The Size and Trajectory of Debt in the Caribbean

Introduction

Government borrowing, referred to as public debt, is an important tool in economic and social development. Indeed, borrowing allows a country to finance productive investments. When the benefits of such investments outweigh the associated costs, public debt may enable a better economic and social future. However, if public debt is not effectively used it becomes a constraint to development itself, and the higher the level of public debt, the greater the constraint through higher debt service costs. Hence, the monitoring and management of the size of public debt for a country is a crucial issue. Accordingly, there are several actors routinely involved in the discussion on the appropriateness and context of public debt – government, Central Banks and multilateral agencies such as the International Monetary Fund (IMF). However, there is an important role for civil society in the economic and social development of their society. Correspondingly, the voice of civil society on matters of why and how public debt is incurred, its level, cost and use is warranted.

The aim of this article is twofold. First, it aims to provide a comparison of the state of public debt in thirteen Caribbean countries[1], which will hereafter be referred to as the Caribbean region, within a global and historical context. Importantly, it provides a framework for understanding Caribbean debt regionally and internationally[2]. This article complements recent reports from The Caribbean Policy Development Centre (CPDC), which examine the debt landscape (Rambarran, 2026), by: using additional indicators of the size of public debt (which may be more relatable to some), focusing on a more recent timeframe, 2010–2024 (which provides more details on what has happened in the recent past), and, comparing the Caribbean to multiple international countries and regions (which provides additional global perspective). Second, it examines possible future debt trajectories. In so doing, it highlights two useful comparisons in assessing possible future debt paths. The second objective therefore addresses the possibility of future debt challenges.

[1] Included Caribbean countries are shown in Figure 1.

[2] It is important to note that this article does not provide an assessment of the appropriateness of public debt, a matter that is more complex and beyond the scope of this article.

The Size of Caribbean Debt

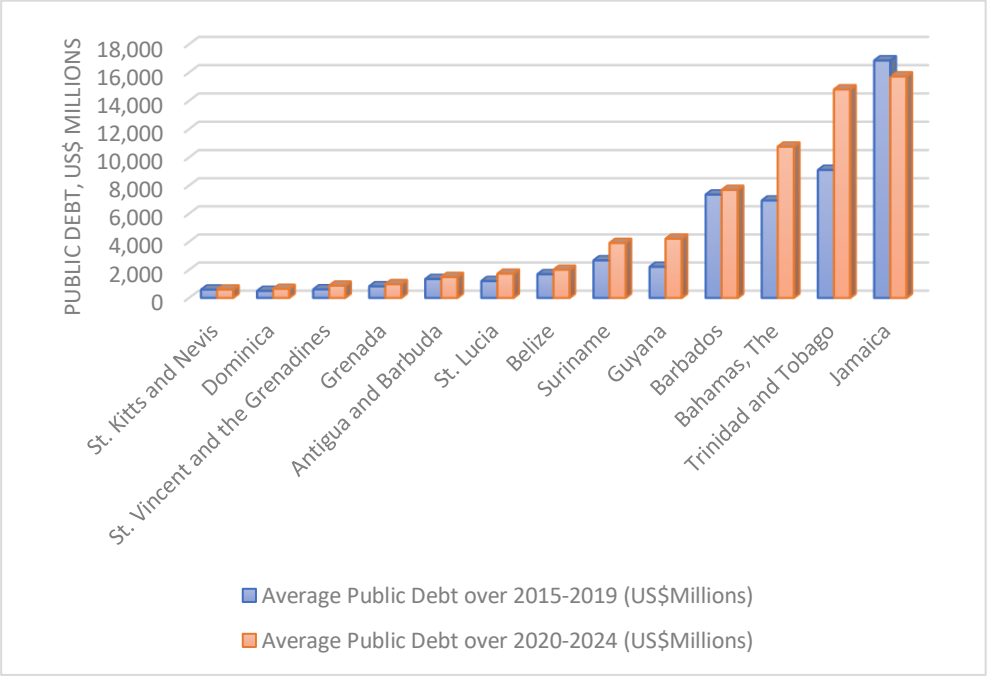
Nominal Public Debt Levels in the Caribbean

In 2024, the total Caribbean Public Debt level was roughly US$70 billion compared to US$40 billion in 2010, based on data from CPDC (Caribbean Policy Development Centre, 2026). Accordingly, there has been a sizeable increase in the overall level of Caribbean debt in nominal terms. However, individual country experiences vary by the amount of debt and how much that debt has increased over the period 2015-2024.

Figure 1 shows the level of public debt for each Caribbean country averaged over two separate periods: 2015-2019 and 2020-2024. The use of averages over a 5-year period as opposed to data for any one particular year safeguards the observations and lessons being drawn from outliers (extreme events in a particular year). Averaging also allows greater focus on longer-term trends. The data was taken from CPDC (Caribbean Policy Development Centre, 2026).

Of the thirteen Caribbean countries, seven may be described as having lower average nominal debt in the period 2020-2024, ranging in value from US$640 million (in the case of Dominica) to US$2.0 billion (in the case of Belize). In the middle tier, Suriname has an average 2020-2024 debt of US$3.9 billion and Guyana has US$4.2 billion. On the upper end, average debt

Figure 1: Comparing Average Public Debt in the Caribbean



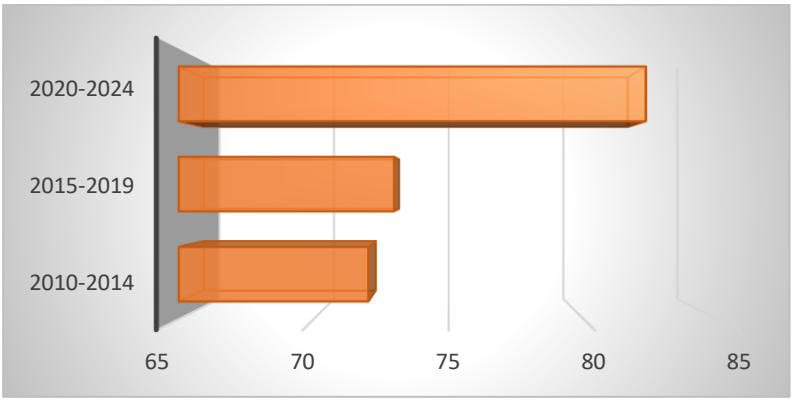
Source: Data from CPDC and author's calculations.

over that corresponding period ranges from US$10.8 billion (in the case of The Bahamas) to US$15.7 billion (in the case of Jamaica). While average nominal public debt levels increased from the 2015-2019 to 2020-2024 period in most countries, the change was not uniform. Six countries incurred significant increases from one period to the next: St. Vincent & the Grenadines (42.9%), St. Lucia (43.5%), Suriname (46.5%), The Bahamas (55.1%), Trinidad & Tobago (62.5%) and Guyana (90.7%). In the case of Jamaica, the nominal debt level decreased by 6.7%. In nominal terms therefore, debt levels appear large and significantly increasing for several Caribbean countries.

Average Public Debt-to-GDP Ratio of the Caribbean

A description of public debt levels in nominal terms, while useful, is unable to address a more fundamental matter, the ability of an economy to carry the debt level. To that end, a relative concept, the Public Debt-to-GDP ratio (also referred to as Debt-GDP ratio) is commonly used, and represents total public debt as a percentage of income, where income is measured by Gross Domestic Product (GDP). While this measure by itself cannot comprehensively indicate whether an economy can carry the debt level, it provides a starting point to such an assessment and is the commonly used initial metric by multilateral agencies when examining country and regional debt. From an international perspective, a Debt-GDP ratio above 60% is generally considered high[3]. For instance, the EU stability and Growth Pact (SGP) requires members to limit Public Debt-GDP ratio at no more than 60% (Darvas, 2024).

Figure 2: Average Debt-GDP ratio of the Caribbean over three 5-year periods



Source: Data from CPDC and author's calculations.

Figure 2 shows the average level of Debt-GDP ratio for Caribbean countries over three 5-year windows. It therefore provides a first glimpse of how the regional Debt-GDP ratio, on average, has evolved over the last decade and a half. In the periods 2010-2014 and 2015-2019,

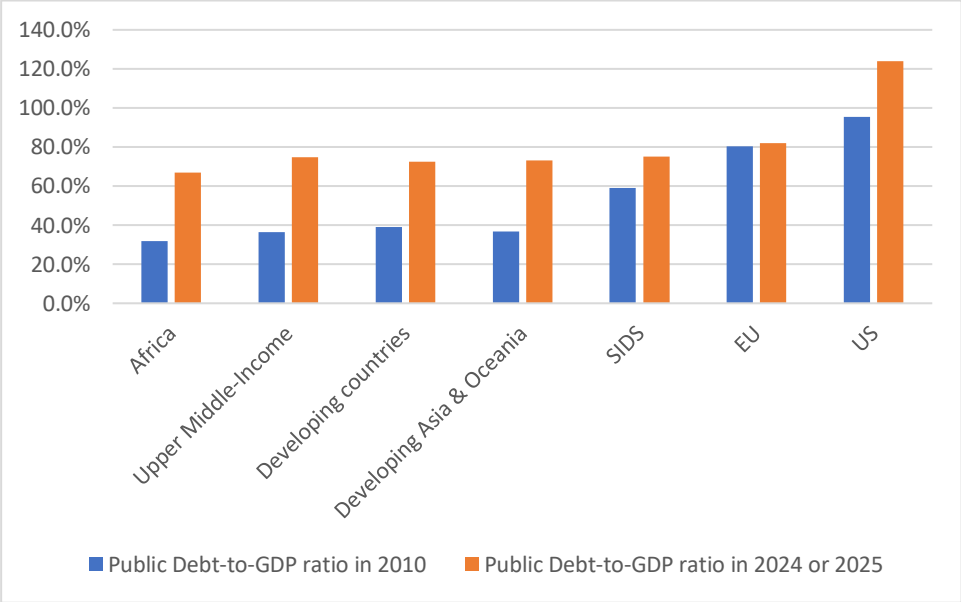
[3] It must be noted though that there are significantly different views on what constitutes appropriate debt thresholds by type of economy (natural resource dependent, commodity-based, non-commodity-based, etc.).

Caribbean debt levels were in the range of 72%-73% and therefore significantly higher than the 60% internationally recommended benchmark. That position worsened in the period 2020-2024 to roughly 82%[4]. The region therefore is at an elevated and risky level of Debt-GDP.

Global Perspective: Public Debt-to-GDP Ratios in Other Regions/Countries

How high is Caribbean debt compared to other countries/regions? Figure 3 provides insight into this question, drawing on data for 2010 versus 2024 or 2025[5].

Figure 3: Public Debt-GDP ratio across country or regional groups in 2024 or 2025



Source: Data from CPDC, EUROSTAT, US Treasury, UNCTAD and author's calculations.

First, consider advanced countries or regions. In the European Union (EU) general government debt was estimated at 82.1% of GDP at the end of the third quarter in 2025 (Eurostat, 2026). In the United States (US), Public Debt-GDP in 2025 was 124% (FiscalData-Treasury.gov, 2025). Caribbean debt ratios are visibly smaller than these advanced economies, suggesting that there are economies grappling with higher debt levels. At the same time, the capacity of advanced economies to use debt productively or sustain higher debt may be greater and so caution is required when interpreting these values. The fact that Caribbean debt ratios are smaller than advanced economies does not necessarily mean that Caribbean economies are significantly better-off from a debt perspective.

[4] The global COVID-19 pandemic played a significant role in increasing Caribbean Debt-GDP levels over 2020-2024.

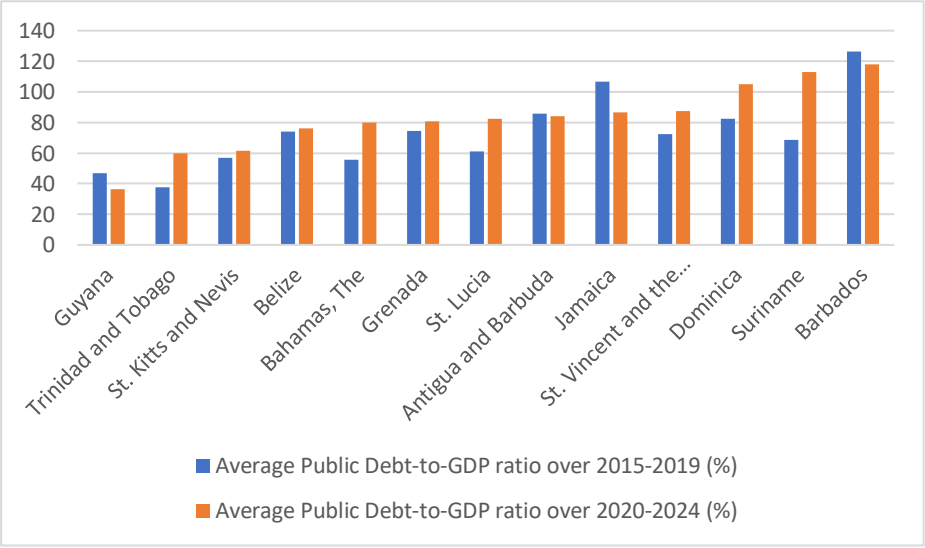
[5] Based on data availability.

Second, consider groups of countries that have closer economic structure to Caribbean countries. In 2010, the average Caribbean Public Debt-GDP ratio was 70.8%, significantly higher than Africa, Developing Countries, SIDS and Upper Middle-Income Countries[6] in that same year. However, those regions had a steeper debt ratio trajectory than the Caribbean in the ensuing years. By 2024, Public Debt-GDP in Small Island Developing States (SIDS) was 75%, in Africa 66.8%, across Developing Countries 72.4% and Upper Middle-Income Countries 74.7% (UN Trade & Development, 2024). While it is noteworthy that Caribbean debt ratios remained similar in the period 2020-2024 versus its 2010 value, the 2020-2024 average Caribbean debt level of 82% is much higher than in comparable regions. These statistics therefore portray the Caribbean region as notably high-debt and at higher risk of debt distress.

Comparing the Debt Experience Within the Caribbean: How Common is the Story?

While the Caribbean averages in the previous section paint a picture of high debt, individual country insights provide a more nuanced view. Figure 4 shows the average Debt-GDP ratio for individual Caribbean countries, where the data is averaged over two periods: 2015-2019 and 2020-2024.

Figure 4: Average Public Debt-GDP (%) of Caribbean Countries



Source: Data from CPDC and author's calculations.

[6] Ten of the thirteen Caribbean countries included in this article correspond to the World Bank's classification of Upper-Middle-Income Countries; three (The Bahamas, St. Kitts & Nevis and Trinidad & Tobago) correspond to High-Income Countries.

The data in Figure 4 indicates that countries have had a variety of debt experiences:

- Twelve of the thirteen countries shown have an average Debt-GDP ratio of at least 60% in 2020-2024, above the global benchmark. Of those twelve, nine have an average Debt-GDP ratio of at least 80% in 2020-2024, with Dominica (105%), Suriname (113%) and Barbados (118%) among the largest in the Caribbean region.
- The average Debt-GDP ratio increased in nine countries in 2020-2024 versus 2015-2019 though there were wide variations in the extent of the increase. Suriname and Trinidad and Tobago had the largest increases of 65% and 59% respectively from one period to the next. On the other hand, Belize and Grenada had the lowest increase of roughly 3% and 8% respectively.
- Four countries saw a decrease in average Debt-GDP, with Guyana and Jamaica registering the largest decreases of 23% and 19% respectively.

Collectively, while Caribbean debt is significantly higher than the global benchmark in most countries, their histories suggest that they exhibit different levels of risk of future debt distress.

Debt Trajectories: Where is the Debt Heading?

While the previous sections have described the current and historic context of Caribbean debt, a relevant question is: Where is the debt headed in the future? Below, we use two comparisons to shed light on this question.

Growth in Real GDP Versus Growth in Debt-GDP

Table 1 compares the average growth in real GDP to the average growth in debt (as measured by % change in the Debt-GDP ratio) for Caribbean countries over the period 2020-2024. As such, Table 1 provides insight into whether a country's income is growing faster than its debt over a recent 5-year window. The comparison identifies four distinct groups.

Group 1 consists of countries for whom real income is growing while debt is decreasing. This group corresponds to countries for whom income growth and debt growth are both improving, and if these trends continue, debt poses a decreasing risk to development. Of note, Jamaica, Belize and Antigua and Barbuda all had Debt-GDP levels above 60%. While there was therefore a need to lower debt in these countries, the comparison indicates these countries appear to be reducing their risk of future debt distress.

Table 1: Average Growth in Real GDP versus Average Growth in Public Debt-GDP (2020-2024)

Country	Average real GDP growth over 2020-2024	Average growth in Debt-GDP ratio over 2020-2024
Group 1		
Guyana	40.9%	-12.0%
Jamaica	1.2%	-5.3%
Belize	3.5%	-3.2%
Antigua and Barbuda	0.9%	-2.9%
Group 2		
Barbados	1.6%	0.4%
Dominica	1.2%	0.7%
Group 3		
Grenada	1.4%	4.5%
The Bahamas	3.0%	5.1%
St. Vincent and the Grenadines	2.1%	6.6%
St. Lucia	2.8%	6.9%
Group 4		
St. Kitts and Nevis	-0.2%	0.6%
Suriname	-2.4%	5.4%
Trinidad and Tobago	-0.9%	8.0%

Source: Data from CPDC and author's calculations.

Group 2 consists of countries for whom real income and debt are both increasing, but income is increasing faster than debt. As such, while these countries are incurring more debt, the debt distress risks are not necessarily getting worse. At the same time, the debt distress risk may not necessarily be decreasing significantly either. In the case of Barbados for whom the Debt-GDP ratio was 104.8% in 2024, the comparison suggests that there is already a high level of debt distress risk and while there has been recent progress in lowering the level of debt, risk levels are likely to remain elevated compared to the 60% Debt-GDP benchmark.

Group 3 consists of countries for whom real income and debt are both increasing, but debt is increasing faster than income. As such, these countries are incurring debt faster than their income is improving, which corresponds to increasing debt distress risks. It is of note that all countries in this Group 3 already have high debt levels, in excess of 70% of GDP. The analysis suggests that these countries already have a high level of debt distress risk and these risks are likely to get worse if they remain on the current income and debt trajectories.

Group 4 consists of countries for whom real income is decreasing while debt is increasing. For these countries, both income and debt are headed in unfavourable directions and correspond to increasing debt distress risks. For Trinidad and Tobago and Suriname who are already on a path of increasing debt distress risk (Debt-GDP ratio above 60%), these risks are likely to get worse at an accelerated pace if they remain on the current income and debt trajectories.

External Debt and Exports in the Caribbean

Among the different categories comprising public debt, the external debt level presents different challenges to debt management. In cases where this category of debt needs to be repaid in foreign currency, foreign exchange levels now enter the development and debt management matrix. Countries earn foreign exchange through exports of goods and services. Countries for whom external debt, and corresponding external debt servicing, is increasing faster than growth in foreign currency income (i.e., export growth) bear greater debt distress risk.

Table 2 shows the average growth in External Debt-GDP versus average growth in Exports-GDP, with the data averaged over 2020-2024. From the table, three groups stand out:

- Group 1 consists of countries for whom the average external debt level is decreasing while average exports are increasing. This group correspond to lower levels of future debt distress risk associated with foreign currency shortfalls, and represent a more favourable position than the other groups. It is noteworthy that while Trinidad and Tobago experienced a large increase in debt levels (59%), its risk of debt distress from foreign currency limitations decreased.
- Group 2 corresponds to both external debt and exports increasing, but exports increase faster than external debt. While risks may not be as low as in Group 1, this trajectory if maintained, would lend to sustainability of the external debt, but requires prudent management of foreign exchange alongside external debt.
- Group 3 corresponds to higher external debt risks as external debt is growing faster than exports. All the countries in this group have 2020-2024 average debt levels of at least 80% (see Figure 4), and therefore already bear elevated risk of distress concerning public debt. The analysis here suggests another component of risk arising from the future external debt position trajectory.

Table 2: Average Growth in External Debt-GDP versus Average Growth in Exports-GDP (2020-2024)

Country	Average growth in External Debt-GDP ratio over 2020-2024	Average growth in Exports-GDP ratio over 2020-2024
Group 1		
Guyana	-10.4%	24.8%
Jamaica	-3.9%	1.4%
Belize	-2.1%	3.4%
Trinidad and Tobago	-0.2%	6.0%
Group 2		
The Bahamas	12.2%	12.5%
Group 3		
Dominica	3.7%	2.8%
Antigua and Barbuda	4.8%	0.1%
Suriname	6.2%	4.3%
Grenada	10.8%	4.2%
St. Lucia	11.9%	7.4%
St. Vincent and the Grenadines	14.2%	7.9%

Source: Data from CPDC, WDI and author's calculations.

Conclusion

This article asserts that the Caribbean is a region of high debt in nominal terms, in terms of its ability to carry that debt and in contrast to other regions. Even more, many countries show signs of worsening debt positions. There are some exceptions; countries for whom debt (relative to past debt levels or income) are headed towards lower risk levels, but the already high level of debt accumulation may require uncomfortable future fiscal trade-offs. Mitigating the drivers of debt accumulation and crafting strategies to reduce debt levels are necessary to avoid further constraints on economic development and more acute future trade-offs. Indeed,

there are a number of implementable measures that can bring meaningful change to worsening debt trajectories. In the next section, some of these measures are highlighted.

Action and Policy Recommendations

The first recommendation concerns Civil Society's connection to fiscal responsibility. Civil society has a role in advocating for efficient and transparent use of debt, particularly among high-debt countries, and, for the adoption of stronger debt-resilience frameworks. To be able to achieve these objectives, Civil Society needs to be sufficiently engaged with the issues surrounding the debt-development nexus and the monitoring of debt. An engaged Civil Society can bring about a higher degree of fiscal responsibility by holding policymakers more accountable and, in so doing, contribute to aligning debt more purposefully to development.

The second recommendation relates to extreme climate events. While this article makes the case that the Caribbean is a high-debt region over the last decade and a half, complementary analyses by the CPDC (Rambarran, 2026) suggest debt accumulation has been driven by extreme climate events. To that end, confronting the debt-Climate nexus is crucial to debt reduction and there are two policy measures, inter alia, that Caribbean countries may consider:

- **Investment in Climate-Resilient Infrastructure**: Assessing levels of risk to various types of infrastructure and implementing a phased investment plan to make at-risk infrastructure more resilient to extreme climate events can reduce the damage incurred from such events and the need for greater debt for restoration. More resilient infrastructure can also reduce the physical and economic downtime post such events, which in turn, can reduce the debt arising from climate-induced income volatility.

- **Debt-for-Climate Swaps:** These financial arrangements can allow a country to reduce debt levels if that country is willing to commit to using the debt savings for climate mitigation and adaption projects. Such arrangements therefore have a dual benefit – debt reduction and channelling funds directly to confronting the effects of Climate Change on economic development.

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