

Roundtable on Odious Debt

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The round table on "*Conceptual and Operational Issues of Lender Responsibility for Sovereign Debt*" was held on April 14, 2008 in Washington, DC. It was hosted by the World Bank following the publication of a draft World Bank discussion paper entitled "*Odious Debt: Some Considerations*" in September 2007. The event was organized in response to a request by a coalition of civil society organizations interested in discussing the findings of the Bank paper and the broader issues of odious/illegitimate debt and responsible lending. Around 40 participants attended the event including representatives from civil society organizations, universities, World Bank, IMF, Paris Club Banks, and donor governments.

There was a three-pronged agenda which attempted to cover the historic, legal, institutional, and financial aspects related to the odious debt and sustainable lending issues:

Session One focused on the concepts of odious and illegitimate debt, i.e. what the terms odious and illegitimate debt mean and whether these can be considered well established legal concepts.

Session Two examined how feasibly these concepts could be applied in practice.

Session Three considered practical approaches to addressing concerns on responsible lending and borrowing in the future.

The day-long meeting was characterized by an open, substantive, and thoughtful discussion recognizing the different viewpoints and responsibilities of the participants. To facilitate frank debate, the discussion was held under Chatham House Rule, with the implication that no remarks reported in these notes are attributed to any individual. At the conclusion of the meeting, participants generally expressed the view that the round table had been a welcome exchange of views and should be viewed as part of a broader conversation on the subject. There was also consensus that this discussion on odious debt and responsible lending had engaged a much broader range of stakeholders than before, and this was another positive outcome.

Although some stressed that there had been incidences of lending going wrong in the past, there were differences of opinion expressed over how to address these concerns. Some participants argued that it was essential to look at the issues of past illegitimate debt and future responsible lending hand-in-hand. In order to ensure responsible lending and borrowing behavior in the future, it was essential to learn the lessons of the past as well as be seen to "put your house in order". Other participants argued that discussions over the past should not paralyze efforts to move forward on issues of responsible lending in the future. This was an issue on which broad-based consensus could be achieved and tangible progress made relatively quickly.

CSOs suggested a number of ideas for follow-up activities. Several CSO representatives suggested that, if the World Bank was indeed serious about the importance of the odious debt issue, it should foster further discussions on the subject. A specific suggestion was made for a follow-up workshop with legal experts to discuss different approaches to dealing with the problem. It was also proposed that the World Bank and a Southern CSO jointly appoint an independent auditor to examine a selected Bank credit according to mutually agreed indicators. Finally, CSOs called for the World Bank discussion paper and roundtable outcome report to be discussed by the Bank's management and Board.

Bank staff mentioned that its discussion paper on odious debt would now be finalized and posted on its website (see below). They also announced that the Bank will hold a conference on debt relief in low-income countries in October 2008. This would be an opportunity to analyze 12 years of the HIPC Initiative, and to propose a way forward beyond the process. CSOs would be invited to attend and the forum would be an occasion to continue some of the discussions on odious debt. Finally, the Bank mentioned that its internal audit procedures were stringent and that allegations of impropriety and/or damaging consequences of Bank financed activities would be seriously investigated. In this context, they invited CSOs to bring any such concrete cases to the attention of the World Bank and that it would be pleased to look into it.

For more information on the issues discussed, agenda, participants, and other background information, see the links below:

[Odious Debt Roundtable Report](#)

[Agenda](#)

[Participants List](#)

[Bank's Odious Debt Paper](#)

[Bank's Debt Website](#)

[EURODAD's Website](#)

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