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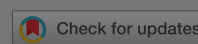
Articles

Determinants of developing country debt: the revolving door of debt rescheduling through the Paris Club and export credits

Pamela Blackmon 

Pages 1423-1440 | Published online: 03 Oct 2014

 Cite this article  <https://doi.org/10.1080/01436597.2014.946260>



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forthcoming to these countries from the ECAs of the creditor countries that rescheduled their old debt in Paris Club negotiations during 2000–12.

Keywords:

- developing country debt
- Paris Club
- export credit
- debt rescheduling
- sub-Saharan Africa

Acknowledgements

I would like to thank Samuel Barkin, Tina Zappile, Stephanie Rickard and Pablo Toral for helpful comments and suggestions. This work was supported by the Office of Research and Sponsored Programs at Pennsylvania State University, Altoona under Grant 276-11. Research assistance was provided by Makayla Zonfrilli and Justin Girven. Earlier versions of this paper were presented at the International Studies Association Annual Conference in San Francisco, CA, April 3–6, 2013 and at the International Studies Association Northeast Conference in Baltimore, MD, November 1–4, 2012.

Notes

1. Street
2. Gunter
3. Oatley
4. Nooru
5. Gi
6. Rieffe
Regime,
7. Gama
8. Cheru
9. Ibid.
10. [Foreign Debt](#)

10. Boorman, “Dealing Comprehensively, and Justly, with Sovereign Debt,” 226.

11. This process is known as the 'subordination strategy', in which old loans are subordinated to new credits in order to continue with the flow of new credits in the form of guarantees or insurance. The process allows many of these countries to continue to be eligible for additional export loans. See M. Kuhn, *Official Financing for Developing Countries*, 24.

12. Gunter, "Achieving the MDGs," 50; Arslanalp and Henry, "Helping the Poor to Help Themselves," 175-176.

13. Fosu, “The Impact of External Debt on Economic Growth”; and Fosu, “Implications of the External Debt-servicing Constraint.”

14. Taylor, "The Debt Problem of Sub-Saharan Africa," 10.

15. Greene, "The External Debt Problem of Sub-Saharan Africa," 841.

16. Ibid., 837. See also Rieffel, *Restructuring Sovereign Debt*, 4.

17. Low-income International Development Association (IDA) only countries that were heavily indebted could take advantage of the IDA Debt Reduction Facility also established in 1989. This facility was established to restructure and buy back


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21. Birdsall et al., Delivering on Debt Relief, 24–25.
22. Borensztein et al., Living with Debt; and Lora and Olivera, Public Debt and Social Expenditure.
23. A detailed study of these issues is provided in Gupta et al., “Debt Relief and Public Health Spending.” For a more detailed analysis of the development of the HIPC as a response to increased poverty in countries under IMF and World Bank programmes, see Blackmon, “Rethinking Poverty.”
24. Birdsall et al., Delivering on Debt Relief, 24–25.
25. A book chapter by Bird and Powell examining debt relief initiatives did mention the involvement of ECAS by noting that aid agencies of creditor countries did not want to see increases in aid budget monies for low-income countries used for old ECA credits, see Bird and Powell, “Debt Relief in Low-income Countries,” 181–182. However, the omission of developing country debt incurred as a result of ECA activity is surprising in articles such as Easterly, “How Did Heavily Indebted Poor Countries Become Heavily Indebted?”
26. Eurodad, Exporting Goods or Exporting Debts?
27. The most extensive analysis of the development and operations of export credit agencies is by Eurodad, Exporting Goods or Exporting Debts?, 76, 106.
28. Gian...
29. For c... countries
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Stephens, *The Changing Role of Export Credit Agencies*, 5, notes "there is no such thing



as a typical export credit agency. They come in all shapes and sizes.'

44. For example, I was able to receive information from the UK's ECGD for 2000-04 via a Freedom of Information Request through email correspondence.

45. US Export-Import Bank, Annual Report, 2004, 16.


46. Current information available at Individual Transaction Information.

<https://www19.edc.ca/edcsecure/disclosure/DisclosureView.aspx?yr=2009&lang=EN>.

Information from 2001-10 was sent to the author via email from an EDC representative.

47. I was provided with data from the ECGD's Annual Review and Resource Accounts for 2000-04 by a representative of the department under a Freedom of Information Request, but was denied data prior to 2000 because the ECGD representative estimated that it would take longer than the approved time of 40 hours to process my request. Before its financial report for 2000-01, the ECGD did not publish a list of guarantees in its annual report. I was provided with EDC data on its export credit activity for 2001-10, including on which countries received guarantees and/or loans from it, with amounts, and the month, day and year of the financial support, by a representative of EDC. However, I was informed that the disclosure policy for EDC began in 2001, which meant that only transactions from that date onwards were available.

48. Information on Paris Club negotiations indicates that Paris Club members participate as creditors in the Paris Club, which is a group of governments that provide financial support to member countries. If they do not, they do not participate in the Paris Club. [Paris Club/Reunion](#) whether Nigeria is a member. It is not an IDA-eligible country. Paris Club, Debt and

49.  For more information on the Paris Club, see the Paris Club website. 50. Kuhn, 2004, 16. 51. Euro, 2004, 16. 52. The Paris Club is a group of governments that provide financial support to member countries. Each of the Paris Club members is a member of the Paris Club. The Paris Club is the largest industry by power projects (10.8%), oil and gas (10.5%) and manufacturing (7%). However, for 2004 the

category 'all other' comprised 33.3%, a category which encompasses many projects detailed in this article. US Export-Import Bank, Annual Report, 2004, 69.

53. UK ECGD, Annual Review and Resource Accounts, 2004-05, 2005-06 and 2008-09.

54. Current information available at Individual Transaction Information.

<https://www19.edc.ca/edcsecure/disclosure/DisclosureView.aspx?yr=2009&lang=EN>.

Information from 2001-10 was sent to the author via email from an EDC representative.

55. World Bank, Global Development Finance, 177.

56. Kenya's PPG Multilateral Debt also increased during this time from \$2836 million in 2000 to \$3426 million in 2005 and to \$4110 million in 2010. Thus Kenya saw increases in both PPG Bilateral Debt (attributed in part to increases in export credit facilities) and PPG Multilateral Debt from 2000 to 2010. World Bank, Global Development Finance, 177.

57. Paris Club, "Paris Club Creditors agreed on December 10, 2001 with the Government of the Republic of Ghana to a Restructuring of its Public External Debt," press release, <http://www.clubdeparis.org/sections/communication/archives-2001/ghana/viewLanguage/en>, accessed May 2012. For detailed information on the HIPC process, including the criteria for reaching the decision point and completion point, see Blackmon, "International Economic Institutions and Global Justice," 4028-4029.

58. Paris Club, "Paris Club Creditors agreed on December 10, 2001 with the Government of the Republic of Ghana to a Restructuring of its Public External Debt," press release, <http://www.clubdeparis.org/sections/communication/archives-2001/ghana/viewLanguage/en>, accessed May 2012.

59. Paris Club, "Paris Club Creditors agreed on December 10, 2001 with the Government of the Republic of Ghana to a Restructuring of its Public External Debt," press release, <http://www.clubdeparis.org/sections/communication/archives-2001/ghana/viewLanguage/en>, accessed May 2012.

60. Paris Club, "Paris Club Creditors agreed on December 10, 2001 with the Government of the Republic of Ghana to a Restructuring of its Public External Debt," press release, <http://www.clubdeparis.org/sections/communication/archives-2001/ghana/viewLanguage/en>, accessed May 2012.

61. US EIB, "US EIB and EIB agree on a new initiative, July 2007, 22.

62. US EIB, "US EIB and EIB agree on a new initiative, July 2009, 18.

63. US Export-Import Bank, Annual Report, 2010, 23.

64. World Bank, Global Development Finance, 149.

65. UK ECGD, Annual Review and Resource Accounts, 2008-09, 12.

66. Current information available at Individual Transaction Information.
<https://www19.edc.ca/edcsecure/disclosure/DisclosureView.aspx?yr=2009&lang=EN>.
Information from 2001-10 was sent to the author via email by an EDC representative.

67. World Bank, Global Development Finance, 149.

68. Ibid.



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