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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.

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Policy Development and Review Department

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

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Authorized for distribution by Anthony R. Boote

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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.

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