

**IMF Working Paper**

© 1998 International Monetary Fund

This is a *Working Paper* and the author(s) would welcome any comments on the present text. Citations should refer to a *Working Paper of the International Monetary Fund*. The views expressed are those of the author(s) and do not necessarily represent those of the Fund.

MASTER FILES

ROOM C-525

0441

May 27, 1998

WP/98/72

Correction 1

**Subject: External Debt Histories of Ten Low-Income Developing Countries—Lessons from Their Experience**

**CORRIGENDUM**

Page 1 of WP/98/72 (May 1998) is reissued to correct the spelling of the name and university affiliation of one of the authors. A corrected page is attached.

Att: (1)

Other Distribution:  
Department Heads  
Division Chiefs



WP/98/72

INTERNATIONAL MONETARY FUND

Corrected: 5/26/98

Policy Development and Review Department

**External Debt Histories of Ten Low-Income Developing Countries: Lessons from Their Experience**

Prepared by

Ray Brooks, Mariano Cortes, Francesca Fornasari, Benoit Ketchekmen, Ydahlia Metzgen, Robert Powell, Saqib Rizavi, Doris Ross, and Kevin Ross<sup>1</sup>

Authorized for distribution by Anthony R. Boote

May 1998

**Abstract**

The external debt burden of many low-income developing countries has increased significantly since the 1970s. Developments in a sample of ten countries show that the main factors behind the buildup of debt were (1) exogenous (adverse terms of trade shocks or weather), (2) a lack of sustained macroeconomic adjustment and structural reforms, (3) nonconcessional lending and refinancing policies of creditors, (4) inadequate debt management, and (5) political factors (civil war and social strife). Future policies should limit the need for external financing and create an environment conducive to diversifying export growth, managing debt more prudently, and basing economic projections on more cautious assumptions.

JEL Classification Numbers: H63; F34

Keywords: External Debt; HIPC's; Low-Income Countries

Author's E-Mail Address: [rpowell@imf.org](mailto:rpowell@imf.org), [srizavi@imf.org](mailto:srizavi@imf.org), [dross1@imf.org](mailto:dross1@imf.org)

---

<sup>1</sup>All Policy Development and Review Department staff at the time of writing, except for Ms. Fornasari (Georgetown University) and Mr. Ketchekmen (Ministry of Finance, Cameroon), who contributed to this paper as summer interns in PDR in 1996 and 1997. We would like to thank Barbara Dabrowska for her valuable research assistance, as well as numerous colleagues in PDR, the African, and Western Hemisphere Departments for helpful comments.

Contents	Page
Summary .....	3
I. Introduction .....	4
II. Evolution of the External Debt Burden .....	5
III. Factors behind the increase in the external debt burden .....	6
IV. Lessons from the experience of the ten countries .....	11
Text Tables	
1. External Debt, Export and Debt-to-Export Ratio, 1975-79 to 1990-95 .....	13
2. Change in Concentration of Exports of Goods .....	14
Appendices	
I. Bolivia .....	15
II. Cameroon .....	28
III. Congo, Democratic Republic of .....	40
IV. Cote d'Ivoire .....	53
V. Ghana .....	66
VI. Kenya .....	77
VII. Nicaragua .....	90
VIII. Niger .....	103
IX. Uganda .....	115
X. Zambia .....	128