



**OFFICE OF THE HIGH COMMISSIONER FOR
HUMAN RIGHTS**



**Effects of structural adjustment policies and foreign debt
on the full enjoyment of all human rights, particularly
economic, social and cultural rights**

Commission on Human Rights resolution 2004/18

The Commission on Human Rights,

Recalling its previous resolutions on this matter, in particular resolution 2003/21 of 22 April 2003,

Recalling also that the purpose of the Universal Declaration of Human Rights is the full promotion and protection of human rights and fundamental freedoms, that everyone is entitled to a social and international order in which the rights and freedoms set forth in the Universal Declaration can be fully realized and that in the United Nations Millennium Declaration all States resolved to respect fully and uphold the Universal Declaration of Human Rights,

Stressing that one of the purposes of the United Nations is to achieve international cooperation in solving international problems of an economic, social, cultural or humanitarian character,

Emphasizing that the World Conference on Human Rights agreed to call upon the international community to make all efforts to help alleviate the external debt burden of developing countries in order to supplement the efforts of the Governments of such countries to attain the full realization of economic, social and cultural rights of their people,

Stressing the determination expressed in the Millennium Declaration to deal comprehensively and effectively with the debt problems of low- and middle-income developing countries, through various national and international measures designed to make their debt sustainable in the long term,

Noting that the total debt stock of the developing countries rose from 1,421 billion United States dollars in 1990 to 2,384 billion dollars in 2002,

Noting also that, in 2002, developing countries as a whole made net outward transfers of financial resources for the sixth consecutive year,

Acknowledging that there is greater acceptance that the increasing debt burden faced by the most indebted developing countries, in particular the least developed countries, is unsustainable and constitutes one of the principal obstacles to achieving progress in people-centred sustainable development and poverty eradication and that for many developing countries, as well as countries with economies in transition, excessive debt servicing has severely constrained their capacity to promote social development and provide basic services to realize economic, social and cultural rights,

Expressing its concern that, despite repeated rescheduling of debt, developing countries continue to pay out more each year than the actual amount they receive in official development assistance,

1. *Takes note* of the report of the independent expert on the effects of structural adjustment policies and foreign debt on the full enjoyment of human rights, particularly economic, social and cultural rights (E/CN.4/2004/47 and Add.1 and 2), and stresses that structural adjustment reform programmes have serious implications for the ability of the developing countries to abide by the Declaration on the Right to Development and to formulate national development policies that aim to improve the economic, social and cultural rights of their citizens;

2. *Recognizes* that the structural adjustment reform programmes limit public expenditure, imposing fixed expenditure ceilings, and give inadequate attention to the provision of social services, and that only a few countries manage to achieve sustainable higher growth under these programmes;

3. *Expresses its concern* at the fact that the options for macroeconomic policy of developing countries are constrained by demands for adjustment and that many countries, particularly in sub-Saharan Africa, still carry very high external debt burdens relative to their gross national product;

4. *Also expresses its concern* that the majority of countries that reached the intermediate phase under the Heavily Indebted Poor Countries Initiative have yet to reach the final stage and that even for countries meeting all the criteria, the Initiative may not result in a sustainable debt burden;

5. *Recognizes* that for the heavily indebted poor countries to achieve debt sustainability, long-term growth and poverty reduction goals, the debt relief under the Initiative will not be sufficient and that additional resource transfers in the form of grants and concessional loans, as well as removal of trade barriers and better prices for their exports, would be required to ensure sustainability and permanent exit from debt overhang;

6. *Regrets* that up till now there has been little headway made in redressing the unfairness of the current system of debt resolution, which continues to place the interests of the lenders above those of indebted countries and the poor within them, and therefore calls for an intensification of efforts to devise effective and equitable mechanisms;

7. *Acknowledges* that a lot of progress remains to be achieved towards a lasting solution to the debt problems of developing countries, in particular the least developed countries, and that in several low- and middle-income countries unsustainable levels of external debt continue to create a considerable barrier to economic and social development and increase the risk that the Millennium Development Goals regarding development and poverty reduction will not be attained;

8. *Recognizes* that debt relief can play a key role in liberating resources that should be directed towards activities consistent with attaining sustainable growth and development, including poverty reduction and the achievement of the development goals set out in the Millennium Declaration, and therefore that debt relief measures, where appropriate, should be pursued vigorously and expeditiously, ensuring that they do not replace alternative

sources of financing and that they are accompanied by an increase in official development assistance;

9. *Recalls once again*, the call on industrialized countries, as expressed in the Millennium Declaration, to implement the enhanced programme of debt relief for the heavily indebted poor countries without further delay and to agree to cancel all official bilateral debts of those countries in return for their making demonstrable commitments to poverty reduction;

10. *Calls upon* the international community, including the United Nations system, and the Bretton Wood institutions, as well as the private sector, to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits, including the World Conference on Human Rights and the World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance, in particular those relating to the question of the external debt problem of developing countries, and in this regard stresses the need:

(a) To implement speedily, effectively, fully and with continued flexibility with respect to the eligibility criteria, the enhanced Heavily Indebted Poor Countries Initiative, which should be fully financed through additional resources, taking into consideration, as appropriate, measures to address any fundamental changes in the economic circumstances of those developing countries that have an unsustainable debt burden caused by natural catastrophes, severe terms-of-trade shocks or conflict, taking into account initiatives which have been undertaken to reduce outstanding indebtedness;

(b) To encourage exploring innovative mechanisms to address comprehensively the debt problems of developing countries, in particular of the least developed countries and including middle-income countries and countries with economies in transition;

11. *Recalls* the pledge, contained in the Political Declaration contained in the annex to resolution S-24/2, adopted on 1 July 2000 by the General Assembly at its twenty-fourth special session, to find effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing burdens of developing countries;

12. *Also recalls* the conclusion of the statement on poverty and the International Covenant on Economic, Social and Cultural Rights, adopted by the Committee on Economic, Social and Cultural Rights on 4 May 2001, that some of the structural obstacles confronting developing States' anti-poverty strategies lie beyond their control in the contemporary international order and that it is imperative that measures be taken urgently to remove these global structural obstacles, such as unsustainable foreign debt, the widening gap between rich and poor, and the absence of an equitable multilateral trade, investment and financial system; otherwise, the national anti-poverty strategies of some States have limited chance of sustainable success;

13. *Stresses* the need for the economic programmes arising from foreign debt to be country-driven, with the participation of people's legislative bodies and human rights institutions, and for their macroeconomic and financial policy issues to be integrated, on an equal footing and in a consistent way, in the realization of the broader social development goals, taking into account the national context, priorities and needs of the debtor countries to allocate resources in a way that ensures balanced development conducive to the overall realization of human rights;

14. *Also stresses* that the economic programmes arising from foreign debt relief and cancellation must not reproduce past structural adjustment policies that have not worked, such as dogmatic demands for privatization and reduced public services;

15. *Calls upon* States, the International Monetary Fund and the World Bank to continue to cooperate closely to ensure that additional resources made available through the Heavily Indebted Poor Countries Initiative, the Global Fund to Fight AIDS, Tuberculosis and Malaria and other new initiatives are absorbed in the recipient countries without affecting the ongoing programmes;

16. *Affirms* that the exercise of the basic rights of the people of debtor countries to food, housing, clothing, employment, education, health services and a healthy environment cannot be subordinated to the implementation of structural adjustment policies, growth programmes and economic reforms arising from the debt;

17. *Requests* the independent expert to explore further, in his analytical annual report to the Commission, the interlinkages with trade and other issues, including HIV/AIDS, when examining the impact of structural adjustment and foreign debt and also to contribute, as appropriate, to the process entrusted with the follow-up to the International Conference on Financing for Development, with a view to bringing to its attention the issue of the effects of structural adjustment and foreign debt on the enjoyment of human rights, particularly economic, social and cultural rights;

18. *Also requests* the independent expert, in the discharge of his mandate, to draft general guidelines to be followed by States and by private and public, national and international financial institutions in the decision-making and execution of debt repayments and structural reform programmes, including those arising from foreign debt relief, to ensure that compliance with the commitments derived from foreign debt will not undermine the obligations for the realization of fundamental economic, social and cultural rights, as provided for in the international human rights instruments, and to present a preliminary draft on this matter to the Commission at its sixty-first session and a final draft at the sixty-second session of the Commission;

19. *Requests* the Secretary-General to provide the independent expert with all necessary assistance, in particular the staff and resources required to carry out his functions;

20. *Urges* Governments, international organizations, international financial institutions, non-governmental organizations and the private sector to cooperate fully with the independent expert in the discharge of his mandate;

21. *Urges* States, international financial institutions and the private sector to take urgent measures to alleviate the debt problem of those developing countries particularly affected by HIV/AIDS, so that more financial resources can be released and used for health care, research and treatment of the population in the affected countries;

22. *Reiterates its view* that, in order to find a durable solution to the debt problem and for the consideration of any new debt resolution mechanism, there is a need for a broad political dialogue between creditor and debtor countries and the multilateral financial institutions, within the United Nations system, based on the principle of shared interests and responsibilities;

23. *Reiterates its request* to the United Nations High Commissioner for Human Rights to pay particular attention to the problem of the debt burden of developing countries, in particular of the least developed countries, and especially the social impact of the measures arising from foreign debt;

24. *Decides* to continue the consideration of this matter at its sixty-first session under the same agenda item.

*51st meeting
16 April 2004*

[Adopted by a recorded vote of 29 votes to 14,
with 10 abstentions. See chap. X. - E/2004/23 – E/CN.4/2004/127]