



SOCIAL WATCH

## **Sustainable Development, Debt and Human Rights**

*By Elena Marmo*

As the dust of the UN General Assembly High-level week settles, the General Assembly and its committees continue their annual work on a myriad of issues. Across the upcoming meetings, the many themes discussed at the Sustainable Development Goals (SDG) Summit, High-level Dialogue on Financing for Development and High-level meeting on the SAMOA Pathway are salient and pivotal to shaping discussions on macroeconomic conditions for development and human rights.

### **Looking behind: outcomes of the High-level week**

The High-level Dialogue on Financing for Development (FfD) on 26 September 2019 featured inspired discussions on combatting illicit financial flows, financing the SDGs and climate action against rising debt burdens, highlighting the need for structural, macroeconomic changes to lending and trade in order to best equip countries to achieve the SDGs.

At the opening of the High-level dialogue, Secretary-General António Guterres [noted that](#) “collaboration is crucial in cracking down on tax avoidance, tax evasion, corruption and illicit financial flows that deprive developing countries of tens of billions of dollars of potential resources for their development every year”. With Domestic Resource Mobilization (DRM) posed as a crucial element to financing the SDGs, the High-level dialogue on FfD afternoon session’s focus on mobilizing and attracting private sector financing could be a danger, should increased private financing further crowd out the public sector and their role as service providers. Additionally, the President of the General Assembly, Tijjani Muhammad Bande [stated](#): “We are again seeing alarming signs of debt accumulation and distress in many places...Debt sustainability must be addressed so that recent history does not repeat itself.”

The concern for debt sustainability was also present in the High-level meeting on the SAMOA Pathway, where keynote speaker Mia Mottley, Prime Minister of Barbados [urgently reminded](#) Member States that climate change’s disproportionate effects on Small Island Developing States (SIDS) have implications for debt burdens as well. She noted, “I refer once again to the plight of Barbuda whose cost of recovery was 10 times that which was pledged and who have still not collected even that which was pledged”, adding that for SIDS, vulnerable to natural disaster and climate risks, debts incurred for development are washed away quickly, leaving countries with high levels of debt and little development to show for it. On this, the Secretary-

General said, many SIDS are “trapped in an accelerating and unsustainable cycle of disaster and debt”.

### Looking forward: UNGA Second Committee

After the High-level week, the topics of debt and financing continue on the agendas of two General Assembly committees: the Committee on Economic and Financial Affairs (Second) and Committee on Social, Humanitarian & Cultural Issues (Third). These committees will meet for the remainder of 2019 at UN Headquarters in New York City and will be [Webcast](#) for those not able to attend in-person. The discussions will see presentations of reports by the Secretary-General as well as UN Independent Experts and Special Rapporteurs, urging action on various fronts.

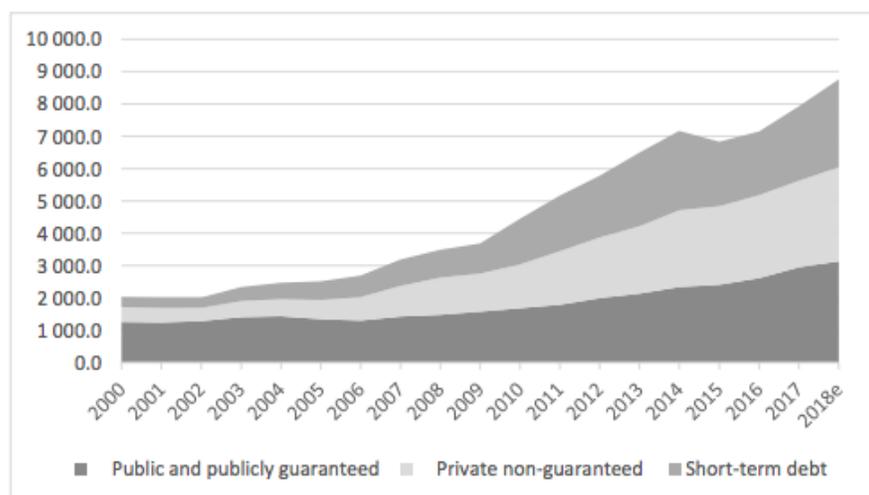
On 10 October the Second Committee will discuss macroeconomic issues including: international trade and development. international financial system and development. external debt sustainability and development, commodities, financial inclusion for sustainable development, promotion of international cooperation to combat illicit financial flows and strengthen good practices on assets return to foster sustainable development.

The committee has before it [the Secretary-General’s Report](#) on “External debt sustainability and development”.

The report highlights, the “ratio of total external debt to GDP has worsened, increasing to 29.1 per cent in 2018” (p. 5). Figure II below illustrates this upward trend, and its sharp increase since 2015.

Figure II  
External debt stocks, all developing countries, 2000–2018

(Billions of current United States dollars)



Source: UNCTAD secretariat calculations, based on data from the World Bank, IMF and national sources.

Abbreviation: e, estimate.

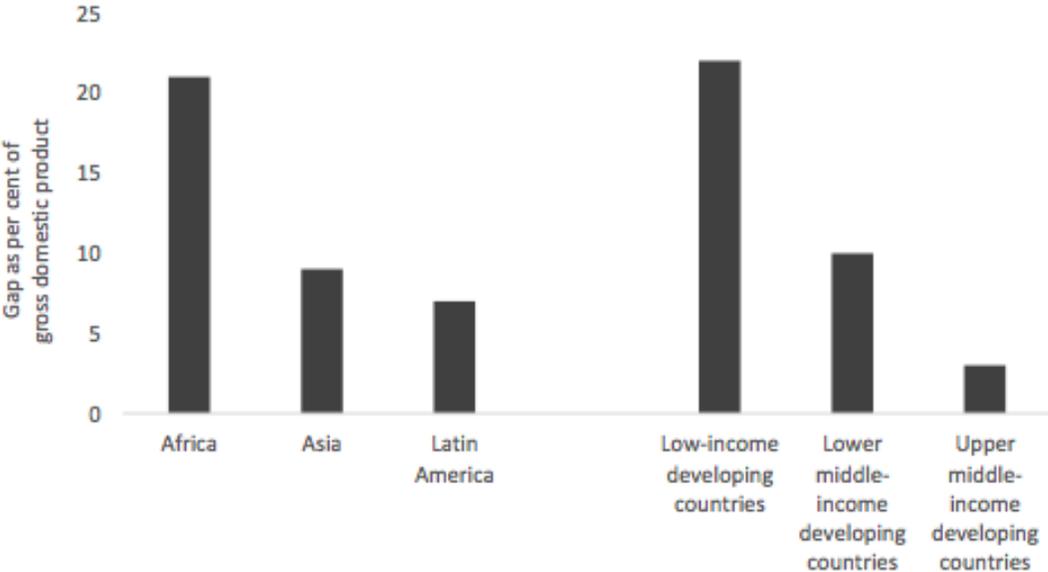
The Secretary-General’s report also makes note of the “cycle of disaster and debt” the Secretary-General mentioned at the SAMOA Pathway meeting—calling upon an UNCTAD study

on the impact of 21 natural disasters in developing countries between 1980 and 2008. The report recognizes that “such large-scale shocks can add, on average, 24 percentage points to the debt-to-GDP ratio of affected countries in the three years that follow the event. If the event does not lead to a rapid increase in foreign aid, that number could reach 43 percentage points” (p. 8).

While the report explores the increase of private creditors and subsequent shorter-term debt, it omits concerns many have with the role of International Finance Institutions (IFIs) and Public-Private Partnerships (PPPs). The report does acknowledge the SDG financing gap (see Figure IV) and calls for “enhanced debt data transparency” as it “is undoubtedly critical to improved future policy designs to address financial and debt distress” and because “meeting the Sustainable Development Goals over the next decade will require more drastic action to mitigate debt vulnerabilities in developing countries and improve debt sustainability now” (p.13).

**Figure IV**  
**The Sustainable Development Goal financing gap by region and income category, 2018**

(Per cent of gross domestic product)



Source: UNCTAD secretariat calculations, based on data from national sources and estimates of Sustainable Development Goal investment requirements from various sources.

Finally, although the report offers basic observations about debt trends, it omits comments on a comprehensive debt workout mechanism as [presented by civil society organizations](#) at September's High-level meeting on FfD.

### **Looking forward: UNGA Third Committee**

In its consideration of the foreign debt, the Third Committee will broaden the approach with a thorough investigation on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of human rights, particularly economic, social and cultural rights. On 21 October, the Independent Expert, Mr. Juan Bohoslavsky, will brief the Member States on his 13th annual report to the General Assembly.

In his [report](#), Bohoslavsky highlights the many ways in which foreign debt actively impedes the realization of human rights. Using the human rights framework as a guide, he argues, “the introduction of austerity measures does not contribute to economic recovery, but instead has negative consequences in terms of economic growth, debt ratios and equality, and routinely results in a series of negative human rights impacts” (p. 2). This holds implications for all lending, but particularly for the International Monetary Fund (IMF) and World Bank.

In taking stock of the global debt crisis, Bohoslavsky notes the “coercive nature” of preconditions and the way in which the growth in number and scope of conditionalities have “reduce[d] the national legal and policymaking space considerably” (p. 7). Despite wide recognition of the pivotal role of the public sector and social services in implementing the SDGs, IFI loans continue to impose conditionalities that include slashing public spending, privatizing public services and regressive tax reforms. Bohoslavsky cites various examples, from the privatization of state-owned enterprises in Ukraine to regressive taxes (value-added taxes) in Colombia and Costa Rica.

The implementation of such conditionalities has a disproportionate effect on already marginalized and vulnerable populations—including lower class individuals and women. Bohoslavsky cites, “mandated cuts to public sector jobs have contributed to rising informality, diminished unemployment benefits, the deterioration of social protections and increased burdens in terms of unpaid care work on women” (p.13). It is clear that such processes not only violate human rights but also result in an increase in inequality and a “threat to social cohesion”.

In response, Bohoslavsky's report includes a demonstration of IFI complicity in the violation of human rights as well as justification for “cessation, non-repetition and reparation”. Key to his argument, Bohoslavsky notes that IFIs can be deemed complicit when “aid or assistance

provided by an international organization in question would be considered internationally wrongful, that this element was known by international organization, and the existence of a causal link between the goods or services provided and the harm caused (violations of human rights, in this case)” (p. 15).

It is precisely because Member States often view the IMF as the lender of last resort, that it leverages bargaining power to “exercise influence on the borrower so that the borrower is not fully free to choose its own economic policies” (p.18). This power imbalance inherent to the debt-accumulation process is what makes IFIs complicit in the resulting human rights violations. If human rights impact assessments were carried out to assess potential impacts of lending agreements, rather than a continuation of structural adjustment and austerity measures, there would be positive implications for human rights. This rights-based framework provides grounding in international law to approach deliberations on debt in various fora, in order to uncover and address the injustices and violations inherent to the debt crisis.

### **Opportunities ahead**

The Third Committee’s rights-based mandate enables a myriad of [Special Rapporteurs and UN Independent Experts](#) to bring their expertise to bear to close the gap between economic policies and human rights. In the Second Committee’s work on macroeconomic affairs and sustainable development there exists considerable complementarity and some overlap with the Third Committee’s programme of work, and many reports, like Bohoslavsky’s, hold implications for wider discussions not only on macroeconomics, but also sustainable development, gender equality and institutional reform for equity.

The September’s High-level week of summits demonstrated the clear need for comprehensive measures to address the issue of debt, and the complex challenges to be considered within it. As the UN General Assembly continues its work in the Second and Third Committees, opportunities must not be missed to present concrete next steps and actions to remedy the debt crisis.