Comparing Comparability: Participation in the HIPC Initiative by Non-Paris Club Official Creditors

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January 8, 2025

Abstract

Countries borrow from a host of creditors including commercial banks, bondholders, foreign governments, and multilateral institutions. Therefore, when countries face debt distress they must negotiate separate debt restructurings with each group of creditors, who operate in different forums and on different timelines, creating inter-creditor equity issues. The common solution is comparability of treatment, whereby debtors negotiate a debt restructuring with Paris Club creditors and agree to seek "arrangements on terms comparable" with others. While a longstanding principle, its application remains aspirational. In this paper, I gain empirical traction in this debate by examining the (lack of) comparable treatment provided by non-Paris Club official bilateral creditors under the Highly Indebted Poor Countries Initiative (HIPC). Some non-Paris Club bilateral creditors have provided full relief, achieving comparability, while other non-Paris Club bilateral creditors have shirked their obligations. What explains this variation? The IMF cites "moral suasion" of its biggest proponents as the best opportunity for influence; I argue that moral suasion is a learning process and most likely to be successful when there are deeper economic and political relationships between the main proponents of debt reduction and delinquent creditors. Using novel data collected from IMF and World Bank reports, I find that countries are more likely to meet their comparable treatment obligations when they are economically and politically proximate to Paris Club creditors, namely the US and G5. To the benefit of development, the results suggest that moral suasion can be successful under the right circumstances.

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1 Introduction

Sovereign debt restructuring is an arduous and politically charged process, made more complicated by the lack of a cohesive global architecture. The diversification of sovereign creditors paired with unprecedented shocks (e.g. the Global Financial Crisis, COVID-19) has reinvigorated the need to achieve adequate burden sharing in the zero-sum game of debt forgiveness. The benefits of relief are indivisible and non-exclusionary. Therefore, if one creditor, or group of creditors, fails to restructure or provide sufficient debt relief, a higher burden is placed on the remaining creditors (Wright 2012, Pitchford and Wright 2012). In other words, "there is a danger that unless all creditors participate in the debt relief operation, it simply deteriorates into a transfer of resources from one creditor to another" (Saxegaard 2004).

The financial community's answer to this global free-rider problem is comparability of treatment (CoT), or the idea that a debtor cannot offer one creditor better terms than they agreed to with their other creditors. In reality however, comparability can be assessed on multiple metrics and is ultimately unenforceable. In Zambia, for example, debt restructuring negotiations have been particularly thorny because the major creditor countries, who have a history of cooperation under the umbrella of the Paris Club, have demanded comparable treatment from new actors, namely China.[1] China, in turn, has demanded that bondholders grant the same relief as official creditors - going so far as to reject bondholders' 2023 restructuring offer because relief was not comparable to the concessions that official creditors had granted. The economic health and recovery of developing states hangs in the balance of intra-creditor skirmishes; yet, the financial community's best strategy to achieve comparable treatment remains "moral suasion," or the belief that moral arguments can sway nonconformists through personal appeals.

The Common Framework for debt restructuring, negotiated in 2020, brought intra-

[1]The Paris Club is an informal group of official bilateral creditors who aim to coordinate their response to borrowers' payment difficulties. There are currently 22 members of the Paris Club, the majority of whom are considered Western, industrialized countries with a long history of concessional development finance.

creditor equity back to the forefront; but, comparability of treatment has been a challenge to achieve even under the most ideal circumstances. In this paper, I seek to gain traction in contemporary debates, which are plagued with accounting challenges and geopolitical tensions, by turning to the earlier case of the Highly Indebted Poor Countries (HIPC) Initiative.[2] The HIPC Initiative was launched in 1996 by the World Bank and International Monetary Fund (IMF) to "ensure that no poor country faces an unmanageable debt burden."[3] Developing countries with unsustainable debts and a strong record of policy performance are eligible for debt cancellation from official, private, and multilateral creditors. Because the Initiative was designed to solicit cooperation from multiple creditor groups, it implements the principle of comparable treatment by using a common reduction factor (CRF). The CRF sets a uniform discount factor and reference date for debt relief. It then apportions the required reduction in debt stocks equally across all creditor groups based on the proportion of debt they hold. In many ways, the HIPC Initiative is a best case scenario to achieve intra-creditor equity. Yet, even here, achieving comparable treatment "has been a challenge" (IMF Policy Paper 2019). More specifically, participation from commercial creditors (e.g. banks and bondholders) and participation of official creditors who aren't members of the Paris Club (e.g. China and Saudi Arabia) has been lackluster. Focusing on the latter group of bilateral official creditors who remain absent from the coordinating device of the Paris Club (PC), some have met their full obligations under comparability of treatment. Others have delivered partial relief. A third set, representing 43% of the expected debt relief from the creditor group, have provided no relief or relief less than 40% of the obligated amount (IMF Policy Paper 2019). Thus, moral suasion has had limited success even under the most ideal circumstances.

I argue that this is part, because non-PC official creditors' susceptibility to moral suasion varies based on their proximity to the largest proponents of debt relief. More specif-

[2]The HIPC Initaitve was later replaced by the Enhanced HIPC Initiative (1999) and the Multilateral Debt Relief Initative (2005).

[3]https://www.imf.org/en/About/Factsheets/Sheets/2023/Debt-relief-under-the-heavily-indebted-poor-countries-initiative-HIPC

ically, creditors learn that debt relief can provide reputational benefits and that debt relief is a "just" cause through socialization in their networks. This information is passed through social ties and repeated interactions, which means that countries located close to each other in networks have more opportunities for the type of learning that can elicit behavioral changes (Cao 2010, Greenhill 2010). Therefore, when non-Paris Club official creditors are more economically or politically proximate to the proponents of debt relief, they are more likely to conform to the ideas of debt relief and comparable treatment.

To test this claim I collect original data on creditor participation in the HIPC Initiative from 2007-2019. Using Status of Implementation reports released by the IMF and World Bank, I code the percentage of designated relief actually provided by each non-Paris Club official creditor. The benefits of focusing on HIPC debt relief and collecting original data is that I can compare the achievement of comparable treatment obligations across non-Paris Club creditors in a systematic way because the CRF calculation is objective. Paired with data on economic flows, organizational membership, and leader visits. I find that non-Paris Club creditors fulfill more of their comparability of treatment obligations when they interact economically and politically with the biggest supports of the Initiative, namely the United States. Despite claims that "'moral suasion' has not been the key driver" (Rivetti 2022), the results provide optimism that social appeals through economic and political networks can lead to policy change under some circumstances.

Beneath comparability of treatment is an age-old question about distributional conflict and who ultimately adjusts in financial crises (Frieden 2015). Conflict occurs between creditors and debtors (Connell 2019, DiGiuseppe and Shea 2019, Ferry 2023*a*), between interest groups in debtor states (Curtis, Jupille and LeBlang 2014, Ballard-Rosa 2016) and between creditors - across and within creditor classes. While previous work has explored conflict between private creditors (Ferry 2023*b*, Wright 2012), less emphasis has been placed on burden-sharing between official creditors. The exception is scholarship on China's rise as an official bilateral creditor (Ferry and Zeitz 2024*a*, Ballard-Rosa, Mosely

and Rosendorff 2023, Gelpern et al. 2021). This paper highlights that coordination failure among official creditors is not a contemporary issue; it has many culprits and spans decades. The benefit of looking to history is that that we can unpack variable efforts to free-ride while bypassing the quantitative subjectivity of assessing comparability in contemporary cases. The HIPC sample also allows us to bypass questions of borrower agency as HIPC cases typically lack material resources or geopolitical capital. Of relevance to other domains of international politics, the findings point to socialization and learning, rather than coercion, as a key mechanism in achieving cooperation (Johnston 2001, Simmons, Dobbin and Garrett 2010). They speak to the development of new policy norms and means of soliciting compliance in the absence of formal enforcement mechanisms (Chayes and Chayes 1933, Checkel 2001, Simmons 2001).

2 Debt Restructuring and Comparability of Treatment

When heavily indebted governments face fiscal distress, they turn to their creditors seeking debt restructuring, or "an exchange of outstanding sovereign debt instruments, such as loans or bonds, for new instruments or cash through a legal process" (Das, Papaioannou and Trebesch 2012, 7).[4] The goal of debt restructuring is to address the financing gap, receiving concessions from creditors that allow an indebted government to return to debt sustainability. However, while debtors can request relief, it is ultimately the creditor's choice of whether or not to provide it. Debt relief is thus a voluntary action that represents a conscious political choice (Bunte 2018). Significant attention has been paid to the distributional conflict between creditors and debtors. How much austerity can the debtor implement and how big of a haircut will creditors take?[5]

A second layer of distributional conflict also exists. Governments borrow from a host

[4]This is different than default which is defined as "the failure to meet a principle or interest payment on the due date" (Reinhart and Rogoff 2009, 11).

[5]See for example Cruces and Trebesch (2013), Connell (2019), DiGiuseppe and Shea (2019), Mamone (2020), and Ferry (2023*a*).

of creditors including commercial banks, bondholders, official bilateral creditors (foreign governments), and multilateral institutions. A return to debt sustainability requires negotiations with each of these different groups and collectively, creditors are better off restructuring debt with emerging markets (Bulow and Rogoff 1989). In other words, while debt restructuring requires creditors to write off a portion of their claims, debt reduction also increases incentives to undertake new, efficient investments in indebted states, leading to returned growth and future cash flows. Empirically, higher haircuts can soften GDP contraction, particularly after the country has exited the crisis episode (Marchesi 2015, Trebesch and Zabel 2017, Reinhart and Trebesch 2016).

Collectively, creditors are willing to "accept some degree of debt relief in order to enhance the collectability of the balance of exposure" (Buchheit et al. 2019, 342). Individually, different types of creditors have different financial and political interests. This gives rise to the free rider problem, whereby individual creditors have an incentive to hold out for full repayment because the benefits of debt relief are indivisible and nonexclusionary (Olson 1965, Wright 2012, Pitchford and Wright 2012). Debt relief by any creditor reduces debt overhang and helps contain losses. This benefits all creditors, regardless of their participation in debt relief actions. Assuming that government budgets are fungible, if one group of creditors agrees to a high haircut, they also unlock resources that can be used to pay other creditors that grant smaller, or no, haircuts.

Inter-creditor equity concerns are exacerbated by the fragmented nature of the international debt restructuring regime. Despite the recurrence of crises and continued calls for a new global architecture, proposals for greater creditor coordination have largely failed. Instead, the current regime operates under anarchy, meaning that there is no ultimate contract enforcement. Creditors possess only weak tools to compel borrower repayment and to establish/enforce creditor seniority. Additionally, the current architecture is indicative of a regime complex, whereby multiple international institutions collectively govern the management of sovereign debt crises simultaneously (Krasner 1982, Alter and Raustiala

2018). While the International Monetary Fund (IMF) sits at the center of this regime, attempting to coordinate the response of multiple actors, organizations are functionally distinct, performing different roles to reflect the different interests of different creditor groups. For example, the Paris Club (PC) coordinates debt restructuring for twenty-two of the world's official bilateral creditors, mostly Western, industrialized governments. The London Club emerged to coordinate private lenders, typically commercial banks, while legal innovations like collective action clauses govern bondholders. Recent initiatives like the Common Framework have moved debt restructuring negotiations to the G20. Other creditors, like some official bilateral creditors, suppliers of export finance, and domestic creditors remain absent from established forums. While the fractured regime may help achieve "horizonal equity" within groups of similar creditors, they do little to remedy "vertical equity" issues between creditor classes (Mandeng 2004).

Debt restructuring typically follows a sequential process, with the Paris Club being the first actor to modify their original loan contracts.[6] Thus, the Paris Club is well aware that other creditors may free-ride off their generosity. As one official stated, "at the end of the day, it's tax payers' money providing debt relief. [Creditor] governments can't say we lost more than our neighbor; they need to say that others did the same."[7] Thus, the Paris Club's solution to this problem is to burden share through "comparability of treatment" (CoT). The principle dictates that the debtor country cannot restructure debt with another creditor on terms less favorable that the agreement they reached with the Paris Club. Insisting that other creditors treat debt on comparable terms helps to ensure that "Paris Club countries' taxpayers' claims are not subordinated to those of other creditors."[8]

While CoT is the reigning custom in the debt restructuring architecture, it remains

[6]The Paris Club also relies on the IMF to provide a debt sustainability analysis, emergency liquidity and conditionality. Thus, the Paris Club will only offer relief after a debtor country is under or made significant progress towards an IMF program. While IMF programs usually precede a Paris Club restructuring, the IMF won't extend a program without assurances from Paris Club creditors that relief will be forthcoming. With the exception of specific initiatives (like the Highly Indebted Poor Countries Initiative, described below), the IMF also does not restructure its own debt.

[7]Interview with IMF official. June 9, 2021.

[8]https://clubdeparis.org/en/communications/page/what-does-comparability-of-treatment-mean

aspirational. "Comparability of treatment is more an art than a science" (IMF 2001, 49). Theoretically, comparable treatment is assessed relative to all non-multilateral creditors but practically, this applies mainly to other official bilateral creditors that are not members of the Paris Club (e.g. China and The United Arab Emirates) and private creditors (e.g. banks and bondholders).

First, comparability can fail because other creditors - who did not play a role in the norm's inception - lack the will. Other creditor groups "do not share common rules to value concessions in debt restructuring" and more importantly are not allowed a seat at the negotiating table (Mandeng 2004, 18). CoT is also a one-way road; in the rare event that non-Paris Club creditors restructure debt first, the Paris Club is not obligated to agree to comparable terms negotiated by others. Second, comparability of treatment is assessed ex-post based on multiple criteria. Treatment by other creditor groups does not have to exactly match Paris Club terms; the Paris Club recognizes that other creditors may prefer different instruments to alleviate financing pressure (Rieffel 2003). Therefore, current practices to measure CoT state that it can be assessed on the basis of one or more of the following parameters: (1) change in nominal debt service over the specified period, (2) debt reduction in net present value (NPV) terms, and (3) extension of the maturity of the treated claim (Rivetti 2022). The use of multiple indicators creates significant discretion, such that "the assessment of whether equal distribution has been achieved remains nearly impossible across creditor groups" (Mandeng 2004, 15). Most of the time, these discrepancies lead to CoT being evaluated on overly generous terms (Rivetti 2022).

Critics of the CoT principle commonly cite cases like Russia (1998/1999) and the Dominican Republic (2005). In Russia, the public sector bailed out private creditors due to the exclusion of Eurobonds and different treatments of Russian debt instruments (Mandeng 2004). In the Dominican Republic, the Paris Club provided twelve years of debt rescheduling, while the private creditors only offered five (Rivetti 2022). Most broadly, Schlegl, Trebesch and Wright (2019) find that official creditors accept larger haircuts than

private creditors in concurrent restructurings.

More recently, concerns have shifted to the achievement of CoT with other official bilateral creditors, most notably China. In the sample of Chinese lending contracts analyzed by Gelpern et al. (2021), almost three-quarters contain "No Paris Club" clauses, which explicitly obligate the borrower to exempt Chinese treatment from CoT. While Chad was granted full debt relief under the Highly Indebted Poor Countries Initiative (HIPC) in 2001, Chinese debt treatment lagged 10 years behind. For the Republic of the Congo (2008-2010), Paris Club creditors granted a 100% haircut and private creditors granted a 91% haircut. China only granted a 12.5% haircut. Paired with their preference for collateralization (Chen 2023), special accounts for debt settlement (Malik et al. 2021), and the requirement of confidentiality around restructuring (Horn, Reinhart and Trebesch 2019, Brown 2022), Chinese creditors receive de-facto seniority. Other work suggests that the lack of cooperation between China and other official creditors impacts the work of the IMF (Ferry and Zeitz 2024*a*) and Paris Club (Ballard-Rosa, Mosely and Rosendorff 2023).

CoT is not uniformly achieved, yet the Paris Club has yet to withdraw a debt treatment on comparability grounds. In fact, there remain no legal principles for "clawbacks" in the Paris Club's documentation. The enforcement of CoT thus falls to the suspension or cancellation of an IMF program, rather than a Paris Club agreement. This limits the effectiveness of the debt restructuring regime in two important ways. First, it extends the overall length of the negotiation phase as non-Paris Club creditors can't negotiate until Paris Club terms are confirmed. Second, it encourages the under provision of debt relief – increasing the probability of future crises – by triggering a non-cooperative game between creditor classes. The Paris Club is unlikely to provide significant relief if they believe that relief from other groups won't be forthcoming (Rivetti 2022).

If comparable treatment is discretionally assessed and hard to enforce, what can be done to ensure fair burden sharing in an anarchic international financial system that relies on the voluntary provision of debt relief? Because the answer to this question is likely to

vary based on the interests and motivations of individual creditors, I build my argument in reference to a specific case of debt relief that rests on the foundations of comparable treatment. Below, I focus on varying responses to CoT in a "best-case scenario:" non-Paris Club official creditors in the Highly Indebted Poor Countries Initiative (HIPC).

3 The Highly Indebted Poor Countries Initiative

The Highly Indebted Poor Countries Initiative was the result of a global debate about the Bretton Woods architecture and debt-sustainability. The poorest countries, who didn't attract significant attention from commercial creditors, faced a different type of crisis than their Latin American counterparts. First, a large amount of debt was owed to bilateral official creditors. However, the Paris Club had backed itself into a corner by serially rescheduling. Because PC terms didn't allow for stock treatments before 1988, rescheduling, and sometimes sweeping in new money, actually increased the debt burden of many developing countries (Rieffel 2003). Second, the bulk of remaining obligations were owed to multilateral institutions who were "preferred creditors." Failure to repay these claims is equivalent to withdrawing from the international financial community. Thus, for financial and political reasons, creditors were concerned about what it would mean for developing countries to fall into arrears with the multilaterals.

Thus, the HIPC Initiative was launched in 1996. It demonstrated a commitment by the international community to reducing the debt service of developing countries with a strong history of policy performance to sustainable levels through permanent debt cancellation. To qualify, countries must be eligible to borrow from the World Bank and IMF's concessional programs, face an unsustainable debt burden,[9] and demonstrate a track record of successful policy reform. After eligibility, HIPC countries develop a Poverty Reduction Strategy Paper (PRSP), which is voted on by the IMF Executive Board at the

[9]Originally considered to be debt-to-exports greater than 250%. The Enhanced HIPC Initiative in 1999 lowered the threshold to 150%.

decision point. After demonstrating continued success under IMF/World Bank programs and implementing key elements of the PRSP, debtors can proceed to completion point, at which time they receive full debt relief on claims above the level of debt sustainability.[10] Three years after its conception, the original HIPC was replaced by the enhanced HIPC, which lowered the eligibility requirements and explicitly linked debt reduction to poverty alleviation. The Multilateral Debt Relief Initiative (MDRI) was added in 2005, which granted full relief on all eligible debts from the IMF, World Bank and African Development Bank. Today, thirty-nine countries are eligible for the program. Thirty-six countries have reached completion point and an additional two have reached decision point.

One of the stipulations of the initiative was that it apply to all creditors. The HIPC Initiative adopts the CoT principle by applying a common reduction factor to the claims of each creditor classes' debt stock. In other words, the IMF determines an acceptable level of indebtedness, then compares that to the value of debt on a pre-determined measurement date. It then apportions the required reduction to all creditor groups based on a common reduction factor. The goal was to create a neutral and more efficient mechanism by streamlining negotiations across different creditor groups.

In many ways, the HIPC Initiative provides a most-likely case for comparable treatment to be achieved. It represents coordinated action by the international financial community across different creditor classes. Compared to other crisis eras, HIPC claims were also relatively small, estimated at $76 billion for all 39 eligible countries (IMF Policy Paper 2019). Despite these reasons for optimism, recent updates state that "poor countries' largest creditors – the World Bank, African Development Bank, IMF, Inter-American Development Bank, and all Paris Club countries – have provided their full share of debt relief under the HIPC Initiative ... but other creditors have not done so."[11] Securing the support of non-Paris Club official creditors and private commercial creditors has remained a

[10]The Paris Club deemed that 80% of NPV claims could be forgiven, but were to be evaluated on a case-by-case basis. The threshold was increased to 90% NPV forgiveness in 1999 under the Enhanced HIPC.

[11]https://www.imf.org/en/About/Factsheets/Sheets/2023/Debt-relief-under-the-heavily-indebted-poor-countries-initiative-HIPC

challenge (IMF Policy Paper 2019).

Of these groups, I focus specifically on non-Paris Club official bilateral creditors' provision of comparable debt relief. Theoretically, interests of official and private creditors differ in important ways. The daily business of private creditors is to make a profit by pricing and managing risk effectively (Sturzenegger and Zettelmeyer 2006), making them attuned to things like the assessment of market losses and future pricing of restructured instruments (Rivetti 2022). Walker and Faye (2010) further note that commercial debt is harder to fit into a CoT scheme because most creditors do not hold debt until maturity. Private creditors also have some governance available under domestic bankruptcy laws and may use litigation as a repayment tool.[12] On the other hand, official creditors are more likely to consider themselves long-term partners of their borrowers. They lend as a tool of foreign policy, often to support policy change (Kinne and Bunte 2020). Therefore, focusing on official creditors outside of the Paris Club still constitutes a relevant application of the comparability of treatment principle, but serves as a more likely case because creditors and borrowers may have common interests. As of 2019, non-Paris Club creditors account for approximately 13% of total HIPC costs (IMF Policy Paper 2019).

Empirically, non-Paris Club official creditors' contributions to the HIPC Initiative varies greatly. As one way to encourage the participation of this creditor group, The IMF and World Bank calculate and disseminate data on a yearly or bi-yearly basis for the approximately fifty non-Paris Club bilaterals that have CoT obligations under the HIPC Initiative. Even with clear visibility, the most recent statistical update from the IMF states that "around 51% of their expected HIPC debt relief has been delivered by non-Paris Club official creditors...creditors representing about 43% of the total expected debt relief from non-Paris Club creditors either did not provide debt relief or provided relief less than 40% of the expected amount" (IMF Policy Paper 2019).

Comparability of treatment is thus a principle or norm in the debt restructuring archi-

[12]Indeed, litigation against HIPC countries by commercial creditors was identified as a barrier to the success of the initiative (IMF Policy Paper 2019).

tecture. It is not equivalent to a bankruptcy framework with legal statue. Not all states were part of its inception and not all states are willing to conform. Debt relief, in the HIPC and other contexts, ultimately depends on the "assessment, if not good will, of each participating creditor" (Walker and Faye 2010, 317). This is not lost on the largest proponents of the initiative, who also bear the largest costs. The Paris Club is clear that:

> "Uncooperative creditors who refuse to provide comparable treatment are free-riding on the efforts of the Paris Club... It is of particular concern when the debtor country is a HIPC, as this free-riding diverts the benefit of debt relief away from its intended use: the fight against poverty... Obtaining comparable debt treatments is crucial for HIPC countries as it guarantees that their debts will be reduced to a sustainable level. This is because, whilst participation in the HIPC Initiative is voluntary, the amount of debt relief provided by the international community under HIPC is based on the 'common reduction factor'... the failure of some creditors to provide comparable treatment could therefore result in HIPC countries continuing to face unsustainable debt situations, undermining their prospects for economic development and poverty reduction."

While the proponents of comparable treatment would like to increase conformity with the principle, their best strategy remains "moral suasion."

3.1 Resolving inter-creditor equity

In their 2001 Status of Implementation report, the IMF and World Bank state that, "As regards non-Paris Club official bilateral and commercial creditors, the current approach for securing debt relief relies primarily on *moral suasion* by the Bretton Woods Institutions and by the HIPCs themselves" (IMF Policy Paper 2001).[13] In 2007, the IMF and World

[13] Emphasis added.

Bank authorized a supplemental report specific to the participation of non-PC official creditors. There, they reiterate that "since participation in the HIPC Initiative is voluntary and there is no legal basis requiring creditors to participate, the staffs of the Bank and the Fund will have to continue to rely on stepped-up technical support and *moral suasion* to foster increased relief delivery" (IMF Policy Paper 2007). All subsequent reports after 2010 mention the importance of moral suasion as the key route to increasing participation.

Yet, moral suasion is an ambiguous term, for which the IMF does not provide a clear definition. Most broadly, the financial community uses the term to refer to situations where a monetary authority uses its influence to change the behavior of economic actors in a way that is not already dictated by legal requirements (Romans 1966). It is most often invoked in reference to how financial regulators can influence domestic private actors, for example by persuading private banks to extend rollovers/debt relief in restructurings (Eichengreen 1999). The underlying principle is that actors rely on moral or reputational arguments to exert pressure, usually through personal appeals. This doesn't preclude moral suasion from, at times, being blunt; it can involve both incentives and threats.

Here, the IMF and World Bank invoke moral suasion as a way to pressure public actors.[14] While they mention that both the organizations and the debtors should attempt to persuade reluctant creditors, in reality, HIPC debtors are unlikely to wield persuasive power. HIPC countries are defined by their lack of material resources. Most also lack geostrategic importance.[15] This means that moral suasion falls primarily to the proponents of the initiative rather than the recipients. There are several hints about what this might look like. For instance, influence may be exerted through institutional staff. Non-PC official creditors are "approached by Bank and Fund missions, at donor meetings, Bank/Fund Annual and Spring meetings, as well as through contacts with their Executive Directors" (IMF Policy Paper 2001). When necessary, there are "direct contacts at

[14] Eichengreen (1999) notes that moral suasion is less likely to work on bondholders or individual investors. This further underlines that focusing on non-PC official creditors is a most likely case to achieve CoT.

[15] Although see (Ferry and Zeitz 2024*b*) for how weak actors can wield power in economic negotiations.

management level" (IMF Policy Paper 2007). Influence may also be exerted through the dominant shareholders of these institutions. It was the United Kingdom who used their presidency in the G8 to push for the MDRI. In a 2023 special report, the UK Parliament confirmed that it must "work to establish a consensus with other creditors that...debt is written off."[16] They also put particular emphasis on engaging with Chinese authorities about debt relief. Similarly, The US has also encouraged other creditors to forgive debts, with a more recent focus on influencing Chinese debt forgiveness. In the most recent case of Somalia, the US has publicly urged "Somalia's other bilateral creditors to be equally generous and to move expeditiously."[17]

The IMF, World Bank, Paris Club and their dominant shareholders are thus in a position to wield influence, but when are their efforts most likely to be successful?[18] Ultimately, this is a question about how to diffuse specific economic policies to actors who were not at the table when the norm was conceived.

The literature highlights multiple pathways through which actors can influence the choices made by others, typically focusing on coercion, competition, and learning/emulation (Simmons, Dobbin and Garrett 2010, Gilardi 2012). Here, coercion, or directly changing incentives through manipulation of economic costs, physical force, or monopolization of expertise, seems an unlikely path. As the HIPCs pose a small financial cost and are less likely to be of geostrategic value, coercive tools are less desirable. Military, economic and technical resources are scarce and the HIPCs not enough of a priority.[19] For example, while the US has publicly urged non-Paris Club official creditors to provide relief for Somalia, they are unlikely to use physical force or conditionality against non-Paris Club creditors like Algeria, Iraq and Romania have not yet responded to Somalia's request for

[16] https://committees.parliament.uk/publications/40279/documents/196581/default/

[17] https://home.treasury.gov/news/press-releases/jy1988

[18] The actions of organizational proponents of debt relief may be indistinguishable from the actions of their dominant shareholders, as organizational bureaucrats may bake the preferences of major shareholders into their decisions (Stone 2013, Clark and Dolan 2021).

[19] The exception being Iraq, were debt relief was heavily influenced by US interests.

comparable relief.[20] Competition is also an unlikely method of policy diffusion because states are unlikely to compete over who can provide *more* relief when they benefit from free riding.

Instead, moral suasion looks like social pressure from regularly occurring international interactions with proponents of debt relief.[21] This is most akin to the learning and emulation mechanisms in the diffusion literature, whereby new information about appropriate development policy in an increasingly globalized world changes an actor's beliefs. Experience (one's own or others') changes the estimation of policy costs and benefits (Dobbin et al. 2007).[22] This can be learning about reputational costs or learning about what is normatively "right", both of which occur through socialization. As Dobbin et al. (2007) note, self interested and ideational motivations are not easily distinguishable. Yet, together they imply that "states continually define and refine understandings of appropriateness and interests and look to their international environment to make these judgements" (Glasius, Schalk and Lange 2020, 457).

First, changes in prevailing global ideas can generate externalities. According to Simmons and Elkins (2004), as consensus develops around a specific economic model, this raises the reputational costs of nonconformity. States value their international status, and economic heterodoxy can cast doubt on a country's approach and legitimacy. States seek to gain legitimacy by complying with international norms that originate from advanced economies just as they seek to avoid being seen as "backwards" (Weyland 2005). Social pressure to adopt policy originates from reputational concerns (Honig and Weaver 2019, Glasius, Schalk and Lange 2020). Second, norm diffusion can also occur around the idea of debt relief as a "just" cause. The spread of debt relief may be underpinned by ideas that it is "unjust for rich countries to try to collect on the debts owed to them by countries that

[20] IMF Country Report No. 24/346

[21] Social pressure exerted through domestic actors or non-governmental organizations (NGOs) may also be effective. The interaction of international and domestic actors is additional fodder for future research. On the role of domestic actors and NGOs, Helleiner and Cameron (2006) and Busby (2007)

[22] Note that this is different from the mechanism of coercion where the costs and benefits are manipulated directly, for example through conditionality attached to World Bank loans.

are desperately poor" (Chauvin and Kraay 2005). This may be tied in with biblical ideals or more general humanitarian motivations, with the underlying idea that policy change occurs because debt relief is the right thing to do (Helleiner and Cameron 2006).

Information about ideas or consequences is provided through social networks. Specifically, repeated economic and political cooperation allows for information sharing, typically through connected individuals (Axelrod and Keohane 1985). Elite socialization can occur through direct contact at intergovernmental meetings, where parties share ideas about what works (Johnston 2001). A rich literature focuses specifically on how participation in international organizations can be a particularly powerful conduit of learning (Haas 1959, Nye 1987, Kahler 1994, Finnemore 1993). Information can also be shared through private actors who observe foreign ideas and press their governments for adoption (Simmons 2001). The combination of formal and informal exchanges implies a network dynamic, whereby countries that are proximate to each other – on a multitude of dimensions – have close interactions and are more likey to adopt the same policies. In other words, there is a socialization process, "where countries that are located close to each other in networks enjoy more opportunities for interactions which might induce policy learning and emulation and therefore diffusion" (Cao 2010, 846).

Information is passed through networks via repeated interactions, but politicians have limited information-processing abilities and employ cognitive shortcuts. Cognitive limitations imply that not all information is considered equally, and decision makers are drawn towards the most successful or similar examples from their networks (Dobbin et al. 2007). Proximity prompts imitation and decision makers regard the actions of those with perceived common values as the most useful guide to their own behavior (Simmons and Elkins 2004, Weyland 2005). Paired insights from sociological and psychological models thus imply that states learn about economic policy from their networks and place heightened emphasis on the information gleaned from their most frequent economic and political partners. Translated to debt relief and the HIPC Initiative this implies that *moral suasion*

is more likely to be achieved through social channels of communication and information sharing rather than coercive actions. In what follows, I test the empirical implication of this argument, that *non-Paris club official creditors who are more economically or politically proximate to proponents of debt relief are more likely to meet conform their behavior with the norm of comparable treatment.*

4 Research Design

4.1 Dependent variable

As both the Bretton Woods Institutions and the HIPCs themselves can engage in moral suasion, ideally, data for the dependent variable would be available at the dyadic level. However, no standard and publicly available dataset currently exists. Building such a dataset would require two things. First, loan-by-loan level information on the amounts, terms and timing of debt relief would be required to compute a standardized NPV estimate. The IMF itself notes that this information is not always forthcoming from non-PC creditor countries or is provided in highly aggregated versions (IMF Policy Paper 2007). Second, information on the common reduction factor is also needed to assess whether the relief provided meets CoT obligations. Given data gathering limitations for both sets of information, I instead collect original data from the IMF and World Bank's "Status of Implementation" reports to test my argument at a more general level.

Starting in 2006, the IMF and World Bank started producing "score cards" of non-PC creditors' delivery of HIPC debt relief in the hopes that more transparency would lead to more relief.[23] In their annual (occasionally biannual) "Status of Implementation" reports, they calculate the delivery of HIPC Initiative debt relief for all non-PC creditors in the following way, where the relief delivered and the initiative's cost are aggregated across all

[23]Reports from 2001-2005 only cite "commitments to provide relief." The 2006 report cites the delivery of debt relief, but only divides non-PC creditors into categories based on whether they've delivered all, some or no relief.

debtors for which each non-PC creditor has claims.[24]

$$\text{Percent Delivered}_{it} = \frac{\text{Relief Delivered to HIPCs}_{it}}{\text{Cost of HIPC Initiative}_{it}}$$

The *Percent Delivered* is my main dependent variable and is available at the creditor(i)-year(t) level from 2007-2019.[25] Data is displayed by year in Figure 1. As of the most recent statistical update, there are 55 non-PC creditors with CoT obligations under HIPC.[26] Some non-PC official creditors have met their obligations in full, some have provided partial relief to some borrowers, and some have provided no relief. Some non-PC official creditors provided comparable treatment right away, while others lagged years behind.

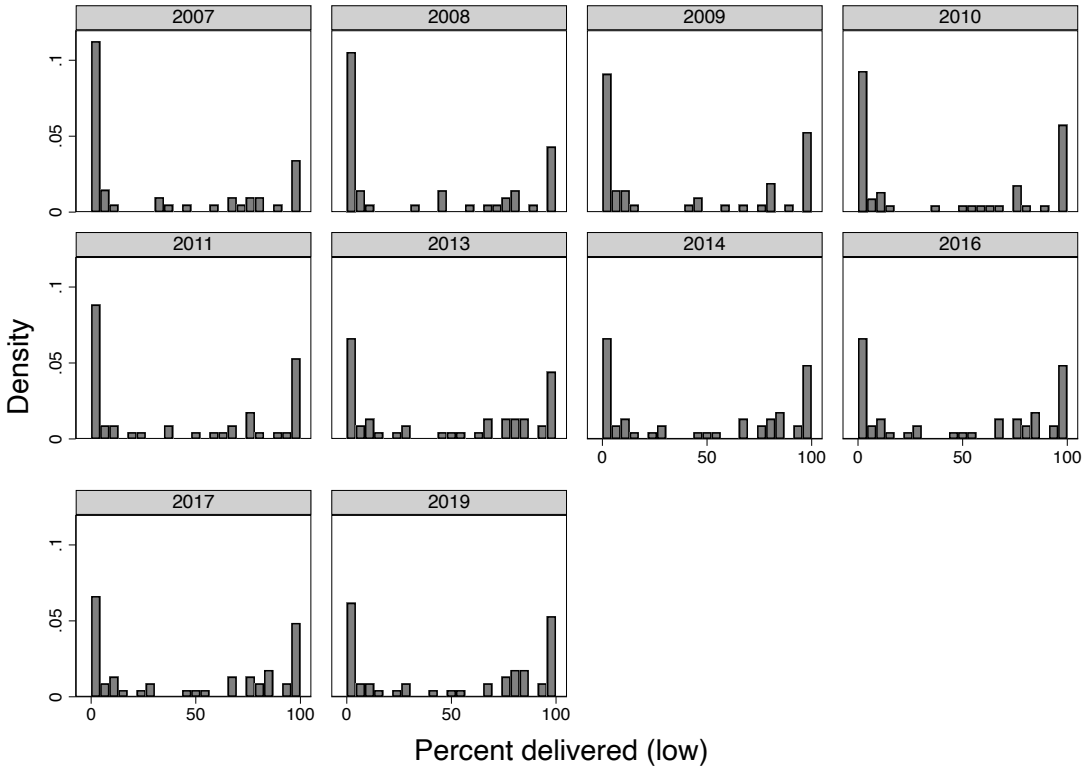

Figure 1: Distribution of debt relief for non-Paris Club official creditors by year, 2007-2019

There are both advantages and disadvantages to creditor-level data. Creditor-level

[24]Later reports are titled "Statistical Update" but maintain the same information. An example is available in Appendix C.

[25]Reports were not issued for 2012, 2015, and 2018.

[26]See Appendix B.

data is more in line with the adoption of a global norm around debt forgiveness. In accordance with the theory, it captures the effect of moral suasion on adherence to the broader HIPC Initiative, rather than the power of particular debtors. In this sample of low-income sample, we would also expect that any geopolitical ties between borrower and creditor governments would be weak. However, aggregated data also means that we cannot distinguish between situations where a non-PC creditor granted partial relief to their debtors[27] from situations where a non-PC creditor granted full relief to some debtors but not others.[28] As the Status of Implementation reports only capture the percent of HIPC relief that has been delivered, these situations would be observationally equivalent. One way around this ambiguity is to categorize creditors into those providing full relief, some relief, and no relief in an alternative operationalization of the dependent variable.[29] While it sacrifices granularity, I report results for *Categories of Relief* and the results are robust.

Additionally, the number of countries set to receive relief under the HIPC Initiative has changed over time. Calculations in each Status of Implementation report are based on the number of highly indebted poor countries who have reached completion point as of the previous year. For example, 2007's estimates for each non-PC creditor are based on their cumulative obligations to 22 countries. 2008's estimates are based on 23 countries, etc. This means that while participation for non-PC creditors has generally improved over time, the yearly change in *Percent Delivered* can be negative if creditors hold the debt of newly eligible countries and do not treat it. In this context, commitment to debt relief and meeting comparable treatment obligations is a recurring action rather then a one-off example.

Bulgaria provides a useful example of this variation.[30] In 2007, six of the 22 post-completion point countries were indebted to Bulgaria, who had delivered approximately

[27]For example, China typically typically provides partial relief to its debtors (IMF Policy Paper 2019).

[28]For example, in 2007, Guatemala had delivered all of its promised relief to Nicaragua, but had not treated its debts with Honduras (IMF Policy Paper 2007).

[29]This is the way information was formatted in the 2006 Status of Implementation report

[30]For a visual representation, see Appendix D. Yearly figures for other non-PC creditors (China, Saudi Arabia, Algeria) are also provided.

77% of their promised relief. When Gambia reached completion point in 2008, bringing the number of eligible countries to 23, Bulgaria was not one of their creditors and the percent delivered didn't change. In 2009, none of the three new countries to reach completion point were indebted to Bulgaria; however, Bulgaria provided an additional $10 million of debt relief, which increased the percent delivered to 81%. In 2010, two countries indebted to Bulgaria (Afghanistan and Republic of Conogo) reached completion point. This increased Bulgaria's total cost of the HIPC Initiative so, without delivering any additional debt relief, the percent delivered fell to 76%. While the addition of new post-completion point countries provides useful temporal variation, I do control for the total number of post-completion point HIPCs (# *at Completion Point*) and the number of post-completion point HIPCs that each creditor has exposure to (# *Debtors*) in the main analyses.

4.2 Explanatory variables

I hypothesize that successful moral suasion is most likely to result from social interactions with the proponents of debt relief. In thinking about socially-channelled information, there are two things to consider: which actors in a network will be most influential and which types of interactions will be most persuasive. To the former, decision makers in non-PC creditors are cognitively constrained, meaning that not all communication is going to be equally persuasive. Research suggests that decision makers are drawn to the most proximate, similar or successful examples (Dobbin et al. 2007, Simmons and Elkins 2004, Weyland 2005). Thus, previous scholarship has focused on spatial modeling, typically of geographic distance. Here, the most influential actors are more easy to identify. Like for other economic policies, international financial institutions are central actors in the diffusion of innovations (Simmons 2001, Weyland 2005). The IMF and World Bank jointly spearheaded the HIPC Initiative with significant support from their dominant shareholders. A robust body of literature reifies that the influence of these shareholders, especially the US and "G5" countries, wield significant influence over the Fund's decision-making

(Oatley and Yackee 2004, Dreher and Jensen 2007, Dreher, Sturm and Vreeland 2009, Stone 2004, Broz and Hawes 2006, Copelovitch 2010). As the largest economies at the center of the global economic system, I assume that the Fund and Bank's dominant shareholders are the most likely candidates to share information about the moral, reputational, and material implications of debt relief. These states also have the most to gain by eliminating free-riding on Paris Club debt relief. Therefore, measurement in this context should incorporate proximity of interactions with dominant shareholder states. I focus on the US as the largest shareholder, but demonstrate in the Appendix that the results are robust to thinking about the G5 more broadly.

To the latter, states' multifaceted networks imply that there are multiple opportunities for repeated interactions with the proponents of debt relief. Non-PC creditors and the IMF/World Bank's dominant shareholders may be proximate on many dimensions. The goal of this paper is not to theorize about which elements of a states' network are most persuasive. Because my claim is simpler – that social interactions with proponents of debt relief increase the likelihood of conforming with the CoT norm under HIPC – I start with two aspects of countries' networks that are well cited by the diffusion literature. First, ideas about policy-making can be transmitted through economic relationships. As Cao (2010, 828) notes, "Proximity in a typical network in the global economy can be conceptualized as a positive function of the magnitude of interactions between two countries in the network...in the network of trade, the sheer volume of goods exchanged between two countries is often considered as how close they are in the network." A high volume of bilateral trade provides heightened opportunities for learning or emulation. This may be because well-connected businessmen transmit ideas about economic policy based on their experience of the countries with which they have more extensive trading contacts (Simmons and Elkins 2004). The negotiation of free-trade agreements and other trade enhancing agreements may also present an opportunity to exchange ideas about economic policy (Woolcock 2013). Thus, trade flows are an often cited indicator of economic prox-

imity and I include bilateral trade (imports plus exports) with the United States as the logged percentage of GDP (*Trade with US (% GDP, log)*).

Second, information sharing and socialization are commonly cited functions of international organizations (Axelrod and Keohane 1985, Johnston 2001). Co-participation in political forums provides opportunities for direct contact and interaction with foreign policy-makers. Connections in IO networks thus facilitate learning and push countries closer together in the policy space (Bearce and Bondanella 2007). A significant body of research demonstrates the role of IOs in diffusing democracy, human rights, tax policy and corruption (Pevehouse 2002, Greenhill 2010, Cao 2010, Hafner-Burton and Schneider 2019). The variable # *Shared IGOs (US)*, is based on coding from Pevehouse et al. (2020) and represents the count of joint membership with the United States in international governmental organizations. While data on trade flows is available for the full sample period of Status of Implementation reports (2007-2019), data on IGO membership is only available through 2014.

While both of these measures are commonly cited in the literature, they require assumptions about how international actors interact within the context of economic exchange or organizational meetings. Given these concerns, I include a third independent variable that more directly focuses on in-person diplomacy. Leader visits are an important signal of bilateral relationships and are becoming increasingly common. Recent US presidents spend as much as one-third of their time in office on international trips (Malis and Smith 2021). As Kodila-Tedika and Khalifa (2024) note, these visits are an efficient way to conduct diplomacy because "a face-to-face interaction between the officials of two countries allow both of them to address issues faster than the typical bureaucratic channels, can facilitate agreements between countries on various issues compared to efforts conducted by lower level officials without much authority, and can allow the leaders to develop personal ties that permit them to handle future issues in a smoother manner compared to formal but impersonal interactions." Empirically, official state visits have been shown to

affect economic (Nitsch 2007) and security (McManus 2018) relationships. Chinese leader visits also increase hosts' foreign policy alignment in the United Nations General Assembly (Custer et al. 2018) In the context of this paper, diplomatic visits between executive leaders thus isolate one channel through which learning can occur. While this narrows down the conception of political networks significantly, it also increases confidence that contact, and therefore socialization, are taking place. The variable *Vist from US President* is coded from Malis and Smith (2021) and denotes whether or not a non-PC creditor country received a formal visit from the US executive in a given year.

4.3 Control variables and model specification

To avoid omitted variable bias, I control for factors that may confound the effects of social interactions with US/G5 members on debt relief in the HIPC Initative. Given the balance between sample size limitations and the risk of overfitting the model, I focus on control variables with significant cross-sectional and temporal coverage. Results are robust to including a more expansive set of controls in Appendix J.

I include three sets of controls. First, I control for the creditors' economy. Creditors with more robust economies should be both more connected in global markets and have more resources available for debt relief. Therefore, using data from the World Bank's World Development Indicators, I include measures of *GDP (log)* and *Natural Resource Rents (% GDP)*. I also control for creditors' central government debt as a percentage of GDP (*Government Debt (% GDP)*), based on data from Abbas et al. (2010). As several HIPCs are themselves creditors, I add an additional dichotomous measure for *HIPC* status.

Second, domestic political institutions in non-PC creditor states could condition the ability of the government to provide debt relief. To control for the degree to which creditors are constrained by domestic public opinion, I include a measure of liberal *Democracy* from the Varieties of Democracy project (Coppedge et al. 2020). The scarcity of resources may imply that debt relief is particularly unpopular in election years. Thus, I incorporate

an indicator for executive *Elections*. Data is from the Database of Political Institutions (Das, Papaioannou and Trebesch 2012).

Finally, variables specific to the HIPC context are also important. As mentioned earlier, the number of HIPC countries eligible for debt relief has increased overtime and I include a count variable for the number of post-completion point countries in a given year (# *at Completion Point*). While this measure varies at the year level, not all creditors are exposed to all HIPC debtors. Therefore, I also include information on the number of debtors to which each creditor has debt relief obligations (# *Debtors*). Given that the size of debt relief obligations also varies significantly and that creditors may be less likely to provide debt relief where the fiscal burden is substantial, I control for each creditors' proportion of the total HIPC cost for non-PC creditors (% *of non-PC cost*). Both of the latter two measures vary at the country-year level.

The continuous nature of the main dependent variable, *Percent Delivered*, allows for the use of Ordinary Least Squares (OLS) regression with robust standard errors as the primary estimation technique. To account for additional temporal variation, I include a year time trend. The results are also robust to decade fixed effects. The cross-country effects are theoretically relevant and the sample small, so I opt for regional dummies based on Correlates of War classifications to proxy for regional differences.

5 Results

Table 1 presents the main set of results. The theory suggests that moral suasion is most likely to be successful at conforming behavior to CoT norms when non-PC creditors are well-connected with proponents of debt relief, namely the US. Model 1 tests the importance of economic connections while Model 2 tests the importance of organizational co-membership. Model 3 turns to the most personal measure of bilateral interactions and uses US leader visits.[31] Model 4 includes all three explanatory variables in the same

[31] Bivariate results available in Appendix E.

model. Finally Model 5, presents the most conservative operationalization of debt relief, based on coding non-PC creditors as providing full relief, some relief, and no relief. Using an ordered logistical specification, the results are consistent.

The results match expectations. Starting with economic proximity, *Trade with the US* is positive and significant, suggesting that non-PC creditors who trade more with the US conform more with CoT expectations under HIPC. Based on Model 1, a 1% increase in trade as a percentage of GDP is associated with creditors' fulfilling another 9.4% of their obligations, ceteris paribus. Turning to political proximity, international organizations also appear to be an effective venue for socialization. The *# of shared IGOs* with the US and G5 is, again, a positive predictor for debt relief, although the results are weaker in the combined model. Holding all other variables constant in Model 2, every additional co-membership is associated with non-PC creditors fulfilling another 1.6% of expected HIPC relief. Finally, looking at personal political interactions, a visit from the US president is positively and significantly associated with providing more HIPC debt relief. Based on Model 3, US Presidential visits are associated with non-PC creditors fulfilling 16% more of their expected HIPC debt relief. I explore this further in Appendix G, operationalizing visits from the US President (e.g. non-PC creditors are the host) and state visits to the US (e.g. the US is the host) separately. I find that the results are driven by US Presidential visits abroad, which may accord with the more recent examples of high-profile visits, for example US Vice President Kamala Harris traveled to Zambia and urged creditors to provide quick and equitable relief.

The results also speak to the role of other economic variables in explaining the achievement of comparable treatment. Paradoxically, both richer/resource abundant creditors and creditors with HIPC status are less likely to deliver their promised relief. While this finding is less robust, it remains when controlling for the size of creditor costs. This implies that richer countries don't have a harder time fulfilling their obligations because their obligations are larger. Instead, it's possible that middle-income non-PC creditors

Table 1: Main results

	(1) Economic	(2) Organizational	(3) Personal	(4) Main	(5) Categorical
Trade with US (% GDP, log)	9.464***			8.711***	0.451***
	(1.510)			(1.936)	(0.127)
# Shared IGOs (US)		1.604**		1.163*	0.0588
		(0.668)		(0.657)	(0.0374)
Visit from US President			16.27***	17.04**	0.763**
			(6.282)	(7.251)	(0.330)
GDP (log)	0.0108	-5.777**	-0.451	-5.054*	-0.236
	(1.586)	(2.922)	(1.693)	(2.920)	(0.164)
Natural Resource Rents (% GDP)	-0.574**	-0.500*	-0.579**	-0.556*	-0.0237
	(0.241)	(0.289)	(0.239)	(0.284)	(0.0165)
Government Debt (% GDP)	-0.0410	0.0468	-0.0205	0.0221	0.0132**
	(0.0826)	(0.111)	(0.0858)	(0.103)	(0.00587)
HIPC Participant	-16.55**	-23.20***	-21.37***	-19.64**	-0.438
	(6.629)	(7.810)	(6.475)	(7.950)	(0.485)
Democracy	10.87	-2.368	1.358	6.911	0.874
	(11.18)	(14.59)	(11.58)	(15.02)	(0.893)
Elections	1.795	4.805	0.808	6.098	0.290
	(4.028)	(5.049)	(4.107)	(4.835)	(0.257)
# at Completion Point	0.297	-0.458	0.482	0.162	0.0733
	(0.779)	(2.248)	(0.796)	(2.195)	(0.116)
# Debtors	1.093**	1.321*	1.062**	1.172*	0.0826**
	(0.507)	(0.685)	(0.523)	(0.674)	(0.0354)
% of non-PC cost	-1.722	-0.561	-1.119	-1.208	-0.115*
	(1.119)	(1.314)	(1.081)	(1.339)	(0.0601)
Year	0.813	2.105	0.348	1.340	-0.111
	(1.064)	(4.871)	(1.097)	(4.752)	(0.247)
Observations	435	294	436	293	307
Region FE	Y	Y	Y	Y	Y

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

miss comparability of treatment because they don't want to provide relief; creditors with HIPC status miss comparability because they can't provide relief.[32] This accords with China's current opposition to Paris Club debt relief, where they have routinely argued that they should not be beholden to agreements that they were not a part of negotiating. The very principles and definitions of debt on which comparability of treatment lies are being called into question. Other than the number of HIPC debtors, none of the other variables are robustly significant.

5.1 Robustness

To ensure that the results are not dependent on model specification, I highlight several further robustness tests. I describe them briefly here, and the full results are reported in the Appendix. Appendix F deals with measurement of the dependent variable. In some cases, the amount of relief provided is reported as a range. This occurs where information is insufficient and is more common in earlier reports. In a few cases, the range is quite large.[33] Thus, the main results are based on the lowest value for these observations while Appendix F demonstrates that the results are robust to choosing the higher value.

Next, Appendices H and I turn to the explanatory variables. Like other research on compliance with voluntary standards, mapping the mechanisms through which diffusion and learning occurs presents an empirical challenge. As Maggetti and Gilardi (2016) note, the operationalization of diffusion mechanisms is heterogeneous and most common measures obscure the specific nature of international interactions. Given these constraints, I increase confidence in my findings with several additional tests. First, in thinking about who seeks to diffuse the CoT norm, I replicate my analyses using aggregate measures for total trade with the G5 and the average number of shared IGO memberships with G5 countries in Appendix H. The results are robust and the substantive effect of G5-proximity

[32] This intuition is supported by a quadratic specification of the GDP variable. While not robustly significant, the negative coefficient for GDP^2 suggests that after a certain threshold, increasing income makes countries less likely to achieve CoT. Results available upon request.

[33] For example, the percent of relief provided by Saudi Arabia in 2010 is between 37% and 58%.

is similar to US-proximity, suggesting that the US plays a particularly influential role in diffusing economic ideas.

Second, in thinking about how the CoT norm diffuses, I probe the organizational measure with more creative and policy-specific measures. For example, the theory contends that political forums of all types offer space for foreign policy-makers to interact and share economic ideas. While I test this broad idea in the main analysis, I also focus on a specific forum – the Paris Club – that has the most vested interest in achieving comparable treatment. The IMF's Status of Implementation reports name several actors as routinely associating with the organization.[34] I assume that these named creditors have more routine interactions and are therefore more likely to comply with CoT. Indeed, I find that *Paris Club Association* as named in Status of Implementation reports is significantly and substantively important.

As an additional way of thinking about the mechanisms through which interactions in IGOs facilitate learning, I also build on work about policy diffusion in the IMF by (Chwieroth 2013) and (Nelson 2014). Both papers point to common educational backgrounds as both a method of indoctrination into shared beliefs and a cognitive shortcut to identify "sympathetic interlocuters." If graduate training creates shared professional identities, the educational background of bureaucrats should influence who is interacting within IGOs. I therefore collect original data on the educational backgrounds of finance and foreign affairs ministers. I use this data and the product-of-coefficients method in Appendix I to find that while joint IGO membership has a direct effect on compliance with CoT norms (β=1.465), there is also an indirect effect that flows through shared professional beliefs (β= 13.34). This sheds additional light on the mechanisms through which moral suasion operates in social channels of communication.

Appendix J turns to omitted variable bias. The findings do not change when controlling for partisanship, bureaucratic quality or civil war in the creditor country. Nor do the

[34] As quoted in multiple reports, "Argentina, Brazil, the Republic of Korea, Kuwait, Mexico, Morocco, Portugal, South Africa, and Trinidad and Tobago are associated members of the Paris Club."

findings change under alternative specifications. Results in Appendix J are also robust to using decade fixed effects and the elimination of fixed effects altogether. As China is currently the most visible opponent of comparable treatment, I also demonstrate that the results are robust to removing Chinese observations from the analysis.

Finally, I theorize that coercion is unlikely to play a significant role in achieving inter-creditor equity. Geopolitical influence is scarce and thus cannot be applied in every scenario. Here, the HIPCs are of limited strategic value. Their debts are also not large enough to generate spillover effects for the broader economic system. Therefore, the IMF's dominant shareholders, like the United States, are unlikely to expend their limited coercive capital on achieving debt relief in this context. Appendix K replicates the main analyses, including a more geostrategic measure of US/G5 – alliances. The measure is not significant; neither does it change the main findings about trade and political connections. Together, the results lend credence to the idea of a socialization process, whereby non-PC creditors learn about the pragmatic, moral, and reputational benefits of debt relief through recurring interactions in their social networks.

6 Conclusion

Debt restructuring is a voluntary process that requires agreement from multiple creditors with heterogeneous preferences. The simplest accounts of debt restructuring depict agreements between two groups of coordinated creditors – official bilateral creditors (e.g. The Paris Club) and commerical creditors (e.g. The London Club). Yet, these creditor groups are not a monolith and additional actors remain outside of these forums. Because debt reduction is a public good, each of the hundreds, sometimes thousands, of creditors fears that it will end up providing a disproportionate share of debt relief while others free-ride. The financial community has attempted to neutralize this risk by demanding comparable treatment but the principle's achievement remains elusive.

To the best of my knowledge, this paper is the first to turn to the participation of

non-PC official creditors in the HIPC Initative as a means of gaining empirical traction into the conditions under which comparable treatment can be achieved. Equitable burden sharing is achieved some of the time. I argue that moral suasion by those demanding equal burden-sharing in debt reduction occurs through learning about moral, material, and reputational consequences in social interactions. Creditors outside of institutional arrangements like the Paris Club learn about the importance of debt relief and comparability of treatment through their networks and place heightened emphasis on information received from actors who are more proximate. Using original data, I find that CoT obligations are more likely to be fulfilled when creditors are economically and politically connected to the US and/or G5. The findings add to the policy diffusion literature, shining light on how economic ideas spread through the international system in an area with little coercive or legal enforcement.

While my results come from an analysis of a best case scenario, they provide quantitative leverage in answering a contemporary puzzle. Today's creditor landscape is more fractured than under the HIPC Initiative. Public debate has centered around the rise of China, but claims to other non-Paris Club creditors like India and The United Arab Emirates are also on the rise. As many of the newest providers of bilateral finance are on the periphery of the G5's network, solving the comparability issue may also be harder than ever. Legal practioners have offered a variety of recommendations including more precision, legislative tweaks, and most favored creditor clauses (Lazard 2022, Gill and Buchheit 2022, Buchheit and Gulati 2023). Learning from HIPC debt relief suggests an alternative, or perhaps additional, approach focused on the importance of social ties. On the one hand, recent restructurings have witnessed an increased number of personal interactions between high ranking policy officials. US Vice President Kamala Harris traveled to Zambia and urged creditors to provide quick and equitable relief.[35] Sri Lankan President Ranil Wickremesingh traveled to China to discuss its debt restructuring.[36] On the other hand,

[35]https://www.reuters.com/world/africa/kamala-harris-urges-zambia-creditors-expedite-debt-restructuring-2023-03-31/

[36]https://www.reuters.com/world/asia-pacific/sri-lanka-president-visit-china-debt-talks-progress-

the results point to interactions in international organizations as key to the socialization process. Indeed, the Common Framework, negotiated in 2020, moved official creditor coordination away from the Paris Club and towards the G20. The G20 broadens the scope of actors and, potentially, provides opportunities for interaction and information sharing. However, it is too early to tell whether this change has been successful. Many have criticized the Common Framework for failing to clarify comparability of treatment past what is already used by the Paris Club.[37] Only three countries have currently invoked the Common Framework and the resulting negotiations have been protracted. Socialization processes take time and China's co-chairing of Zambia's official creditor committee offers some hope that institutional innovations can help persuade resistant creditors to adopt comparable treatment.

Most importantly, the provision of debt relief is essential to the recovery of highly indebted states. The provision of debt relief in line with the comparability of treatment principle is further important in ensuring that taxpayers in Paris Club countries are not inadvertently subsidizing the repayment of loans to other financial actors. Burden-sharing concerns may cause domestic publics in creditor states to push back against international development efforts (Bechtel, Hainmueler and Margalit 2017), which would be detrimental to the most vulnerable populations. The United States for instance, has criticized plans that indirectly use US money to "bail out Chinese bondholders or China itself."[38] As Setser and Maret (2024) emphasize, "squabbles over who gets the biggest slice of the pie are less important than getting the size or the flavour of the pie right: the real debate should be over the level of debt that the issuer can support...not which creditor can score a better deal than others."

source-2023-10-13/

[37]The Common Framework states that, "A debtor country that signs an MoU with participating creditors will be required to seek from all its other official bilateral creditors and private creditors a treatment at least as favourable as the one agreed in the MoU. Assessment of comparable efforts will be based on changes in nominal debt service, debt stock in net present value terms and duration of the treated claims" (Group of 20 2020).

[38]https://www.reuters.com/article/world/u-s-pompeo-warns-against-imf-bailout-for-pakistan-that-aids-china-idUSKBN1KK2G5/

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A Post-completion point Highly Indebted Poor Countries

Table A1: Post-completion point HIPC countries

Country	Completion Point Year
Afghanistan	2010
Benin	2003
Bolivia	2001
Burkina Faso	2002
Burundi	2009
Cameroon	2006
Central African Republic	2009
Chad	2015
Comoros	2012
Republic of Congo	2010
Democratic Republic of Congo	2010
Cote d'Ivoire	2012
Ethiopia	2004
Gambia	2007
Ghana	2004
Guinea	2012
Guinea-Bissau	2010
Guyana	2003
Haiti	2009
Honduras	2005
Liberia	2010
Madagascar	2004
Malawi	2006
Mali	2003
Mauritania	2000
Mozambique	2001
Nicaragua	2004
Niger	2004
Rwanda	2005
Sao Tome and Principe	2007
Senegal	2006
Sierra Leone	2006
Tanzania	2001
Togo	2010
Uganda	2000
Zambia	2005

B Non-Paris Club Creditors

Table B1: Non Paris Club creditors with HIPC obligations

Algeria	Libya
Angola	Mexico
Argentina	Morocco
Brazil	Namibia
Bulgaria	Niger
Burundi	Nigeria
Cameroon	Oman
Cape Verde	Pakistan
China	Peru
Colombia	Poland
Democratic Republic of Congo	Portugal
Costa Rica	Romania
Croatia	Rwanda
Cuba	Saudi Arabia
Czech Republic	Senegal
Ecuador	Serbia
Egypt	Slovakia
Guatemala	South Africa
Honduras	Taiwan
Hungary	Tanzania
India	Thailand
Iran	Togo
Iraq	Trinidad and Tobago
Israel	United Arab Emirates
Ivory Coast	Uruguay
Jamaica	Venezuela
South Korea	Zambia
North Korea	Zimbabwe
Kuwait	

C Example Data Collection from Status of Implementation Reports

Table 15. Debt Relief Committed and Delivered by the Non-Paris Club Official Bilateral Creditors to the 30 Post-Completion-Point HIPCs 1/

(in millions of U.S. dollars, 2009 PV terms unless otherwise indicated)

	Number of Completion Point Debtors		HIPC Initiative Assistance Costs		HIPC Initiative Assistance Delivered	
	Total	Relief Provided	PV Terms	Percent of Total Cost	PV Terms	Percent of Total Assistance
Creditor Country	(1)	(2)	(3)	(4)	(5)	(6)= (5)/(3)
I. Full delivery of HIPC Relief (11 creditors):						
Croatia	1	1	0	0	0	100
Egypt	2	2	10	0	10	100
Hungary	4	4	22	0	22	100
Israel	1	1	19	0	19	100
Jamaica	1	1	0	0	0	100
Morocco	1	1	3	0	3	100
Oman	1	1	2	0	2	100
Portugal	1	1	8	0	8	100
Republic of Korea	2	2	8	0	8	100
South Africa	2	2	7	0	7	100
Trinidad and Tobago	1	1	1	0	1	100
Total			**80**	**2**	**80**	**100**
II. Partial delivery of HIPC Relief (25 creditors):						
Algeria	13	3	280	6	42	15
Argentina	3	1	32	1	3	11
Brazil	2	1	10	0	7	77
Bulgaria	8	4	132	3	100 - 111	76 - 84
Burundi 3/	2	1	2	0	...	...
China 4/	26	20	405	9	225 - 273	56 - 68
Colombia	1	1	5	0	4	66
Cuba	3	1	3	0	0	7
Czech Republic	3	3	16	0	16 - 16	99 - 100
Former Yugoslavia 5/	8	2	149	3	6 - 48	4 - 32
Guatemala 6/	2	1	538	11	531	99
India 7/	7	4	43	1	5 - 30	11 - 69
Iraq	11	1	130	3	2	1
Kuwait 8/	25	17	449	9	275	61
Libya	17	4	335	7	35 - 57	10 - 17
Mexico	2	1	76	2	62	81
People's Democratic Republic of Korea	7	1	33	1	2	7
Poland	4	2	24	1	14	60
Romania	5	3	46	1	41	89
Rwanda	2	1	1	0	1	74
Saudi Arabia	20	12	266	6	98 - 154	37 - 58
Slovak Republic	3	2	46	1	34	75
Tanzania 3/	1	0	5	0	...	...
United Arab Emirates	12	1	131	3	0 - 3	0 - 2
Venezuela	5	3	82	2	42	51
Total			**3239**	**68**	**1,545 - 1,753**	**48 - 54**
III. No delivery of HIPC Relief (18 creditors):						
Angola	5	0	38	1	0	0
Cameroon	1	0	1	0	0	0
Cape Verde	1	0	0	0	0	0
Costa Rica	2	0	567	12	0	0
Cote d'Ivoire	3	0	15	0	0	0
Democratic Republic of the Congo	1	0	0	0	0	0
Ecuador	1	0	1	0	0	0
Honduras	1	0	146	3	0	0
Iran	3	0	83	2	0	0
Namibia	1	0	1	0	0	0
Niger	2	0	0	0	0	0
Nigeria	1	0	2	0	0	0
Pakistan	1	0	1	0	0	0
Peru	1	0	11	0	0	0
Taiwan Province of China	12	0	544	12	0	0
Uruguay	1	0	1	0	0	0
Zambia	1	0	0	0	0	0
Zimbabwe	2	0	0	0	0	0
Total			**1,412**	**30**	**0**	**0**
Grand Total (I+II+III)			**4,731**	**100.0**	**1,625 - 1,832**	**34 - 39**

Figure C1: Example data collection from Status of Implementation Report, 2010

D Percent Delivered - Example Countries

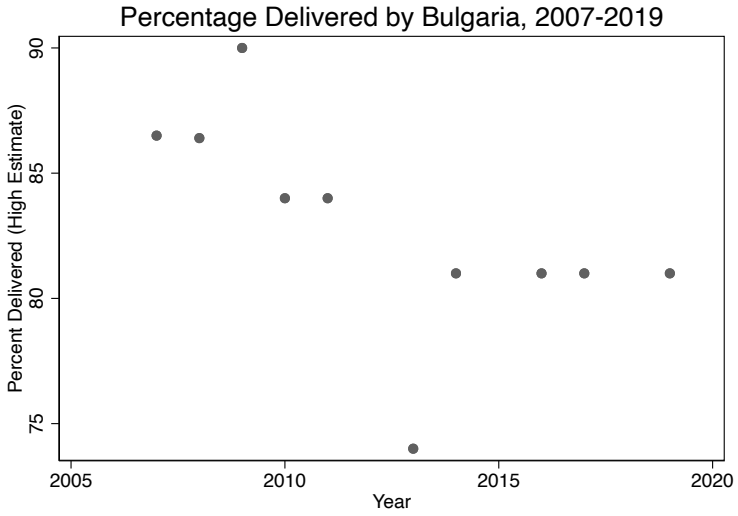

Figure D1: Percent of relief delivered by Bulgaria, 2007-2019

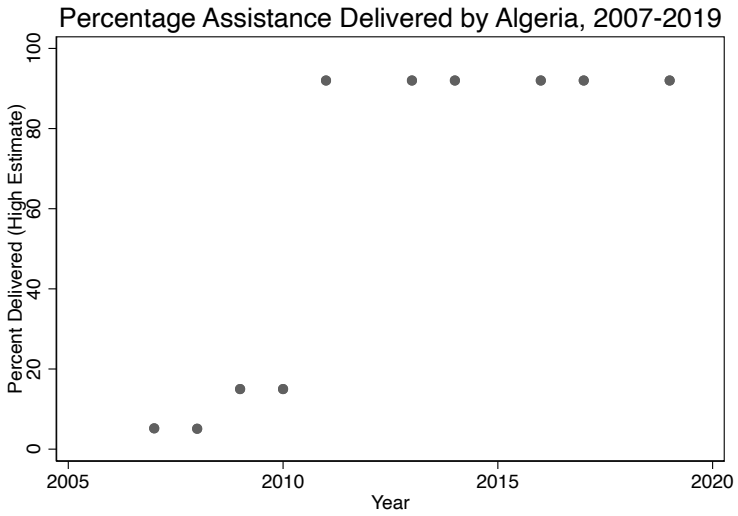

Figure D2: Percent of relief delivered by Algeria, 2007-2019

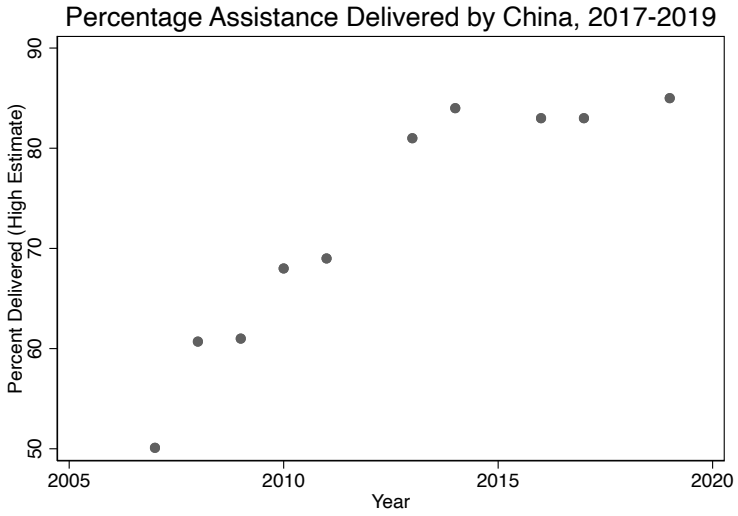

Figure D3: Percent of relief delivered by China, 2007-2019

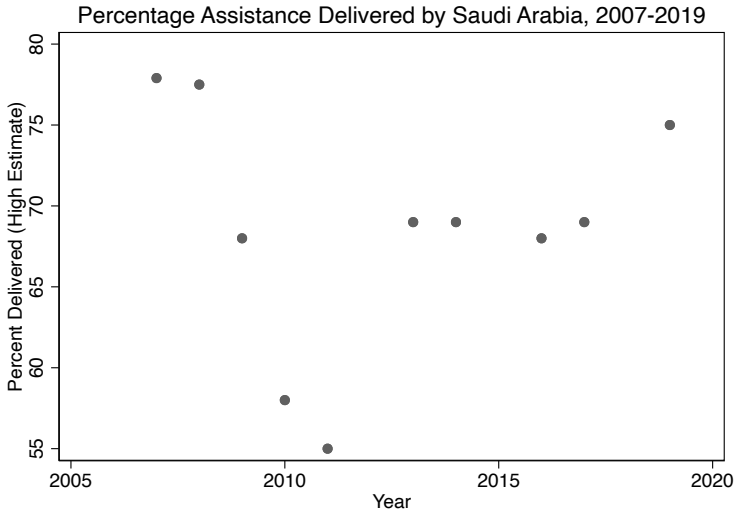

Figure D4: Percent of relief delivered by Saudi Arabia, 2007-2019

E Bivariate regression

Table E1: Bivariate results

	(1) US/Economic	(2) US/Political	(3) US/Personal
Trade with US (% GDP, log)	8.632***		
	(1.334)		
# Shared IGOs (US)		1.297***	
		(0.183)	
Year	2.022***	2.279***	1.765***
	(0.409)	(0.707)	(0.405)
Visit from US President			17.21***
			(5.534)
Trade with G5 (% GDP, log)			
# Shared IGOs (avg. G5)			
Observations	519	387	540
Region FE	Y	Y	Y

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

F High estimate of percent delivered

Table F1: High Estimate

	(1) US/Combined
Trade with US (% GDP, log)	8.845***
	(1.893)
# Shared IGOs (US)	1.064
	(0.645)
Visit from US President	17.60**
	(6.968)
GDP (log)	-4.210
	(2.861)
Natural Resource Rents (% GDP)	-0.476*
	(0.281)
Government Debt (% GDP)	0.0412
	(0.102)
HIPC Participant	-17.57**
	(7.886)
Democracy	10.25
	(14.91)
Elections	4.829
	(4.824)
# at Completion Point	0.291
	(2.181)
# Debtors	1.328**
	(0.666)
% of non-PC cost	-1.270
	(1.348)
Year	0.542
	(4.727)
Observations	292
Region FE	Y

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

G Leader Visits

Table G1: Leader Visits

	(1) Visit to US	(2) Visit to US	(3) Any leader visit	(4) Any leader visit
Trade with US (% GDP, log)		9.386***		9.242***
		(1.922)		(1.946)
# Shared IGOs (US)		1.392**		1.351**
		(0.647)		(0.658)
Leader Visit to US	2.431	-3.756		
	(4.256)	(5.151)		
Leader Visit			6.327	1.789
			(4.292)	(5.424)
GDP (log)	0.0833	-4.785	-0.339	-5.174*
	(1.666)	(2.934)	(1.706)	(2.958)
Natural Resource Rents (% GDP)	-0.602**	-0.567*	-0.572**	-0.540*
	(0.241)	(0.291)	(0.239)	(0.287)
Government Debt (% GDP)	-0.0306	0.0104	-0.0286	0.00932
	(0.0869)	(0.105)	(0.0869)	(0.106)
HIPC Participant	-20.37***	-18.22**	-20.68***	-18.79**
	(6.486)	(7.921)	(6.482)	(7.936)
Democracy	4.479	10.31	3.596	8.438
	(11.55)	(15.02)	(11.54)	(15.03)
Elections	0.429	6.231	0.495	6.035
	(4.160)	(4.935)	(4.143)	(4.917)
# at Completion Point	0.340	-0.741	0.334	-0.533
	(0.805)	(2.196)	(0.802)	(2.198)
# Debtors	1.160**	1.237*	1.128**	1.217*
	(0.525)	(0.681)	(0.522)	(0.676)
% of non-PC cost	-1.137	-1.220	-1.136	-1.208
	(1.092)	(1.371)	(1.079)	(1.354)
Year	0.390	3.048	0.444	2.594
	(1.104)	(4.756)	(1.101)	(4.765)
Observations	436	293	436	293
Region FE	Y	Y	Y	Y

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

H Other Proponents

The US is not the only proponent of comprable treatment. Therefore, in Model 1, I replicate my analyses using aggregate measures for total trade with the G5 (% GDP, log) and the average number of shared IGO memberships with G5 countries in Appendix HThe results are robust and the substantive effect of G5-proximity is similar to US-proximity, suggesting that the US plays a particularly influential role in diffusing economic ideas.

In Model 2, I focus more specifically on the intergovernmental forums through learning about debt relief and comparable treatment can occur. For example, the theory contends that political forums of all types offer space for foreign policy-makers to interact and share economic ideas. However, in this context, certain forums – particularly those that deal directly with debt relief – should be especially persuasive. One such forum is the Paris Club. While the creditors analyzed here are by definition not formal members of the organization, the Paris Club includes ad-hoc participants. Ad-hoc participants cannot block decisions and are not subject to the same information and burden-sharing requirements as formal members; They are, however, included in monthly "Tours d'Horizon" discussions and asked to participate "in good faith." Their participation is often limited to single negotiations where they havex significant claims. While the participation of ad-hoc participants on a case-by-case basis doesn't perfectly accord with a creditor-level analysis, the IMF's Status of Implementation reports name several actors as routinely associating with the organization.[39] Importantly, the list of 9 associated countries is not identical to the 14 ad-hoc participants listed on the Paris Club website. China's absence is particularly noticeable, but not surprising. Thus, I assume that the creditors mentioned as associating with the Paris Club in Status of Implementation reports have more routine interactions and are therefore more likely to honor the comparability of treatment. I substitute shared IGO membership for an indicator of *Paris Club Association* as named in Status of Implementation reports. The variable is significantly and substantively important. Creditors who the IMF names as associates of the Paris Club honor 28% more of their obligations.

[39] As quoted in multiple reports, "Argentina, Brazil, the Republic of Korea, Kuwait, Mexico, Morocco, Portugal, South Africa, and Trinidad and Tobago are associated members of the Paris Club."

Table H1: Group of 5 and Paris Club

	(1) G5/Combined	(2) G5/PC
Trade with G5 (% GDP, log)	8.960**	7.885***
	(3.523)	(2.603)
# Shared IGOs (avg. G5)	1.321*	
	(0.758)	
PC Ad hoc Member		28.59***
		(5.748)
GDP (log)	-5.670*	-4.039**
	(3.174)	(1.567)
Natural Resource Rents (% GDP)	-0.482	-0.709***
	(0.318)	(0.247)
Government Debt (% GDP)	0.0504	-0.0234
	(0.103)	(0.0937)
HIPC Participant	-23.30***	-22.48***
	(8.053)	(6.726)
Democracy	9.771	-10.57
	(15.45)	(11.98)
Elections	5.352	-0.129
	(5.088)	(4.063)
# at Completion Point	-0.443	0.543
	(2.266)	(0.785)
# Debtors	1.408**	1.039*
	(0.705)	(0.530)
% of non-PC cost	-1.074	-1.164
	(1.398)	(1.099)
Year	2.554	0.534
	(4.897)	(1.100)
Observations	285	423
Region FE	Y	Y

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

I Mechanism

As an additional way of thinking about the mechanisms through which interactions in IGOs facilitate learning, I build on work about policy diffusion in the IMF by (Chwieroth 2013) and (Nelson 2014). Both papers argue that IMF officials have to decide *who* will be most likely to share their neoliberal policy beliefs. They point to common educational backgrounds as both a method of indoctrination into shared beliefs and a cognitive shortcut to identify "sympathetic interlocuters." Informal contacts with sympathetic interlocuters provide an alternative way to interact and share ideas. Without a centralized organization for debt restructuring that lists negotiation participants, I make the assumption that finance ministers and foreign affairs ministers are the most likely actors to participate in IGO interactions and engage on policy issues like the HIPC Initiative. Based on ministerial data from (Nyrup and Bramwell 2020), I collect original data on the educational backgrounds of these officials. If graduate training is a "transformative experience for doctoral students that creates strong professional identities," the educational background of these bureaucrats should influence who is interacting within IGOs (Kogut and Macpherson 2008). Specifically, I code whether the finance minister or foreign affairs minister of a creditor country has a PhD (*Fin/FA with PhD*) and whether that PhD is in economics (*Fin/FA with Econ PhD*). I use this data and the product-of-coefficients method to decompose the total effect of shared IGO membership on compliance with the CoT norm. While joint IGO membership has a direct effect on compliance with CoT norms (β=1.465), there is also an indirect effect that flows through shared professional beliefs (β= 13.34). The effect is stronger for indicators of doctoral education than for economics-specific study.

Table I1: Educational background

	(1) Common IGO Mem	(2) % Delivered	(3) Common IGO Mem	(4) % Delivered
Fin/FA with Phd	0.901*	14.81***		
	(0.498)	(5.021)		
Fin/FA with Econ PhD			2.153***	8.144
			(0.516)	(5.555)
# Shared IGOs (US)		1.465**		1.410*
		(0.672)		(0.718)
GDP (log)	4.046***	-5.179*	3.823***	-4.156
	(0.195)	(2.892)	(0.199)	(2.927)
Natural Resource Rents (% GDP)	-0.0921***	-0.576**	-0.123***	-0.542*
	(0.0236)	(0.277)	(0.0245)	(0.292)
Government Debt (% GDP)	0.00564	0.116	0.00438	0.122
	(0.00964)	(0.110)	(0.00933)	(0.115)
HIPC Participant	1.425**	-24.71***	1.582**	-24.48***
	(0.647)	(7.879)	(0.664)	(8.112)
Democracy	6.653***	3.891	6.831***	5.291
	(1.276)	(15.55)	(1.282)	(15.73)
Elections	-0.0989	5.456	-0.250	5.345
	(0.479)	(5.074)	(0.474)	(5.262)
# at Completion Point	0.110	-0.811	0.118	-0.306
	(0.215)	(2.320)	(0.213)	(2.373)
# Debtors	-0.136**	2.321***	-0.0779	2.250***
	(0.0661)	(0.674)	(0.0643)	(0.670)
% of non-PC cost	0.0303	-2.079	-0.0171	-1.683
	(0.0647)	(1.321)	(0.0578)	(1.342)
Year	-0.162	2.042	-0.216	1.024
	(0.472)	(5.044)	(0.465)	(5.138)
Observations	266	258	261	253
Region FE	Y	Y	Y	Y

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

J Specification

Table J1: Specification

	(1) Add. controls	(2) Decade FE	(3) No FE	(4) No China
Trade with US (% GDP, log)	8.462***	8.717***	3.087*	8.911***
	(2.041)	(1.937)	(1.764)	(2.008)
# Shared IGOs (US)	1.027	1.159*	0.703	1.198*
	(0.693)	(0.657)	(0.587)	(0.676)
Visit from US President	9.844	17.14**	21.05***	17.45**
	(6.692)	(7.259)	(7.018)	(7.794)
GDP (log)	-2.897	-5.035*	-3.580	-5.280*
	(3.453)	(2.924)	(2.866)	(2.992)
Natural Resource Rents (% GDP)	-0.0726	-0.553*	-0.404	-0.489
	(0.304)	(0.285)	(0.262)	(0.317)
Government Debt (% GDP)	0.106	0.0224	0.0442	0.0122
	(0.107)	(0.103)	(0.0979)	(0.105)
HIPC Participant	-29.79***	-19.60**	-29.06***	-19.58**
	(8.204)	(7.958)	(7.675)	(7.952)
Democracy	25.37	6.949	9.313	9.128
	(16.54)	(15.02)	(15.04)	(15.66)
Elections	5.002	6.023	6.599	6.332
	(4.706)	(4.854)	(5.058)	(4.856)
# at Completion Point	-0.0176	0.976	0.771	0.0651
	(2.174)	(1.059)	(0.473)	(2.230)
# Debtors	0.731	1.168*	1.576***	0.876
	(0.687)	(0.675)	(0.593)	(0.813)
% of non-PC cost	-0.555	-1.205	-1.303	-1.190
	(1.404)	(1.340)	(1.243)	(1.350)
Left	-8.940*			
	(5.205)			
Civil War	-12.52**			
	(5.937)			
Bureaucratic Quality	0.711			
	(4.016)			
Year	2.188			1.563
	(4.756)			(4.842)
Observations	279	293	293	286
Region FE	Y	Y	N	Y

Standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

K Military relationships

Table K1: Geostrategic Relationships

	(1) US/Ally	(2) US/Combined
Trade with US (% GDP, log)		8.702***
		(1.939)
# Shared IGOs (US)		1.156*
		(0.658)
Visit from US President		16.95**
		(7.280)
Alliance with US	-3.466	4.424
	(5.819)	(7.060)
GDP (log)	0.262	-5.000*
	(1.648)	(2.928)
Natural Resource Rents (% GDP)	-0.625**	-0.557*
	(0.243)	(0.285)
Government Debt (% GDP)	-0.0256	0.0232
	(0.0876)	(0.104)
HIPC Participant	-20.37***	-19.57**
	(6.522)	(7.967)
Democracy	4.398	6.937
	(11.67)	(15.04)
Elections	0.492	6.047
	(4.160)	(4.856)
# at Completion Point	0.471	0.121
	(0.855)	(2.215)
# Debtors	1.167**	1.181*
	(0.528)	(0.676)
% of non-PC cost	-1.136	-1.201
	(1.097)	(1.342)
Year	0.139	1.394
	(1.215)	(4.773)
Observations	436	293
Region FE	Y	Y

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$