40 Years of UNCTAD Work on Sovereign Debt Crisis Resolution Mechanism

Institutional background and history

Being a focal point of the United Nations system for debt issues, UNCTAD has a long track record in undertaking research and analysis on a sovereign debt crisis resolution mechanism. UNCTAD started working on this issue as early as 1977, when it called for explicit principles for debt rescheduling (TD/AC 2/9). In 1980, UNCTAD’s Trade and Development Board endorsed a set of “Detailed Features for Future Operations Relating to the Debt Problems of Interested Developing Countries”. In 1986, UNCTAD’s annual flagship Trade and Development Report, included a detailed proposal for establishing a procedure for sovereign debt restructuring based on Chapter 11 of the United States Bankruptcy Code. The Trade and Development Report also discussed the need for an insolvency procedure for sovereign debt in its 1986, 1998, 2001 and 2009 issues. The annual General Assembly report on debt prepared by UNCTAD has repeatedly recommended the need for such a mechanism and the General Assembly debt resolutions have also called for the issue to be examined.

Recent events

With the onset of the global financial crisis, UNCTAD was among the first to reopen the discussion on the mechanism. UNCTAD co-hosted a seminar with Initiative for Policy Dialogue at Columbia University in February 2011 entitled “Resolution of Sovereign Debt Crises: the Policy and Research
Further information

For more information on the Projects undertaken by UNCTAD in the fields of Responsible Sovereign Financing and Debt Restructuring, please visit our Website
www.unctad.org/debtportal

For a direct link to the Principles on Responsible Sovereign Lending and Borrowing:
www.unctad.info/debtprinciples3