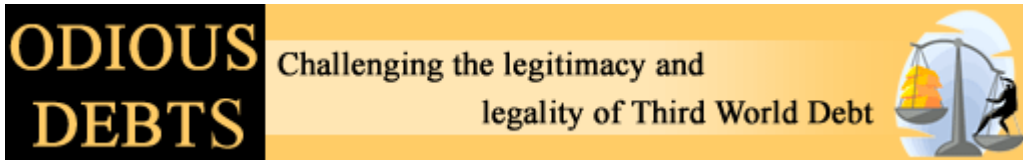


Jubilee Nederland (Henk van den Heuvel)

From: editors@probeinternational.org
Sent: woensdag 30 april 2008 19:53
To: info@jubileenederland.nl
Subject: Odious Debts Online



News and Analysis - April 30, 2008

Odious Debt moves onto the agenda: World Bank hosts illegitimate debt roundtable!

On Monday, April 14, the World Bank hosted an invite-only, day-long round table on illegitimate debt at its headquarters in Washington, DC.

The momentous event was heralded by [Jubilee USA](#) as an "important step forward" for the illegitimate debt campaign movement, after having spent years "pushing the World Bank to engage with the issue."

The World Bank convened the April 14 round table in response to feedback from civil society groups (CSOs) to its September 2007 discussion paper, "Odious Debt: Some Considerations." The paper caught harsh criticism from CSOs, who generally lambasted the document as one-sided and for failing to engage with important arguments posed by the doctrine of odious debts; a move, or lack thereof, viewed by longtime debt campaigners as dismissive.

The round table, though a great leap forward for the Bank on this issue, did not result in a change of heart but it did give some CSOs an opportunity to present their viewpoints. Jubilee USA reports that:

"Although the World Bank did not deviate from its position -- that illegitimate debt is an unclear concept and not one that can be meaningfully pursued -- this was the first time it had heard and discussed the perspectives of civil society and development countries in such a meeting. Lenders -- whether governments or the World Bank itself -- tend to be dismissive of illegitimate debt, while borrower governments are very nervous of openly discussing it, so the most refreshing contributions came from one or two government representatives who went against the grain."

Discussion ranged from the technical and legal aspects of the odious debt debate to a broader moral and political understanding of the topic, and the sharing of experiences from countries including Haiti, Nigeria, Norway and the Philippines. The round table also looked at ways to strengthen lender responsibility and at how to deal with previous cases of irresponsible lending, and its consequences.

Jubilee USA said that while there was "general agreement that there are clear cases in the past of where loans have gone fundamentally wrong, there was less consensus on how to tackle the problem."

Attendees of the round table included staff members of the World Bank, African Development Bank, IMF, as well as government officials, donor agency officers, academics and civil society representatives.

The World Bank and Eurodad -- the European NGO development network, and a strong critic of the Bank's paper -- are expected to produce a formal report based on the April 14 round table in May. Eurodad helped to coordinate the event and organized CSO invitees.

For an outline of the discussion, please see Jubilee USA and their report of the round table: http://jubileeusa.typepad.com/blog_the_debt/2008/04/world-bank-host.html

For reactions to the World Bank paper, "Odious Debt: Some Considerations," please see:

[German Jubilee movement slams World Bank odious debts paper as "biased" and "misleading"](#)
[World Bank Paper on Odious Debt: Dismissive and Limited: Eurodad](#)

Landmark debt cancellation bill wins House vote

The Jubilee Act for Responsible Lending and Expanded Debt Cancellation gained a majority win in the U.S. House of Representatives this month and now moves to the Senate for final consideration.

On April 16, House reps voted 285 to 132 in favor of the bill to relieve the debts of some of the world's poorest countries owed to the United States and fellow official creditors in the Paris Club, the IMF, World Bank and other international financial institutions. Passage of the bill would expand the list of poor countries eligible for debt relief by 25.

Introduced in the House by Rep. Maxine Waters (D-CA) and Rep. Spencer Bachus (R-AL) in June 2007, the timing of the House vote is believed to have been queued to an upcoming [visit](#) by Pope Benedict XVI to the United States.

In addition to debt relief, the Jubilee Act also calls on the U.S. Treasury Department to establish a new system that would promote lender responsibility and curb the accumulation of illegitimate debt in future, and asks GAO, the Washington-based Government Accountability Office watchdog, to undertake a series of audits of past lending to countries with demonstrably 'odious' debts.

For more information about the Act, see the Jubilee USA listing:

<http://www.jubileeusa.org/jubilee-act.html>

Announcement by Poverty News:

<http://povertynewsblog.blogspot.com/2008/04/house-passes-bill-that-would-expand.html>

Britain up in arms again over BAE

Britain's Serious Fraud Office is debating whether to bring fresh corruption charges against BAE Systems Plc, Britain's biggest and most influential arms company. BAE got lucky last year after it was relieved of a high-profile SFO investigation into a controversial arms deal with Saudi Arabia, [halted](#) by Tony Blair's administration for national security reasons.

This time, BAE is back in the hot seat over another arms deal, this time with Tanzania, after the discovery of more than \$1 million in offshore accounts, held in Jersey by Tanzania's infrastructure minister, Andrew Chenge.

Tanzania's anti-corruption bureau, which has been working with authorities in the UK, Switzerland and Jersey, wants to establish if the money is linked to multi-million pound secret commission payments made by BAE, reports the U.K.'s [Guardian](#) newspaper.

Chenge doesn't deny the existence of the money but refutes "the obvious inference" of the investigations that the money represents "corrupt payments" from BAE.

The Tanzanian story comes on the heels of a landmark British high court ruling this month, which said the Blair decision to drop the SFO Saudi probe was wrong and rejected claims that U.K.'s national security would be jeopardized and lives put at risk.

The deal with Tanzania, which received the blessing of Tony Blair, involved the purchase of a £28m radar system from BAE Systems in 2001. At the time, Blair was accused of pushing the contract through amid [allegations](#) that BAE made payments of \$12m (£6.13m) into a Swiss account to cement the deal, and that an alternative could have been bought by poverty-stricken Tanzania for much cheaper. The then International Development Secretary for the U.K., Clare Short, led an outcry against the deal, declaring the contract corrupt.

A lengthy SFO probe found that 31% of the contract's price had been diverted. BAE is alleged to have transferred that portion to a subsidiary named Red Diamond Trading.

Registered anonymously in the British Virgin Islands, Red Diamond moved the cash to a Swiss account in the name of Envers Trading Corporation, a Panama company, secretly controlled by a Tanzanian middleman, Shailesh Vithlani. Investigators are currently checking to see whether Vithlani made arrangements for the money to pass into the hands of Tanzanian politicians and officials, reports the Guardian.

In response to the recent scandal, BAE Systems has declined to comment and is instead trying to improve its image with a public relations campaign, which includes the release of a report by a commercial consultancy which claims that BAE is of key value to the U.K. economy.

For an interesting blog entry on this subject, please see:

[The British Government and Corrupt Practices](#)

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