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Debt Re-Structuring

Summary of lectures at the national follow-up workshops (Dar es Salaam and Nairobi, from 8 to 12 July 1991)

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INTRODUCTION

The UNITAR European Office (Geneva) initiated a training programme in the field of external debt management aimed at meeting the priority training needs of LDC debt managers, and emphasizing the legal aspects of debt management. This programme was identified by the UNITAR/UNCTAD high-level expert meeting held in Geneva, 27-29 April, 1987 and subsequently confirmed by the inter-agency meeting held in October 1990, in New York, under the auspices of the United Nations Development Programme (UNDP).

Since the on-set of this programme in 1987 training activities have been successfully undertaken both in East and West Africa, thanks to funding provided by the Swiss Directorate for Development Cooperation (DDA). In light of technical assistance to be provided by the United Nations Development Programme in the coming years, it is planned to develop training programmes in Southern Africa as well, all with a view to building a networking arrangement in African countries in order to enhance local capacity-building. The technical assistance provided by UNDP will be in addition to the Swiss funding.

Following the high-level expert meeting in 1987, UNITAR's European Office organized, with active support of the East African Development Bank (EADB), six sensitization/training seminars in three countries of East Africa. These included.

(1) Awareness Seminar for Senior Officers on External Debt Management in Dar es Salaam (Tanzania) in January 1990.

(2) Awareness Seminar for Senior Officers on External Debt Management in Kampala (Uganda) in January 1990.

(3) Sub-Regional Training Seminar on Legal Aspects of External Debt Management in Nairobi (Kenya) in February 1990.

(4) National Follow-up Workshop on Legal Aspects of External Debt Management in Dar es Salaam (Tanzania) in July 1991.

(5) National Follow-up Workshop on Legal Aspects of External Debt Management in Nairobi (Kenya) in July 1991.

(6) National Follow-up Workshop on Legal Aspects of External Debt Management in Kampala (Uganda) in January 1992.

The purpose of these seminars/workshops was to create awareness of various aspects of debt management among senior officers, middle-level debt managers, law professors, economists and lawyers from Kenya, Tanzania and Uganda.

Similarly, in West Africa UNITAR has recently organized a sub-regional training seminar on legal aspects of external debt management in Accra (Ghana) for 42 participants from The Gambia, Ghana and Nigeria. This shall be followed by two National follow-up workshops, one in Lagos (Nigeria) and the other in Accra (Ghana) in 1992.

Through its experience in African countries, UNITAR has realized that many developing countries need to raise legal capabilities and that greater attention should be given in the future to assisting debtor countries to acquire the necessary legal skills and tools to prepare themselves for loan negotiations, including rescheduling through the London and Paris Clubs. In addition, the very real financial and economic benefits to be realized from improved external debt management, the need for greater technical exchanges and consultations among debtor countries and the need for greater coordination among the providers of technical assistance in this field should also be considered.

Parallel to UNITAR's training activities and following the UNITAR/UNCTAD expert meeting in 1987, an Operational Support Unit (OSU) was established as a matter of *priority. After careful consideration of various ideas from several sources, it was concluded that the support unit should be constituted as a mainstay to the various training programmes by assisting in the dissemination of information to the various patties concerned.*

Now that the Operational Support Unit is beginning to be operational, it is felt necessary to keep the various players in the field of debt management posted on the activities undertaken by UNITAR. As a first step towards its dissemination activities, the Operational Support Unit is circulating information on current topics of interest and importance in legal aspects of debt management.

The present compilation contains summaries of presentations made by various UNITAR resource persons having extensive theoretical and practical experience in the field of debt management. The topics dealt with in this compilation were considered and studied in-depth in recent UNITAR seminars/workshops. They will hopefully prove useful.

Marcel A. Boisard
Director
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RESCHEDULING OF THE EXTERNAL DEBT: PARIS CLUB

*Contribution by Michael Graf von Korff-Schmisings**

This paper describes the mandate, organization and functioning of the "Paris Club", (i.e. the grouping of creditor governments through which these governments' representatives negotiate with representatives of debtor countries the rescheduling of the latter's official debt to the former). Special attention is paid to the role of lawyers acting on the debtors' behalf in such negotiations.

1. Salient features of a Paris Club rescheduling

(a) IMF conditionality

The basic condition to be fulfilled by a country before it can apply for a rescheduling of its foreign debt is that default on service of the debt must be imminent or else that payment arrears have already accumulated.

A positive response by creditor governments to a debtor country's request for debt relief is, moreover, conditional upon the conclusion of an appropriate credit arrangement between the government of the country concerned and the International Monetary Fund (IMF) in the upper credit tranches. Creditors insist on IMF conditionality in order to ensure that the debtor country concerned will use the temporary financial relief provided by a rescheduling agreement in order to carry out an adjustment and reform programme.

(b) Multilateral approach

The Paris Club is a multilateral forum of official creditors. The terms agreed upon bind all participating creditor governments alike, which ensures that no one creditor obtains more favourable terms than any other (equality of treatment, burden sharing).

* Michael Graf von Korff-Schmising (Germany) - From 1986 *to the present, Graf von Korff-Schmising has been Head of a newly-created unit in charge of Paris Club reschedulings and the international debt strategy at the Ministry of Economy. From* 1979 *to* 1981, *he was Economic Counsellor at the German Embassy in Algiers. In* 1971, *he joined the Federal Ministry of Economy, having had responsibilities in such areas as agriculture, budgetary issues, energy policy, export credit guarantees and debt. Born in* 1941, *Graf von Korff-Schmising holds law degrees from Frankfurt University and the Senate of Berlin.*

The Paris Club is open to all creditor governments that have claims against the debtor country asking for the rescheduling of its debts and that are willing to adhere to its unwritten rules and practices. This means that major debtors can participate in the capacity of creditors in rescheduling negotiations with countries indebted to them.

(c) Affected debt

Typically the claims dealt with by Paris Club agreements (affected debt) are those arising out of contracts concluded or guaranteed by one of the creditor governments or its appropriate agencies with a public or private entity in the debtor country. Debt relief is generally limited to debts that have a term of more than one year and that were contracted before a given date (cut-off date).

Short-term debts are excluded from the rescheduling negotiations in order to enable creditor governments to continue to provide cover for the kind of transaction which involves a short-term debt and which is vital to the maintenance of a minimum flow of essential imports into the debtor country.

The fixing of a cut-off date, which, as a rule, is not subject to change in subsequent reschedulings, is intended to ensure that the rescheduling does not affect new loans granted by the creditor governments in support of the debtor's adjustment programme.

In consequence of the deterioration of the economic and financial situation in many debtor countries, creditors have increasingly been forced to include arrears and payment obligations derived from previous rescheduling agreements in the scope of the restructuring.

(d) Consolidation period

The extent of debt relief granted is determined by the consolidation period: the rescheduling relates not to the entire stock of outstanding debt but rather to debt service falling due within a particular period. In order to conform to the IMF-conditionality, this period coincides, as a rule, with the term of the credit arrangement with the IMF (normally 12 - 18 months).

(e) Scope of the relief

In addition, the extent of the debt relief obtained depends on the category of debt service covered (principal, interest) as well as on the percentages granted. Unlike commercial banks, official creditors are generally willing to reschedule the payment of both principal and interest. In view of the need to grant comprehensive reschedulings to countries experiencing serious balance-of-payments difficulties, relief is generally provided in respect of 100 percent of both principal and interest.

(f) Repayment period

The amounts rescheduled are normally to be repaid over a period of 10 years, with a grace period varying from four to six years.

g) Comparability of treatment

As part of the rescheduling agreement the debtor country commits itself to the speedy conclusion of agreements with other groups of creditors (governments not members of the Paris Club, commercial banks, suppliers), with a view to avoiding any inequality of treatment between different categories of creditors.

2. Legal status of the Paris Club Agreed Minutes

The rescheduling terms agreed to as a result of the negotiations are embodied in what is known as an *"Agreed Minute"*. The Agreed Minute is signed by representatives of the debtor and of the creditor governments. From the legal point of view, this document is a recommendation inviting all parties concerned to implement it through the signing of bilateral rescheduling agreements.

3. Recent developments

In the early 1980s, shortly after the beginning of what is commonly referred to as the debt crisis, the general belief was that countries experiencing debt service difficulties would gradually grow out of debt and regain creditworthiness.

For a variety of reasons (inadequate adjustment, adverse economic environment, natural disasters etc.) this expectation did not materialize, as is evidenced by the recurrent need to reschedule previously rescheduled debt.

In conformity with recommendations by the Toronto Summit in 1988, creditor governments have agreed to reschedule the service of the debts by the poorest and heavily indebted countries on concessional terms. According to a "menu of options", debt service is reduced either through a partial cancellation of the debt service due, or through a reduction of the interest rate, or else it is rescheduled over a very long period.

Acting on a recommendation adopted by the 1990 Houston Summit, the Paris Club has decided to extend the repayment periods of debts owed by the so-called lower-middle-income countries (LMICs) and to allow, on a voluntary basis, for the conversion of a certain percentage of the debt (debt-swap).

In April and May 1991, agreements were concluded with two LMICs; Poland and Egypt, providing for a 50 percent reduction of their outstanding debts on a net-present-value basis. This exceptional decision, which is not to be construed as a precedent for the treatment of debts owed by other LMICs, was taken in recognition of these two countries' structural imbalances and the boldness of their adjustment efforts.

The London Summit of 1991 urged Paris Club governments to improve the terms available to the poorest and heavily indebted countries "well beyond" the relief obtainable under the Toronto Scheme.

The first countries to benefit from the Trinidad scheme will approach the Paris Club at the end of 1991 or the beginning of 1992. The extent of debt reduction likely to be granted will be up to 50 percent.

RESCHEDULING OF SOVEREIGN DEBT: THE EXPERIENCE OF TANZANIA AT THE PARIS CLUB

*Contribution by Dr. Chris Maina Peter**

This paper describes the circumstances in which developing countries find themselves constrained to renegotiate their debts owing to foreign creditors and, in the light of Tanzania's experience, discusses the procedure followed in such cases.

Debt rescheduling negotiations have become a common phenomenon because many developing countries, precisely on account of the weakness of their economies, are almost chronically on the verge of defaulting on their external commitments. In the case of debts owing to official creditors, these negotiations are usually carried on in the context of the "Paris Club". Negotiations concerning debts owing to commercial creditors tend to be conducted in the "London Club".

The "Paris Club" is a convenient term for describing a loose (and obviously variable) grouping of creditors whose representatives meet in an informal setting with representatives of countries that are experiencing difficulties in servicing their debt. In consequence of the intensifying debt crisis, as many as *29* countries resorted to Paris Club procedures between *1978* and *1984* for the purpose of negotiating 56 debt rescheduling agreements covering about US$ *27* billion of debt service obligations. While there is no fixed membership of the Paris Club, the participants usually include the members of the Organization for Economic Cooperation and Development (OECD), the European Community (EC), the International Monetary Fund (IMF), the World Bank, the UN Conference on Trade and Development (UNCTAD) and, of course, the debtor country.

Before a debtor country can initiate a rescheduling process in the context of the Paris Club it must produce evidence showing that, in the absence of relief, it will default on its external payments. In addition, creditors are not usually prepared to enter into debt rescheduling negotiations with a debtor country unless that country has agreed to apply an adjustment programme conforming to terms prescribed by the IMF - the so-called "conditionality". The reasoning of the creditors in insisting on the condition is that by carrying out reforms on the lines supported by the IMF the debtor country's economy may recover sufficiently in the time allowed by the postponement (i.e. rescheduling) of payments on the debt to be able to resume the service of the debt. Almost inevitably, the requisite adjustment programme involves the application of austerity policies, retrenchment of social services and other restrictions that hit the population hard and are not without political risk.

* Dr. Chris Peter (Tanzania) - From *1986 to the present, Dr. Peter has been a Senior Lecturer in Law at the University of Dar es Salaam. From 1980 to 1981, State Attorney at the Ministry of Justice. From 1983 to 1986, Assistant Lecturer in Law. Born in 1954, Dr. Peter obtained a Ph.D from the University of Konstanz in Germany. Dr. Peter is the author of several books.*

In the Tanzanian experience, the proceedings can be unpleasant and humiliating for the debtor country. However, they have the advantage of being expeditious and relatively cheap. After the representative of the debtor country (usually the Minister of Finance) has presented its case for rescheduling and after observers for the interested international organizations (IMF, World Bank, UNCTAD, EC) have made comments, the creditors ask the debtor country's representative certain questions. The creditors then gather in a meeting, or caucus, of their own to which the IMF representative is customarily invited. During their private deliberations the creditors work out a "package" which is offered to the debtor country. At this point some arduous and critical bargaining may ensue between the two sides. When agreement is eventually reached the terms are set down in an "Agreed Minute" which records the decision of the meeting and essential particulars (the parties in attendance, the size of the debt, the proposition rescheduled, interest rate, the terms of an arrangement with the IMF, etc.). The terms of the "Agreed Minute" are given legal effect as between the debtor country and individual creditor countries by the conclusion of bilateral agreements in the form either of treaties or of an exchange of letters.

At the 1988 summit in Toronto, the industrialized countries proposed a number of options in the case of debts owed by African developing countries to official bilateral creditors. Recognizing that, despite repeated reschedulings, the actual service of the debts was seriously in arrears, the industrial countries agreed that some relief could be offered by bilateral creditors to African debtor countries through three options (the "Toronto terms"), viz:

> (a) to write-off or forgive one-third of the debt due by a borrower with the balance outstanding being repaid over 14 years with an 8 year grace period and at market rates;
>
> (b) a rescheduling of all outstanding debt over a 14 year repayment period with an 8 year grace period and the applicable market rate of interest being reduced by the lesser of 3.5 percent or 50 percent;
>
> (c) a rescheduling of all outstanding amounts due over 25 years with a 14 year grace period and with interest payable at market rates.

This formula was applied for the first time at the Paris Club rescheduling in the same year, 1988. This was in respect of rescheduling negotiations by Mali, Central African Republic, Madagascar, Niger and Tanzania. The Toronto terms were also applied in agreements signed by Senegal and Uganda in 1989.

The defect of the Paris Club is that its rules are made by one side only (the creditors) which the debtors have no choice but to accept, owing to their weak position. Furthermore, in any rescheduling negotiation the debtor country is alone and faces a veritable cartel of creditors.

As regards debts owed to banks and other commercial lending institutions, by developing countries and unpaid when due, rescheduling negotiations take place in the so-called "London Club". These negotiations are governed by conditions analogous to those applicable in the Paris Club (e.g. an arrangement with the IMF) but are far more complex because of the large number of creditors (530 banks were involved in the rescheduling of Mexican debt). At the end of the negotiations, if agreement is reached, all the parties sign a model restructuring agreement which, in turn, forms the basis of a separate agreement to be entered into between each creditor bank and the debtor or government.

The vicissitudes of Tanzania's experience are worth describing in its dealings with the IMF and the Paris Club when the country was having difficulty with servicing its debt. Relations with the IMF were strained. In the late 1970s the conditions stipulated by the IMF for the purpose of granting financial relief to the country were considered unacceptable by the government. In 1989 Tanzania succeeded in negotiating a stand-by credit with the IMF and made its first drawing on that credit. This was also the last drawing, for the IMF claimed that Tanzania was not fulfilling the conditions to which the credit was subject. Fresh negotiations between the two sides were beset with acrimony and it was not until August 1986 that an agreement was reached with the IMF which enabled Tanzania to request rescheduling of its debts in the context of the Paris Club. In the course of the first round of negotiations, in September 1986, agreement was reached on the rescheduling of about US$ 637 million of Tanzania's external obligations to official creditors, on specific terms. As the country's economic situation did not improve, its debt burden grew more onerous, its balance of payments worsened and the relief given at the Paris Club's negotiations fell short of the country's needs. There were multiple defaults on many of the provisions of the agreements made with its creditors. Accordingly, a further round of negotiations took place with creditors in Paris in December 1988, after the IMF had approved the disbursement of SDR 32 million to Tanzania (later in the same month the World Bank approved a credit of US$ 135 million in support of the country's recovery programme). As a result of the negotiations, and by selective application of a maximum of the "Toronto terms", the rescheduling of about US$ 280 million of Tanzania's debts to official creditors took place.

In 1990 Tanzania again requested relief of its external payments obligations, on account of its critical balance of payments situation. After protracted negotiation in the Paris Club, the official creditors agreed selectively to reschedule Tanzania's debts in accordance with the Toronto set of options. The terms of the agreement were expressed in the "Agreed Minute" drawn up at the end of the negotiations.

It was estimated that, when all the bilateral agreements had been signed, the debt relief during the calendar year 1990 would be approximately US$ 270 million.

To implement the 1990 "Agreed Minute", the Government of Tanzania was inter alia required to continue maintaining the Special Account with the Bank of England in which it was required to deposit SDR 1.2 million at the end of each month from April to December 1990. It was also required to seek comparable debt relief from non-Paris Club governments, commercial banks and suppliers. In addition, the government was to effect 80 percent of interest payments due as a result of the 1988 rescheduling before May 1990. This amounts to SDR 12.4 million.

Conclusion

1. The Paris Club proceedings are a humiliation which should be avoided at all costs.

2. The process does not in any way assist the debtor countries. It provides temporary relief but does not solve the problem.

3. The rescheduling actually amounts to postponement of the debts to the future, which in reality amounts to shifting the present generation's sins to the future generations without their consent.

4. In addition, the so-called Toronto terms, through which the creditors agree to cancel the debts in future, tie the debtor countries and curtail their freedom.

5. To avoid embarrassments in future, governments of developing countries should be more careful in negotiating and contracting debts.

6. Being heavily indebted, the developing countries should hold together against the united creditor cartels like the Paris Club. There should be more unity among the debtor countries.

RESCHEDULING OF THE EXTERNAL DEBT: LONDON CLUB

*Contribution by Professor Oluwole Akanle**

The debt crises of the early 1980s which swept through the world left the economies of developing members of the world community severely battered. Remedial measures taken since then have had little or no positive impact on a great majority of the affected economies. In many economies, the measures have even worsened the conditions of these countries. Huge debts have been accumulated to execute non-productive projects and with depleting resources from other sources they could not service these debts. Furthermore, the preceding reason was largely a result of decades of social, economic and political policies in these countries that are greatly antithetic to economic growth and development, the culmination of which was the collapse of several of these economies.

The debt crisis which reached a peak in 1982 actually had its genesis in the mid 1970s. The oil crises of 1973, as a result of the Arab-Israeli war, and that of 1979, meant a windfall in terms of increased income for petroleum producing countries of the third world. Thus, in the face of such massive build up of surplus capital by OPEC countries in Western Banks and in order to avoid recession, OECD countries actively encouraged the recycling of this built up capital through extension of loans to developing countries on very liberal terms, and often without careful credit analysis.

One unfortunate aspect of the borrowing spree was that the borrowed funds went, in most cases, to the purchase of consumer items, obsolete equipment and machinery, or were procured for projects that never took off or later became "white elephants". Reference has to be made to the fact that most third world countries were just emerging from the experience of colonization. This meant that aid and foreign direct investments slowed to a trickle as a result of various political reasons. In the absence of essential capital needed for infrastructural developments, the next resort was borrowing. This resulted in a gradual build-up in the external debt of third
world countries from the *1970s* until it reached unmanageable proportions in the early *1980s.*

* Professor 0luwole Akanle (Nigeria) - From *1986 to the present, Professor Akanle has been Coordinator of Research and Acting Director of Studies at the Nigerian Institute of Advanced Legal Studies, University of Lagos. From 1986 to 1988, Special Assistant to the Attorney-General of the Federation and Minister of Justice. From 1976 to 1982, Lecturer at the University of Ife (now Obafemi Awolowo University). Since 1986 he has participated in several negotiations on behalf of the Government of Nigeria,* ***including*** *the London Club rescheduling negotiations. Born in 1949, Professor Akanle obtained an LL.B (Honors) and an LL.M from the University of Ife and a B.L from the Nigerian Law School. He is the author of several books.*

Finally, in the multidimensional genesis of the debt crisis, it is pertinent to mention that a drop in the prices of primary commodities worldwide in the late *1970s* and early *1980s* were also causative agents.

It is also pertinent to mention the fact that the debt crisis would definitely not have reached its present proportion without lack of foresight and mismanagement exhibited by many developing countries themselves. The level of corruption and political instability present in developing countries is a well known factor. At the same time, most third world loans were applied to the production of non-revenue generating social services like roads, bridges etc. and the purchase of consumer goods. In those instances where loans are applied to revenue generating projects, the endemic problem of lack of governmental managerial expertise played against profitability. In many instances, the revenue generated was often not sufficient to service the loans.

In this short paper, attention is focused on debt rescheduling. Debts owed by developing countries are usually rescheduled in the London Club or the Paris Club. London Club reschedulings involve debts owed to commercial banks while Paris Club rescheduling concerns debts owed to official creditors. The main item of discussion here is London Club Rescheduling.

What is the London Club?

The London Club is an ad-hoc grouping of commercial banks exposed to third world debts. In contrast to the Paris Club there is no formal framework for restructuring commercial bank loans. The name "London Club" came into being since the "Club" sits in London which is regarded as the financial nerve centre of transnational banks. Though referred to as a club, it is not a formal body with fixed membership.

In the absence of a formal framework for rescheduling, the banks with the greatest exposure to a country seeking to reschedule its debts will form a committee to cater to the interest of all commercial banks with loans to that country.

The Committee formed is commonly referred to as a Bank Advisory Committee (BAC) or Steering Committee of Commercial Banks. The Committee frequently establishes close links with the IMF in order to ensure an alignment between a debtors' financial requirements and the maintenance of viable economic programmes.

Preparation of Rescheduling with the London Club

The steps dealt with in this section include;

a. Declaration of Moratorium.
b. Planning in the Restructuring Process.
c. Bank Advisory Committee/Steering Committee.
d. Preparation of an Information Memorandum.
e. Exploratory Meeting.
f. Negotiation of Heads of Terms

a. Declaration of Moratorium

The restructuring process, in relation to sovereign restructuring, commences following an announcement by the debtor state authorities of a specific cut-off date upon which it proposes to suspend payment of its obligations. This is also accompanied by an announcement of the opening of negotiations to reschedule.

A legal problem that often necessitates the declaration of moratorium by a debtor nation, is that the declaration acts to forestall any attempt on the part of some creditors with minimal exposure to the debtor country to take unilateral legal action that may be ordinarily available to them under the original credit agreement e.g. foreclosure, litigation, set-off, etc. But resort to any unilateral action by a creditor after the declaration of moratorium by the debtor may have a trigger effect as all other creditors would almost invariably resort to taking action to enforce the debt owed. Thus, the usefulness of a declaration of moratorium is that it serves as a notice to all creditors to withhold action they might wish to take against the debtor for the enforcement of their rights under the original agreements while they await further developments.

b. Planning in the Restructuring Process

The preparatory or planning phase is the most important phase in any process. This is no less true in a restructuring process. The problem with most developing countries' restructurings, as in many other areas, is the absence or near absence of proper planning.

The preparatory work in relation to sovereign restructuring includes:

(1) Collation of data on the nature, categories and extent of debts owed by the country. This should not be limited to government contracted debts only but should extend to:
a. obligations of the Central Bank in respect of private sector debts or commitments;
b. debts owed by its departments, agencies and parastatals;
c. private sector debts whether or not guaranteed by the government.

(2) A detailed analysis of these debts should be undertaken. Such an analysis should seek to categorize each creditor by:
a. amounts outstanding by currency;
b. principal repayments and interest payments falling due over certain periods;
c. effects of fluctuation in foreign exchange rates and interest rates;
d. the extent to which the debt is of a short-term nature.

All these would assist in the forward planning and the mapping-out of restructuring strategies, especially at the level of new funds to be requested as well as the consolidated and repayment periods.

c. Bank Advisory Committee/Steering Committee

Generally, the Bank Advisory Committee (BAC) represents the interest of all commercial bank creditors in the rescheduling process by acting as a channel of communication between the debtor and its creditors and by undertaking the negotiation and documentation of the rescheduling agreements on behalf of all the banks.

The BAC usually comprises between 5 and 15 members. The Chairman represents the bank with the single largest exposure to the affected country. The other members largely represent banks which are major creditors of the country. They are usually from a few countries.

The BAC usually operates through sub-committees. The most common ones are;

(1) The economic sub-committee.
(2) The debt reconciliation and classification sub-committee,

d. Preparation of an Information Memorandum

The Information Memorandum provides creditor banks with pertinent information on the debtor country's
situation so as to enable them to come to rational decisions on the restructuring package. A country should exercise great care in the preparation of the Information Memorandum. Exaggerated claims should be avoided in the preparation of the Information Memorandum as claims therein will form the basis of certain representations and covenants in the main agreement or it could be a bottleneck as to how new funds could be obtained or the determination of the extent of the financing gap. Consequently, information should be as realistic as possible.

The contents of an Information Memorandum should include:

-recent economic and financial developments in the country;

-adjustment measures embarked on or to be embarked upon;

-recent trends and forecasts of budgetary operations;

-external trade and balance of payment position;

-outstanding debts as of date of preparation and forecasts of debt service;

-funding requirements and sources of meeting the requirements.

e. Exploratory Meeting

This is the first official contact between the debtor country and the BAC. Here, the case of the debtor country is formally presented before the BAC. Apart from the verbal presentation, the Information Memorandum is also submitted for the BAC to study and disseminate among creditor banks.

It may be noted however that the BAC may not distribute the Information Memorandum at this stage. At times, it is distributed at the same time with the Heads of Terms (HOT).

It is at this meeting that broad agreements are reached on maturities to be rescheduled and other administrative issues pertaining to the restructuring exercise. These include fees chargeable by the Agents and reimbursable expenses of the steering committee. Debtor countries are well advised not to publicize the outcome of this exploratory meeting as it may "boomerang" if over publicized.

f. *Negotiation of Heads of Terms*

This is yet another important phase of the restructuring process. Indeed, if lawyers have not been directly involved before this stage, the damage to the process may not be much. However, the presence of the lawyer becomes absolutely necessary at this stage.

Role of the Lawyer in Rescheduling:

Although most of the issues to be settled here are generally regarded as business or financial issues,. the lawyer has responsibility in ensuring that;

a. Whatever business term is accepted is properly understood and would be such that would not encumber future documentation.

b. He/she should also ensure that all the issues are related to each other, i.e. seen in light of the overall objective. Consequently, he/she should constantly bear in mind the debtors capacity to implement without technical default.

c. He/she should also be on the look-out for possible legal bottlenecks that certain demands of the creditors might create, and if necessary suggest alternative ways out. In this way, protracted negotiations at the documentation stage could be avoided.

Functions of the Lawyer in Rescheduling:

a. To ensure that his/her client does not have to pay more thannecessary through the drafting of the Agreement.

b. To minimize administration cost of the Agreement to what is necessary e.g. information requirements.

c. To avoid technical defaults that do not affect servicing capability of debtor.

d. To ensure that penalty is payable only when there is willful refusal or neglect to pay.

Conclusion

The debt rescheduling terrain is a slippery one and many third world countries have continuously lost their footing on it. They must quickly regain it or else face the alternative, which is to remain perpetually within the debt trap.

ARBITRATION

*Contribution by Mr. Jan Paulsson**

The debts of developing countries are commonly contracted in connection with the execution of industrial or infrastructural projects. Where the quality of goods and services supplied by the investor or supplier is defective, that developing country may be able to recover damages or restitution, or obtain the reduction or even elimination of the debt, by having recourse to legal review, typically international arbitration. Accordingly, the effective management of debt includes the effective use of the machinery of arbitration.

The topic of arbitration can be considered under three headings; why the process of international arbitration works - how it may be put into effect - and the requirements of success when a party actually participates in an international arbitration.

The international arbitral process works because awards may be enforced throughout the world in a much more effective manner than national court judgments. International treaties for the enforcement abroad of judicial decisions tend to be bilateral and can hardly be said to cover the globe. By contrast, mainly as a result of the ***1958*** New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards prepared under the auspices of the United Nations and ratified by about ***80*** countries, the courts of signatory States are bound to enforce awards rendered abroad. The only grounds on which the enforcement of such awards must be refused are grave violations of procedure, jurisdiction, or public policy (art. V. of the ***1958*** Convention).

Most of the signatories to the ***1958*** Convention have expressed the so called reciprocity reservation, limiting the scope of the Convention's application to awards rendered in other countries which also are parties to the Convention. As a consequence, it is quite difficult for any party to propose a place of arbitration located in a country which is not a party to the Convention.

The second theme - how the arbitral process may be put into effect concerns the contract drafting techniques which should be used to obtain the most appropriate forum for the settlement of disputes.

* Mr. Jan Paulsson (United States of America) - Mr. *Paulsson specializes in international arbitration and has participated as counsel or arbitrator in some 60 international arbitral proceedings, of which 46 under the auspices of the International Chamber of Commerce, and 22 involving States as parties. Mr. Paulsson was Lead Counsel to the States of Cameroon and Guinea in proceedings before the International Centre for the Settlement of Investment Disputes in Washington; most frequent types of disputes were construction claims, price adjustments in long-term supply agreements, issues relating to joint ventures and other forms of investment. Born in 1949, Mr. Paulsson obtained a doctorate in law from Yale Law School and a Diplôme d'etudes supérieures spécialisées from the University of Paris.*

Whereas in many international contracts the great majority of the clauses are carefully and intelligently negotiated and drafted, the jurisdictional clause is often shockingly inadequate. Obviously, rights under a contract are ultimately only as secure as the competent jurisdiction will make them, and hence a party which allows reference to a jurisdiction which is incapable of properly understanding the contract and its context, or worse will not act impartially, has in fact undermined the entirety of the contract.

Arbitration clauses are a subcategory of jurisdiction clauses. There are two kinds; *institutional* arbitration clauses, and *ad hoc* arbitration clauses. The former refers to a permanent institution which will: set the arbitral process in motion, principally by nominating arbitrators wherever necessary; monitor their performance and replace them if they fail to carry out their tasks or if they are legitimately challenged on grounds of bias or impropriety; establish and collect the arbitrators' fees; and issue the award with an institutional imprimatur. *Ad hoc* arbitration clauses do not refer to such' a permanent institution, but purport to be self-executing, either by setting forth in detail a full set of rules for the conduct of the arbitration, or else by referring to a preexisting body of rules such as the UNCITRAL Arbitration Rules of *1976.* The disadvantage of *ad hoc* arbitration clauses is that they rely to a great extent on the voluntary cooperation of both sides, and tend to break down if the respondent acts obstreperously. Consequently, it is generally preferable to insert an institutional arbitration clause in the contract.

For the purpose of the settlement of disputes in which African developing countries are involved, three arbitration institutions are those commonly referred to in their international contracts. First and foremost is the International Court of Arbitration of the International Chamber of Commerce (ICC), which handles the greatest number of cases by far. The settlement of commercial disputes is only one of a great variety of activities of the ICC. The methods offered by the ICC for settling such disputes are various, including conciliation and expert opinions and so-called referee decisions. But by far the most important mechanism is arbitration, conducted by the International Court of Arbitration. This Court does not actually decide disputes, but nominates tribunals to deal with arbitrators (two of whom are generally party nominated) or of a sole arbitrator. Once the final award has been rendered, the tribunal disappears. The Court has nearly 50 members, most of them non-Europeans. Well over 300 cases are brought to ICC arbitration every year, most of them involving stakes of over a million US dollars, often tens of millions.

The next most active institution, although having less than one-fifth of the ICUs caseload, is the London Court of International Arbitration (LCIA). The LCIA has no activity other than arbitration. As in the case of ICC arbitration, parties referring a dispute to the-LCIA may select a venue for the proceedings in any country of their choice. Having been until recently a predominantly English institution, the LCIA now, under its revised statutes, is composed of lawyers from all over the world; from Nigeria to Australia and Argentina, and also from the USSR and China.

The third institution is the International Centre for the Settlement of Investment Disputes (ICSID), established under the auspices of the World Bank pursuant to the 1965 Washington Convention on the Settlement of Investment Disputes between States and Nationals of other States. References to ICSID are often seen, not only in contracts but also in investment promotion laws as well as in bilateral treaties. However, only a few cases are actually submitted to ICSID. The reason may be an inherent restriction on ICSID's jurisdiction, namely the requirement that one of the parties must be a State. No State agency or parastatal company may validly refer a case to ICSID arbitration unless the State formally notifies ICSID that the agency or parastatal body concerned is to be deemed, for the purposes of the 1965 Convention, to have the same identity as the State. This notification is rarely given. As regards disputes directly implicating States, these are generally settled by negotiation, and hence resorting to the ICSID arbitral mechanism has remained rare. Nevertheless, the institution's potential importance is considerable, and negotiators of international contracts should be aware of it.

Other arbitral institutions to which international contracts may refer are either of a national character, hence unacceptable to one of the parties, or deal with a special industry only (i.e. shipping or the grain trade) and therefore outside the scope of the workshop's discussion. Nevertheless, it is inexcusable for the negotiator to accept reference to an arbitral institution about which he is insufficiently informed, as lazy negotiators sometimes do by simply copying a provision from an old contract.

As regards the theme; how does a developing country prevail as a participant in the international arbitral process? Five principles of conduct must be considered that enhance the country's chances of successfully defending its interests in international arbitration. The first three of these principles in fact come into play *before* the existence of any dispute.

1. Active and informed participation in the drafting and negotiation of the contract.

It often happens that the drafting of contracts is so defective as to be prejudicial to the developing country concerned. Even in cases where the conduct of the other party seems clearly substandard, the contract may be so favourable to the other party that it is difficult to obtain an effective legal remedy. An obvious illustration would be a contract containing a limitation-of-liability clause that reduces a supplier's exposure to next to nothing.

"Active participation" means that the developing country's negotiator should not always be reacting to the other side's drafts, but should take the initiative to propose contractual provisions. *"Informed participation"* means that he should seek to understand all legally significant aspects of the text, and should not merely rely on the fact that the proposed clause has often been used elsewhere, or is allegedly recommended by some international organization as a model clause. For these reasons, lawyers should be consulted when deemed necessary.

2. Unified responsibility for related contracts.

Large projects often require a number of contracts with several foreign parties; a management contract, a joint-venture shareholders' agreement, supply contracts, loan agreements, and often a government guarantee. If too many different persons are asked to handle disparate areas, there is a constant danger that they will see their responsibility in a very narrow way and that no one will accept the duty to ensure, as incidental aspects are modified, that the whole picture continues to make sense.

3. Diligent monitoring during the life *of the contract.*

This task is so important that many institutions insist, when financing major construction projects, that expatriate consultants be engaged to act as supervising engineers. This stipulation is justified, for unless the supervising governmental authority concerned has competent and experienced personnel available to devote the required time to verifying the performance of a complex job, the absence of such a consultant is tantamount to an invitation to steal. The rigorous monitoring of contractual performance is not to be viewed as aggressive conduct, but as a matter of prudent management.

4. Active pursuit of legal remedies.

The third world is littered with industrial "White Elephants", projects which have failed and stand as abandoned monuments to incompetence, negligence, or indeed dishonesty. Sometimes these failures may be attributable to bad luck, sometimes to the inexperience and failings of nationals of the host country. But it also happens that the blame for the failure attaches entirely or at least partly to over promising and under performing foreign managers, investors, or suppliers. It is astonishing that only rarely does a developing country make a serious attempt to determine whether there is a legal case to be made against such parties. Obviously, a developing country which considered that it had suffered prejudice through the nonperformance or negligent performance of a foreign contractor would have to weigh the chances of succeeding in a suit for damages against the risk of failing to obtain satisfaction. In such circumstances the decisive element would not only be the *de facto* situation (e.g. the quality of the equipment or services supplied) but also the terms of the contract, which might be heavily weighted in favour of the foreign party. In addition the developing country has to take the expense of litigation (arbitration) into account.

5. Getting expert assistance.

A developing country which decides to resort into international arbitration involving high stakes must be determined to spare no effort. Where large amounts are at stake, experienced counsel should be retained not only for advocacy, but also to provide an efficient team to conduct evidentiary research and to give informed advice with respect to the complex procedural issues which inevitably arise in international arbitration, not least that of the composition of the arbitral tribunal. In addition to specialist lawyers, it is frequently necessary to retain technical experts to give their analysis of the nature and causes of failures.

For some third world parties, the cost of international arbitration seems prohibitive. It is true that large amounts of hard currency are required to participate effectively in a major international case, but it would appear even more costly to abandon much larger legitimate grievances on account of the expense involved. Many such disputes arise out of projects which are financed by international institutions, and a reasoned application to include the expenses of a justified arbitration within the overall project cost has never been rejected. After all, it is very much in the interest of the donor or the lender that all means of recovering losses are explored, as they may lead to an improvement in the overall financial situation of the project.

ARBITRATION

Contribution by Dr. Joseph Oloka-Onyango *

This paper outlines the history of the evolution of foreign direct investment in developing countries and of the contractual relationship between investors and these companies.

In many, if not most cases, particularly in Africa, the territories which became sovereign independent States after the colonial period had previously been tied to the legal and trading system of the metropolitan Power. The flow of investments into these territories had followed the interests of that Power, and the investors' rights and duties were defined essentially by the law of their home countries. In effect, the investor was not a foreigner dealing with foreign authorities, rather he was a citizen dealing with his own government that was administering a territory abroad.

After the achievement of independence, some vestiges of the traditional relationship between newly independent developing countries and former administering Powers lingered on. Inspired by the ideal of development the newly sovereign governments believed that investment by foreigners in ambitious projects would be the key to economic advancement and did not look too cortically at the nature of the projects to be undertaken or at the contractual stipulations entered into with the foreign investors. Predictably, many of the investment schemes proved to be disappointing failures, and in many instances the governments of the developing countries concerned that, under the contracts they had concluded, they had little or no remedy or recourse against their contractual partners. There was usually no provision for the settlement of disputes by arbitration, and in many cases the governments concerned tended to be mistrustful or even unaware of the possibilities offered by non-national arbitration or adjudication. Nor was nationalization or indigenization an easy way of escaping from contractual obligations. In cases where governments of developing countries resorted to arbitrary methods of repudiating obligations, their creditworthiness suffered and inward investment diced up.

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In this contributor's opinion the questions now calling for careful thinking are: what kind of investments should be directed towards the developing countries; how these countries can protect themselves against bad investments; and what remedy is available to them if an investment should turn out to be bad. It is in this connection that attention is drawn to the potential usefulness of arbitration and to the function of the lawyer in the preparation of the contractual instruments relating to a particular project. It is for the lawyer to draft the vitally important arbitration clause on which the parties will eventually rely if a dispute should arise concerning the performance of their respective obligations.

Because historically governments of developing countries have usually been in a weaker negotiating position vis-a-vis foreign investors and have learned some bitter lessons from past experience, they now tend to be wary in dealings with these investors. At the same time they are beginning to appreciate the valued standard international rules and procedures, including arbitration procedures, for the settlement of disputes concerning e.g. alleged low performance by a foreign investor of commitments entered into by contract. It is in their interest, moreover, for them to be associated with any review or reformulation of these rules and procedures in the light of developments. The form and nature of the arbitration machinery should, of course, be acceptable to them, and arbitral awards in cases arising between developing countries and foreign investors should be given maximum publicity.

SOVEREIGN BORROWING AND THE PRINCIPLES OF BUDGETARY LAW

*Contribution by Professor Rolf Knieper**

There is now unanimous agreement in principle within the international community that there is a common responsibility for the development of mankind. Even though the meaning of the term "development" is vague and even though it is not universally agreed that there is a "right" to development, nevertheless it may justly be said that the development efforts of the developing countries and the support given to these efforts by bilateral, regional and multilateral agencies are not based on merely moral or ethical considerations. They correspond to what may fairly be described as legal standards and obligations - virtual "law of development".

Secondly, one can agree that the World Bank's view (as stated in its report on Sub-Saharan Africa, 1989) is correct and that responsibility for Africa's economic crisis is shared by donor agencies and foreign advisers, along with the African governments themselves.

Thirdly, the State has certain inalienable functions in the matter of public expenditure and public revenue which must be exercised for the sake of the common good. However, in the modem interdependent world economy the common good can no longer be defined in purely national terms.

It is to the light of these considerations that public expenditure, public revenue and public debt in developing countries have to be discussed.

Let us now elaborate on the laws of public expenditure, public revenue, public debts or budgetary deficits in the developing countries.

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Public expenditure "constitutes the dispensation by the State on non-market criteria of economic resources which it has acquired from firms and households" (D. Heald, Public Expenditure, Its Defence and Reform, 1987, p. 10). It includes such recurrent operating costs to the Government as provisions for police, judiciary, military, diplomatic services, central banks or statistical services, the bulk -of expenditure being wages and salaries. It further includes the costs of social and economic infrastructures like schools, clinics, posts, highways, bridges, power stations and water supply. To this is to be added, from time to time, investment in productive activities, or as the World Bank likes to say parastatals, which can range from mining companies to state banks and agro-industrial firms (cf. A. Seidman, An Economics Textbook for Africa, 1980 p. 290 s; K. Griffin, Alternative Strategies for Economic Development, 1987, p. 236 ss.) and we have to add of course the costs of reimbursement of existing debt that for the time being cripples any state policy.

Apparently, neither lawyers nor economists have succeeded so far in developing objective criteria justifying all these activities. It has been equally impossible to draw an objective line between public and private expenditure. Both questions have been the subject of political controversy and have opposed political parties and moral philosophers as basic issues of principle. For the same reason, categorizations have changed over time. What was private yesterday can become public today; what was deemed of highest necessity yesterday might be considered superfluous tomorrow. However, this is only true for specific expenditures. No one would dispute the fact that modern societies could not survive without public expenditure, without any state activity at all.

The following quotation of Adam Smith - which best summarizes the essential points - will help us grasp the problem in its essence and link it to the next point: "The third and last duty of the sovereign or commonwealth is that of erecting and maintaining those public institutions and those public works which, though they may be in the highest degree advantageous to a great society, are, however, of such a nature, that the profit could never repay the expenses to any individual or small number of individuals, and which it therefore cannot be expected that any individual or small number of individuals should erect or maintain. The performance of this duty requires very different degrees of expense in the different periods of society" (A. Smith, the Wealth of Nations, Book V. Clip. I. Part Three). Smith goes on to give the examples of roads, bridges, harbours and the like - all expenditures which can be found in any project list of any development agency. At the end he adds a "certain expense which is requisite for the support of the dignity of the sovereign".

We find here two decisive criteria for public expenditure, advantageous to the society and not profitable to individuals. From there, Smith concludes and we cannot but agree, that these expenditures have to be "defrayed by the general contribution of the whole society, all the different members contributing, as nearly as possible, in proportion to their respective abilities" (Book V Chp I. Conclusion).

These observations and reflections, written some two hundred years ago, are of more than historical interest. In fact, they give a clue to a better understanding of the ongoing debt crisis of developing countries which goes far beyond current allegations of bad management or corruption, although these facts cannot be denied. They even justify the prediction that the mere forgiving of the existing debt would not solve the problem, which is of a structural nature.

In order to explain what is meant, the following example will be used, which might seem to be far fetched. When the Security Council decided that Iraq should be driven out of Kuwait and when it authorized allied forces to do so, the United States found that they could not finance this unforeseen military venture through their tax revenues or by increasing the budget deficit, which is already the highest in the world. The US budgetary legislation stood against the contracting of further (foreign) debt. The US argued that what they did was deemed necessary by the international community, that it was under all aspects a public expenditure, that it could not be financed by one national budget for structural reasons, so that other national public revenues should contribute to finance their expenses. That was accepted by several countries like Japan, Saudi-Arabia and Germany, which in turn used tax and other public revenues to do so. It did not occur to anyone that these contributions, to a task that was defined as being in the common interest in an interdependent world, should be made in the form of loans. It was paid as grants to the US budget, stirring later and almost inevitably, discussions as to the justification of cost estimates.

Does this example apply to the debt problem of African countries and how?

A crucial point in the reasoning of Adam Smith is that certain expenditures are by definition public because they will not generate profits on private capital and will not generate funds which could be used to reimburse credits. By definition, reimbursement from the proceeds of this specific expenditure is excluded. It has to be financed by general contributions, by public revenues accrued from taxes, duties and the like, which are defined by their **compulsory nature,** outside any individual consideration. If in a given period of time public revenues are not sufficient to meet all public expenditures which have been judged necessary, the gap might be bridged by deficit spending, by credits. These are contracted in the expectation of a future rise in public revenues.

Most national budgetary laws set ceilings as to the percentage of debt against tax revenue. They might vary from zero to thirty percent, but they never allow for a total financing of public investment, let alone recurrent administrative costs, with borrowed money. Experience as well as theoretical considerations tell that a 100 percent debt-financing strategy must lead to a failure of reimbursement. Some states such as the US have even introduced legislation which ask for a balanced budget although this has not led to any significant success. Nonetheless, such laws have been the basis for the demand by the US Government to have the Gulf War co-financed by other States.

To a growing extent, public investment in developing countries is financed by international public funds, coming from development agencies. In some countries, even a part of recurrent costs is financed in this way. The picture gets even bleaker when technical assistance is added to recurrent costs. Equally growing is the recourse to credit as opposed to grants to meet such costs, these credits being often extended on concessional terms.

It is worth noting that the World Bank had modified its criteria of acceptability of credit financing with changing circumstances. While suggesting in 1962 that a maximum prudent debt service ratio would be 7%, it stepped up this ratio to 10% in the late 1960s and now uses 30%. And lending still goes on.

Going back to Adam Smith and to the above conclusions, it seems obvious that there are third world debts that cannot be paid, even if loans were managed in the most effective way and corruption did not exist. This is partly due to the fact that development has not taken place the way its actors expected it to happen, one of several consequences being that public revenue in developing States rose much less than anyone expected. As was stated above, responsibility for this state of affairs is shared.

This is the situation today. Now what can be done to remedy it?

Austerity programmes encourage cuts in expenditures in order to increase revenues and the introduction of ceilings to debt/revenue ratios. This is the normal procedure of stand-by arrangements and structural adjustments. These approaches have to be looked at in the context of development requirements. If it is accepted that there is an international obligation to enhance the well-being and development of all human beings as it is expressed in the Declaration on the Right to Development, and if it is admitted that developing countries have to effect public expenditure which is out of proportion with their potential to raise public revenue, and if the gap is too wide to be bridged by loans, which are not going to be reimbursed, then the international community should finance this gap through grants at least to the same extent to which it financed the Gulf War. Apparently, there are many questions open to debate: What is an indispensable public expenditure? Is it only physical infrastructure like roads and posts? Does it equally include social infrastructure like access to health, clean water, public education? What type of infrastructure has to be developed.) What is a tolerable proportion of recurrent costs, public investment and military spending?

What activity can be left to the private sector and what does privatization mean?

All these questions need answers. Since there are no fixed or objective criteria, they can only be found through trial and error and by introducing procedures which allow for an open discussion, where all opinions can be voiced. Answers should not be the monopoly of any single monolithic power. The authority to negotiate and sign credit and expenditure agreements should be checked by independent political bodies and the power to ratify them should not belong to the same entity. These procedural considerations apply, of course, to the national borrower.

It would be unrealistic and counter productive not to add an international dimension to these procedures under the pretext of national sovereignty, since the latter has de facto become more and more obsolete. Orderly procedures should be introduced, that allow for interaction among different actors, national and international, which cooperate in the definition and financing of development policies. The ongoing distinction between traditional budgetary policies on the national level and negotiations in the framework of international law with multilateral agencies is questionable. The dialogue concerning indispensable expenditure needs, the rate of coverage by public revenues and the tolerable rate of credit financing has to be carried on in a more complex setting which has to be worked out. Once all actors have agreed upon the facts and figures and if, as a result of agreements, there remains a financing gap, then this gap has to be bridged by grants since loans could not be reimbursed anyway. Existing debt should be treated the same way: If, following, ex-post-evaluation it becomes apparent that it has been contracted under unrealistic assumptions, it should be forgiven for structural adjustment reasons.

About UNITAR

UNITAR is an autonomous body within the United Nations which was established in 1965 to enhance the effectiveness of the UN through appropriate training and research. UNITAR's programmes in the legal aspects of debt, financial management and negotiation are among a wide range of training activities in the field of social and economic development and international affairs carried out, generally, at the request of governments, multilateral organizations, and development cooperation agencies. UNITAR also carries out results-oriented research, in particular research on and for training, and develops pedagogical materials including distance learning training packages.

UNITAR's **Training and Capacity Building Programmes in the Legal Aspects of Debt, Financial Management and Negotiation** are conducted for the benefit of over 35 partner countries mainly from sub-Saharan Africa and Vietnam. These programmes aim at meeting the priority training needs of senior and middle-level government officials through a wide range of seminars, workshops, and training of trainers workshops. In parallel to training activities, the programme also assists in strengthening local capacities of governmental and academic institutions through distance learning training packages, up-to-date publications as well as networking activities.

During 2001, the programme will focus on :

- Training government officials through short-duration regional seminars and workshops on various aspects of debt, financial management and negotiation;
- Developing On-line Training Courses (in parallel with its traditional regional training) with a view to tapping a wider audience and reducing cost of training per participant;
- Strengthening existing ties with regional training centres and offering joint courses with partners in the field;
- Creating awareness among senior government officials of the importance of the legal aspects in the borrowing process and of putting together a multidisciplinary team for loan management and public administration;
- Providing in-depth training and skills development for accountants, economists, financial experts and lawyers coming from government ministries and departments involved in negotiation, financial management and public administration; and
- Developing and disseminating training packages and 'best practice' materials directly related to the practicalities of legal aspects of debt and financial management, with a view to strengthening existing human resources and institutional capacities at the national level.

A description of UNITAR's latest activities and training programmes in the area of debt and financial management is available on its website at: www.unitar.org/dfm.

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