



**Abu Dhabi: 27 May 2009**

## **Hawkamah Declaration on Insolvency and Creditor-Rights Systems for the Middle East and North Africa**

Participants from 10 countries in the Middle East and North Africa (MENA) representing government officials, regulators and practitioners from Egypt, Jordan, Lebanon, Libya, Oman, Palestine, Qatar, Saudi Arabia, Sudan, and United Arab Emirates gathered in Abu Dhabi, UAE, on May 26-27, 2009 to discuss and review the state of insolvency and creditor rights systems in the region.

The symposium was organized by Hawkamah, Institute for Corporate Governance, in association with the OECD, World Bank, INSOL International, Abu Dhabi Chamber of Commerce and Industry, Abu Dhabi Centre for Corporate Governance, and supported by Latham & Watkins.

Whereas the countries and economies of the region are:

Facing repercussions of the global financial turmoil and the resulting credit crunch;

Recognizing that the global financial crisis offers an opportunity to move ahead with financial reform and to build insolvency systems designed to address systemic risk and to build modern and efficient insolvency procedures;

Understanding of the need to further develop and deepen the region's capital markets;

Cognizant of the need to balancing the interests of debtors and creditors, and given the limitations of existing MENA insolvency systems;

Noting the importance of Islamic finance institutions in the region and beyond, and acknowledging that insolvency systems need to reflect fundamental values of society and be compatible with national legal traditions; and

Having reviewed a regional survey of insolvency and creditor-rights regimes in 11 MENA jurisdictions (Egypt, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, United Arab Emirates, Dubai International Financial Centre, and Yemen) conducted by the Hawkamah, World Bank, OECD, and INSOL International, with the support of PriceWaterHouse Coopers and Korn/Ferry International;



Hereby:

**CONFIRM** the importance of sound insolvency and creditor rights systems to the development of the region's capital markets and private sector;

**CALL** for the modernization of insolvency and creditor rights regimes in the Middle East and North Africa (MENA) according to international best practices and standards, particularly the important international reference points on insolvency law issues such as the World Bank's *Principles for Effective Insolvency and Creditor Rights Systems*, and the UNCITRAL *Legislative Guide on Insolvency*;

**UNDERSTAND** that there is no 'one size fits all' insolvency model fitting all countries of the region; however, harmonization of the regimes should be sought to encourage more domestic and international investors and add value to the corporate and financial sectors;

**CONSIDER** that countries of the region share common problems which need to be addressed, in accordance with international standards and good practices such as liquidation/reorganization procedures, informal work-out/court-led procedures; priority of claims; human/institutional capacities concerning insolvency practitioners and judges; special procedures for financial institution insolvencies and the role of regulators;

**ENCOURAGE** policy makers, legislators and regulators to acknowledge the benefits of a well-functioning insolvency regime and work towards building and addressing the legal, regulatory and institutional frameworks necessary for sound insolvency regimes in the region;

**ENGAGE** market practitioners such as accountants, lawyers, insolvency professionals to work with policy makers to build the suitable infrastructure necessary for a sound insolvency regime—including the necessary regulatory architecture of insolvency practitioners;

**STRENGTHEN** the institutional framework of regulators and judiciary, and enhance their capacities necessary for effective and efficient implementation of insolvency laws;

**RECOGNIZE** the specific assistance being provided by the World Bank Group in the form of direct technical assistance to: (1) Improve insolvency legislation; (2) Build frameworks for out of court resolution of insolvency cases; and (3) Increase domestic capacity to effectively regulate insolvency practitioners all of which has the aim of, inter alia, reducing the time and cost associated with insolvency proceedings; and

**ESTABLISH** a Regional Forum on insolvency and creditor rights which will aim to engage, educate, and inform more stakeholders into the reform process and will serve as a platform for sharing of international and regional best practices on both policy and infrastructure areas on insolvency and creditor rights.



Next Steps for Insolvency and Creditor Rights Systems in the region will include:

1. Finalize the regional survey of insolvency and creditor rights conducted by the Hawkamah, World Bank, OECD, and INSOL International, to include advancing a set of policy recommendations.
2. Disseminate the publication to the widest audience possible to include Ministers, regulators, lawmakers, accountants, auditors, bank and non-bank corporate sector, academia, and media and make the publication a reference manual for the improvement of national systems and effective implementation.
3. Develop a series of sector-specific programmes on regional and national bases to facilitate benchmarking and sharing of best practices that would help elevate and advance the insolvency and creditor rights agenda.
4. Develop and design public awareness and training programmes for practitioners, regulators and judges.

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