Some progress has been made since 1999 in terms of debt relief for poor developing countries. However, the HIPC and MDRI relief schemes could not reduce a country’s exposure to all its creditors in a fair, orderly and transparent way. Restrictions on new borrowing like the World Bank’s Debt Sustainability Framework (DSF) or individual instruments like the Collective Action Clause (CAC) or Codes of Conduct are useful, but generally refer to not more than one group of lending instruments or creditors. Thus, fresh funding for borrowers must be accompanied by a new mechanism to deal in a fair, equitable and comprehensive way with critical situations of sovereign over-indebtedness.

The conference stressed the need for an "International Insolvency Framework" which involves all creditors, guarantees impartiality in decision making, a stay on loan enforcement and impartial assessment of a sustainable debt level.

Several options have been discussed, including:
- FTAP (Fair and Transparent Arbitration Process) as an ad-hoc procedure based on principles of the Chapter 9 of the US insolvency code.
- Standing Debt Court (Sovereign Debt Tribunal) with neutral arbitrators, established as a UN institution.

Government representatives expressed support for the need for a comprehensive and transparent international arbitration procedure. An international insolvency framework is supported by the German government as expressed by its coalition treaty.

We discussed a possible roadmap towards a reform of debt negotiation procedures, the relevant international framework and the involvement of debtor countries. Any option for a restructuring mechanism will face collective action problems like holdouts or free riders, legal action or litigation and the costs of the restructuring process for debtors and creditors (depreciation of currencies, increased bond spreads and decline of interbank lending). An important issue is furthermore the validity of debt: illegitimate or odious debts, moral hazard and the appropriate representation of the debtor countries' needs.

The initiation of the debt procedure should be automatic or with the debtor country, misuse has to be prevented to avoid unjustified insolvency procedure.

Various institutions and organizations have stressed the need for a new debt mechanism. The UNCTAD Responsible Lending Project deals with the legitimacy of loans. EURODAD has published 10 principles for fair debt restructuring which should be represented in an internationally agreed mechanism.

Debtor countries from Africa, Latin America and the G24 should be involved into the reform process. They stressed the need for debt prevention and arbitration processes. In principle they support the call for a fair, transparent and comprehensive debt mechanism. The discussion about insolvency procedures should be intensified in the relevant political fora, including G20.

In conclusion:

There is a general feeling of consensus among the participants in the following points:
- The risk of new indebtedness is rising, also in middle-income-countries and new regions.
- There is a need to prepare for dealing with the upcoming debt problems.
- The existing mechanisms are not sufficient.
- Instruments of debt relief that might be included in the solution are being discussed.
- There are basically two options: ad-hoc arbitration or a standing court.
- We send out a strong call for a need to change the law.

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