

Does External Financing Drive Growth?

Published on October 9, 2019 – Updated on November 26, 2019

Dates

on the October 9, 2019

Focus on Research

Does External Financing Drive Growth?

Evidence for the growth impact of external financing remains open. This article revisits the question for a large sample of developing economies. Financial inflows can directly support economic growth by relaxing constraints on domestic resources, but can also indirectly weaken growth by hampering competitiveness through a real appreciation of the exchange rate.

[Read in French](#)

About the authors

Jean-Louis Combes

Université Clermont Auvergne, CNRS, CERDI, F-63000 Clermont-Ferrand, France.

Tidiane Kinda

IMF, Washington, USA.

Rasmané Ouedraogo
IMF, Washington, USA.

Patrick Plane
Université Clermont Auvergne, CNRS, CERDI, F-63000 Clermont-Ferrand, France.

Reference

Combes, J.-L., Kinda, T., Ouedraogo, R., Plane, P. (2019). "[Financial flows and economic growth in developing countries](#)", *Economic Modelling* Economic Modelling, Volume 83, December 2019, 195-209. <https://doi.org/10.1016/j.econmod.2019.02.010>