A growing number of developing countries have found themselves facing litigation on commercial debts which are not being paid or have fallen into arrears. This may be for a number of reasons including:

- the creditor is not willing to provide debt relief under the HIPC or other international initiatives and is seeking fully repayment
- the country’s debt may be been bought on the secondary market by a ‘vulture fund’ with the aim of suing for full repayment.

There are however steps countries can take to avoid lawsuits, which are discussed in Negotiating Debt Reduction in the HIPC Initiative and Beyond.

One of the most high profile litigations in recent years was the case of the Government of Zambia and Donegal International, for more information on this please go to unctad.org/dmfas.

Information on lawsuits is also published in the IMF’s annual Status of Implementation Report on the HIPC and MDRI initiatives.