

Accepted Manuscript

Room for discretion? Biased decision-making in international financial institutions

Valentin F. Lang, Andrea F. Presbitero

PII: S0304-3878(17)30064-0

DOI: [10.1016/j.jdeveco.2017.09.001](https://doi.org/10.1016/j.jdeveco.2017.09.001)

Reference: DEVEC 2158

To appear in: *Journal of Development Economics*

Received Date: 25 January 2017

Revised Date: 8 September 2017

Accepted Date: 12 September 2017

Please cite this article as: Lang, V.F., Presbitero, A.F., Room for discretion? Biased decision-making in international financial institutions, *Journal of Development Economics* (2017), doi: 10.1016/j.jdeveco.2017.09.001.

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



Room for Discretion?

Biased Decision-Making in International Financial Institutions

Valentin F. Lang (Heidelberg University)

Andrea F. Presbitero (International Monetary Fund and MoFiR)

Abstract: We exploit the degree of discretion embedded in the World Bank-IMF Debt Sustainability Framework (DSF) to understand the decision-making process of international financial institutions. The unique, internal dataset we use covers the universe of debt sustainability analyses conducted between December 2006 and January 2015 for low-income countries. These data allow us to identify cases where the risk rating implied by the application of the DSF's mechanical rules was overridden to assign a different official rating. Our results show that both political interests and bureaucratic incentives influence the decision to intervene in the mechanical decision-making process. Countries that are politically aligned with the institutions' major shareholders are more likely to receive an improved rating; especially in election years and when the mechanical assessment is not clear-cut. These results suggest that the *room for discretion* international financial institutions have can be a channel for informal governance and a source of biased decision-making.

JEL codes: F34, F53, H63, H68

Keywords: International organizations; Political economy; IMF; World Bank; Debt sustainability

Valentin F. Lang, Heidelberg University; email: valentin.lang@awi.uni-heidelberg.de. Andrea F. Presbitero, International Monetary Fund and MoFiR; email: apresbitero@imf.org. We thank two anonymous referees, Luca Bandiera, Andrew Berg, Tito Cordella, Axel Dreher, Andreas Fuchs, Christopher Humphrey, Christopher Kilby, Sarah Langlotz, Gerard Padro i Miquel (the editor), Juan Pradelli, Katharina Richert, Eyal Rubinson, Tim Willems, several IMF and World Bank staff, and participants at the conference on the Political Economy of International Organizations, January 12-14, 2017, at the European Public Choice Society conference, April 19-22, 2017, the Development Economics and Policy conference, June 1-2, 2017, and at seminars at the IMF and at Heidelberg University for useful comments and discussions. We also thank numerous staff at the IMF for assistance in accessing the data on the debt sustainability analyses. The views expressed herein are those of the authors and should not be attributed to the IMF, its Executive Board, or its management.

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات