doubled since 2015.

Figure 16: Debt Indicators for Select Countries, 2019-2020

US$ (billion)



Sources: World Bank Debtor Reporting System, International Monetary Fund.

South Asia

The 14 percent fall in net financial flows to $104 billion in 2020 was driven by the near absence of debt inflows to India, which accounted for around 80 percent of financial flows to the region.

Net financial flows to India fell 12 percent in 2020 to $85 billion characterized by a marked change in composition. In 2019, net debt inflows to India were $40 billion, equivalent to 41 percent of net financial flows. In 2020, they dropped to just $0.4 billion, less than 1 percent of net financial flows. The downturn was driven by non-resident investors' sell-off of bonds issued in the domestic market and outflows from non-guaranteed private sector borrowers to commercial banks and other private creditors. Conversely, FDI inflows to India continued their upward trajectory, rising a further 38 percent in

Table 6: External Debt Stock and Net Financial Flows, South Asia, 2011-2020

US$ (billion)

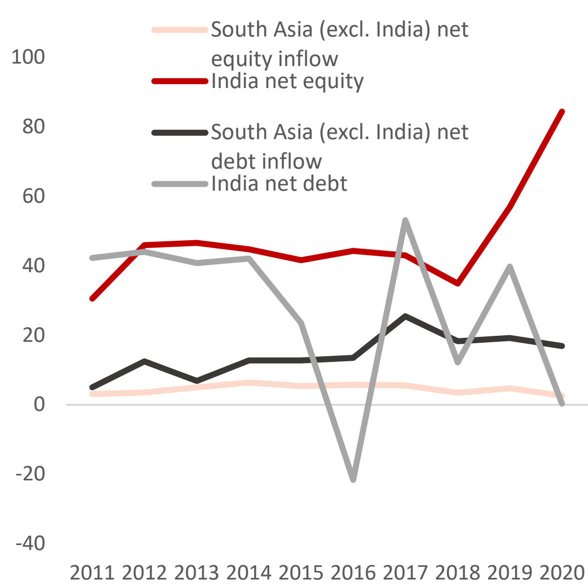
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
External Debt Stocks	460.2	529.0	567.3	606.1	637.1	626.1	712.6	738.4	796.5	821.9
Net financial flows, debt and equity	80.9	106.0	99.2	105.9	83.3	41.9	127.2	68.8	120.7	104.2
Percent of GNI (%)	3.6	4.6	4.2	4.1	3.1	1.5	3.8	2.0	3.4	3.1
Net Debt Inflows	47.2	56.4	47.6	54.8	36.3	-8.2	78.6	30.5	59.0	17.3
Long-term	26.4	36.9	45.1	59.5	36.5	-12.3	56.2	26.4	52.2	20.9
Official creditors	5.4	4.5	2.2	6.8	7.3	9.3	10.8	17.7	17.3	23.3
World Bank (IBRD and IDA)	2.0	0.9	0.7	2.3	2.4	2.3	1.5	1.7	2.6	5.0
IMF	0.0	-1.5	-2.8	-0.5	1.3	0.9	0.1	0.0	1.1	1.6
Private creditors	20.9	32.4	42.8	52.8	29.3	-21.5	45.4	8.7	34.8	-2.3
Bonds	0.7	5.5	-0.5	32.4	12.7	-1.7	36.3	-7.2	13.3	-4.6
Banks and other private	20.2	26.9	43.4	20.3	16.5	-19.8	9.1	15.8	21.5	2.3
Short-term	20.9	19.6	2.6	-4.7	-0.2	4.1	22.4	4.1	6.9	-3.7
Net equity flows	33.6	49.5	51.6	51.1	47.0	50.1	48.5	38.3	61.7	87.0
Net foreign direct investment inflows	37.8	26.1	31.1	37.4	44.7	48.0	42.4	43.2	48.0	63.1
Net portfolio equity inflows	-4.1	23.4	20.5	13.7	2.3	2.1	6.2	-4.9	13.7	23.9
Change in reserves (- = increase)	4.8	-0.2	-8.1	-40.0	-42.6	-12.8	-48.8	24.9	-64.1	-130.9
Memorandum item										
Workers remittances	96.4	108.0	110.8	115.8	117.6	110.7	117.3	131.7	139.8	147.1

Sources: World Bank Debtor Reporting System, International Monetary Fund, and Bank for International Settlements.

2020 to $59.5 billion. These robust FDI inflows were a response to further relaxation of investment barriers, including in the retail and financial sector, and were also bolstered by $27 billion in mergers and acquisitions, including megadeals such as the $5.7 billion acquisition by Jaadhu, a subsidiary of Facebook USA, by Jio Platforms. Portfolio equity inflows to India also surged to a record high of $25 billion, 81 percent above the prior year. This reflected non-resident investors shift from debt to equities fueled by the prospect of higher stock market returns, a better-than-expected economic recovery in the second half of 2020 and strong corporate earnings. Net financial flows to other countries in the region fell, on average, 19 percent in 2020 to $19 billion of which debt inflows accounted for 87 percent. Net debt inflows declined 12 percent with a 14 percent increase in long-term debt inflows offset by a $0.5 billion outflow of short-term debt. Long-term debt inflows from multilateral creditors rose 29 percent led by a 45 percent increase in inflows from the World Bank (IBRD and IDA) to $3 billion. Overall inflows from bilateral creditors fell 23 percent in 2020 primarily on account of a sharp contraction in inflows to Pakistan. This downturn masked a sharp rise in bilateral creditors inflows to Bangladesh for large scale infrastructure projects. They rose 59 percent in 2020 to $3.9 billion of which 50 percent were from Japan, 23 percent from the Russian Federation and 22 percent from China. FDI inflows to South Asian countries, other than India, fell, on average, 25 percent in 2020 but outcomes at the country level diverged. FDI inflows to Pakistan fell moderately, 5 percent, to $1.9 billion, bolstered by investment in power generation and the telecom sector by British and Chinese investors. In Bangladesh, FDI is concentrated in export-oriented garment manufacturing and inflows fell 21.4 percent in 2020 to $1 billion due to cut-backs and order cancellations by US and European suppliers. In Maldives, where FDI is mainly in the tourism sector, the contraction was severe, with inflows down 64 percent to $348 million.

Figure 17: Net Debt and Equity Inflows, 2011-2020

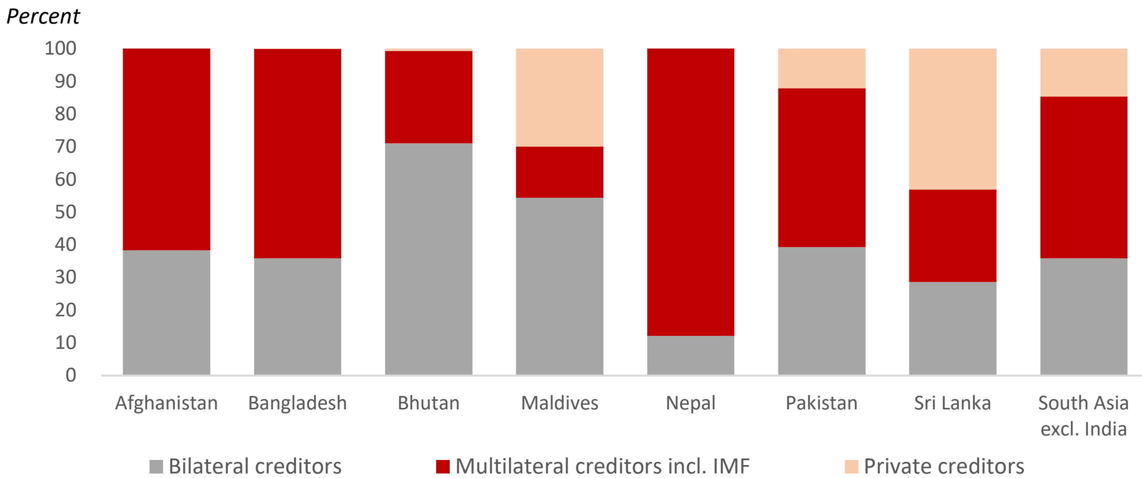
US$ (billion)



Sources: World Bank Debtor Reporting System, International Monetary Fund.

South Asian countries excluding India, owed, on average, 85 percent of long-term external public debt, including the IMF, to official bilateral and multilateral creditors at end-2020. The combined external debt stock of these countries rose 9 percent in 2020 to $258 billion. External public debt stock, including the IMF, was $194 billion at end-2020, 12 percent higher than the end 2019 level and comprised $69 billion (36 percent) owed to bilateral creditors, $96 billion (50 percent) to multilateral creditors, including the IMF, and $28 billion (15 percent) to private creditors (bondholders, commercial banks, and other private entities). At the country level, the composition of external debt stocks varied. Multilateral creditors accounted for 88 percent of end-2020 external public debt stock in Nepal and over 60 percent in Afghanistan and Bangladesh. In contrast, Bhutan owed 71 percent of external public debt to bilateral creditors while Pakistan's obligations to official creditors were evenly divided between bilateral and multilateral creditors. Maldives, Pakistan, and Sri Lanka have issued bonds in international capital markets although none were active in 2020. Private creditors (bonds, commercial banks, and other private lenders) accounted for 30 percent of Maldives' end-2020 external public debt stock, 12 percent for Pakistan and 43 percent for Sri Lanka. The largest creditors were the World Bank (IBRD and IDA), with claims of $42 billion at end-2020, followed by China with $36 billion, the Asian Development Bank (ADB) with $34 billion and Japan, $18 billion. The World Bank and the ADB accounted for almost 80 percent of debt owed to multilateral institutions and China and Japan for close to the same share of debt owed to bilateral creditors.

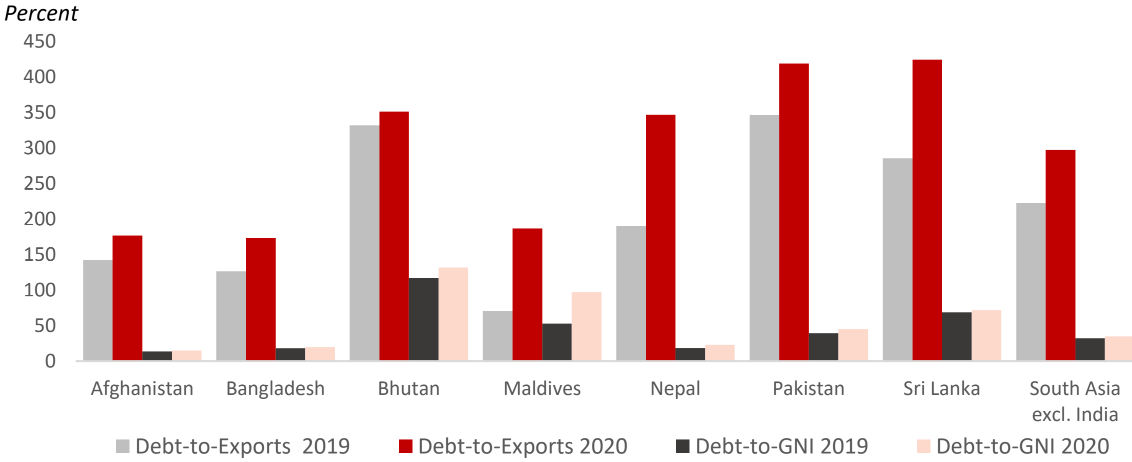
Figure 18: External Public Debt Stock, Creditor Composition, end-2020



Source: World Bank Debtor Reporting System.

Across the region there was a marked deterioration in debt indicators in 2020. While the average ratio of external debt to GNI and to exports for the region remained moderate in 2020, 24.4 percent and 138.4 percent, respectively, these averages were heavily weighted by the dominance of India's economy and its relatively low debt-to-GNI ratio and debt-to-exports ratio, 21.4 percent and 111.2 percent, respectively, at end-2020. When India is excluded, the average ratios for other countries in the region rises to 35.1 percent for debt-to-GNI and 297.4 percent for debt-to-exports. In Pakistan, an 8 percent increase in external debt stocks and 11 percent fall in export earnings pushed the debt-to-exports ratio to 419.2 percent in 2020, from an already elevated level, 346.3 percent in 2019. Sri Lanka's 2020 external debt stock, $56 billion, was unchanged from 2019, but the debt-to-exports ratio rose to 424.2 percent from 285.4 percent in 2019 because of a 32 percent drop in export earnings. Maldives was already facing macro-economic challenges and assessed a high risk of debt distress prior to the onset of the Covid-19 pandemic and its economy was hard hit by the global lockdown. External borrowing to mitigate the economic and social cost of the pandemic raised external debt stocks 25 percent in 2020 against the backdrop of a 31 percent decline in GNI, measure in US dollar terms, and 52 percent fall in export earnings. As a result, the debt-to-exports ratio more than doubled to 186.8 percent in 2020, from 71.2 percent in 2019, and the debt-to-GNI ratio rose to 96.9 percent from the prior year level of 53.1 percent. Bhutan had the highest debt-to-GNI ratio at end-2020, 132 percent up from 117 percent in 2019. The comparable ratio for Bangladesh remained low, 20 percent, and relatively moderate in Pakistan, 45.3 percent, although 15 percentage point higher than the 2017 level. The ratio of international reserves to external debt stock also varied widely. In India, international reserves accumulated in 2020 and external debt stocks were static resulting in a rise in the ratio of reserves to external debt to 97.3 percent, up from 77.1 percent in 2019. The comparable 2020 ratio for the regions' other major borrowers ranged from 62.5 percent in Bangladesh down to 12.5 percent for Pakistan and 9.3 percent in Sri Lanka.

Figure 19: External Debt Indicators, 2019-2020



Sources: World Bank Debtor Reporting System, International Monetary Fund.

Sub-Saharan Africa

The 19 percent fall in financial flows to the region in 2020 was largely due to net debt outflows to South Africa. Financial flows to other countries in the region rose, on average 6 percent.

Net financial flows to the region in 2020 were a mixed bag with a 33 percent fall in net debt inflows partially offset by a 26 percent rise in equity inflows. The downturn in net debt inflows was driven by South Africa, the region's largest debtor, which recorded debt outflow of $6.7 billion in 2020, compared to inflows of $4.2 billion in 2019, notwithstanding $4.3 billion in emergency assistance from the IMF to help mitigate the economic and social costs of the pandemic. The outflows in 2020 resulted from a combination of factors including a selloff of domestically issued bonds by non-resident holders, a 39 percent increase in outflows from non-guaranteed private sector borrowers to their private creditors and a rise in short-term debt outflows to $6.8 billion. Overseas investors also retreated from the South African stock market, widening portfolio equity outflows by 20 percent to $5.2 billion. FDI was

Table 7: External Debt Stock and Net Financial Flows, Sub-Saharan Africa, 2011-2020

US$ (billion)

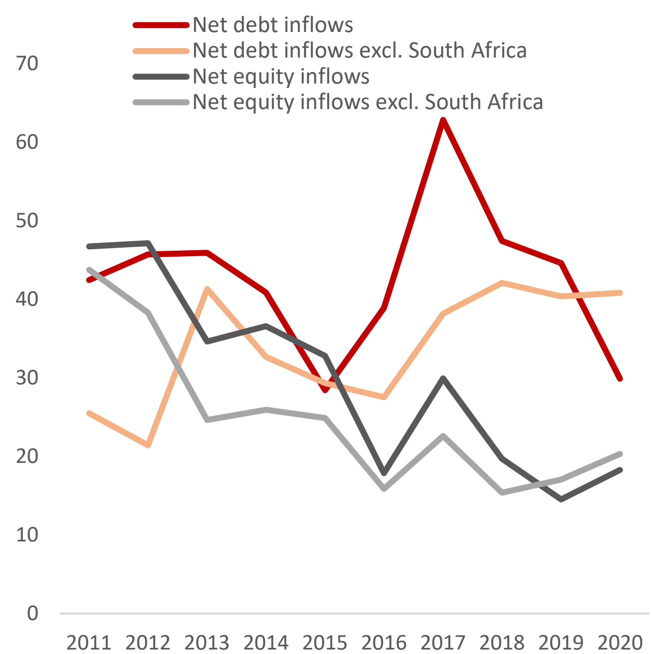
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
External Debt Stocks	337.4	379.9	414.6	439.2	446.2	492.9	578.4	614.4	665.3	702.4
Net financial flows, debt and equity	89.1	92.8	80.5	77.4	61.2	56.8	92.7	67.1	59.1	48.1
Percent of GNI (%)	6.0	6.0	4.9	4.5	3.8	3.8	5.8	4.0	3.4	2.9
Net Debt Inflows	42.4	45.7	45.9	40.8	28.4	38.9	62.8	47.4	44.6	29.9
Long-term	41.0	33.7	41.9	42.8	27.6	40.6	57.9	45.2	42.5	32.3
Official creditors	13.9	13.4	17.3	19.2	16.4	23.1	21.2	16.8	18.8	34.0
World Bank (IBRD and IDA)	3.2	3.9	5.0	5.6	5.7	5.0	6.1	6.0	9.1	8.6
IMF	1.4	0.9	0.2	-0.3	-0.1	0.0	0.6	1.5	1.5	16.9
Private creditors	27.1	20.3	24.6	23.6	11.3	17.5	36.7	28.4	23.6	-1.8
Bonds	17.3	17.4	9.5	13.9	-3.6	11.3	19.1	11.9	19.3	-3.8
Banks and other private	9.8	2.9	15.1	9.6	14.9	6.2	17.6	16.5	4.3	2.0
Short-term	1.4	12.0	4.0	-1.9	0.8	-1.7	4.9	2.2	2.1	-2.4
Net equity flows	46.7	47.1	34.6	36.6	32.8	17.9	29.9	19.7	14.5	18.3
Net foreign direct investment inflows	38.0	29.2	20.6	26.2	23.2	19.7	17.9	16.5	20.0	24.1
Net portfolio equity inflows	8.8	17.9	14.0	10.4	9.6	-1.8	12.0	3.2	-5.5	-5.9
Change in reserves (- = increase)	-15.2	-20.0	-3.6	12.4	20.7	15.8	-16.0	-1.8	9.0	11.0
Memorandum item										
Workers remittances	37.0	37.1	37.5	39.6	41.0	37.4	41.6	48.1	49.2	42.0

Sources : World Bank Debtor Reporting System, International Monetary Fund, and Bank for International Settlements.

a bring spot with inflows to South Africa rising 74 percent in 2020 to $3.1 billion. Net financial flows to countries in the region, other than South Africa, rose, on average, 6 percent in 2020 propelled by a 19 percent rise in equity, primarily FDI inflows. Debt inflows of $41 billion in 2020, were only marginally higher than in 2019, with both long- and short-term inflows increasing by around 1 percent. The most significant shift was in the composition of long-term debt inflows with those from multilateral creditors, including the IMF, increasing by 65 percent, to $25 billion. Inflows from private creditors fell 52 percent. The rise in equity inflows was uneven. As an example, FDI Inflows to Togo increased 72 percent to $639 million, on account of investment from neighboring countries. In Senegal, they rose 39 percent to $1.5 billion due to higher investments in the energy sector and start-up of work on the country's largest offshore oil and gas project. A slowdown in repatriation of capital by multinational companies in the oil and gas industry reduced outflows from Angola to $2.0 billion from $4.7 billion in 2019. In contrast, Ghana, the first African country on the continent to impose Covid related mobility restrictions, registered a 52 percent fall in FDI inflows in 2020.

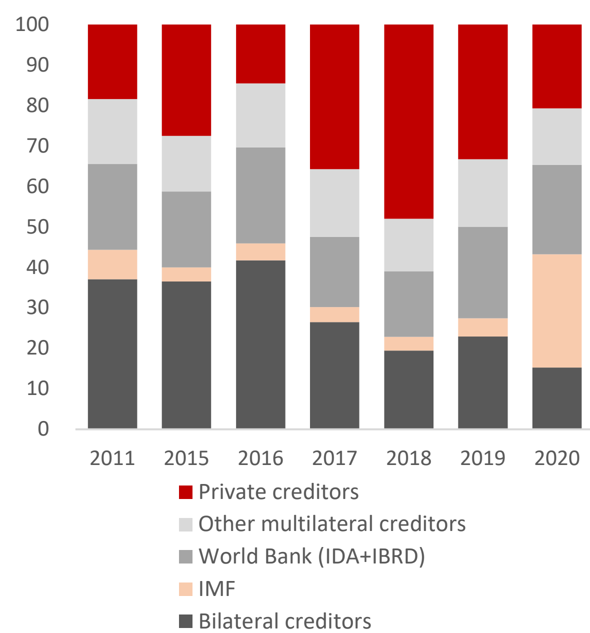
Over the past decade financing to Sub-Saharan Africa has increasingly tilted towards non-concessional financing from private creditors and non-traditional bilateral creditors. This shift was particularly marked in the regions' 38 IDA-eligible borrowers. In 2020, gross long-term debt flows (disbursements) of public and publicly guaranteed debt to these countries were $44 billion, 9 percent higher than the comparable figure in 2019. Disbursements from multilateral institutions, including the IMF, rose 60 percent to $28 billion, bringing their share of total disbursements from all creditors to 64 percent, up from 44 percent in 2019. Disbursements from private creditors fell 32 percent in 2020 to $9 billion, lowering their share of total disbursements to 21 percent, from an average of 40 percent over the 2018 to 2019 period. Disbursement from bilateral creditors fell 27 percent in 2020 to $6.7 billion, equivalent to 15 percent of long-term net inflows of public and publicly guaranteed debt. The driving force of this shift in composition was the global pandemic. Multilateral creditors, particularly the IMF and the World Bank, ramped up lending to help borrowers meet economic and social costs, but access to financing from private sources was curtailed. The global lockdown imposed in March 2020 effectively closed international markets to IDA-eligible borrowers in the region until Côte d'Ivoire's €1 billion 12-year Eurobond issue in November 2020 marked a return. Only Ghana issued a bond prior to the lockdown, $3 billion in February 2020. Disbursements from bondholders fell 44 percent in 2020 to $4.3 billion. The IMF and the World Bank accounted for 77 percent of 2020 disbursements from multilateral creditors. IMF purchases (disbursements) rose to $12.3 billion, from $1.8 billion in 2020, of

Figure 20: Net Debt and Equity Inflows, 2011-2020
US$ (billion)



Sources: World Bank Debtor Reporting System, International Monetary Fund.

Figure 21: Disbursements to IDA-eligible countries by Creditor Composition, 2011 and 2015-2020
Percent

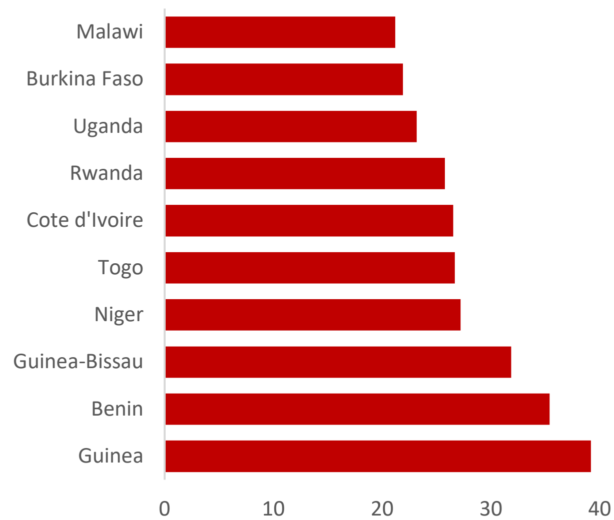


Source: World Bank Debtor Reporting System.

which the three largest recipients, Ghana, Côte d'Ivoire, and Nigeria accounted for 46 percent. Disbursements for IDA were already high, $8.8 billion in 2019, and rose a further 6 percent in 2020 to $9.3 billion.

The combined external debt stock of the 38 IDA-eligible countries in Sub-Saharan Africa totaled $436 billion at end-2020, 12 percent higher than the 2019 level, and over two and half times the comparable debt stock in 2011. This was a much faster pace of debt accumulation in 2020 than the average 3.4 percent rise in external debt stocks of low- and middle-income countries, excluding China, in 2020. Public and publicly guaranteed debt for the 38 IDA-eligible countries, including the IMF, rose, on average, 14 percent in 2020 to $327 billion, equivalent to 75 percent of total external debt. Non-guaranteed private debt rose 9 percent to $78 billion and short-term debt remained static at $31 billion. Outcomes for individual countries were divergent. In ten countries, the increase in external debt stock in 2020 surpassed 20 percent, ranging from Malawi (21 percent) to Guinea (39 percent). The fastest growing component of public and public guaranteed debt in the 38 IDA-eligible countries was obligations to multilateral creditors, including the IMF, which rose 23 percent in 2020 to $160 billion. This was compared to a 7 percent rise in debt owed to bilateral creditors and 8 percent increase in debt owed to private creditors. As a result, on average, close to 50 percent of public and publicly guaranteed debt stock at end-2020 was owed to multilateral creditors. IDA was the 38 IDA-eligible countries' single largest creditor with claims of $80 billion at end-2020, equivalent to 50 percent of debt owed to multilateral creditors, including the IMF, and 24 percent of total public and public guaranteed debt. Debt owed to China, the second largest creditor, was $51 billion at end-2020, of which 57 percent of debt stock was owed to bilateral creditors. The IMF was the second largest multilateral creditor, $31 billion at end-2020, followed by the African Development Bank with $26 billion. Among bilateral creditors, debt owed to France was $10 billion at end-2020 and to Japan and India $4.7 billion and $4.3 billion, respectively.

Figure 22: IDA-eligible Countries Where 2020 External Debt Stock Rose 20 Percent or More
Percent



Sources: World Bank Debtor Reporting System, International Monetary Fund.