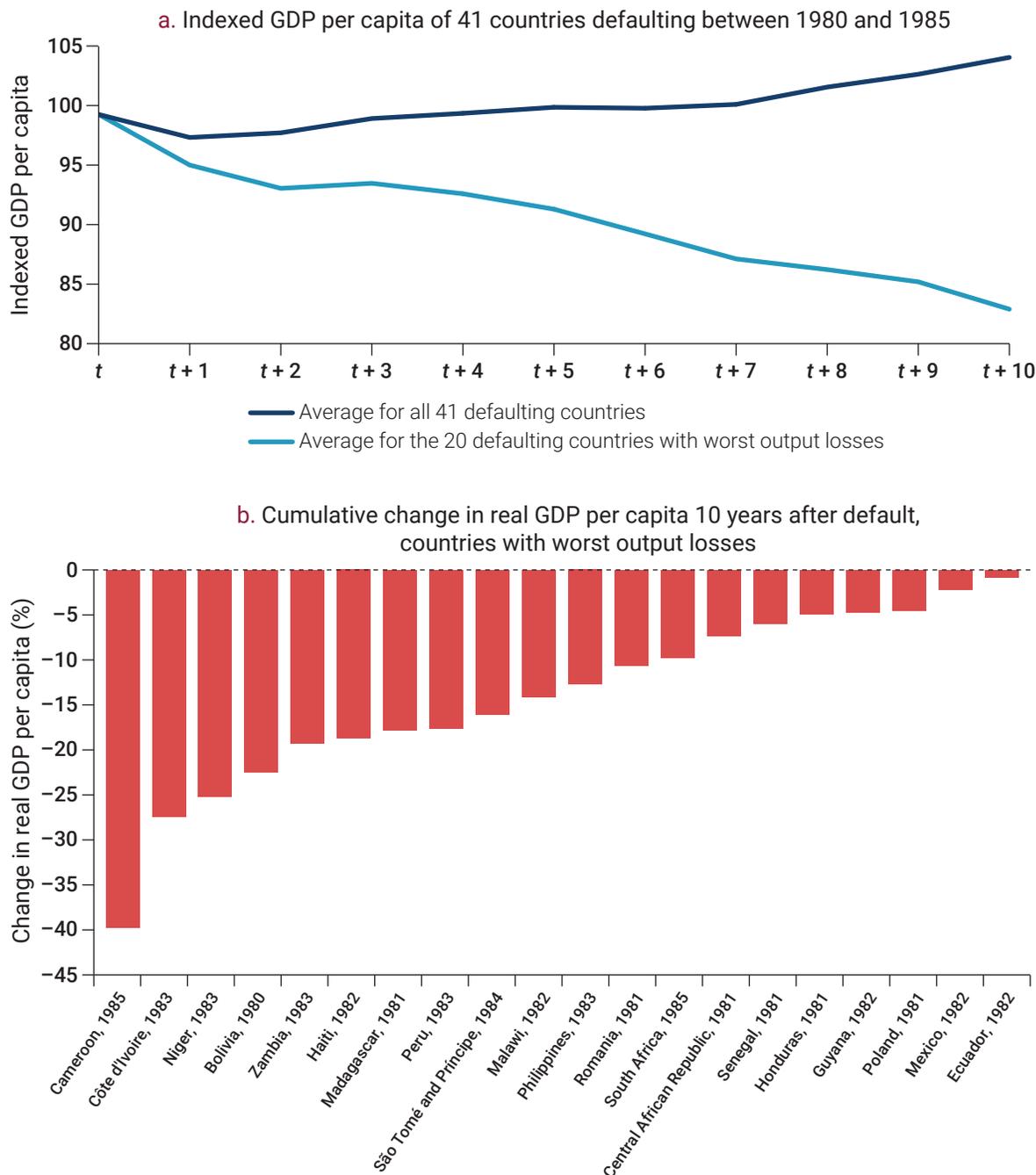


Figure 5.3 The lost decade of development in countries defaulting on sovereign debt



Sources: Farah-Yacoub, Graf von Luckner, and Reinhart 2021; International Monetary Fund, World Economic Outlook Data base: Download WEO Data, April 2021 Edition (dashboard), <https://www.imf.org/en/Publications/WEO/weo-database/2021/April>.

Note: In panel a, time t is defined as the year in which the country defaulted, provided that this initial default occurred between 1980 and 1985. The group of 41 countries consists of all countries defaulting between the two years. The subgroup of 20 countries consists of those requiring the longest time to reach their predefault levels of real gross domestic product (GDP) per capita. In panel b, the country name is followed by the year of the default. Real GDP is the value of the goods and services produced by an economy over a specific period and adjusted for inflation.