



EXPERT GROUP MEETING ON SOVEREIGN DEBT RESTRUCTURING

Commonwealth Secretariat, Marlborough House, Pall Mall, London SW1Y 5HX, UK

19 September 2012

(CLOSED MEETING)

The Financing for Development Office of the United Nations Department of Economic and Social Affairs (FfDO/UNDESA), The Centre for International Governance Innovation (CIGI) and the Commonwealth Secretariat are organizing an Expert Group Meeting on Sovereign Debt Restructuring. The purpose of the meeting is to explore concrete, practical steps to improve the framework for the timely and orderly restructuring of sovereign debt.

The debt problems in Greece and other euro zone countries bring a new urgency to the debate and underscore the importance of prevention and management of sovereign debt crises, which pose a potential threat to international financial stability. Many gaps in the financial architecture for debt restructuring were evident in past experiences with sovereign debt crises in emerging markets and other developing countries. While there are valuable lessons learnt from these experiences, efforts to reform the architecture have been slow and the incremental steps taken have been inadequate in providing a timely and cost-effective debt crisis prevention and resolution.

Against this backdrop, a first meeting was convened on 18 May 2012 in New York to explore concrete, practical steps to improve the framework for the timely and orderly restructuring of sovereign debt. The discussion revolved around the major institutional deficiencies of the international financial architecture, such as the inadequacy of institutions or existing frameworks to manage these debt crises. Ad hoc and piecemeal official and market-based insolvency regimes for sovereign debtors have generally been put in place with undue lags and have tended to be insufficient, leading to subsequent debt restructurings.

This is a second Expert Group meeting, following the gathering in New York. The Expert Group meeting in London will hone in on several issues flagged at the meeting in New York, including the options for establishing structures for creditor committees, contractually defined stays and standstills vis-à-vis statutory 'grace periods', as well as potential debtor-in-possession financing. An overarching discussion of the architecture for sovereign debt restructuring, including debt sustainability assessments and tax, regulatory and accounting frameworks will focus the dialogue further and help in drawing out lessons for how to deal with sovereign debt restructuring going forward. Options for voluntary and statutory approaches will be further discussed. Participants will include experts from international institutions, academia, private sector creditor groups and other market participants.

The Expert Group meetings are intended to encourage a frank, technical discussion of possible measures to enhance the effectiveness of the debt restructuring process. To facilitate such a discussion, the meeting will be held subject to the Chatham House Rule by which comments can be reported but not attributed. A summary report of both meetings, highlighting possible policy measures, will serve as a background document for the upcoming sessions of the UN General Assembly and Economic and Social Council and will be posted online by the organizers.