Methodological approach

Data

183 countries
1990-2013

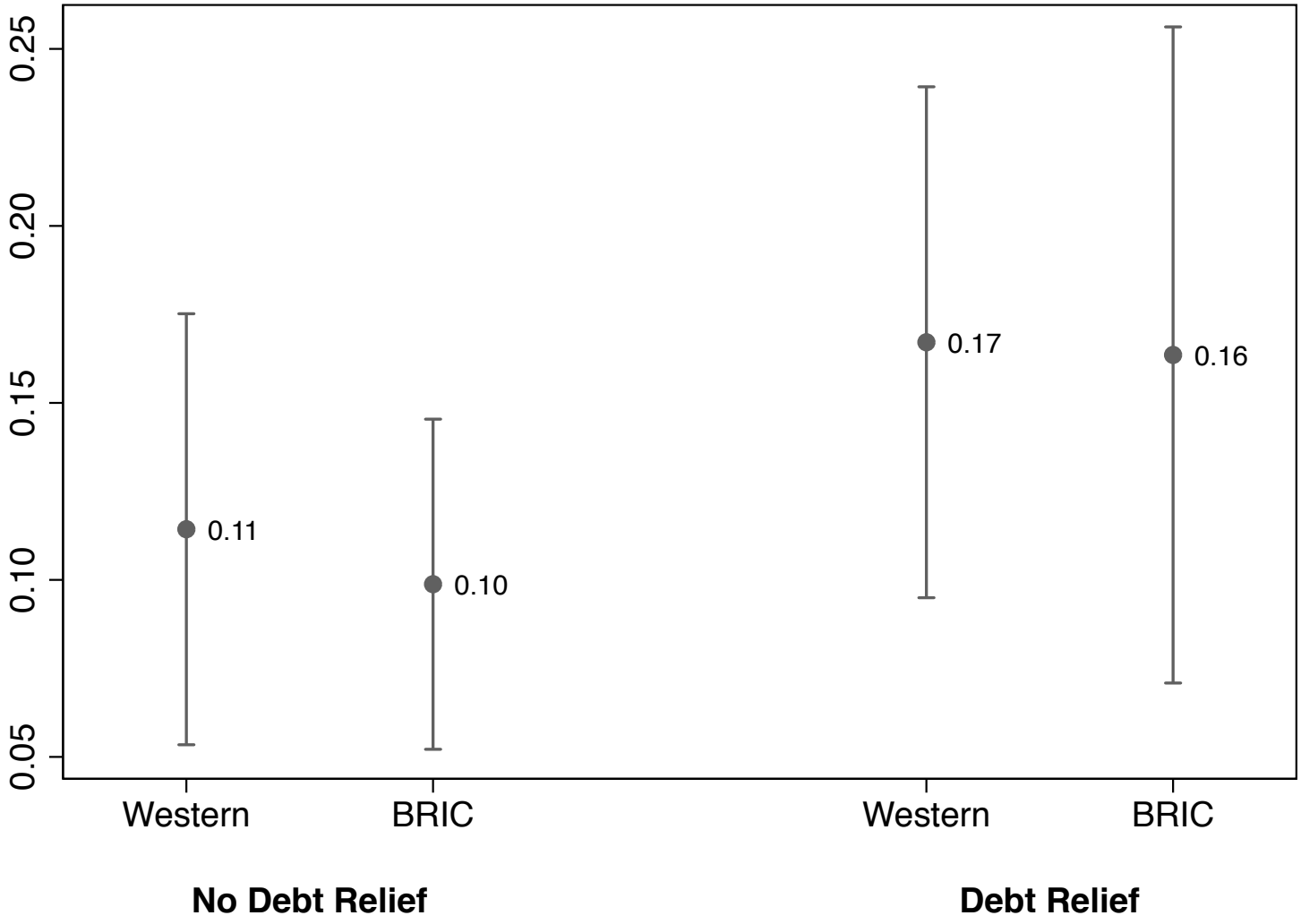
Method

		Creditor wants to lend?	
		No	*Yes*
Debtor	*No*	..	..
wants loan?	*Yes*	..	Loan

≫ Bivariate Probit with partial observability

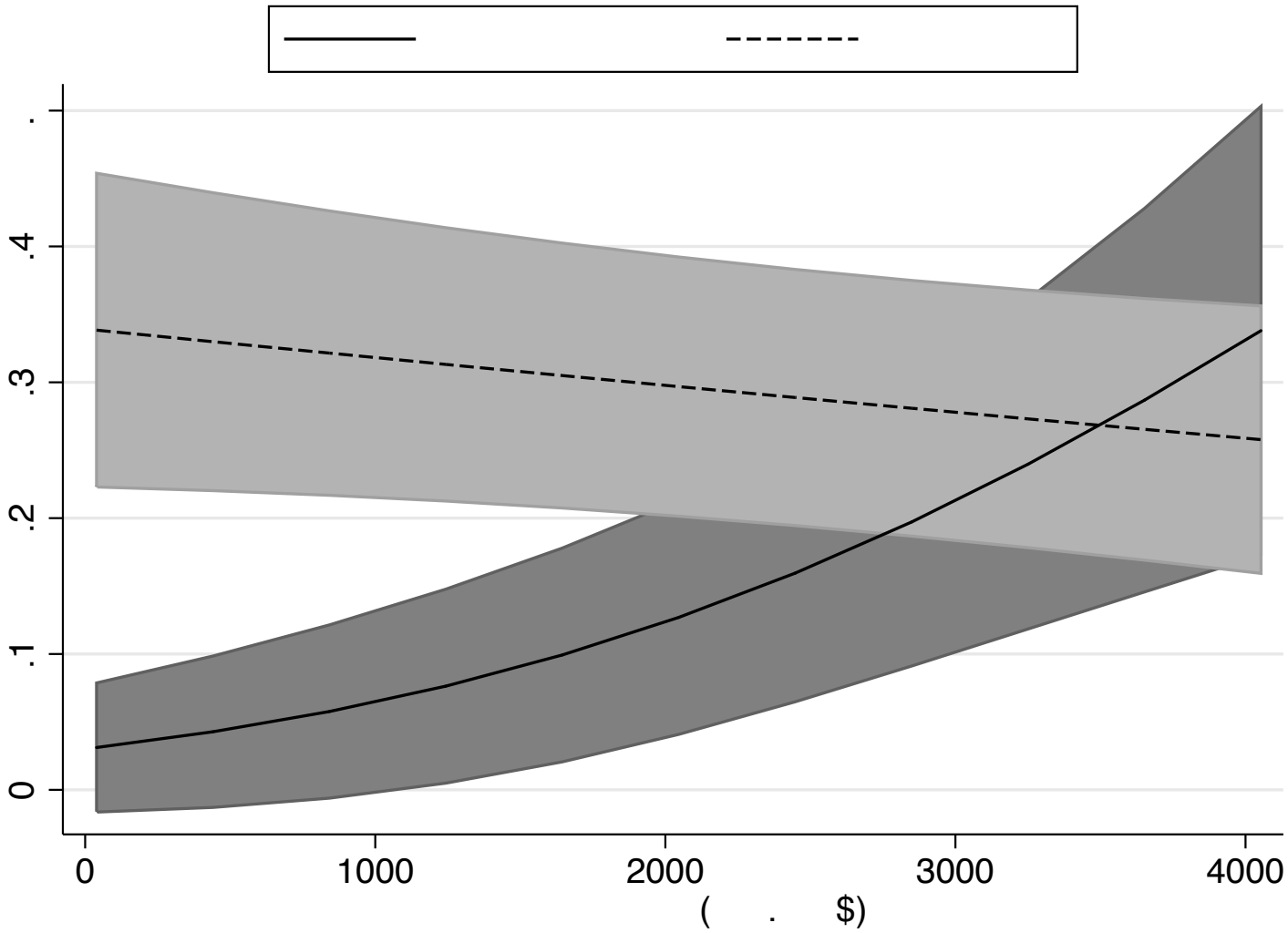
Results

H1 BRICs vs. Western creditor governments



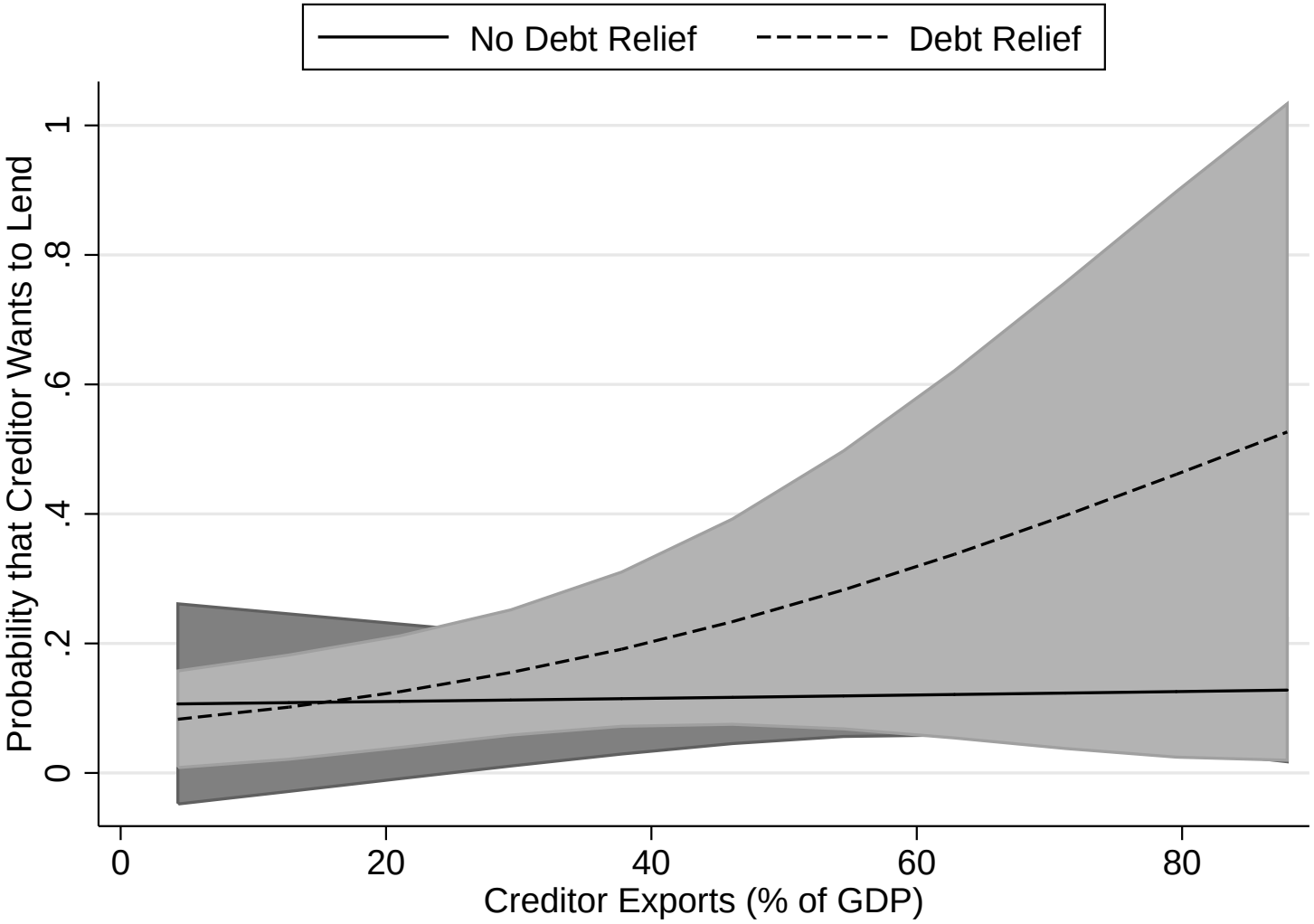
Results

H2 Small vs. Large creditor governments



Results

H3 Exporter vs. non-Exporter



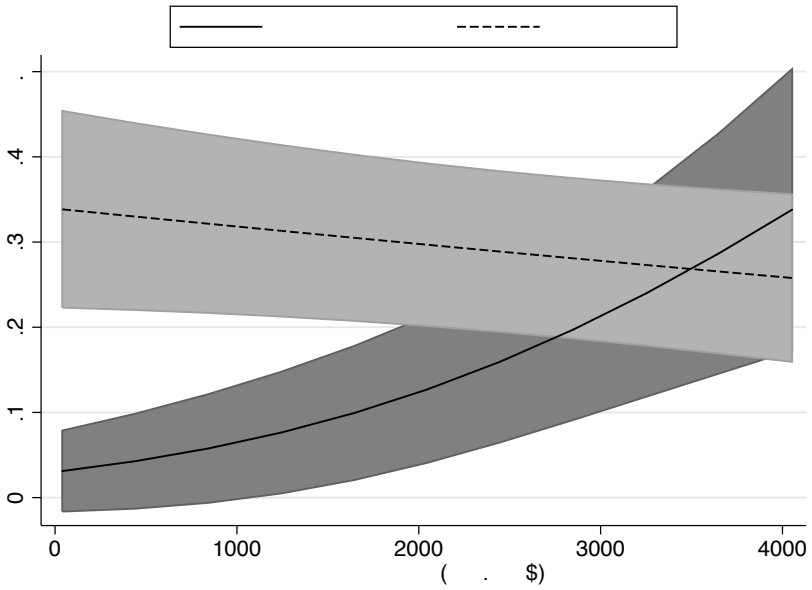
Results

Expected effect of Bilateral vs. Multilateral debt relief?

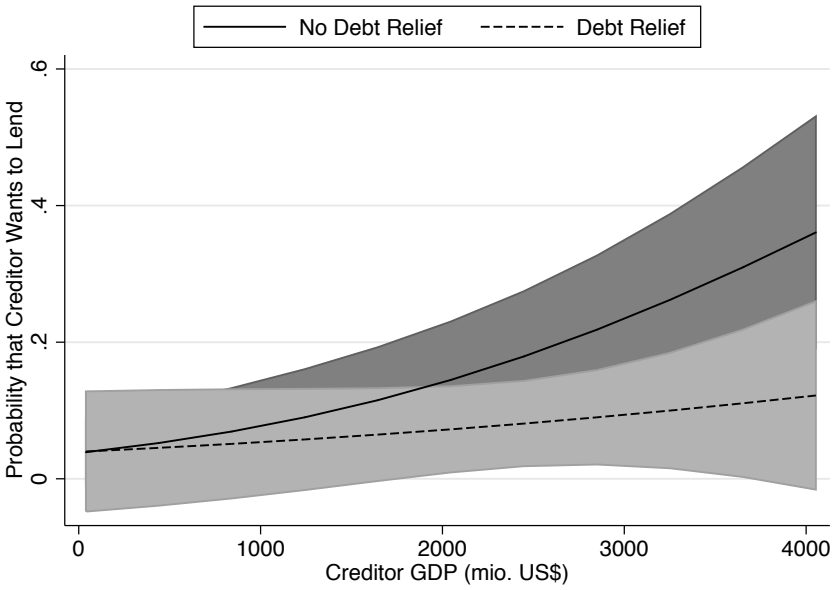
- No free-riding if everybody participates
- IFIs have better monitoring capacities
- Smaller in volume ($27 billion vs. $111 billion) and coverage (35 recipients vs. 112 recipients)

Results

Bilateral Debt Relief



Multilateral Debt Relief



Alternative Argument: Solvency

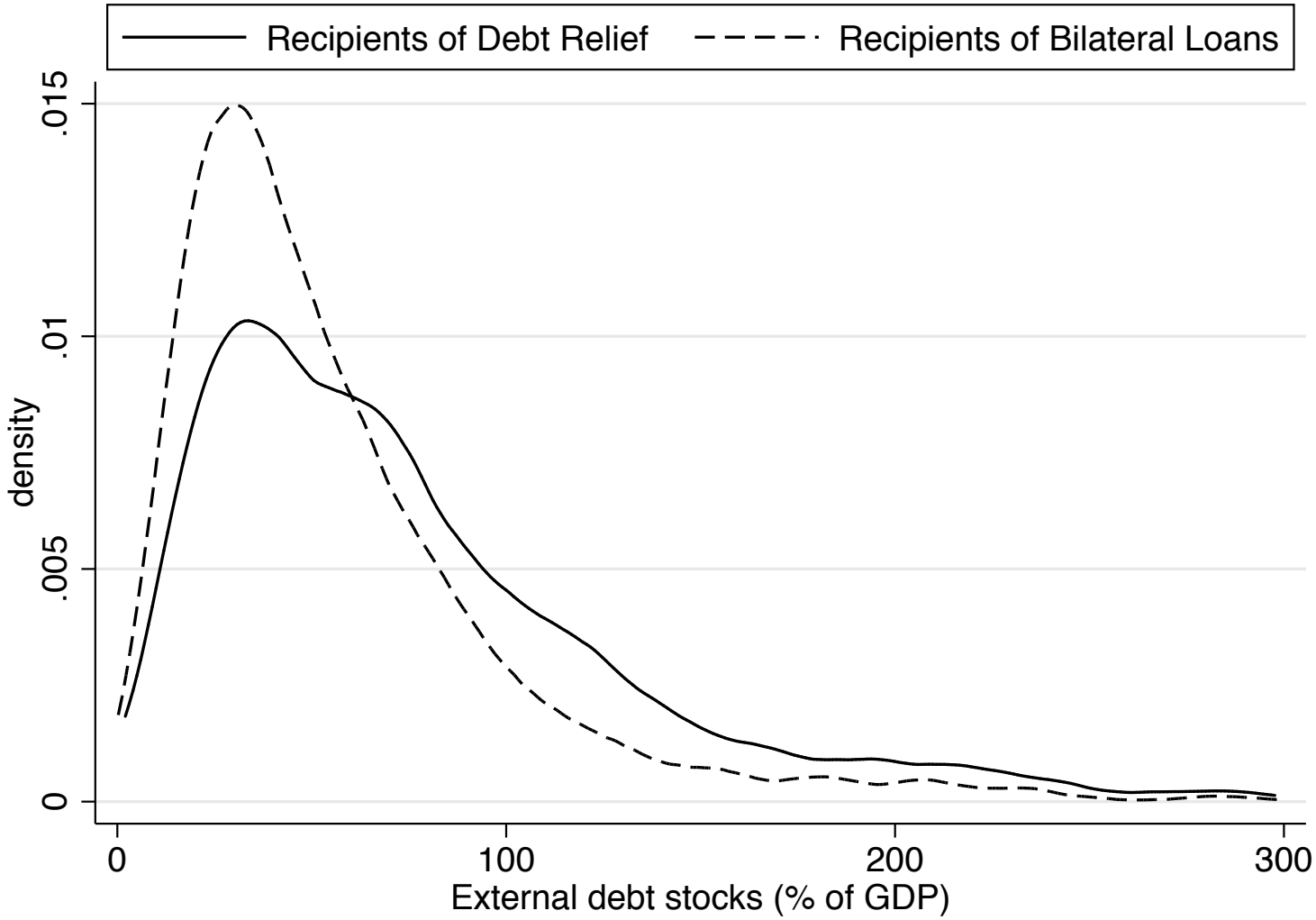
Debt relief might be complemented by new bilateral loans to restore debtors' solvency

If true, then ...

a) Both debt relief and new lending should be targeted primarily at borrowers with high debt levels
b) New loans provided after debt relief should have favorable financing conditions

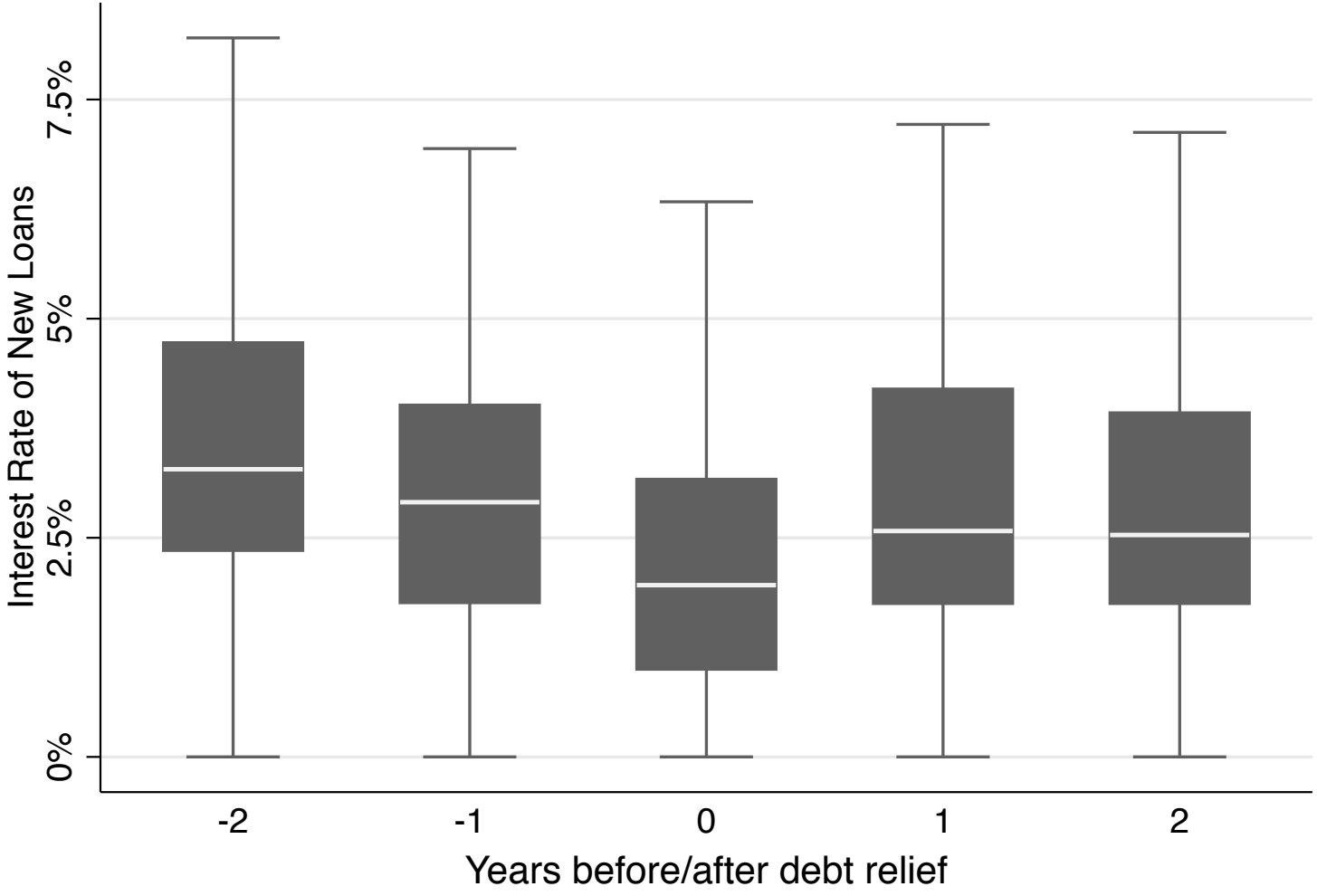
Alternative Argument: Solvency

a) relief and loans to recipients with high debt?



Alternative Argument: Solvency

b) favorable financial conditions? Interest rate



excludes outside values

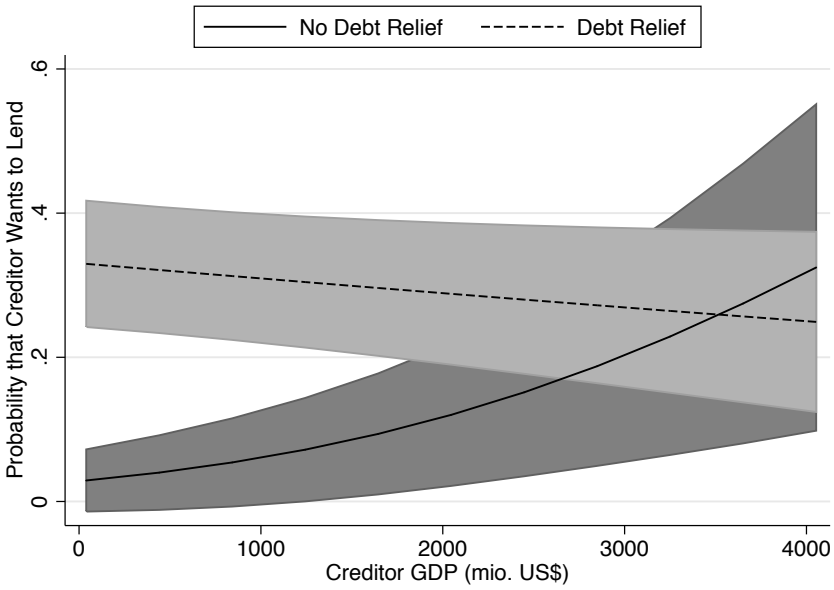
Conclusion

Summary

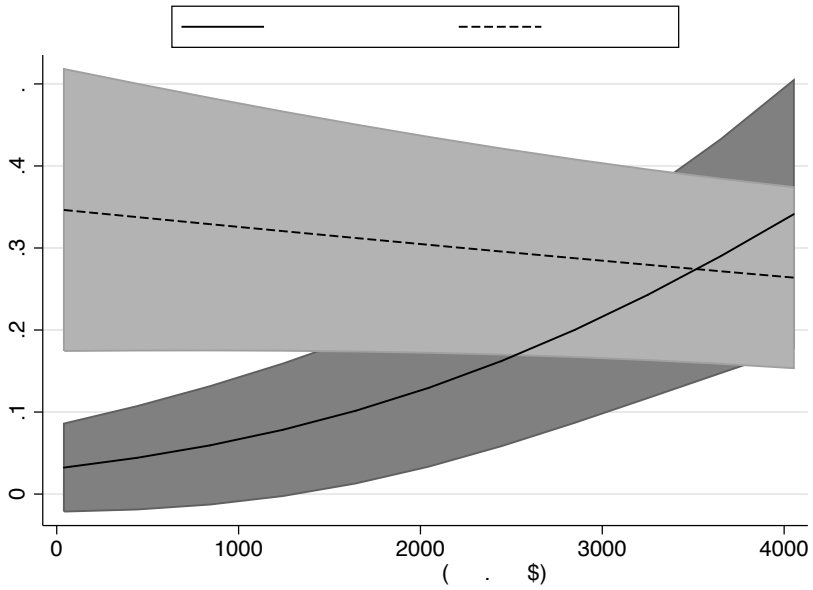
- Complemented demand-side with supply-side perspective
- Some creditor governments target loans at recipients of debt relief
- Small creditor governments view debt relief as opportunities to gain influence

Different types of Debt Relief?

HIPC countries

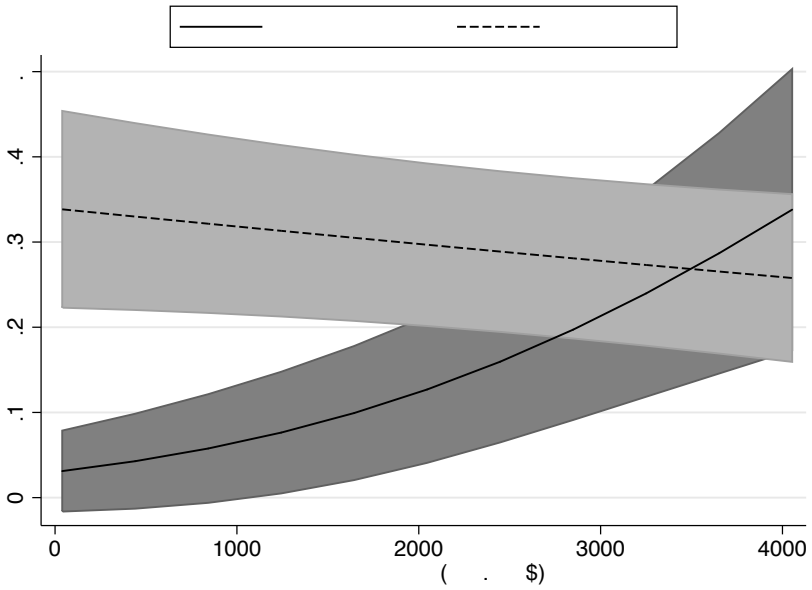


Non-HIPC countries

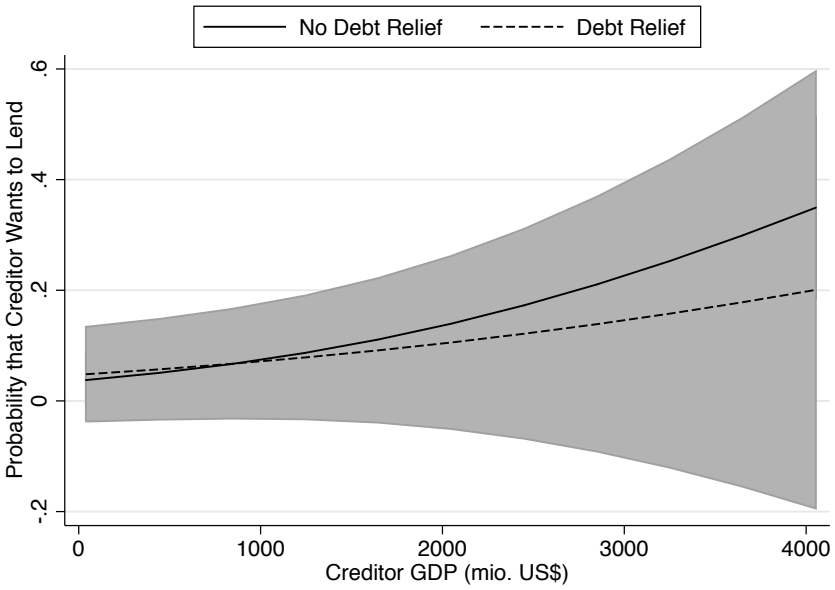


Debt Relief vs. Default?

Debt Relief

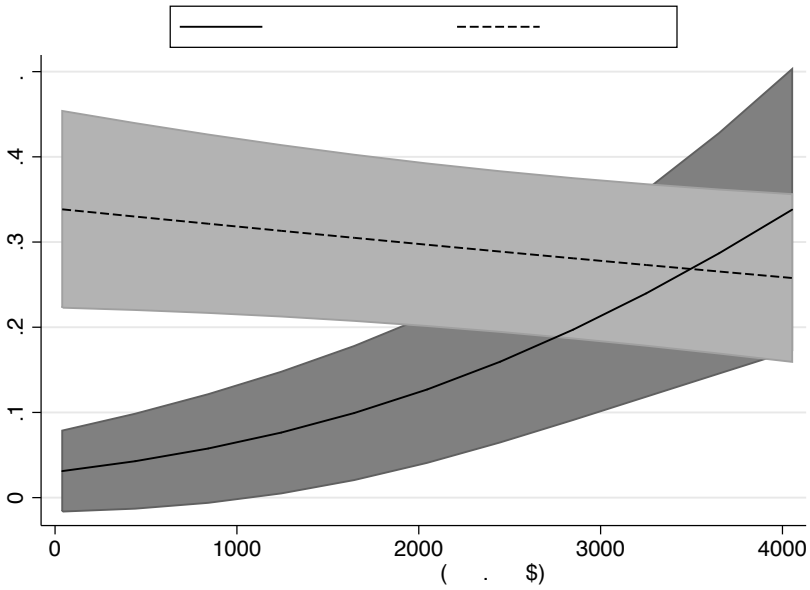


Default

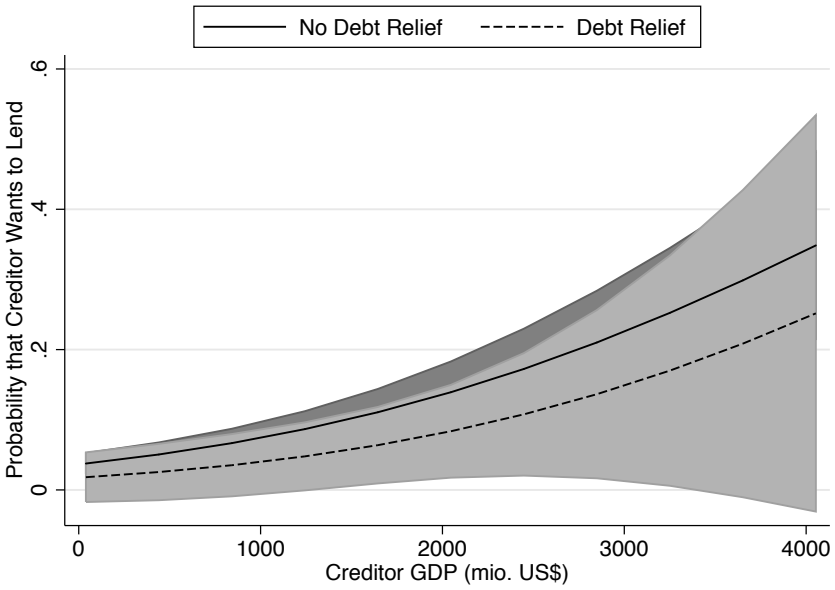


Bilateral Debt Relief vs. Private Restructuring?

Bilateral Debt Relief

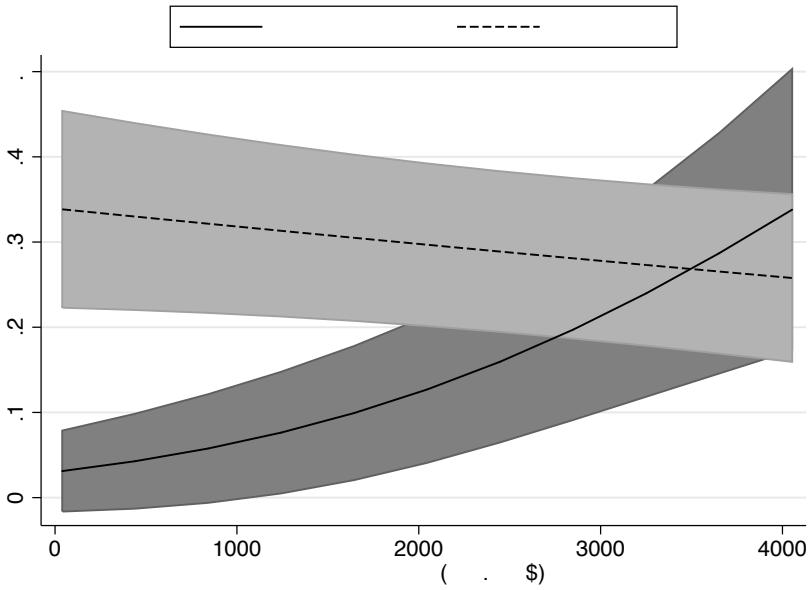


Private Restructuring

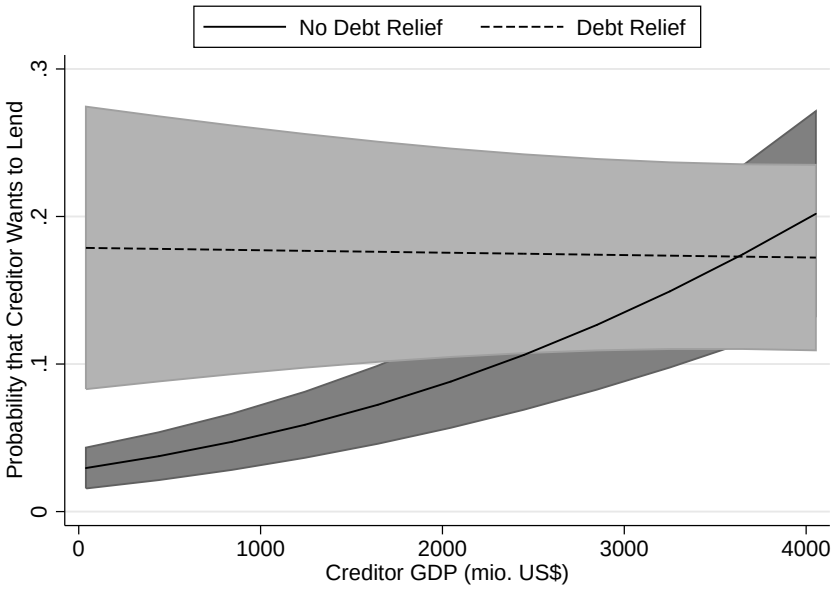


Moral Hazard by Debtors?

Future Arrears



UNSC membership



Alternative Argument: Access to private capital market

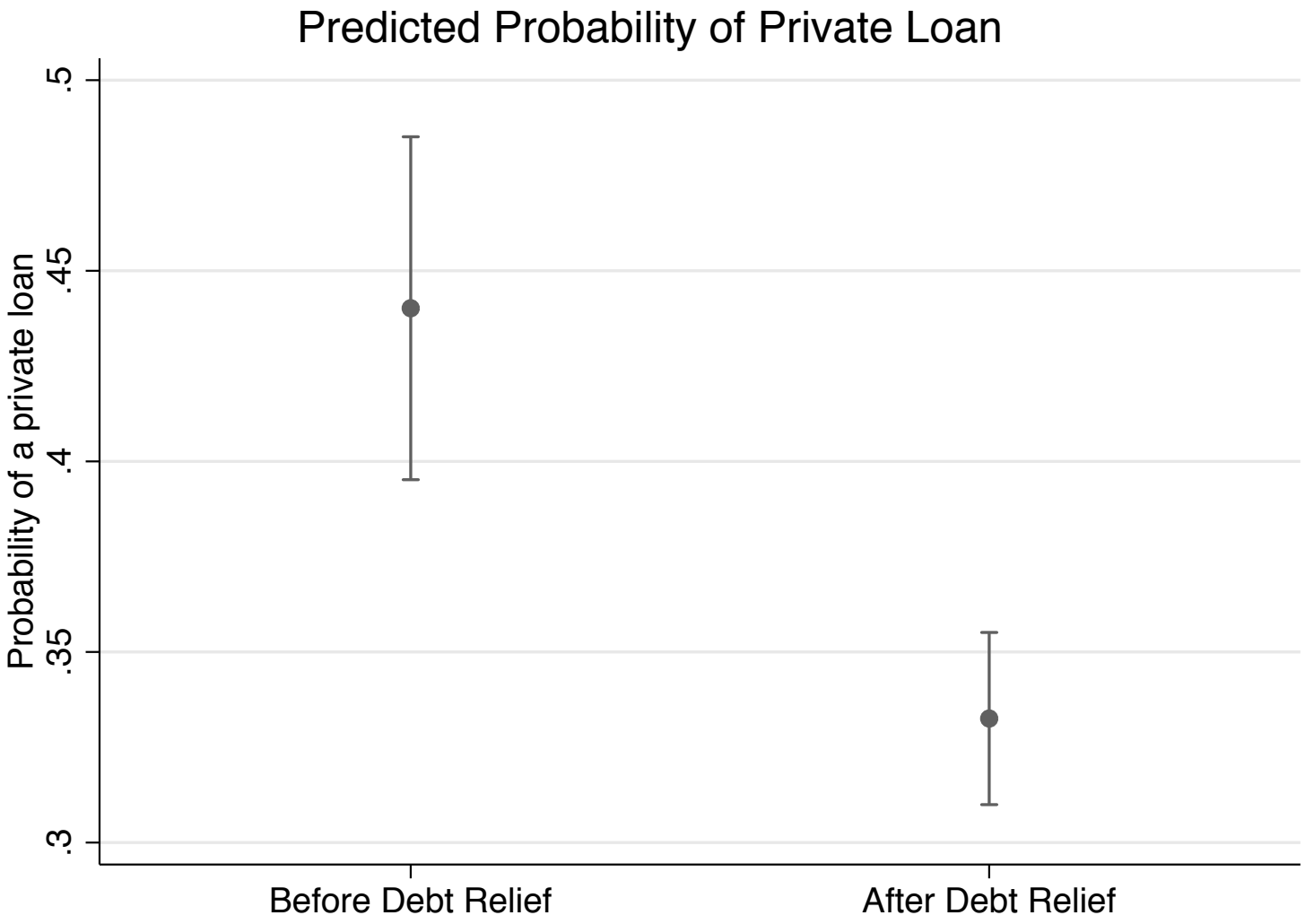
Debt relief might be intended to re-establish access to private capital markets

If true, then ...

a) probability of obtaining loans from private creditors should increase
b) loan volume from private creditors should increase
c) relative importance of private creditors in the portfolio of new borrowing should increase

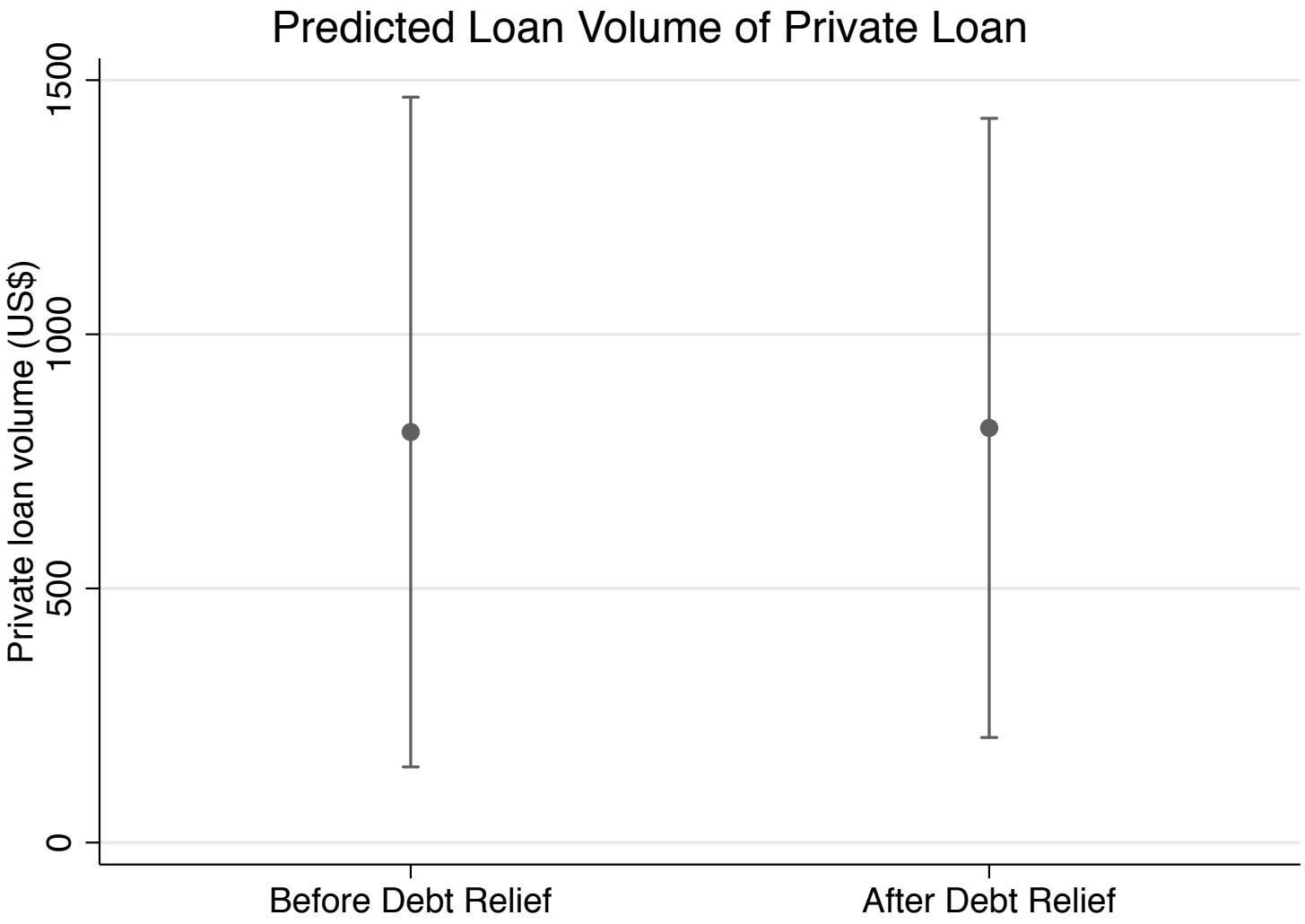
Alternative Argument: Access to private capital market

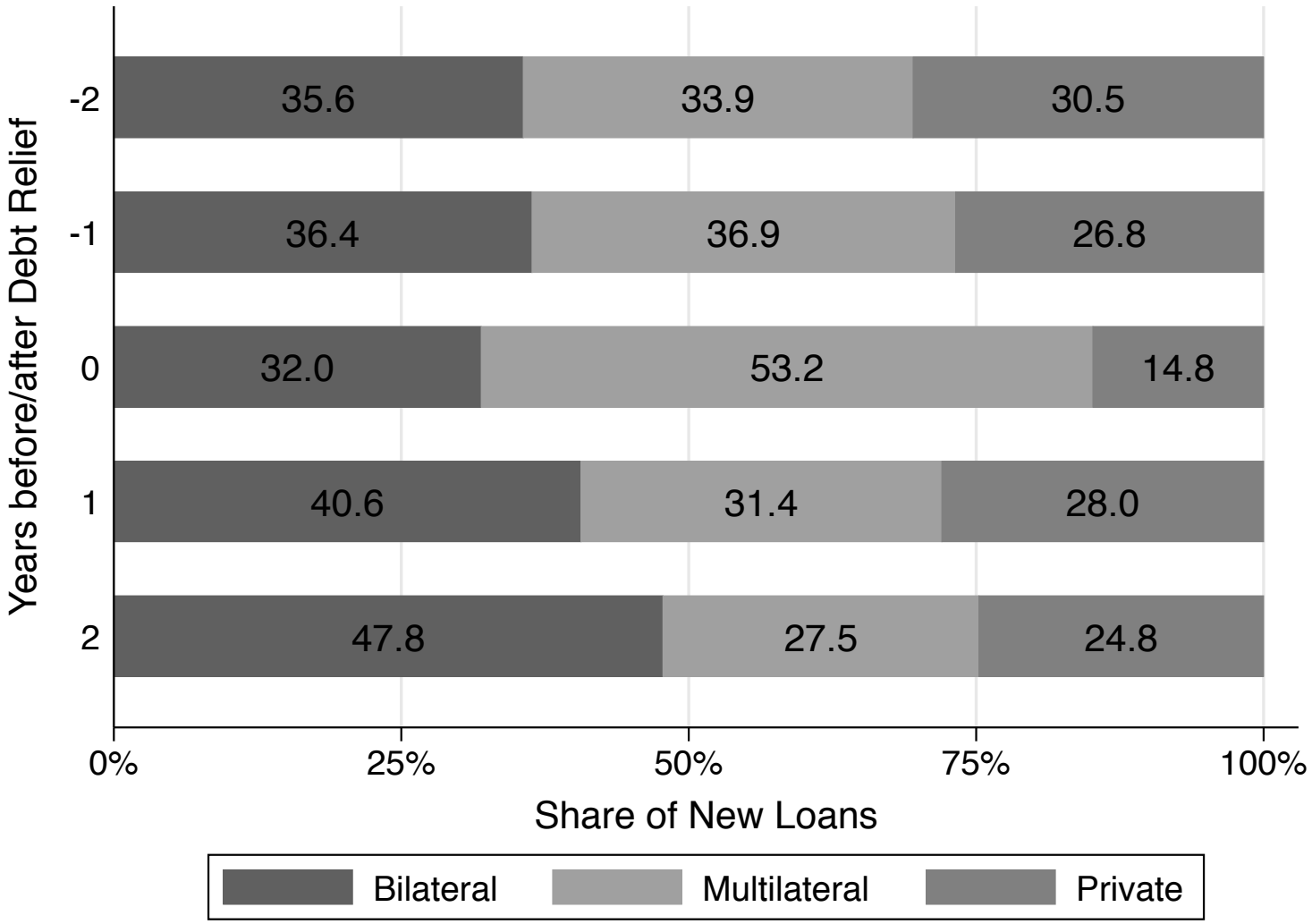
a) Probability of private loans?



Alternative Argument: Access to private capital market

b) Volume of private loans?



Alternative Argument: Access to private capital market

c) Probability of new borrowing?