

# Out-of-Court Debt Restructuring

*Jose M. Garrido*



**THE WORLD BANK**  
Washington, D.C.

# Contents

Foreword .....	v
Acknowledgments .....	vii
Abstract .....	ix
About The Author .....	x
<b>I. Background to Out-of-Court Debt Restructuring .....</b>	<b>1</b>
1. Introduction .....	1
2. Relations Between Informal and Formal Insolvency Procedures .....	2
3. Pre-Conditions for Debt Restructurings .....	6
4. Advantages and Disadvantages of Informal Procedures .....	8
<b>II. Enabling Legislative Framework .....</b>	<b>15</b>
1. General Conditions of an Enabling Framework .....	15
2. Other Legislative Provisions For an Enabling Framework .....	18
<b>III. Informal Workout Procedure .....</b>	<b>27</b>
1. Introduction .....	27
2. Contractual Workouts .....	28
3. Enhanced Restructurings .....	39
4. Hybrid Procedures .....	47
5. Relationships Between Out-of-Court Procedures and Formal Insolvency Procedures .....	51
6. Systemic Crises and Debt Restructuring: Decentralized and Centralized Approaches .....	52
<b>IV. Conclusion: A Policy Agenda for Out-of-Court Debt Restructurings .....</b>	<b>56</b>
<b>Figures</b>	
Figure 1.1: The continuum of procedures for the treatment of financial difficulties .....	3
Figure 1.2: Overlapping relations between out-of- court restructurings and formal insolvency proceedings .....	4
<b>Tables</b>	
Table 2.1: Checklist for tax regulation issues in corporate restructurings .....	23
Table 2.2: List of elements of a legal system to be assessed to verify the existence of obstacles and incentives for out-of-court restructurings .....	26