

25 February 2019

Dear Member States Representatives on the Council of the EU Working Party on Human Rights, (COHOM),
Dear Representatives of the EEAS,

Subject: UN Guiding Principles on human rights impact assessments of economic reforms

The UN Independent Expert on foreign debt and human rights will be presenting new Guiding Principles on human rights impact assessments of economic reforms to the 40th session of the UN Human Rights Council (HRC) in February/March 2019.¹ The Guiding Principles (GPs) have been developed by the Independent Expert (IE), Juan Pablo Bohoslavsky, in response to a request by the HRC issued in March 2017,² and are the result of a two-year drafting process, involving wide consultation with states, international financial institutions, civil society and trade union organisations, and human rights experts and practitioners. As members of European civil society, we are hereby calling on the COHOM and EEAS to ensure that the EU and member states express strong support for the new principles at the forthcoming HRC.

What we are asking EU member states and the EEAS to do at the 40th session of the UN Human Rights Council:

- Coordinate an EU position that strongly endorses the new Guiding Principles on human rights impact assessments of economic reforms, and that calls on all UN member states to put the new principles into operation at the national level;
- EU member states on the HRC to vote in favour of a resolution on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights, that includes strong endorsement of the Guiding Principles.

Why should the EU support the Guiding Principles?

Supporting the UN HRC in taking action in this regard is directly in line with the principles guiding EU external action under Article 21.1 of the Treaty on European Union and its objectives under Article 21.2(d), and as elaborated in the 2016 Global Strategy. Furthermore, it is closely linked with the EU's and its member states' commitment to the realisation of the UN Sustainable Development Goals (SDGs), to a rights-based approach to development, and its stated aims in the 2017 European Consensus on Development to support strengthened developing country debt and public expenditure management; better frameworks for macroeconomic stability; and resilience to prepare for and respond to economic shocks so that longer term development prospects are not jeopardised.³

The Guiding Principles could also contribute to the realisation of objectives set out in the EU Gender Action Plan 2016-2020, under the thematic priority on economic, social and cultural rights: with EU support at the HRC clearly corresponding with indicative activities laid out under objective 14.

It is critical that European governments now recognise and endorse the substantive benefit that the new Guiding Principles can bring to policy-making in support of the protection of universal human rights, and duly support the forthcoming resolution on the issue.

¹ The Guiding Principles are available at http://ap.ohchr.org/documents/dpage_e.aspx?si=A/HRC/40/57

² See <https://documents-dds-ny.un.org/doc/UNDOC/GEN/G17/085/87/PDF/G1708587.pdf?OpenElement>

³ See https://ec.europa.eu/europeaid/sites/devco/files/european-consensus-on-development-final-20170626_en.pdf, in particular paragraphs 36-38, 81, and 101.

The Guiding Principles underline the relevant implications of existing international human rights norms and standards for policy-makers designing economic reforms, and build on existing guidance and tools to demonstrate how reforms can be assessed against these standards. They highlight how human rights impact assessments (HRIAs) should systematically guide the design of policies aimed at restoring debt sustainability and macroeconomic stability, both in terms of preventing and in response to crisis situations. Importantly, they are designed not to set new human rights standards, but rather at producing practical guidance based on existing standards to *'assist States, international financial institutions and other stakeholders in designing, implementing and monitoring economic reform programmes with the aim of ensuring the protection of human rights.'*⁴

Why Guiding Principles now?

Unprecedented debt levels across the globe,⁵ coupled with rising inequality and its attendant political consequences, point to the urgent need to consider fully the potential and actual adverse impacts that fiscal adjustments and austerity policies – pursued ostensibly to avert negative market reactions and restore fiscal sustainability and macroeconomic stability – are having on human rights and development. In reality, such policies have often had a questionable impact on growth⁶ while leading to serious political and social repercussions. In 2017, the ILO stated that '[s]hort term austerity or fiscal consolidation reforms are undermining long-term development efforts' across the globe;⁷ while the IMF research department has pointed out that episodes of fiscal consolidation tend to increase income inequality and have begun considering using impact assessments of their economic policy advice as useful tools in that regard.⁸ The harmful effects of austerity on vulnerable populations⁹ and on women, in particular,¹⁰ have long been highlighted by UN agencies. It is therefore unsurprising that at the 2018 UN Financing for Development Forum, leaders from multilateral institutions including the IMF and UNDP identified a new wave of debt crises as the major threat to the realisation of the SDGs.

How can the Guiding Principles help?

Against this reality, the new GPs serve as a practical tool to help governments and IFIs to identify credible policy alternatives to fiscal consolidation measures that undermine human rights, both when seeking to prevent and to respond to crisis situations. Embedding the human rights impact assessment approach laid out by the GPs into the debt management and policy-making cycle could therefore potentially avoid decisions with detrimental implications for incumbent office-holders.

In non-crisis times, impact assessment findings can serve policy-making that seeks proactively to protect and fulfil human rights: they can inform debt management strategies to prevent the build-up of unsustainable debt burdens that may jeopardise legal human rights obligations and development goals.

Building this approach into regular debt management and fiscal policy planning in non-crisis times would also mean that findings could be a reference point when developing responses in the wake of a crisis. This recognises the trade-offs facing policy-makers, helping to identify policy measures that are least restrictive to

⁴ See http://www.un.org/en/ga/search/view_doc.asp?symbol=A/HRC/37/54

⁵ See for example, UNCTAD, *Financing for development: Debt and debt sustainability and interrelated systemic issues*, TD/B/EFD/2/2, (5 October 2018)

⁶ See for example, A. Fatás, L. Summers, *The permanent effects of fiscal consolidation*, Journal of International Economics Volume 112, May 2018, Pages 238-250 available at <https://www.sciencedirect.com/science/article/pii/S0022199617301411>

⁷ See International Labour Organization, *World Social Protection Report 2017–19: Universal social protection to achieve the Sustainable Development Goals*, (ILO: Geneva, 2017), pg. xxxiv

⁸ <https://www.imf.org/external/pubs/ft/wp/2013/wp13151.pdf>

⁹ See I. Ortiz, J. Chai & M. Cummins, *Austerity measures threaten children and poor households*, Social and Economic policy working paper (UNICEF, 2011)

¹⁰ See V. Nationen, ed., *Transforming Economies, Realizing Rights, Progress of the World's Women 2015–2016*, (New York: UN Women, 2015)

the enjoyment of rights. Such an approach promotes the building up of capacity across governments, to make use of systematic and iterative HRIAs over the long term. It could also provide an evidence base to support debtor governments in negotiations with IFIs and creditors, strengthening arguments for safeguarding necessary fiscal space.

EU support is vital and coherent with its own objectives

Strengthening the contribution of impact assessments to the respect of human rights is a specific objective in the current EU Action Plan on Human Rights and Democracy and was identified as a priority area for further work in the mid-term review in 2017. The practical guidance provided by the new GPs could serve as a useful addition to the EU's own approach to impact assessments as well as to its wider human rights objectives including in development cooperation. *Failing to support the new Guiding Principles actively and publicly would then appear to be a direct contradiction of this stated ambition.*

Application of the Guiding Principles at the national level will require domestic political commitments from governments across the world, and a strong signal from the EU and European states on the UNHRC endorsing the GPs, and calling for UN member states to make these commitments will be a vital step on this path. We therefore count on the efforts of **EU member states and** the EEAS to secure strong multilateral support for the GPs in Geneva in March.

The goal of debt reduction need not imply a reduction in human dignity. But without the systematic integration of human rights impact assessments into economic policy-making, the world's poorest will continue to be hit hardest by austerity and fiscal adjustment programmes, and efforts to realise the 2030 development agenda will be fatally undermined.

Thank you.

Yours sincerely,

Signatories:

1. 11.11.11 (Belgium)
2. ActionAid International
3. Both ENDS (Netherlands)
4. Bretton Woods Project (UK)
5. Bündnis Eine Welt Schleswig-Holstein e.V. [BEI] (Germany)
6. CEE Bankwatch Network
7. Centre national de coopération au développement, CNCD-11.11.11 (Belgium)
8. Christian Aid (UK)
9. Church Action for Tax Justice (UK)
10. Debt Free Project - Advanced Media Institute (Greece)
11. Debt Justice Norway (Norway)
12. Debt Observatory in Globalisation [ODG] (Spain)
13. Demnet (Hungary)
14. Diakonia (Sweden)
15. Ecumenical Academy Prague (Czechia)
16. Enabanda (Slovenia)
17. erlassjahr.de - Entwicklung braucht Entschuldung e.V. [Jubilee Germany] (Germany)
18. European Federation of Public Service Unions [EPSU] (Belgium)
19. European Network on Debt and Development [Eurodad] (Belgium)
20. European Trade Union Confederation [ETUC] (Belgium)
21. Financial Justice Ireland (Ireland)

22. Focus Association for Sustainable Development (Slovenia)
23. Forest Peoples Programme (Netherlands)
24. Global Policy Forum Europe (Germany)
25. Institute of Global Responsibility [IGO] (Poland)
26. International Trade Union Confederation [ITUC]
27. Jubilee Debt Campaign UK (UK)
28. National Society of Conservationists – Friends of the Earth Hungary (Hungary)
29. Oikos (Portugal)
30. La Plateforme Française Dette & Développement (France)
31. Polish Green Network (Poland)
32. Society for International Development [SID] (Italy)
33. Tax Reconciliations, Oxford UK (UK)
34. Undebted World (Greece)
35. Urgewald (Germany)
36. VIDC - Vienna Institute for International Dialogue and Cooperation (Austria)
37. Wemos (Netherlands)



act:onaid

Both ENDS
Environment and Development Service



Tax Reconciliations, Oxford

