China, the IMF, and Sovereign Debt Crises

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Abstract

We argue that when two or more international organizations are closely linked and functionally differentiated, the absence of key states from one organization can undermine the functioning of the regime. In the context of the global governance of sovereign debt, we argue differences in membership across the regime, specifically the absence of China from institutions for coordinating among public creditors, has undermined the regime's ability to respond to debt crises. China's absence from the Paris Club has made it more difficult for the IMF to respond rapidly to borrowers in distress. We test our argument using original data on the negotiation of IMF programs and find that borrowing governments in debt distress have more protracted negotiations with the IMF when they owe a larger share of their debt to China. Three case studies, the Republic of the Congo, Zambia, and Pakistan, illustrate the mechanisms by which greater Chinese debt exposure delays IMF negotiations.

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1 Introduction

The governance of global issues frequently relies on multiple, overlapping institutions, which together make up a regime or a regime complex (Krasner, 1982; Alter and Raustiala, 2018).[1] Scholarship in International Relations increasingly considers relationships among international organizations (Biermann and Koops, 2017), examining when organizations share information and pool resources (Clark, 2021) or link their mandates (Johnson and Urpelainen, 2012). In this paper, we examine how closely linked institutions are affected by differences in their memberships. We argue that when two or more international organizations are closely linked and functionally differentiated, such that one organization performs functions the other relies on, the absence of key states from one organization can undermine the functioning of the regime.

We develop this argument in the context of the global governance of sovereign debt, which is characterized by overlapping institutions (Brooks, 2019; Gelpern, 2016; Josselin, 2009; Mahdavi, Schneider and Tobin, 2022). At the core of the regime is the International Monetary Fund (IMF), which provides emergency financing to countries in crisis and influences creditors' decisions whether to provide debt relief (Buchheit et al., 2019). The IMF relies on other institutions, especially the Paris Club, the body that facilitates coordination among public, bilateral creditors (Rieffel, 2003).

We argue that differences in membership across the sovereign debt regime — specifically the absence of China from the Paris Club — has undermined the regime's ability to respond to debt crises. This was on display in 2020. Faced with the prospect of COVID-induced debt crises in the developing world, the G20 established ad hoc procedures for official creditor coordination. These new institutions, the Debt Service Suspension Initiative (DSSI) and the Common Framework, were developed under G20 auspices in the tacit acknowledgment that the existing regime, with China only partially integrated, was not up to the task (Lippolis and Verhoeven, 2022). While the suspension initiative brought immediate relief to debtors, the efforts to build new and lasting institutions are as yet unproven. We examine the reason for pandemic-era turn to the G20, arguing that China's partial integration has made it harder for the regime as a whole to handle debt crises where China is a sizable creditor.

In particular, China's absence from the Paris Club has made it more difficult for the IMF to respond rapidly to borrowers in distress. This is true despite the fact that China is the third largest shareholder within the IMF. Functional differentiation within the sovereign debt regime means that shared membership in the IMF does not allow China and other

[1] Regimes tend to refer to overlapping institutions in a single issue area, while regime complexes refer to overlapping institutions from different issue areas that all nonetheless have an impact on the governance of a single issue. For simplicity, we use the term regime throughout.

official creditors to resolve diverging preferences, since coordination among official creditors has traditionally taken place within the Paris Club. China is not only absent from the Paris Club, but also has a very different approach to lending and debt relief. Without a common institution, bilateral creditors have found it difficult to resolve differences over loan collateralization, debt transparency, and burden sharing in restructuring (Acker, Brautigam and Huang, 2020; Gelpern et al., 2021). Drawing on interviews from officials in the debt restructuring regime, we argue these coordination difficulties directly impact the work of the IMF.[2] Without the Paris Club coordinating among all bilateral creditors, the IMF's work in a debt crisis becomes more difficult. The end result: borrowers that owe larger amounts of debt to China require longer to negotiate a program with the IMF, since different organizations within the regime do not work together smoothly. These delays to an IMF program can be very costly for the borrower, deepening the crisis and postponing a return to stability.

We test our argument using original data on the negotiation of IMF programs (Authors 2022). For IMF programs approved 2000-2020, we record the number of IMF negotiating trips that were required to agree the IMF loan. Using multiple measures of Chinese debt exposure, we test whether IMF programs take longer to negotiate when China holds a larger share of the country's debts. In line with our argument, we find that borrowing governments with a larger amount of debt owed to China have *more protracted negotiations* with the IMF if they are in debt distress at the time. We find these results, despite the fact that borrowers' growing debts to China came at a time of favorable global liquidity conditions, when few developing countries underwent IMF programs. Our confidence in these findings is increased by the fact that we find a relationship even in this constrained sample, and that the relationship is largely robust to different measures and data sources for Chinese debt..

Our paper makes three contributions. First, we develop an argument about how linked institutions are affected by differences in memberships. While others have examined the circumstances under which institutions become closely linked, the literature has yet to consider the effect of uneven membership across linked institutions. Second, we contribute to the debate in sovereign debt on what leads to coordination failures among creditors. Previous scholarship has focused on the number of creditors (Ferry, 2022) or differences in their lending instruments (Mamone, 2020), but we stress the importance of shared membership in institutions for managing differences in preferences. Finally, contributing to the growing literature on China's overseas lending (Bunte, 2019; Dreher et al., 2018, 2020; Zeitz, 2021), we build on recent research on China's approach to debt crises (Acker, Brautigam and Huang, 2020; Gardner et al., 2020; Bon and Cheng, 2020*a*,*b*) to argue that differences between China's practices and those of other official creditors impact the sovereign debt regime as a whole.

[2]For details about interviews, see Appendix B

2 The sovereign debt regime, the IMF, and Chinese debt

2.1 Linked institutions, uneven membership, and cooperation across a regime

Many issue areas are governed by overlapping organizations, rules, and principles around which actors' expectations converge (Krasner, 1982; Alter and Raustiala, 2018). A growing body of literature examines relationships between international organizations, characterizing these relationships in terms of delegation, information-sharing, or orchestration (Abbott et al., 2015; Clark, 2021; Biermann and Koops, 2017). In some cases, international organizations may become very closely linked, relying on other organizations for access to authority, resources, personnel, or information. Close integration may arise due to geopolitical alignments between the main members (Clark, 2021) or because of the negative externalities of one set of organizations' activities (Johnson and Urpelainen, 2012).

We build on these arguments to focus on how closely linked institutions are affected by differences in their memberships. When institutions are closely linked, such that agreements reached by members in one organization impact the operations of the other, then differences in membership between these institutions can impede the functioning of both. Membership of each individual organization allows members to cooperate, reconciling differences in their preferences. Repeated interactions within the institution make it easier for states to gather information, link disparate issues and trade concessions (Axelrod and Keohane, 1985). Over time, shared institutional membership can have a socializing effect, causing preferences of members to converge (Simmons, Dobbin and Garrett, 2006). However, if these organizations have different memberships, states may be left out of preference converging mechanisms. Especially when there is functional differentiation among linked institutions, an exclusive membership structure in one organization can mean that certain functions are only partly fulfilled, making the operations of other organizations more difficult.

There are two important scope conditions. First, states that are absent from one of the linked institutions must be highly relevant to the issue at hand. Second, they must be an outsider to the institution not only in their membership, but also in their behavior. The absence of these states from one international organization in this issue area will likely impede the effectiveness of linkages between that organization and any other organizations working in the issue area, since preferences diverge and there are fewer venues available. Important states in a given issue area may be outside of relevant institutions for a variety of reasons, for example if their significance in this issue area is new, but institutional memberships are "sticky" (Lipscy, 2018; Bunte, Gertz and Zeitz, 2021). When key actors are absent from relevant institutions and operate according to different principles, they can disrupt cooperation not only within that institution but across the regime as a whole.

2.2 Overlapping institutions in sovereign debt

Sovereign debt is a prime example of a regime with multiple overlapping international institutions that collectively govern the management of sovereign debt crises. Organizations are functionally distinct, performing different roles that reflect the interests of their different members. The London Club emerged to coordinate private lenders, the Paris Club coordinates official bilateral creditors, UNCTAD has at times attempted to coordinate borrowers (Rogoff and Zettelmeyer, 2002; Blackenburg and Wright, 2016), and legal innovations like collective action clauses govern bondholders. The specialized nature of these components of the sovereign debt regime led Gelpern (2016) to describe the governance of sovereign debt as "modular," with different component fitting together depending on the specific debt crisis.

The IMF sits at the center of this regime (Buchheit et al., 2019). It alone has the mandate and resources to provide liquidity to debtors in distress and to implement conditionality. The IMF influences the management of debt crises, including when creditors provide borrowers with debt relief.[3] In turn, the IMF relies on other institutions in the sovereign debt regime. The institution to which the IMF is most closely linked in its management of sovereign debt crises is the Paris Club, which acts as a coordinating body for official creditors and counts 22 primarily OECD countries among its members. We focus our argument on membership differences on these two closely linked institutions.

From the perspective of the Paris Club, the IMF provides reliable data and uses conditionality to reduce the moral hazard associated with debt relief.[4] The Paris Club requires a debtor country to agree to an IMF program before it will extend debt relief, to provide assurance that debt relief will form part of a broader return to economic stability.[5]

In addition, internal IMF policies require proof that a distressed borrower's debt will return to sustainability in the medium-term. The Paris Club provides a single point of communication with bilateral creditors for the Fund to receive assurance that some share of a distressed debtor's debt will be restructured, enabling a return to debt sustainability that allows the IMF to lend (Josselin, 2009).[6] Moreover, the IMF was until very recently unable to lend to countries that had fallen behind on their payments to official creditors (IMF, 2015).[7] As Hagan observes, "For many years, [the IMF's debt sustainability requirements]...did not actually have an adverse impact on the ability of the IMF to move rapidly...because the restructuring of official bilateral claims took place under the auspices of the Paris Club,

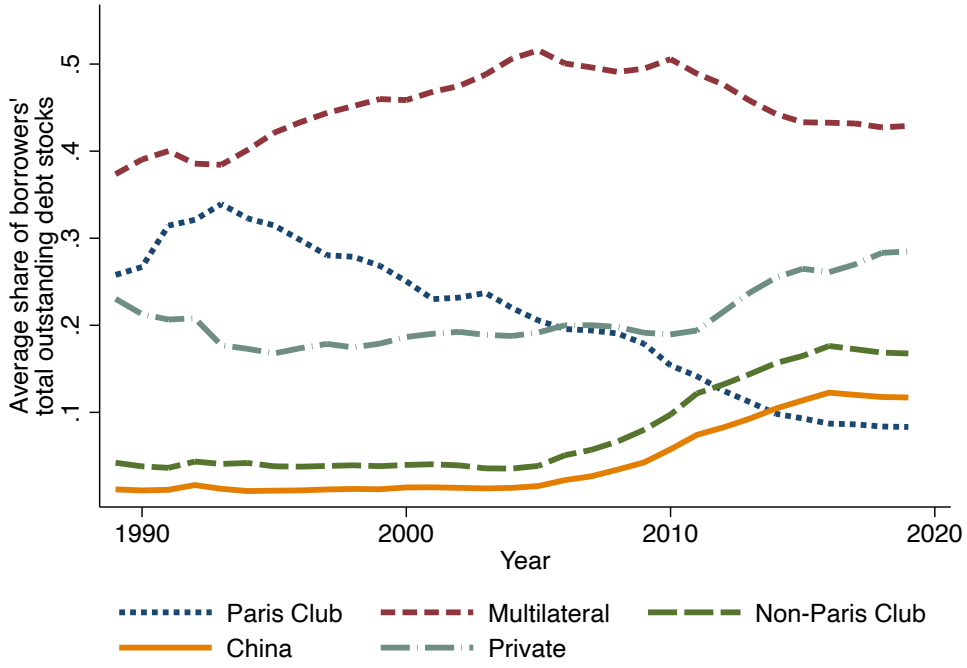
[3] Interview C. Paris Club official (October 13, 2020); Interview G. Former IMF staffer (June 21, 2021)
[4] Interview E. Current IMF staffer (May 28, 2021)
[5] Paris Club, "Six Principles"
[6] Interview B. Current IMF staffer (August 4, 2020); Interview C. Paris Club official (October 13, 2020); Interview E. Current IMF staffer (May 28, 2021)
[7] Interview G. Former IMF staffer (June 21, 2021)

which generally made commitments of debt relief at the outset of the program" (Hagan, 2020, 7). A senior IMF official further explained that "the critical piece in restructuring is the official bilateral creditors... they have real money..., diplomatic leverage, and they can influence multilaterals."[8]

2.3 China and the sovereign debt regime

China's rise has been a defining change in 21st century sovereign debt. The dramatic expansion of Chinese lending means that for developing countries, on average, debts to one creditor – China – are larger than debts to all 22 Paris Club creditors combined (see Figure 1). With this growth in loans, China has become a more important actor in the resolution of sovereign debt crises. When developing country governments face distress, it is likely that they will need to negotiate with public Chinese banks, as well as other creditors. However, despite its growing importance, China remains only partially integrated into the sovereign debt regime, having declined invitations to join the Paris Club and with approaches to lending and debt relief that differ from other official creditors.

Figure 1: Average composition of borrowers' **total** debt stocks, 1989-2019
Note: This data covers 120 low- and middle-income countries in the World Bank's International Debt Statistics dataset.



China's absence from the Paris Club impedes the coordination among bilateral creditors

[8] Interview E. Current IMF staffer (May 28, 2021).

on which the IMF has come to rely. In part, China has avoided fully joining the Paris Club – it has joined meetings as an ad hoc participant[9] – because "membership in this quintessential 'rich countries' club' could cast a shadow on China's much cherished identity as a developing country" (Wang, 2014, 9). Moreover, in becoming a full member, China would be required to adjust its lending and crisis resolution practices, and the Paris Club has yet to offer anything sufficiently attractive in return. Three practices distinguish China from other major bilateral creditors, making cooperation among creditors difficult.

First, the design of many Chinese loans are intended to protect lenders from a sovereign's inability to pay. In particular, many Chinese loans require the borrower to set up a special account to settle the borrower's debt obligations (Malik et al., 2021). These structures enhance the "seniority" of Chinese lenders' claims, as earmarking or collateralization of the loans shifts the burden of providing debt relief onto other creditors. As Gelpern et al. (2021, 30-31) note, "If a substantial portion of a country's revenue streams is earmarked for the benefit of a single creditor [i.e. China] ... this *can undermine IMF programs*, adding to the effective adjustment burden of the country and deepening haircuts for other creditors in the event of a debt restructuring."[10]

Second, Chinese lenders often insist borrowers keep the terms of loan contracts — and any debt restructuring — confidential (Strange et al., 2017; Horn, Reinhart and Trebesch, 2019). By contrast, Paris Club creditors share detailed information among themselves to better identify potential debt distress. China's insistence on confidentiality makes it difficult for other creditors to determine whether burden-sharing among creditors will be fair. Equally important, if loan terms such as special accounts or collateralization are undisclosed, this can increase uncertainty about the borrowing country's future liquidity, making it harder for creditors to agree to debt relief and for the IMF to design a program.

Finally, China's bilateral approach to crisis resolution directly impedes cooperation among official creditors. To date, China has preferred to settle borrowers' debt crises "quietly, on a bilateral basis" (Acker, Brautigam and Huang, 2020, 3). Not only does China not participate in Paris Club negotiations, Chinese loans also often include clauses that seek to exempt the debt from inclusion in any Paris Club restructuring or from treatment comparable to debt restructuring agreed with the Paris Club (Gelpern et al., 2021, 35).[11]

China's approach to managing bilateral lending and sovereign debt crises is different from other major creditors. Yet, China is absent from the institution that typically reconciles these preferences. Thus, even though China is a significant shareholder of the IMF, its absence

[9] Interview C. Paris Club official (October 13, 2020)
[10] Emphasis added.
[11] Interview D. Infrastructure finance expert (May 26, 2021)

from the Paris Club undermines the effectiveness of the IMF in sovereign debt crises. We argue that the functioning of the regime should be especially strained when China has a big impact on the crisis at hand, namely where the debtor has a larger exposure to Chinese debt. In these circumstances, the lack of a coordination mechanism to align bilateral creditors will slow down a key portion of the sovereign debt regime. It will be harder for the IMF to assess the sustainability of the debt, design a feasible program, and negotiate effectively with the debtor. This leads to our main hypothesis:

Borrowing countries with higher stocks of debt owed to China will experience more protracted negotiations with the IMF during a debt crisis

It is worth noting that difficulties caused by China's partial integration into the sovereign debt regime are by no means the only challenges in the global governance of sovereign debt. Coordination problems among private creditors, in particular, have severely undermined the modular structure of the debt regime. However, here, we focus on China's impact as creditor, since it illustrates the particular consequences of uneven state membership across linked international organizations within the same regime.

2.4 How Chinese debt exposure affects IMF program negotiations

Several mechanisms link the lack of coordination among China and other bilateral creditors with more difficult and protracted negotiations between the debtor and the IMF. The absence of a single institution for managing the differences in preferences among bilateral creditors changes the incentives of all three sets of actors involved: the IMF, creditors, and the debtor.

First, the IMF can no longer rely on the the Paris Club to provide comprehensive exposure data, nor on bilateral creditors' willingness to provide debt relief. Where a borrower has sizable debts to China, IMF staff must directly verify information about the country's outstanding debts and any debt treatments from Chinese lenders before it can be confident in the borrower's (return to) debt sustainability.[12] Since borrowers may have incentives to hide their debts and confidentiality clauses make it easier to hide Chinese debt (Brown, 2022), IMF staff must expend extra effort to establish the country's debt burden. Moreover, IMF staff must wait to hear from the borrower whether it has negotiated debt relief with its Chinese lenders, which may be slower than the response of other official creditors (Bon and Cheng, 2020*b*, 23).[13] These changes to the IMF's practices will extend the amount of time required to reach an IMF agreement.[14]

Second, the weakening of the Paris Club's function as the coordinating body for bilateral

[12] Interview E. Current IMF staffer (May 28, 2021); Interview F. Current IMF staffer (June 9, 2021)
[13] Interview E. Current IMF staffer (May 28, 2021)
[14] Interview E. Current IMF staffer (May 28, 2021)

creditors will change the incentives of other creditors, both bilateral and private.[15] If other creditors fear China will be reluctant to provide thorough debt relief, they may delay their own relief due to fears of China's free-riding.[16] As other creditors condition their assurances on China, negotiations are dragged out, delaying the agreement of an IMF program.

Finally, IMF negotiations with major borrowers from China may take longer because borrowers themselves prolong the negotiations, hoping China will provide additional financing that obviates the need for an IMF loan (Sundquist, 2021). The Paris Club's role as a coordinating body for bilateral creditors lowers transaction costs compared to negotiating separately with each creditor, but also gives borrowers few chances to see if better deals might be available. With China operating outside the Paris Club, borrowers may hope to benefit from a breaking up of the "creditors' cartel." Chinese loans are an imperfect substitute for IMF programs and yet, China has provided some flexible financing to countries in crisis, especially major borrowers. Therefore, a debtor in crisis with large volumes of Chinese debt may initiate negotiations with the IMF at the same time as pursuing conversations with Chinese lenders about potential alternative loans.[17] Chinese finance as an outside option may lead the borrower to bargain more assertively with the IMF, prolonging the negotiations.

China's partial integration into the sovereign debt regime delays the functioning of the IMF in several overlapping ways. Importantly, these delays are costly for the borrower. For one, approval of an IMF program often brings greater calm to international market assessments of the crisis, slowing down capital flight and gradually restoring the country's access to international finance (Chapman et al., 2015; Gehring and Lang, 2020). For another, the liquidity of the IMF loan allows the government to address the causes of the balance of payments crisis. The sooner this happens, the less severe the crisis becomes, allowing for more rapid recovery. Delaying approval of IMF programs is thus "unbelievably costly to the [borrower] country."[18] This makes ultimate recovery more difficult and increases the risk of crisis spillovers.

3 Research design

To test our argument, we pair our original data on the length and timing of IMF program negotiations with data on Chinese debt stocks. In all our analyses, the unit of analysis is the IMF program, which can take months to years to negotiate. Because of this potential

[15] Interview C. Paris Club official (October 13, 2020)

[16] Interview E. Current IMF staffer (May 28, 2021); Interview F. Current IMF staffer (June 9, 2021)

[17] Interview D. Infrastructure finance expert (May 26, 2021); Interview E. Current IMF staffer (May 28, 2021)

[18] Interview E. Current IMF staffer (May 28, 2021)

disjuncture between program-level and annual-level data, we measure covariates, described below, in the year negotiations begin, as identified by the first IMF mission date.

3.1 Dependent variables

We measure the strain on the IMF with a new dataset on the number of IMF negotiations. The dataset is described in greater detail in (Authors 2022). In brief, we collect data on the dates of negotiation and approval of IMF programs. Specifically, the IMF deploys staff "missions" to borrowing countries, wherein IMF staff travel to meet with representatives from the borrower government. Once on the ground, the mission team engages in data collection and, more importantly, negotiation with the borrowing government on the size of a loan and the conditions the government must fulfill to access the loan.[19] If debt levels are deemed unsustainable, this is the stage at which the IMF must receive assurances from all major creditors that debt relief will be forthcoming.[20] Sometimes, a single mission might suffice to reach an agreement. At other times, multiple missions might be required to agree on the terms of an IMF program. Negotiations end when the borrower submits a formal "letter of intent" (LOI) to the IMF and the staff file their staff report, which the Executive Board of the IMF consults when deciding whether to approve the program.[21]

We use staff reports found in the IMF's digital archives to compile data on the dates of negotiation for more than 700 programs approved 1985-2020 in our complete dataset. In this analysis, we focus on programs approved 2000-2020, when Chinese debt became a larger share of borrowers' debt stocks. From the staff reports, we collect the specific dates of IMF-deployed missions. In most cases, precise dates are available for each mission; however, there are a several cases where the month of negotiations is recorded without the exact day.

Our data collection effort builds on McDowell (2017), who provides original data on the time between the Letter of Intent and Board Approval, which he uses as a measure of the IMF's responsiveness. We expand beyond this earlier data collection effort to provide systematic data on the negotiation stage, which is jointly controlled by the IMF staff and the borrowing government. Since this is the stage at which details of the program are agreed, it is the stage at which difficulties from incompatible creditor preferences are likely to affect the IMF's work.

The dependent variable in the subsequent analysis is *Number of Missions*, a count variable of separate trips taken by the IMF staff to negotiate with a borrower country. This measure illuminates the difficulty and intractability of negotiations between IMF staff and

[19] Interview A. Former IMF staffer (June 12, 2020)
[20] Interview B. Current IMF staffer (August 4, 2020)
[21] Interview A. Former IMF staffer (June 12, 2020)

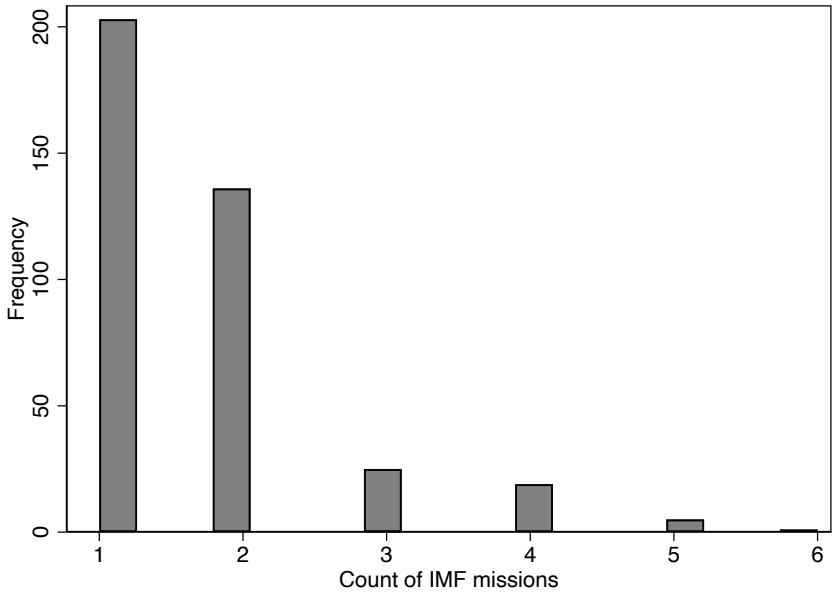


Figure 2: Number of IMF Staff Missions, 2000-2020

the borrower country. If the IMF and a borrower country fail to reach an agreement during a first mission, the IMF must incur significant costs to send a staff team back to the borrower country a second (or third, fourth, etc) time.[22] Relying on the number of missions allows us to incorporate information on a wider sample of cases, specifically those where the the dates of individual missions are recorded imprecisely. Variation is displayed in Figure 2. The average IMF program is negotiated in one or two missions; however, some programs take much longer, such as Madagascar's 2006 program, which took five missions to negotiate.

3.2 Independent Variables

Measuring Chinese debt is a challenge. As we noted above, China expends significant effort to keep the size and terms of its loans secret. Horn, Reinhart and Trebesch (2019) estimate that as much as 50% of Chinese obligations may be hidden or misclassified. While this is a limitation of any effort to analyze Chinese debt, we believe it does not negate robust empirical examination. In fact, given mounting concerns about developing country debt distress, the phenomenon we seek to study is more important than ever. We can be more confident in our findings if we find robustness across different measures of Chinese lending.

We rely on two sources for *Chinese Debt* data. The first is the World Bank's International Debt Statistics (IDS) database, which includes low and middle income countries' public and publicly guaranteed debt owed to the Chinese government (including the central bank,

[22] Interview A. Former IMF staffer (June 12, 2020)

export credit agencies and other government bodies). We rely on IDS data as our primary measure because it offers the most comprehensive temporal and cross-sectional coverage and represents the closest approximation to the data IMF staff have at their disposal during negotiations. However, while the sample is broad, its main limitation is that the dataset does not distinguish between zero values and missing data. To avoid misplaced assumptions, we treat missing values in the dataset as missing in our main analyses. We demonstrate results are robust to treating missing values as zeros.

We therefore turn to Horn, Reinhart and Trebesch (2019)'s China Debt Stock Database as a secondary measure of Chinese commitments. They construct loan-level repayment schedules to estimate the outstanding debt stocks for each country-year. While the cross-sectional sample is not as extensive, there are two main benefits to using Horn, Reinhart and Trebesch (2019)'s data. First, the authors estimate Chinese loans for their full sample, meaning we can be more confident that observations recorded as "0" represent the absence of Chinese involvement. Second, the authors methodology captures potentially hidden flows that may not reported with the IDS.

To align with our theoretical mechanisms, we use several different measures of Chinese debt. First, if Chinese lending undermines the IMF's efficiency because it requires additional data verification, Chinese debt as a share of the borrower's total outstanding debt is most relevant. We therefore include Chinese debt as a share of borrower's total public and publicly guaranteed external debt stocks. Second, Chinese debt may raise free-riding concerns for other creditors. If this is the case, it also matters how substantial Chinese debt is relative to total outstanding debt, as this defines burden-sharing among all creditors. As our focus in largely on official creditors, we use a separate measure of Chinese debt as a share of all outstanding official debt. Third, if borrowers bargain harder with the IMF because they can receive additional financing from China, the share of Chinese debt is more informative in relation to the borrower's economic position. We therefore use a final operationalization of Chinese debt as a share of borrower's GDP.

Additionally, we acknowledge that the IMF responds to many different types of borrowing country circumstances. It lends as a response to financial crises and to promote longer-term stability and development. Countries approach the IMF for a variety of reasons, not all of which are related to debt. Borrowers facing urgent balance-of-payments circumstances might be experiencing exchange rate, inflation, banking or debt crises. While these are certainly related, the role of sovereign debt and official finance varies across IMF cases. Because our theory is about difficulties in coordination among official creditors in the sovereign debt regime, Chinese lending should matter more in IMF negotiations when external debt is a significant cause of a borrower's financial distress. To address this, we include an indicator

variable to account for whether or not a borrower country is in *Default*. This is coded dichotomously based on the Bank of Canada's Credit Reporting Assessment Group's (CRAG) database on sovereign default. Our main variable of interest is the interaction between *Chinese Debt Stocks* and *Default*.[23]

3.3 Control Variables

We control for a number of economic and political factors that could affect both Chinese lending and the duration of IMF negotiations. First, we control for recipient characteristics. We include a measure of *Polyarchy* from the Varieties of Democracy Project (V-Dem). We also control for the borrower's *GDP* (constant USD, log) and *Population* (log) from the World Development Indicators.

Second, geopolitics plays an important role for both IMF programs and Chinese lenders. Just as key shareholders in the IMF use their influence to affect the size and conditionality of IMF programs, they might also use their influence to speed up the negotiation process. To account for a borrower country's strategic importance, we include four measures: the sum of official development assistance from the G5 (as a % of the G5's GDP) (*G5 Foreign Aid*), the sum of G5 commercial bank exposure (as a % of the G5's GDP) (*G5 Bank Exposure*), voting alignment with the G5 in the United Nations General Assembly (UNGA)(*G5 UNGA Agreement*) and membership on the United Nations Security Council (UNSC) (*UNSC Member*).[24]

Third, it is possible that China is lending to countries that might be "riskier" ex ante. If this is the case, then this could impact both the level of Chinese debt and the IMF's urgency to respond to financial crises. We control for a borrower's total *Public Debt to GDP* ratio with data from Abbas et al. (2010). We also include a borrower' *Short-term Debt* obligations (as a % of exports). Data is from the World Development Indicators.

Finally, we control for the IMF's bureaucratic capacity. We include dummy variables for whether or not program negotiations were concurrent with Article IV consultations, whether the IMF loan was concessional, and whether the borrower had a previous IMF program in the last 5 years. We include other IMF-level variables from our original dataset in the Appendix.

The borrowers in our dataset are low and middle income countries. Economic and political data on these countries are often characterized by high levels of missingness. According to Lall (2016), using listwise deletion for missing observations can bias estimation. However,

[23] We obtain largely similar results using *Public Debt (as a % of GDP)* as a more continuous measure of debt distress

[24] Data is from the OECD, IDS, Bailey, Strezhnev and Voeten (2017) and Dreher, Sturm and Vreeland (2009).

as Pepinsky (2018) points out, this applies most clearly to cases where missing data is missing completely at random or missing at random (as it can be predicted by other observed data). Our economic and political controls are slow to change and often correlated with one another, which suggests that they can be reasonably well predicted with other observables. We therefore conduct multiple imputation by chained equations (MICE) to replace missing values among the control variables.[25] Following Lall (2016)'s rule of thumb we generate fifteen imputations and the results are adjusted for variability between imputations.

3.4 Model Estimation

Our main dependent variable (*Number of Missions*) is a nonnegative count variable, which records the number of IMF missions deployed to a borrower country during negotiations. The variable is characterized by overdispersion, leading us to prefer the negative binomial estimator to the Poisson estimator. More recent IMF programs are approved more quickly, so we account for this temporal variation with a yearly time trend. To account for potential correlation across observations, robust standard errors are clustered at country level.

4 Results

We report our first set of results, using Chinese debt data from the IDS database, in Table 2. We report results for *Chinese Debt* as a share of borrower's official debt (Models 1 and 2), total debt (Models 3 and 4) and GDP (Models 5 and 6). For each measure, we show the conditional effect of *Chinese Debt* on the number of IMF negotiating missions with and without control variables.

Overwhelmingly, we find that countries with higher amounts of Chinese debt require *more* negotiating missions from the IMF before concluding an IMF program, but only if they are in debt distress at the time that the program is being negotiated. In other words, the IMF has more protracted negotiations with countries that have higher amounts of Chinese debt, but only if debt repayment is a pressing concern at the time. This holds regardless of how we standardize the level of Chinese debt. Using estimates from Model 2, Figure 3 predicts the number of missions by *Chinese Debt*, comparing borrowers that are in default and those that are not. At low levels of *Chinese Debt*, there is no statistically significant difference. However, at higher levels of *Chinese Debt*, borrowers that are in default can expect more protracted negotiations than those that are not. Holding all other values at their means, a borrower not in default with 40% of their official debt owed to China (ex. Ecuador 2009) can expect that agreement on an IMF program will take 1.25 missions. A borrower in default

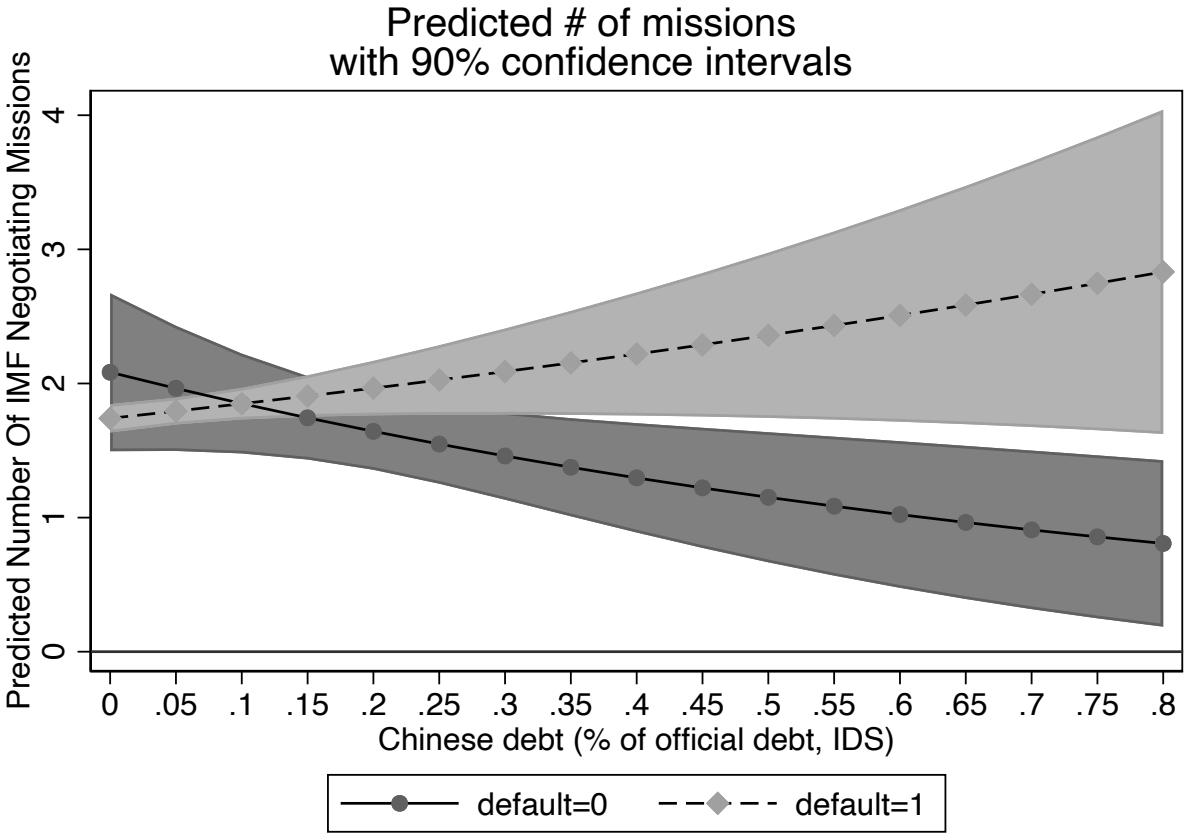
[25] Results are robust to listwise deletion.

Table 1: Effect of Chinese debt stocks on number of IMF missions (IDS), negative binomial estimation

	(1) % official	(2) % official	(3) % total	(4) % total	(5) % GDP	(6) % GDP
Default × Chinese debt	1.797**	1.796**	1.807**	1.806**	6.365***	6.299***
	(0.770)	(0.836)	(0.801)	(0.850)	(2.032)	(2.228)
Chinese debt	-1.117	-1.188	-1.279**	-1.256*	-3.570***	-3.285*
	(0.701)	(0.738)	(0.648)	(0.712)	(1.300)	(1.699)
Default	-0.161	-0.180	-0.141	-0.144	-0.159	-0.157
	(0.141)	(0.184)	(0.143)	(0.182)	(0.137)	(0.172)
GDP (log)		0.0934		0.1000		0.105
		(0.0649)		(0.0670)		(0.0668)
Population (log)		-0.00515		-0.00956		-0.00424
		(0.0549)		(0.0554)		(0.0551)
Democracy		0.0824		0.0735		0.0712
		(0.218)		(0.221)		(0.214)
G5 foreign aid (% of G5 GDP)		-4879.7*		-5129.4**		-5166.8**
		(2550.6)		(2606.5)		(2586.8)
G5 bank exposure (% of G5 GDP)		-400.7		-343.9		-409.2
		(263.2)		(258.6)		(257.5)
G5 UNGA Distance		-0.0241		-0.0186		-0.0353
		(0.0623)		(0.0632)		(0.0625)
Temporary UNSC member (0,1)		-0.0805		-0.0900		-0.0911
		(0.193)		(0.195)		(0.197)
Public debt (% of GDP)		0.00179		0.00187		0.00138
		(0.00118)		(0.00118)		(0.00128)
Short-term debt (% exports)		-0.000338		-0.000459		-0.000388
		(0.00197)		(0.00198)		(0.00192)
Bond debt (% private debt)		0.0000314		0.0000380		0.0000158
		(0.000582)		(0.000588)		(0.000576)
Negotiation with Art IV		0.00577		0.00152		0.00160
		(0.0738)		(0.0740)		(0.0740)
Recidivism		-0.0391		-0.0468		-0.0526
		(0.0702)		(0.0705)		(0.0718)
Concessional		0.148		0.141		0.152
		(0.115)		(0.113)		(0.119)
Year	-0.0258***	-0.0234***	-0.0230***	-0.0214***	-0.0238***	-0.0242***
	(0.00602)	(0.00653)	(0.00600)	(0.00655)	(0.00576)	(0.00636)
Observations	219	214	219	214	218	213

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

Figure 3: Predicted number of missions



with similar shares of Chinese debt would expect 2.2 negotiating missions. As Chinese debt rises to 60% of official debt (ex. Angola 2018), a borrower in default would expect 2.5 missions.

These results provide initial support for our expectation that higher levels of Chinese debt slow down the IMF's crisis resolution. Given the limitations of the IDS dataset, however, we are careful not to overstate their impact. To assuage concerns that significant results may be the result of reporting concerns, Table 2 presents results using data from Horn, Reinhart and Trebesch (2019), who rely on a different data generating process. If the results are similar, we can be more confident that the rise of China and its exclusion from the Paris Club is indeed a threat to the efficient operation of the debt restructuring regime.

While the results are less significant, the findings are consistent. Across all three operationalizations, *Chinese Debt* continues to have a positive effect on the number of negotiating missions for borrowers in a debt crisis. While the interactions for *Chinese Debt* as a share of official and total debt are just shy of standard levels of significance (p=0.12 and p=0.13 respectively), Chinese debt as a share of borrower GDP is positive and significant for borrowers in default. Non-defaulting borrowers with average *Chinese Debt* as a percentage of GDP (0.03)(ex. Zambia 2004) require 1.4 missions to agree a program. For defaulting borrowers, the number of missions is 1.8. As Chinese debt rises to 15% of GDP (ex. Vanuatu 2015), reaching an agreement takes approximately 2 missions for defaulting borrowers.

We encourage readers to view our results holistically. While far from causal or definitive, our findings are suggestive of a new phenomenon. Practitioners in the sovereign debt community have expressed significant concern about Chinese exposure, but only a relatively small number of developing countries actually experienced debt distress prior to the 2020 COVID shock. The number of countries experiencing debt crises that owe large volumes of debt to China is likely to rise, and for now, we derive confidence from the consistent patterns in our findings. In the Appendix, we demonstrate that the results are robust to treating missing observations from the IDS as zeros and dichotomizing Chinese exposure into a measure of *High Chinese Debt* dummy. Results are also similar interacting *Public Debt*(% GDP) as a continuous metric of financing pressure. Alternative empirical specifications also do not change our main findings. We include additional control variables to account for borrower, global and IMF trends. We also demonstrate robustness to OLS regression, region fixed effects and listwise deletion due to missing data in the control variables.

Finally, it is possible that delays in IMF negotiations may be indicative of general fractionalization in sovereign debt holdings rather than China's absence from the Paris Club. To address this possibility, we offer two placebo tests. First, our argument is about uneven membership in the debt regime. Therefore, if the largest debt holders in a crisis are mem-

Table 2: Effect of Chinese debt stocks on number of IMF missions (HRT), negative binomial estimation

	(1)	(2)	(3)	(4)	(5)	(6)
	% official	% official	% total	% total	% GDP	% GDP
Default × Chinese debt	0.721	0.838	0.699	0.821	2.605	3.201**
	(0.492)	(0.547)	(0.491)	(0.542)	(1.219)	(1.516)
Chinese debt	-0.635	-0.713	-0.694	-0.764	-1.812	-2.369*
	(0.464)	(0.524)	(0.444)	(0.503)	(0.858)	(1.222)
Default=1	0.124	0.141	0.135	0.159	0.136	0.130
	(0.134)	(0.133)	(0.134)	(0.129)	(0.107)	(0.120)
GDP (log)		0.0223		0.0263		0.0268
		(0.0786)		(0.0779)		(0.0701)
Population (log)		0.0317		0.0273		0.0221
		(0.0676)		(0.0667)		(0.0595)
Democracy		-0.128		-0.132		-0.150
		(0.242)		(0.243)		(0.226)
G5 foreign aid (% of G5 GDP)		-3027.0		-2970.4		-2761.4
		(4212.6)		(4226.1)		(4271.9)
G5 bank exposure (% of G5 GDP)		64.96		102.8		-7.641
		(454.3)		(435.9)		(481.4)
G5 UNGA Distance		-0.0403		-0.0385		-0.0618
		(0.0651)		(0.0658)		(0.0648)
Temporary UNSC member (0,1)		-0.0109		-0.0148		-0.0273
		(0.165)		(0.165)		(0.172)
Public debt (% of GDP)		0.00109		0.00108		0.00134
		(0.00171)		(0.00171)		(0.00157)
Short-term debt (% exports)		-0.00187		-0.00189		-0.00187
		(0.00249)		(0.00248)		(0.00230)
Bond debt (% private debt)		0.000143		0.000136		0.000140
		(0.000109)		(0.000109)		(0.000115)
Negotiation with Art IV		-0.0144		-0.0142		-0.0317
		(0.0822)		(0.0823)		(0.0831)
Recidivism		-0.164**		-0.165**		-0.178**
		(0.0820)		(0.0816)		(0.0825)
Concessional		0.0723		0.0746		0.0520
		(0.131)		(0.129)		(0.125)
Year	-0.0142	-0.0158*	-0.0123	-0.0139*	-0.0196	-0.0200**
	(0.00718)	(0.00832)	(0.00729)	(0.00795)	(0.00773)	(0.00803)
Observations	199	193	199	193	211	205

Standard errors in parentheses

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

bers of both the Paris Club and the IMF, the regime should function as intended. The effect of Paris Club debt stocks should be insignificant and indeed, we find that US debt stocks have no statistically significant effect on IMF negotiating timelines. Second, we construct two fractionalization measures: a Herfindahl-Hirschman Index (HHI) among official bilateral creditors and an HHI of three categories of official debt (Paris Club, non-Paris Club, multilateral). There is no statistically significant relationship between these measures of fractionalization and IMF negotiating missions, suggesting the main results are not driven by an overall diversification of debt, but by China's specific absence from the Paris Club. While we still advise caution in the face of an emerging phenomenon, the robustness of our findings gives us more faith that we have identified a meaningful challenge for the sovereign debt regime.

5 Illustrating the mechanisms

Our quantitative results do not allow us to ascertain what exactly causes initial IMF missions to be unsuccessful, leading to subsequent missions for those borrowers that are in debt distress and owe a large share of their debt to China. As we outline in Section 2, delays may be due to Chinese debt impeding normal IMF program-preparation (i.e. assessing debt sustainability), concerns about burden-sharing among creditors, or borrowers' increased leverage. We expect these dynamics are not mutually exclusive, likely playing a varying role and interacting in different crises. We conclude our analysis by using three case studies to probe the mechanisms through which Chinese exclusion from key parts of the debt regime impedes the work of the IMF.

5.1 Delaying the IMF's work - Republic of the Congo

Negotiations between the Republic of the Congo and the IMF in the late 2010s illustrate how China's absence from creditor coordination mechanisms leads the IMF to spend more time waiting for and verifying sufficient levels of debt relief. An oil-rich developing country, the Republic of the Congo established an increasingly close relationship with China from the late 2000s onward, including contracting two $1.6 billion loans from China Eximbank backed by the export earnings of the Congolese national oil company. When oil prices dropped in the mid-2010s, the country faced severe economic difficulties. Prompted by this crisis, the government approached the IMF for a loan in early 2017. Ultimately, it would take more than six missions over two years to negotiate an IMF program, in large part due to delays in debt relief from China.

During preparatory conversations, IMF staff concluded outstanding debts to China Eximbank were unsustainable and would need to be restructured. In late 2017, the Congolese Finance Minister thus began restructuring negotiations with China Eximbank (Gardner et al., 2020). These negotiations dragged on through 2018. At the high-profile Forum on China-Africa Cooperation in September 2018, the Republic of the Congo publicly requested Chinese debt relief to unlock the stalled Fund program saying, "any clear support from China . . . will assure the IMF that the reforms that the government agrees to in exchange for a rescue plan will be implemented" (Africanews, 2018). Without established mechanisms of cooperation between the IMF and Paris Club creditors, there was no agreed approach for restoring Congo to debt sustainability, as an observer noted, saying, ". . . neither the IMF nor Beijing know what definition of 'debt sustainability' [is] being used by either side" (Cuesta, 2018).

In April 2019, the Republic of the Congo and China Eximbank finally reached a restructuring agreement (Smith, 2019).[26] After the debt deal was announced, IMF staff returned to Brazzaville in May 2019 for a sixth and final time to work out the terms of an Extended Credit Facility for $448.6 million, which the Board approved in July 2019. In its staff report recommending the approval of the loan, IMF staff noted that China's debt restructuring agreements played "an important role in making progress toward restoring [Congolese] debt sustainability because they . . . reduce debt service during the program period by about $370 million, and hence provide critical program financing assurances" (IMF, 2019, 18).

The Congolese government waited more than two years from initiating talks to finally receiving an IMF loan. Since China Eximbank was slow to restructure, and without an established line of communication between Chinese lenders and the IMF, it was difficult for the Fund to receive the necessary assurances to agree a program.

5.2 Creditor coordination and holdouts - Zambia

The government of Zambia's efforts to receive an IMF program after defaulting on a sovereign bond in late 2020 illustrates how a borrower's exposure to Chinese loans introduces additional difficulties to creditor coordination, delaying access to an IMF program. In Zambia's case, private creditors' distrust of Chinese creditors led to severe delays in restructuring negotiations, and Zambia did not receive an IMF program until the summer of 2022.

In November 2020, Zambia became the first country to default on its external bond debts in the COVID-19 pandemic (Smith, 2020*b*). The default came about in part because bondholders rejected the government's debt relief proposals, instead demanding more information about the government's debts to China. In line with the DSSI, China had suspended inter-

[26] Gardner et al. (2020) estimate this deal in fact increased the net present value of the Republic of Congo's outstanding debts to China.

est payments on its debts. However, non-Chinese creditors, especially bondholders, worried that China would only postpone payments and do little to provide meaningful debt relief, instead shifting the burden onto other creditors. One analyst observed, "The informational asymmetry between creditors – with Eurobond holders in the dark surrounding the extent of indebtedness to China, including the structure and negotiations progress with Beijing – remains a sticky point" (Smith, 2020*a*).

These coordination problems among creditors dragged on until 2021, when Zambia's elections revealed new information about debts to China. After taking office, President Hichilema announced that the extent of Zambia's debt to China was greater than previously disclosed, saying "We had known for a long time that there was non-full disclosure ... So now that we're in, we are beginning to see that the debt numbers that were being talked about officially are not really the comprehensive numbers" (cited in Brautigam and Wang (2021, 1)). Even with the greater transparency about Chinese debt, bondholders were still reluctant to provide relief, fearing that China would, as in previous restructurings, fail to offer meaningful debt forgiveness. President Hichilema sought to reassure creditors, saying in an interview to the Financial Times in January 2022 "What we don't intend to do is cross-subsidise — one debt stockholder paying a higher price, if you want to put it that way, or having better terms and another having worse terms" (cited in Cotterill (2022)).

These delays among creditors also delayed an IMF program, since the Fund was unwilling to lend to Zambia until it had assurances that creditors would provide the necessary debt relief. IMF negotiations stretched over 18 months, with four separate negotiating missions. While IMF staff were ready to commit to an agreement in December 2021, the program could not be approved until the summer of 2022, when a creditor committee chaired by China and France agreed in principle to negotiate a restructuring of Zambia's debts. Zambia's experience highlights how other creditors' concerns about unfair burden-sharing can delay restructuring and thereby delay access to an IMF program.

5.3 Borrowers with outside options - Pakistan

Negotiations over Pakistan's 2019 Extended Fund Facility highlight a final threat to the operation of the debt restructuring regime. Here, Chinese (and Saudi) loans served as an alternative. While Pakistan did eventually agree to an IMF program, the presence of alternative creditors allowed them to push back against IMF demands, extending negotiations.

Pakistan was one of the earliest borrowers to benefit from Chinese credit in the 2000s. Today, Pakistan is one of the largest recipients of China's Belt and Road Initiative, including a $62 billion investment in the China-Pakistan Economic Corridor (CPEC). When Imran Khan was elected prime minister in July 2018, the country was amidst a balance of payments

and currency crisis. Many expected Pakistan to turn to the IMF. However, anticipating IMF pressure on planned social program expansions and US resistance to an IMF loan, the government resisted going to Fund with one official saying, "Pakistan will search for other options if the road to the IMF is blocked" (Bokhari and Stacey, 2018*b*). One alternative was China, which extended $2 billion in financing in the week following Khan's election.

In the following months, support from non-Paris Club creditors allowed Pakistan to delay IMF talks. Financing from China (August), the Islamic Development Bank (August) and Saudi Arabia (October) meant Pakistan could view the IMF as a "fallback option." One finance ministry official stated, "we musn't put all our eggs in the IMF basket. At least for the sake of argument, our future plans should also include a back-up which is built on Chinese money" (Bokhari and Stacey, 2018*a*). While initial plans for an IMF loan were drafted in July and IMF staff made an initial, non-negotiating trip to Islamabad in late September, Pakistan could delay a formal request to the IMF until October (IMF, 2018).

The IMF's first negotiating mission in Islamabad ended without agreement. Staff returned to headquarters citing differences on devaluing the rupee and disclosing the terms of the CPEC. Further negotiations were delayed until April 2019, largely due to the breathing room provided by other official creditors. Saudi Arabia provided $1 billion the day after the first negotiating mission concluded without an agreement. China and the United Arab Emirates also pledged additional loan facilities. From Pakistan's perspective, having outside options meant that, in the words of one Finance Ministry official,"everyone should recognize Pakistan has no shortage of friends" (Bokhari, 2018).

Alternative financing prolonged Pakistan's hopes of avoiding IMF conditionality. An agreement was reached in May 2019 and approved by the IMF Executive Board in July. While Pakistan agreed to a free-floating rupee, commentators noted that financing from alternative creditors allowed Pakistan to bargain for fewer conditions. "Diversifying its financing may have allowed Pakistan to reduce its reliance on the IMF" (Financial Times, 2019), but at the cost of rising inflation and dwindling foreign reserves as negotiations dragged on.

6 Conclusion

To function effectively, international regimes require their constituent institutions to work in the same direction. When key countries are absent from institutions performing a core function of the regime, this may impede operations of the regime as a whole. In sovereign debt, although the IMF plays a central role in resolving crises, the task of coordinating official creditors has been left outside the Fund, and left to the Paris Club instead. Though China's vote share in the IMF has gradually increased over the last decades, China has remained

outside the Paris Club, leaving it only partially integrated into the regime. China's absence from the Paris Club means that the function of official creditor coordination can no longer be performed as efficiently, stymieing the regime as a whole. The observable implication of this partial integration is that debt crises take longer to be resolved, including delays in the negotiation of IMF programs.

Indeed, we find that countries in debt distress, having defaulted on their loans, require a greater number of IMF negotiating missions when they have higher levels of Chinese debt. This finding is robust to different measures and sources of Chinese debt data. The largely consistent pattern of results despite the rarity of debt crises in the 2000-2018 period suggests a meaningful pattern in the sovereign debt regime. Countries that borrowed more from China require longer negotiations for an IMF program when they are in a debt crisis. The case studies illustrate the mechanisms by which this happens. Whether because the IMF must take more time for verification, or other creditors are slow to act, fearing China's free-riding, or borrowers bargain harder, crisis resolution is slower.

For the sovereign debt regime, our findings suggest that efforts must be made to more fully integrate China into the regime for it to function more effectively. Recent institutional developments are aimed at this goal. The Common Framework, introduced in 2020, is intended to guide debt restructuring processes for low income countries, applying to all G20 creditor countries, including China. The Common Framework is still in its infancy. It has only been invoked by three borrowing countries to date, and its recent implementation in Zambia in August 2022 suggests coordination among official creditors still remains strained. Zambia's experience suggests that the Common Framework may do little to assuage creditors' concerns about free-riding to speed up the process.

For the broader literature on global governance and regime complexity, our findings highlight the significance of differences in memberships across linked institutions. Even when institutions have close operational ties, members may be more likely to expand the membership of one organization than another, and non-members may be more motivated to join one organization than another. When these differences in membership across linked institutions arise, the regime as a whole may struggle.

Conflict of interest/Competing interest statement

The authors have no conflicts of interest to declare.

Data availability statement

The data used for the analyses in this paper will be made available upon publication.

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A Robustness checks

Table A1: Effect of Chinese debt stocks on number of IMF missions (IDS, **missing as 0**), negative binomial estimation

	(1)	(2)	(3)
	% official	% total	% GDP
Default× Chinese debt	0.954	0.992	4.048**
	(0.723)	(0.752)	(1.928)
Chinese debt	-0.474	-0.581	-1.900
	(0.622)	(0.597)	(1.228)
Default	0.0508	0.0655	0.0519
	(0.128)	(0.126)	(0.123)
GDP (log)	0.0548	0.0601	0.0613
	(0.0626)	(0.0633)	(0.0644)
Population (log)	0.00317	-0.000285	0.00287
	(0.0518)	(0.0517)	(0.0535)
Democracy	-0.0308	-0.0392	-0.0365
	(0.213)	(0.216)	(0.211)
G5 foreign aid (% of G5 GDP)	-3925.7*	-4079.8**	-3991.9**
	(2051.0)	(2053.5)	(2021.3)
G5 bank exposure (% of G5 GDP)	-322.2	-288.7	-331.4
	(517.8)	(498.9)	(509.1)
G5 UNGA Distance	-0.0221	-0.0165	-0.0278
	(0.0541)	(0.0540)	(0.0544)
Temporary UNSC member (0,1)	-0.0754	-0.0819	-0.0852
	(0.174)	(0.174)	(0.175)
Public debt (% of GDP)	0.00232**	0.00237**	0.00210*
	(0.00103)	(0.00103)	(0.00117)
Short-term debt (% exports)	-0.00143	-0.00153	-0.00155
	(0.00180)	(0.00181)	(0.00178)
Bond debt (% private debt)	0.000153	0.000157	0.000155
	(0.000131)	(0.000132)	(0.000131)
Negotiation with Art IV	0.0477	0.0462	0.0448
	(0.0627)	(0.0627)	(0.0628)
Recidivism	-0.0232	-0.0307	-0.0353
	(0.0642)	(0.0645)	(0.0645)
Concessional	0.0523	0.0498	0.0556
	(0.105)	(0.104)	(0.110)
Year	-0.0177***	-0.0163***	-0.0176***
	(0.00608)	(0.00602)	(0.00600)
Observations	275	275	274

Standard errors in parentheses

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

Table A2: Effect of Chinese debt stocks on number of IMF missions (IDS, **High/low Chinese exposure dummy**), negative binomial estimation

	(1)	(2)	(3)
	% official	% total	% GDP
Default=1 × High Chinese debt (% of official)=1	0.413*	0.421*	0.306
	(0.235)	(0.232)	(0.278)
High Chinese debt (% of official)=1	-0.373*	-0.370*	-0.317
	(0.222)	(0.221)	(0.264)
Default=1	-0.102	-0.102	-0.0546
	(0.177)	(0.176)	(0.173)
GDP (log)	0.0957	0.0938	0.0974
	(0.0679)	(0.0660)	(0.0674)
Population (log)	-0.00797	-0.00504	-0.0120
	(0.0572)	(0.0555)	(0.0572)
Democracy	0.0753	0.0768	0.0803
	(0.224)	(0.224)	(0.224)
G5 foreign aid (% of G5 GDP)	-4914.7*	-4992.3*	-5137.9*
	(2628.7)	(2643.4)	(2654.5)
G5 bank exposure (% of G5 GDP)	-267.9	-275.3	-189.6
	(250.9)	(243.2)	(250.1)
G5 UNGA Distance	-0.0191	-0.0185	-0.0133
	(0.0653)	(0.0647)	(0.0657)
Temporary UNSC member (0,1)	-0.0816	-0.0837	-0.113
	(0.186)	(0.185)	(0.196)
Public debt (% of GDP)	0.00201	0.00194	0.00200
	(0.00148)	(0.00122)	(0.00147)
Short-term debt (% exports)	-0.000578	-0.000586	-0.000609
	(0.00207)	(0.00204)	(0.00209)
Bond debt (% private debt)	0.0000407	0.0000384	0.0000406
	(0.000579)	(0.000579)	(0.000581)
Negotiation with Art IV	-0.00564	-0.00651	-0.00585
	(0.0753)	(0.0763)	(0.0769)
Recidivism	-0.0563	-0.0537	-0.0620
	(0.0702)	(0.0701)	(0.0718)
Concessional	0.145	0.137	0.149
	(0.121)	(0.114)	(0.122)
Year	-0.0187***	-0.0189***	-0.0171**
	(0.00669)	(0.00667)	(0.00682)
Observations	213	214	213

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

Table A3: Effect of Chinese debt stocks on number of IMF missions (IDS) **conditional on % public debt burden**, negative binomial estimation

	(1)	(2)	(3)
	% official	% total	% GDP
Public debt (% of GDP) × Chinese debt	0.0193	0.0332**	0.0255***
	(0.0121)	(0.0118)	(0.00967)
Chinese debt	-0.752	-1.599**	-0.281
	(0.736)	(0.649)	(1.659)
Public debt (% of GDP)	0.000644	0.000111	0.000201
	(0.00130)	(0.00121)	(0.00157)
GDP (log)	0.0833	0.0827	0.103
	(0.0605)	(0.0610)	(0.0681)
Population (log)	-0.000525	0.00124	-0.00221
	(0.0526)	(0.0524)	(0.0534)
Democracy	0.0936	0.0962	0.0269
	(0.209)	(0.203)	(0.219)
G5 foreign aid (% of G5 GDP)	-4576.0*	-4677.0*	-5415.6**
	(2473.3)	(2482.2)	(2730.5)
G5 bank exposure (% of G5 GDP)	-148.6	-127.5	-177.1
	(204.7)	(195.9)	(207.0)
G5 UNGA Distance	-0.0134	-0.00569	-0.0137
	(0.0644)	(0.0656)	(0.0627)
Temporary UNSC member (0,1)	-0.0486	-0.0696	-0.0837
	(0.198)	(0.199)	(0.194)
Short-term debt (% exports)	-0.000185	-0.000191	-0.000429
	(0.00184)	(0.00178)	(0.00200)
Bond debt (% private debt)	-0.00000803	-0.0000166	-0.0000259
	(0.000567)	(0.000571)	(0.000551)
Negotiation with Art IV	0.0159	0.0204	0.0168
	(0.0694)	(0.0682)	(0.0701)
Recidivism	-0.0320	-0.0369	-0.0594
	(0.0707)	(0.0707)	(0.0694)
Concessional	0.152	0.144	0.138
	(0.115)	(0.109)	(0.116)
Year	-0.0232***	-0.0221***	-0.0222***
	(0.00678)	(0.00672)	(0.00644)
Observations	214	214	213

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

Table A4: Effect of Chinese debt stocks on number of IMF missions (IDS) **with additional controls**, negative binomial estimation

	(1) % official	(2) % total	(3) % GDP	(4) % official	(5) % total	(6) % GDP	(7) % official	(8) % total	(9) % GDP
Default × Chinese debt	1.913**	1.937**	6.685***	1.728*	1.768*	6.104**	1.587**	1.605**	5.853***
	(0.850)	(0.866)	(2.233)	(0.911)	(0.913)	(2.485)	(0.803)	(0.913)	(2.018)
Chinese debt	-1.293*	-1.369*	-3.620**	-1.061	-1.148	-3.175*	-1.064	-1.126	-2.998*
	(0.752)	(0.727)	(1.680)	(0.789)	(0.750)	(1.753)	(0.727)	(0.703)	(1.615)
Default	-0.192	-0.156	-0.170	-0.230	-0.193	-0.205	-0.199	-0.171	-0.190
	(0.188)	(0.187)	(0.176)	(0.194)	(0.192)	(0.185)	(0.179)	(0.176)	(0.167)
GDP (log)	0.0962	0.103	0.108	0.0546	0.0627	0.0685	0.100*	0.106*	0.111*
	(0.0648)	(0.0671)	(0.0667)	(0.0647)	(0.0673)	(0.0664)	(0.0601)	(0.0610)	(0.0601)
Population (log)	-0.00736	-0.0122	-0.00728	0.00732	0.00185	0.00672	-0.0123	-0.0163	-0.0108
	(0.0551)	(0.0556)	(0.0555)	(0.0564)	(0.0571)	(0.0554)	(0.0504)	(0.0502)	(0.0504)
Democracy	0.0812	0.0747	0.0724	0.0440	0.0352	0.0361	0.183	0.180	0.181
	(0.228)	(0.232)	(0.227)	(0.236)	(0.241)	(0.237)	(0.196)	(0.197)	(0.196)
G5 foreign aid (% of G5 GDP)	-4912.6*	-5167.5**	-5210.3**	-4835.3	-5106.8	-5325.0	-4279.8*	-4464.6*	-4486.5*
	(2576.3)	(2630.9)	(2619.1)	(3507.4)	(3598.9)	(3574.8)	(2455.6)	(2492.8)	(2477.6)
G5 bank exposure (% of G5 GDP)	-419.3	-362.7	-427.8	-1343.9***	-1208.8***	-1306.3***	-436.6*	-390.3	-465.0*
	(266.3)	(263.4)	(261.1)	(391.4)	(390.7)	(392.7)	(263.5)	(255.8)	(255.8)
G5 UNGA Distance	-0.0266	-0.0207	-0.0378	-0.00188	0.00359	-0.0131	-0.0431	-0.0395	-0.0563
	(0.0638)	(0.0647)	(0.0643)	(0.0552)	(0.0555)	(0.0565)	(0.0628)	(0.0633)	(0.0628)
Temporary UNSC member (0,1)	-0.0955	-0.106	-0.109	-0.107	-0.120	-0.121	-0.0937	-0.102	-0.103
	(0.201)	(0.202)	(0.205)	(0.138)	(0.141)	(0.143)	(0.197)	(0.199)	(0.201)
Public debt (% of GDP)	0.00175	0.00182	0.00132	0.000986	0.00106	0.000692	0.00157	0.00163	0.00118
	(0.00118)	(0.00119)	(0.00128)	(0.00109)	(0.00110)	(0.00119)	(0.00115)	(0.00114)	(0.00127)
Short-term debt (% exports)	-0.000396	-0.000522	-0.000459	-0.000194	-0.000296	-0.000256	-0.000141	-0.000230	-0.000127
	(0.00198)	(0.00199)	(0.00193)	(0.00199)	(0.00200)	(0.00195)	(0.00195)	(0.00196)	(0.00188)
Bond debt (% private debt)	0.0000267	0.0000336	0.00000955	0.000102	0.000111	0.0000896	-0.00000426	-0.00000101	-0.0000173
	(0.000576)	(0.000583)	(0.000569)	(0.000569)	(0.000576)	(0.000564)	(0.000594)	(0.000601)	(0.000578)
Negotiation with Art IV	0.00741	0.00363	0.00380	-0.00257	-0.00789	-0.0116	-0.0109	-0.0153	-0.0152
	(0.0736)	(0.0735)	(0.0733)	(0.0658)	(0.0666)	(0.0671)	(0.0754)	(0.0754)	(0.0758)
Recidivism	-0.0501	-0.0583	-0.0658	-0.0547	-0.0638	-0.0748	-0.0335	-0.0399	-0.0439
	(0.0707)	(0.0710)	(0.0721)	(0.0655)	(0.0658)	(0.0666)	(0.0700)	(0.0706)	(0.0710)
Concessional	0.154	0.147	0.160	0.0911	0.0840	0.104	0.148	0.141	0.152
	(0.114)	(0.112)	(0.118)	(0.111)	(0.108)	(0.114)	(0.110)	(0.108)	(0.112)
Year	-0.0234***	-0.0211***	-0.0239***	-0.0243***	-0.0222***	-0.0242***	-0.0237***	-0.0222***	-0.0252***
	(0.00749)	(0.00750)	(0.00735)	(0.00685)	(0.00683)	(0.00685)	(0.00651)	(0.00653)	(0.00635)
Global amount in default ($)	0.000000122	0.000000126	0.000000139						
	(0.000000144)	(0.000000145)	(0.000000147)						
US Fed Funds rate	-0.000628	0.00109	0.00135						
	(0.0219)	(0.0220)	(0.0221)						
One+ missions in DC				0.358***	0.360***	0.355***			
				(0.0739)	(0.0747)	(0.0735)			
Nr. IMF programs per year				-0.000110	-0.000174	0.000322			
				(0.00759)	(0.00744)	(0.00771)			
Resource rents (% of GDP)							0.00772**	0.00812**	0.00816**
							(0.00346)	(0.00340)	(0.00330)
Observations	214	214	213	193	193	192	214	214	213

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

Table A5: Effect of Chinese debt stocks on number of IMF missions (IDS), negative binomial estimation (**Specification**)

	(1)	(2)	(3)	(4)	(5)	(6)
	% official	% total	% GDP	% official	% total	% GDP
	Region FE	Region FE	Region FE	2000-2018	2000-2018	2000-2018
Default× Chinese debt	2.036**	2.016**	6.708***	2.094***	1.822***	5.085***
	(0.847)	(0.851)	(2.384)	(0.640)	(0.616)	(1.765)
Chinese debt	-1.380*	-1.417*	-3.521*	-1.777***	-1.725***	-3.658**
	(0.757)	(0.761)	(2.036)	(0.621)	(0.623)	(1.661)
Default=1	-0.217	-0.177	-0.180	-0.173	-0.134	-0.132
	(0.194)	(0.193)	(0.182)	(0.184)	(0.184)	(0.178)
GDP (log)	0.0777	0.0883	0.0923	0.0590	0.0582	0.0648
	(0.0772)	(0.0795)	(0.0813)	(0.0571)	(0.0564)	(0.0582)
Population (log)	0.00265	-0.00520	0.00140	0.0190	0.0187	0.0197
	(0.0662)	(0.0670)	(0.0678)	(0.0510)	(0.0503)	(0.0529)
Democracy	-0.0530	-0.0646	-0.0723	0.206	0.205	0.201
	(0.234)	(0.239)	(0.230)	(0.195)	(0.195)	(0.194)
G5 foreign aid (% of G5 GDP)	-5215.6*	-5440.3*	-5422.8*	-4402.9*	-4454.7*	-4603.7*
	(2906.3)	(2955.9)	(2947.7)	(2373.1)	(2410.6)	(2385.8)
G5 bank exposure (% of G5 GDP)	-397.8	-335.6	-395.7	-294.3	-225.9	-262.7
	(379.8)	(380.4)	(401.1)	(236.6)	(240.5)	(240.1)
G5 UNGA Distance	-0.126	-0.120	-0.142	-0.0245	-0.0218	-0.0290
	(0.106)	(0.107)	(0.107)	(0.0650)	(0.0664)	(0.0648)
Temporary UNSC member (0,1)	-0.0766	-0.0866	-0.0895	-0.0669	-0.0764	-0.0828
	(0.205)	(0.206)	(0.209)	(0.197)	(0.198)	(0.201)
Public debt (% of GDP)	0.00177	0.00185	0.00129	0.00150	0.00153	0.00130
	(0.00119)	(0.00119)	(0.00128)	(0.00120)	(0.00120)	(0.00142)
Short-term debt (% exports)	-0.0000625	-0.000198	-0.000172	-0.000622	-0.000711	-0.000661
	(0.00202)	(0.00202)	(0.00195)	(0.00183)	(0.00183)	(0.00184)
Bond debt (% private debt)	0.0000155	0.0000228	0.00000176	0.0000254	0.0000301	0.0000221
	(0.000600)	(0.000605)	(0.000590)	(0.000601)	(0.000603)	(0.000598)
Negotiation with Art IV	0.000248	-0.00329	-0.00223	-0.000379	-0.00476	-0.00372
	(0.0715)	(0.0716)	(0.0710)	(0.0785)	(0.0782)	(0.0786)
Recidivism	-0.0188	-0.0268	-0.0341	-0.0656	-0.0736	-0.0730
	(0.0719)	(0.0719)	(0.0735)	(0.0730)	(0.0729)	(0.0728)
Concessional	0.171	0.162	0.170	0.122	0.119	0.124
	(0.121)	(0.119)	(0.123)	(0.103)	(0.103)	(0.107)
Year	-0.0227***	-0.0208***	-0.0239***	-0.0245***	-0.0222***	-0.0245***
	(0.00661)	(0.00668)	(0.00664)	(0.00711)	(0.00712)	(0.00697)
Observations	214	214	213	202	202	201

Standard errors in parentheses

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

Table A6: Effect of Chinese debt stocks on number of IMF missions (IDS), **OLS estimation**

	(1)	(2)	(3)
	% official	% total	% GDP
Default × Chinese debt	2.908*	2.854*	9.896**
	(1.479)	(1.536)	(4.380)
Chinese debt	-1.814	-1.881	-4.270
	(1.235)	(1.209)	(2.844)
Default=1	-0.310	-0.247	-0.256
	(0.357)	(0.350)	(0.324)
GDP (log)	0.170	0.182	0.187
	(0.127)	(0.132)	(0.131)
Population (log)	-0.0126	-0.0209	-0.00764
	(0.104)	(0.105)	(0.104)
Democracy	0.147	0.135	0.121
	(0.414)	(0.419)	(0.408)
G5 foreign aid (% of G5 GDP)	-8656.0*	-9080.1*	-9082.8*
	(4801.3)	(4872.7)	(4908.3)
G5 bank exposure (% of G5 GDP)	-638.3	-526.5	-635.3
	(543.6)	(526.3)	(533.9)
G5 UNGA Distance	-0.0499	-0.0401	-0.0703
	(0.121)	(0.123)	(0.123)
Temporary UNSC member (0,1)	-0.159	-0.171	-0.171
	(0.348)	(0.351)	(0.356)
Public debt (% of GDP)	0.00370	0.00384	0.00290
	(0.00257)	(0.00258)	(0.00281)
Short-term debt (% exports)	-0.000531	-0.000746	-0.000676
	(0.00380)	(0.00381)	(0.00367)
Bond debt (% private debt)	0.0000689	0.0000815	0.0000381
	(0.00103)	(0.00104)	(0.00103)
Negotiation with Art IV	0.00451	-0.00225	-0.00205
	(0.140)	(0.140)	(0.141)
Recidivism	-0.0677	-0.0821	-0.0835
	(0.133)	(0.134)	(0.135)
Concessional	0.273	0.265	0.270
	(0.230)	(0.227)	(0.237)
Year	-0.0412***	-0.0380***	-0.0427***
	(0.0126)	(0.0126)	(0.0124)
Observations	214	214	213

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

Table A7: Effect of Chinese debt stocks on number of IMF missions (IDS), negative binomial estimation, **no multiple imputation**

	(1) % official	(2) % total	(3) % GDP
Default × Chinese debt	1.386	1.585	6.312**
	(1.216)	(1.150)	(3.079)
Chinese debt	-1.097	-1.253	-5.425*
	(1.196)	(1.145)	(2.875)
Default=1	-0.215	-0.210	-0.221
	(0.174)	(0.169)	(0.165)
GDP (log)	-0.0573	-0.0540	-0.0571
	(0.0844)	(0.0847)	(0.0839)
Population (log)	0.0763	0.0741	0.0764
	(0.0882)	(0.0883)	(0.0870)
Democracy	0.0647	0.0609	0.0508
	(0.208)	(0.209)	(0.207)
G5 foreign aid (% of G5 GDP)	-4045.3	-4188.3	-4206.7
	(2995.2)	(3009.3)	(3023.2)
G5 bank exposure (% of G5 GDP)	-187.8	-180.8	-186.2
	(278.3)	(277.7)	(271.4)
G5 UNGA Distance	0.00374	0.00619	0.00162
	(0.0853)	(0.0863)	(0.0848)
Temporary UNSC member (0,1)	-0.410**	-0.416**	-0.431**
	(0.176)	(0.177)	(0.177)
Public debt (% of GDP)	0.000774	0.000816	0.000687
	(0.00155)	(0.00151)	(0.00157)
Short-term debt (% exports)	-0.00142	-0.00150	-0.00154
	(0.00242)	(0.00241)	(0.00240)
Bond debt (% private debt)	0.321*	0.322*	0.326*
	(0.168)	(0.167)	(0.167)
Negotiation with Art IV	0.0479	0.0470	0.0394
	(0.0894)	(0.0900)	(0.0900)
Recidivism	-0.0951	-0.0989	-0.110
	(0.0894)	(0.0902)	(0.0867)
Concessional	0.160	0.159	0.164
	(0.129)	(0.128)	(0.128)
Year	-0.0278***	-0.0274***	-0.0270***
	(0.00816)	(0.00822)	(0.00798)
Chinese debt (% of GDP, IDS)			-5.425*
			(2.875)
Observations	125	125	125

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

Table A8: Effect of **US debt stocks** on number of IMF missions (IDS), negative binomial estimation

	(1) % official	(2) % total	(3) % GDP
Default× US debt	-0.491	-1.906	-27.76
	(3.731)	(3.138)	(24.82)
US debt	1.209	2.560	27.50
	(3.404)	(2.913)	(25.02)
Default=1	0.134	0.157	0.221
	(0.145)	(0.139)	(0.151)
GDP (log)	0.0369	0.0360	0.0287
	(0.0818)	(0.0819)	(0.0806)
Population (log)	-0.00204	-0.00109	0.00598
	(0.0704)	(0.0705)	(0.0685)
Democracy	-0.107	-0.0976	-0.112
	(0.251)	(0.252)	(0.247)
G5 foreign aid (% of G5 GDP)	-2923.7	-2886.9	-2751.3
	(2728.1)	(2724.8)	(2673.1)
G5 bank exposure (% of G5 GDP)	-10.92	31.09	66.19
	(465.7)	(457.0)	(445.9)
G5 UNGA Distance	-0.0214	-0.0225	-0.0286
	(0.0733)	(0.0711)	(0.0635)
Temporary UNSC member (0,1)	-0.212	-0.215	-0.221
	(0.192)	(0.189)	(0.189)
Public debt (% of GDP)	0.00119	0.00124	0.00139
	(0.00183)	(0.00178)	(0.00179)
Short-term debt (% exports)	-0.00145	-0.00147	-0.00149
	(0.00187)	(0.00186)	(0.00185)
Bond debt (% private debt)	0.000171*	0.000172*	0.000175**
	(0.0000884)	(0.0000875)	(0.0000853)
Negotiation with Art IV	0.167*	0.170*	0.179**
	(0.0905)	(0.0902)	(0.0900)
Recidivism	-0.0687	-0.0722	-0.0842
	(0.0785)	(0.0778)	(0.0743)
Concessional	-0.0185	-0.0249	-0.0327
	(0.106)	(0.107)	(0.110)
Year	-0.0125*	-0.0129*	-0.0141**
	(0.00685)	(0.00677)	(0.00717)
US debt (% of GDP)			27.50
			(25.02)
Observations	160	160	160

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

Table A9: Effect of **Creditor Concentration** on number of IMF missions (IDS), negative binomial estimation

	(1)	(2)
	HHI official creditors	HHI PC vs. non-PC vs. multi
Default × HHI	1.132	0.540
	(0.738)	(0.637)
HHI	-1.034	-0.528
	(0.696)	(0.600)
Default=1	-0.201	-0.195
	(0.232)	(0.368)
GDP (log)	0.0633	0.0603
	(0.0623)	(0.0629)
Population (log)	-0.00441	-0.00109
	(0.0501)	(0.0507)
Democracy	-0.0368	-0.0224
	(0.216)	(0.220)
G5 foreign aid (% of G5 GDP)	-4387.9**	-4316.6**
	(2114.0)	(2103.5)
G5 bank exposure (% of G5 GDP)	-235.9	-245.8
	(476.2)	(462.8)
G5 UNGA Distance	-0.0141	-0.00965
	(0.0542)	(0.0545)
Temporary UNSC member (0,1)	-0.127	-0.119
	(0.175)	(0.178)
Public debt (% of GDP)	0.00226**	0.00231**
	(0.00108)	(0.00107)
Short-term debt (% exports)	-0.00151	-0.00160
	(0.00185)	(0.00187)
Bond debt (% private debt)	0.000161	0.000160
	(0.000130)	(0.000132)
Negotiation with Art IV	0.0493	0.0484
	(0.0629)	(0.0640)
Recidivism	-0.0352	-0.0367
	(0.0660)	(0.0659)
Concessional	0.0684	0.0560
	(0.105)	(0.106)
Year	-0.0150**	-0.0146**
	(0.00598)	(0.00604)
Observations	275	275

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

B Interviews

We interviewed seven experts who are either current or former IMF staff members or other professionals involved in debt restructuring (see Table B1). The interviews served different purposes at different stages of our research. Early on, the goals of the interviews were to understand the internal processes of the IMF's response to debt crisis, so as to ascertain when greater volumes Chinese debt were likely to impact the IMF's operations and how best to measure this. Later on, interviews were helpful for understanding the mechanisms by which Chinese loans impact the IMF's work.

All interviews were conducted in English via video call and lasted 30-60 minutes. In some cases, interviewees allowed us to record the interview to more faithfully record their responses, but in most cases they requested that we take handwritten notes. In most cases, the authors conducted the interviews jointly, allowing us to triangulate notes after the conversation. Since the professional community around debt restructuring is small and issues discussed can be politically delicate, we refer to respondents only by their institutional affiliation, rather than their job titles, to avoid the possibility that respondents could be identified.

Table B1: Interviews

Interview	Interviewee	Date	Mode of contact
A	Former IMF staff member	June 12, 2020	Video call
B	Current IMF staff member	August 4, 2020	Video call
C	Paris Club official	October 13, 2020	Video call
D	Infrastructure finance expert	May 26, 2021	Video call
E	Current IMF staff member	May 28, 2021	Video call
F	Current IMF staff member	June 9, 2021	Video call
G	Former IMF staff member	June 21, 2021	Video call

Interviews were semi-structured, with prepared questions based on individuals' professional experience, but allowing room for respondents to raise introduce issues we had not yet considered. Below, we describe the questions we asked interviewees and provide context for the interview references in the text above.

Interview A: Former IMF Staff Member

Date: June 12, 2020
Questions:

1. Where would we look to find out *when* a country approached the IMF for a program?
2. What are the IMF policies that affect how the IMF responds to a country's debt in a program negotiation?
3. What determines the length of time between when a country requests a program and when a mission is sent to the country?
4. How much negotiation is there with borrowing country official before a mission goes to the country? Should the time before a mission arrives be seen as "negotiation time"?
5. If the mission brief tightly constrains the mission in what it can offer, then how much negotiation actually happens during the mission?
6. What does it indicate if there were multiple missions for a single program?
7. When does sovereign debt restructuring come up during program negotiations?
8. What other attributes of borrowing countries might make some negotiations longer or more difficult than others?
9. What else is important to note about the mission?
10. What happens after the mission leaves the borrowing country?

We use the following responses from this interviewee in the paper:

- Footnote 19: We reference this interview when describing the IMF staff's activities during an IMF mission, "the mission team engages in data collection and, more importantly, negotiation with the borrowing government on the size of a loan and the conditions the government must fulfill to access the loan." The respondent said the following about this process:
  - "First of all, at the beginning of the mission, the team usually gets up-to-date data from the borrowing country. So, they crunch the numbers, create an updated flow-of-funds scenario ... Then, the mission brief will identify red lines as well as areas of flexibility, so there is some scope to negotiate the terms. Sophisticated

borrowing governments will have done their own alternate scenarios or have hired consultants to create the scenarios, and they will ask the Fund to defend their assumptions, saying 'Why do you think we'll grow at 3%? What if we grow 6%, how would the program change then?' "

- Footnote 21: We reference this interview when explaining how missions conclude, leading to IMF Board approval of a program, "Negotiations end when the borrower submits a formal "letter of intent" (LOI) to the IMF and the staff file their staff report, which the Executive Board of the IMF consults when deciding whether to approve the program". The respondent explained:
  - "When the mission leaves, they will say, sometimes at a press conference, that they have agreed a program '*ad referendum*', because it's not yet final. They will still need to go through a review back at the Fund"
- Footnote 22: We cite this interview when explaining that multiple missions are an indication of failure to reach agreement between Fund staff and the borrowing government "If the IMF and a borrower country fail to reach an agreement during a first mission, the IMF must incur significant costs to send a staff team back to the borrower country a second (or third, fourth, etc) time". The interviewee explained:
  - "If there are multiple missions for a program it meas that there were disagreements with the government that couldn't be resolved in one mission. Those disagreements might be over where exactly cuts will be made. There are often political economy reasons why governments don't want cuts in certain sectors, maybe because influential people are involved in the state-owned enterprises the Fund wants them to privatize. In some cases, it's because there is political interference from Fund management, but African countries are often considered less strategic for the Fund, so there is less political inference there, the discussion will be more technical ... Negotiations will also be longer if countries have a larger financing gap or have a greater number of creditors. Lack of government transparency can also make negotiations take longer"

Interview B: Current IMF Staff Member

Date: August 4, 2020
Questions:

1. How does the diversity among creditors affect the IMF's engagement with a borrowing country?

2. How much communication is there between the IMF and creditors during restructuring processes?

3. How does communication between the IMF and non-Paris Club creditors work?

4. How do protracted restructuring negotiations affect the IMF's work?

We use the following responses from this interviewee in the paper:

- Footnote 6: We reference this interview when explaining the close relationship between the Paris Club and the IMF allows the Fund to project the borrowing country's return to debt sustainability, "The Paris Club provides a single point of communication with bilateral creditors for the Fund to receive assurance that some share of a distressed debtor's debt will be restructured, enabling a return to debt sustainability that allows the IMF to lend". The respondent said the following:
  - "With the Paris Club, there is an institutional link to the IMF. With non-Paris Club creditors, there are links to the central bank and representatives at the Fund ... With the private sector, with bondholders, there's no engagement at all"

- Footnote 20: We cite this interview when explaining that in order for an IMF program to go ahead, the country's debt must be deemed sustainable, including through any necessary restructuring, "If debt levels are deemed unsustainable, this is the stage at which the IMF must receive assurances from all major creditors that debt relief will be forthcoming." The respondent explained:
  - "The key is for any debt reduction and restructuring to be credible *before* the IMF can go ahead with a program. With the Paris Club, an 'Agreement in Principle' will be sufficient for the IMF to have credible assurance"

Interview C: Paris Club official

Date: October 13, 2020
Questions:

1. When do conversations between the Paris Club and debtors usually begin?
2. What can slow these negotiations down?
3. Which countries take the lead in negotiations?
4. What is the nature of disagreements in negotiations?
5. Who represents Paris Club members in the negotiations?
6. Where does the Paris Club get data on the level of a debtors' exposure to non-Paris Club lenders?
7. Do issues with data transparency impede the effectiveness of the Paris Club?
8. What is the nature of the engagement with non-Paris Club creditors?
9. Do you think there will need to be institutional changes to encourage non-Paris Club creditors to join? Why hasn't China joined?

We use the following responses from this interviewee in the paper:

- Footnote 3: We cite this interview in support of our claim that the IMF guides creditors' decision for whether to provide debt relief, "The IMF influences the management of debt crises, including when creditors provide borrowers with debt relief". The interviewee said the following:
  - "Before a debtor formally approaches the Paris Club, there is technical work between the Secretariat and the debtor country to reconcile data on the level of exposure ... Also, the IMF's assessments feed into this Paris Club technical conversation with creditor. There needs to be agreement on whether the debt treatment is needed"
- Footnote 6: We reference this interview when explaining the close relationship between the Paris Club and the IMF allows the Fund to project the borrowing country's return to debt sustainability, "The Paris Club provides a single point of communication with bilateral creditors for the Fund to receive assurance that some share of a distressed

debtor's debt will be restructured, enabling a return to debt sustainability that allows the IMF to lend". The respondent said the following:

  - "...the Paris Club will provide financing assurances. The IMF needs to know that debt can be reduced to a sustainable level before they can begin a program, so the Paris Club will issue an assurance that they will provide restructuring broadly in line with the program, even when terms haven't been agreed yet, so as not to slow down the IMF program"

- Footnote 9: We cite this interview as evidence when explaining that while China has ad hoc participant status at the Paris Club, they have yet to participate in any agreements of the Paris Club. The interviewee explained:

  - "An ad hoc participant is a permanent status. At the moment [in 2020], we have three ad hoc participants: China, India, and South Africa. These countries participate in our monthly tour d'horizon meetings, they can participate in treatments, but they don't have to ...Neither China, India, nor South Africa have so far signed an agreement ...The idea is that being an ad hoc participant is a transitional status ...China's possible membership is affected by the broader geopolitical context, tensions between China and the US"

- Footnote 15: We reference this interview when describing the weakening role of the Paris Club. Notably, this as an official at the institution, this interviewee saw different futures for the Paris Club, but both acknowledged that the Paris Club in its current incarnation would need to change. The respondent said:

  - "The Paris Club will remain the technical hub of debt restructuring. No one is questioning the technical capacity and experience of the Paris Club. I think there are two possible scenarios. First, non-Paris Club creditors come into the Paris Club and it becomes more integrated. Second, the negotiations over restructuring happen elsewhere, but the Paris Club remains the technical hub for restructuring"

Interview D: Infrastructure finance expert

Date: May 26, 2021
Questions:

1. In your experience, when a borrower approaches a Chinese lender with a restructuring proposal, what is the extent of consultation with other lenders?

2. When a Chinese lender is considering a restructuring proposal, how important are the terms another lender might have offered the borrower? How important is comparability of treatment?

3. Do you have a sense of when Chinese lenders are more open to coordinating with the Paris Club?

4. For the Paris Club, an agreed IMF program is a requirement forr restructuring? Do Chinese lenders have any requirements that borrowers must satisfy certain macroeconomic benchmarks to access restructuring?

5. When a borrower is in debt distress and approaches a Chinese lender for restructuring, what is the extent of information exchange with other lenders?

6. Where do Chinese creditors believe they fit in the timeline and seniority structure with other creditors?

We use the following responses from this interviewee in the paper:

- Footnote 17: We cite this interview as evidence for the fact that borrowers may approach China at the same time as negotiating with the IMF, "a debtor in crisis with large volumes of Chinese debt may initiate negotiations with the IMF at the same time as pursuing conversations with Chinese lenders about potential alternative loans". The interviewee said:
  - "Chinese banks move separately from the other creditors ... Sovereigns would rather restructure their bilateral debt [with China], because it is private [discrete], doesn't get disclosed to credit rating agencies, doesn't affect their market position"
- Footnote 11: We cite this interview when explaining that Chinese (commercial) lenders' loan contracts often include clauses that explicitly exempt these loans from Paris Club treatment. The respondent said:

– "These 'no-Paris Club' clauses are coming out of the fact that these lenders [China Development Bank, China ExIm] see themselves as commercial banks and don't want to be included in this [official creditor] process"

Interview E: Current IMF staffer

Date: May 28, 2021
Questions:

1. What is the sequencing of negotiations between the IMF and the borrower and the Paris Club and the borrower, since these institutions are closely related?

2. How long do informal conversations between the borrower and the Paris Club usually go on before a final agreement is reached?

3. How does the rise of Chinese lending affect the relationship between the five key actors: IMF, non-Fund multilaterals, Paris Club, China, and the borrower?

4. What is the effect of a lack of transparency of Chinese lending? Is the problem for the IMF and creditors the lack of knowledge about the extent of a borrower's debt to China? Or uncertainty about how Chinese lenders will treat the debt?

We use the following responses from this interviewee in the paper:

- Footnote 4: We cite this interview when explaining how the Paris Club relies on the IMF, saying "From the perspective of the Paris Club, the IMF provides reliable data and uses conditionality to reduce the moral hazard associated with debt relief." The interviewee said:
  - "The IMF is absolutely critical to the working of the Paris Club. The Paris Club would absolutely collapse without the IMF ... The IMF is the crisis resolution institutions, we have the data, we have the insights. The Fund program is what is needed to anchor the rest of the solution"

- Footnote 6: We reference this interview when explaining the close relationship between the Paris Club and the IMF allows the Fund to project the borrowing country's return to debt sustainability, "The Paris Club provides a single point of communication with bilateral creditors for the Fund to receive assurance that some share of a distressed debtor's debt will be restructured, enabling a return to debt sustainability that allows the IMF to lend". The respondent said the following:
  - "Once the Paris Club has decided that they will go ahead, they will provide a letter of assurance of financing treatment. The IMF then has a sense of the possible range of the reduction in debt. The IMF can build that into its projections of

what it will take to return to sustainability . . . All the IMF needs is for the Paris Club to give assurances, the IMF can reach agreement with a borrower on that basis. It doesn't need the final agreement to be concluded"

- Footnote 8: We quote from this interview to explain the importance of official creditors in the sequence of a restructuring and a resolution of the debt crisis. The interviewee said:
  - "It's easy to talk about different creditors, but the critical piece in restructuring is the official bilateral creditors. These creditors have real money they can put on the table, they have real leverage through their diplomatic leverage, they can influence multilaterals. These official creditors are the ones that can finally sign off on IMF or World Bank financing. Therefore, it's important that the official piece works well. Unfortunately, with the rise of emerging creditors, this piece has become more fragmented"
- Footnote 12: We cite this interview when explaining that Chinese debt may delay the IMF because of uncertainty about how Chinese lenders will restructure the debt. The interviewee said:
  - "I don't think that the issue is what the amounts [of debt] are, the issue is what *the terms* are, what the *seniority* is, what will China offer in terms of treatment? . . . The issue isn't really about hidden debt . . . the amounts that have been disbursed we know about . . . The area of uncertainty is about what these creditors are willing to do [in terms of debt relief]"
- Footnote 13: We reference this interview when explaining that China may be slower to provide debt relief. The respondent said the following:
  - "In most cases, China doesn't wake up to how bad the problem is. Often, China is one to two years late to when the crisis needs to be addressed. Because they have their own diplomatic relations that shape how they're thinking about things. From a sovereign debt perspective, they're often late"
- Footnote 14: We cite this interview in support of our claim that delays in Chinese lenders' approach to debt crisis can delay the IMF's work. The interviewee said:
  - "It causes problems if China doesn't clarify what they're willing to do. If they won't clarify whether their claims are private or official. If they won't clarify if PBOC [People's Bank of China] swap lines will be called . . . Even if Paris Club

lenders are ready to move, and if China as 50% of the debtisn't willing to move, then the system is stuck, then the IMF is also stuck. IMF and multilaterals cannot move unless the official bilaterals move, and if China is not willing to move, then the multilaterals cannot move. Then also the private creditors are not willing to move. It slows the whole thing down"

- Footnote 16: We cite this interview when noting that Paris Club creditors worry about the behavior of Chinese lenders, which may lead them to delay restructuring, saying "If other creditors fear China will be reluctant to provide thorough debt relief, they may delay their own relief due to fears of China's free-riding". Referencing Paris Club creditors' requests that the IMF share confidential data about borrowers' exposure to China, the interviewee said:
  - "The debtor has conveyed information to us on a confidential basis about their exposure to China. The Paris Club wants that information from us, but we're not in a position to provide that confidential information. Some of these conversations are just horrible, because the Paris Club creditors . . . may push the IMF to release that data, but the IMF cannot simply release that information on China. The focus of the Paris Club creditors really is not about all non-Paris Club creditors, but about China *in particular*, which makes things difficult"
- Footnote 17: We cite this interview as evidence for the fact that borrowers may approach China at the same time as negotiating with the IMF, "a debtor in crisis with large volumes of Chinese debt may initiate negotiations with the IMF at the same time as pursuing conversations with Chinese lenders about potential alternative loans". The interviewee said:
  - "This is the old problem of 'gambling for resurrection'. When the official sector can't move with one voice, then they [the borrower] will try to do a big bilateral deal with China, and will try to use that to bargain with the Fund. They'll try to fight on the DSA [Debt Sustainability Analysis]. Any Minister of Finance who announces a restructuring is going to lose their job. The reputational costs of default are such that they will encourage countries to say that they will get a deal with China, that they don't need a restructuring"
- Footnote 18: We reference this interview in support of our claim that delays to an IMF program are harmful for a borrowing country. The interviewee observed:

– "Delays [in one creditor's response] strains the other relationships. For the debtor, the Fund will indicate that the debt position is really bad, and then it takes a really long time to move. If it takes two and a half or three years, that's unbelievably costly to the country. They've lost three years while the country keeps going down"

Interview F: Current IMF staffer

Date: June 9, 2021
Questions:

1. How does it affect the working of the Paris Club that some large official bilateral creditors (especially China) are not full members of the Paris Club?
2. How does the absence of non-Paris Club creditors from the information-sharing mechanisms of the Paris Club affect efforts to assess a debtor's capacity to pay?
3. If a debtor is negotiation with different official creditors in parallel tracks, how does this affect a debt restructuring?
4. What efforts are there to ensure that the comparability of treatment clause is upheld by other official creditors?
5. How does diversity among official creditors affect the IMF's work during a crisis? When preparing the debt sustainability analysis, how does diversity among official bilateral creditors affect the IMF's work?
6. If official creditors disagree on whether restructuring is necessary, how does this affect the IMF's work?
7. The 2015 change to the IMF's lending into arrears policy signaled how delays from official creditors could impact the IMF's work. Is there a case besides Ukraine where this has been applied?
8. What potential do you see for the Common Framework to address some of the gaps in the international architecture for sovereign debt?

We use the following responses from this interviewee in the paper:

- Footnote 3: We cite this interview in support of our claim that the IMF guides creditors' decision for whether to provide debt relief, "The IMF influences the management of debt crises, including when creditors provide borrowers with debt relief". The interviewee said the following:
  - "The IMF does not advise a borrower country on how the restructuring is supposed to happen. All the IMF will do is say that the debt is not sustainable,

debt has to be reduced, and by how much, but they will not say how it will happen. The IMF would say whether something is consistent or not with the debt sustainability framework, but not the detail of the treatment"

- Footnote 12: We cite this interview when explaining that Chinese debt may delay the IMF because of uncertainty about the terms of Chinese debt. The interviewee said:
  - "The Chinese [loan] contracts often have contractual clauses that make things more challenging [e.g. collateralization], and sometimes the debtor cannot disclose their existence, this adds to the complexity"
  - "It's not diversity of creditors [per se] that's problematic. The problem is the lack of transparency, accuracy, and reliability on the side of the debtor. If the debtor has bad data because of their lack of capacity or because of features of the debt that are hidden, that is a huge problem"
  - "In the 1980s, the assurances [from creditors] were enough [to indicate a return to debt sustainability] and allow an IMF program, and then creditors would do the [debt] treatment later. The newcomers, all of them, not just China, they don't like that. They don't like providing commitments they will do 'whatever it takes', not knowing what it will take. We're in the learning curve. It creates tensions and delays, but it isn't a geopolitical issue as such"
- Footnote 16: We cite this interview when noting that Paris Club creditors worry about the behavior of Chinese lenders, which may lead them to delay restructuring, saying "If other creditors fear China will be reluctant to provide thorough debt relief, they may delay their own relief due to fears of China's free-riding". The interviewee said:
  - "Information sharing is important, but the biggest role [of China's absence from Paris Club] is in the sense of *fair burden sharing*. At the end of the day, it's tax payers' money providing debt relief. Governments can't say we lost more than our neighbor, they need to say that others did the same . . . To have orderly and timely restructuring, you need creditor coordination. No creditor is willing sign off on the debt restructuring not knowing what the other will do. Everyone is waiting for the other, so it doesn't work. From the Paris Club, there is no agreement if there is waiting for the other [i.e. China]"

Interview G: Former IMF staffer

Date: June 21, 2021
Questions:

1. How does it affect the Paris Club that large official bilateral creditors, especially China are not full members? How does the absence of non-Paris Club creditors affect creditor coordination and trust?

2. How does diversity among official creditors affect the IMF's work during a crisis? How does it affect the IMF's debt sustainability analysis?

3. The 2015 change to the IMF's lending into arrears policy signaled how delays from official creditors could impact the IMF's work. What was the impetus for this?

We use the following responses from this interviewee in the paper:

- Footnote 3: We cite this interview in support of our claim that the IMF guides creditors' decision for whether to provide debt relief, "The IMF influences the management of debt crises, including when creditors provide borrowers with debt relief". The interviewee said the following:
  - "The IMF prepares a balance of payments table which specifies what is available to satisfy the claims of official and private creditors. The Fund then tells the Paris Club that they need to 'cough up' this much money. Because the Fund is the lender of last resort, the Paris Club creditors know that unless the IMF is at the table, other creditors won't be brought in. That is the leverage of the IMF over official bilateral creditors, defining the parameters of resources and relief that the Paris Club has to provide"

- Footnote 7: We reference this interview to support our point that IMF policies until 2015 made it difficult to lend to a country that had not resolved its outstanding arrears to official creditors. The interviewee said:
  - "The thrust of the 2015 paper was to allow for the Fund to be able to proceed to lend to a country where the country had made a good faith effort to enter into discussion with its creditors ... In theory, this policy should allow the Fund to lend to a member that was in arrears to a major official creditor. I think that the Fund has not had the guts to do anything like that"