

## **Doha Draft Outcome Document. Proposals by Norway for the fifth section: External debt**

42. We recognize that important challenges remain. Debt service in a considerable number of low and middle-income countries is still too high. The existing international debt resolution mechanisms, including the Paris Club, cannot guarantee equivalent treatment of all creditors and just treatment of creditors and debtors, hindering the establishment of predictable debt resolution procedures. There is concern about increasing vulture fund litigation. In addressing these situations, we need to enhance the international financial mechanisms for debt crisis prevention and resolution by finding internationally agreed solutions. These mechanisms need to be underpinned by principles that have served us well in dealing effectively with many debt problems. These include the need to ensure that debt resolution is a joint responsibility of all debtors and creditors; to recognize that furthering development is the ultimate objective of debt resolution and that debt relief should not detract from ODA; to strengthen transparency and accountability among all parties; to promote responsible lending practices, **including learning from the past by looking at the legitimacy of existing claims based on how the loans were given and in which gender perspectives are taken into account; to improve** debt management and national ownership of policies; and to facilitate equivalent treatment of all creditors.

43. The number of creditors to developing countries and countries with economies in transition has grown, in light of an increase in new official and private creditors. We will seek to enlarge creditor coordination to reduce risks of debt overhang in borrowing countries and to improve interaction among all relevant actors during debt renegotiations. In those renegotiations, we agree that all relevant actors will pay special attention to the need to respect debtors' policy space, in particular the room for investments in infrastructure, and measures linked to attaining the IADGs, including the MDGs **and other projects targeted at development including the advancement of women.**

46. We acknowledge the need to address all relevant issues regarding external debt problems, including through new ad-hoc forums with technical support from the BWIs and the United Nations, to consider *inter alia*, a sovereign debt work-out mechanism, **including assessing the legitimacy of debt**, enhancing the transparency and accountability of procedures of existing mechanisms, and the possibility of crafting more permanent debt mediation or arbitration mechanisms.