

**UNITED NATIONS
HIGH LEVEL DIALOGUE on FINANCING for DEVELOPMENT**

Informal interactive dialogue

Presented by: PHILO MORIS

Chair Emerita – NGO Committee on FFD

**Representing
Medical Mission Sisters &
Anglican Communion at the United Nations &
Partnering with Church World Service**

**3 – 5.45 p.m.
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Thank you President,

Fair and Transparent Arbitration Procedure (FTAP)

We call for a neutral debt workout process, which draws from the experience of insolvency procedures such as in Chapter 9 of the US Civil Code, which regulates insolvency cases of municipalities. The aim is setting up of a fair and transparent arbitration procedure to address unsustainable debt burdens, based on neutral decision making body, the right of all stakeholders to heard, the protection of debtor's basic needs, and the institution of **automatic standstill protection**.

Developing binding independent and predictable framework for arbitrating and managing sovereign debt. **We recommend** for a debt crisis resolution framework, include the following conditions:

- An **independent authority** should make all decisions on the claims of the parties,
- The debtor country should be able to initiate a unilateral process where they obtain immediate **standstill protection** – endorsed by the independent authority.
- The independent authority in charge of the process should be explicitly empowered to rule on whether debts are **illegitimate** or **odious**.

- All foreign currency debts owed by the sovereign government should be on the table. This should **include all debts** owed to private lenders, to other sovereign governments (bilateral debt) and to international financial institutions (multilateral debt).
- The process should be transparent and provide for the right of **civil society to be heard** at all relevant stages of the process: public hearings, publicity of sessions and decisions.
- Any agreement between the debtor and the creditors should ensure that the debt burden of the sovereign is reduced to a level that ensures that the service on the remaining debt does not impair the ability of the indebted country to fulfil **basic human rights** of the population and meet the MDG's.

Odious Debt: In addition we consider that where creditors have knowingly lent to oppressive or corrupt regimes, these debts should be declared 'odious' cancelled as such. A solution for odious debt and illegitimate debt should also be resolved immediately, following the example of Norway.

Vulture Funds:

The problem of vulture funds which sue low-income countries in creditor country courts for full debt repayment after other creditors give relief – **we recommend development of a comprehensive debt resolution mechanism that involves the control of vulture funds.**

We hold strongly that debt cancellation must be *additional* to the 0.7 percent ODA. We agree that immediate debt relief; together with budget support in the form of grants should be given to post conflict countries, in order to enable their individual recovery, and to promote global stability.

Resources freed by debt cancellation must be invested in essential services such as health and education and in basic infrastructure.

In order to maintain **coherence** and **consistency** the Monterrey Consensus the Millennium Development Goals must guide debt sustainability analyses.

I thank you,