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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

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly the report of the independent expert 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, Cephas Lumina, submitted in accordance with Human Rights Council resolutions 7/4 and 14/4.

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Report of the independent expert 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

Summary

The present report, submitted in accordance with Human Rights Council resolutions 7/4 and 14/4, explores the linkages between debt and trade. The report argues that coherence in trade and finance policymaking can provide better sustainable development outcomes and contribute to a durable solution to the debt problems of developing countries and the realization of human rights, particularly economic, social and cultural rights and the right to development in those countries.

The report is organized as follows. Section I provides an introduction to the report and outlines the activities undertaken by the independent expert since the submission of his previous report to the General Assembly (see A/64/289 and Corr.1) in 2009. Section II explores the linkages between trade and debt. It also briefly examines the impact of trade liberalization on debt relief and human rights, highlights some of the limitations of debt sustainability assessments under the joint International Monetary Fund/World Bank Debt Sustainability Framework and calls for a new debt sustainability framework incorporating sustainable development and human rights concerns. Section III underscores the need for policy coherence in the areas of trade and finance, including debt. Section IV offers some tentative conclusions and recommendations.

Contents

I. Introduction

1. In its resolution 7/4, the Human Rights Council requested the independent expert to "explore further, in his/her analytical annual report to the Human Rights Council, the interlinkages with trade and other issues, including HIV/AIDS, when examining 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" (para. 4). In its resolution 14/4, the Council requested the independent expert to continue to explore those connections "when examining the impact of structural adjustment and foreign debt" (para. 27). The Council further requested the independent expert to submit analytical reports on the implementation of these resolutions to the Council and progress reports thereon to the General Assembly (resolution 7/4, para. 9, and resolution 14/4, para. 33) and to report to the General Assembly on the issue of 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 (resolution 14/4, para. 30). In accordance with those requests, the present report explores the nexus between debt and trade.

2. Since the submission of his previous report to the General Assembly (see A/64/289 and Corr.1) in 2009, the independent expert has undertaken a range of activities. These are described in his reports to the Council (A/HRC/14/21 and Add.1). In addition, in June 2010, the independent expert presented his annual report to the Council at its fourteenth session. On 17 and 18 June 2010, the independent expert conducted the first of a series of regional consultations on the draft general guidelines on foreign debt and human rights,[1] as requested by the Council in its resolution 11/5 and decision 12/119. Other regional consultations are scheduled as follows: Africa (October 2010), Asia-Pacific (November 2010) and Europe/Other (February 2011). A final session to consolidate the various regional perspectives will be held in Geneva in March/April 2011. The purpose of the consultations is to seek the views of various stakeholders, including States, international organizations, regional organizations, international financial institutions, civil society organizations and academia, on the form and content of the guidelines with a view to improving them.

3. The Latin America and Caribbean regional consultation was organized by the Office of the United Nations High Commissioner for Human Rights (OHCHR) in collaboration with the Economic Commission for Latin America and the Caribbean (ECLAC) in Santiago. The independent expert would like to thank ECLAC and OHCHR for their interest in and support for the consultations.

4. From 28 June to 2 July 2010, the independent expert participated in the seventeenth annual meeting of the special procedures mandate-holders, organized by OHCHR in Geneva.

[1] The guidelines, which are voluntary in character, are designed to ensure that the obligations of States arising from debt and other related international financial obligations do not impair their capacity to fulfil their human rights obligations. The guidelines (in their current form) are available from the website of the independent expert, at http://www2.ohchr.org/english/issues/development/debt/index.htm.

II. The debt and trade nexus

A. Trade, debt and human rights

5. Trade and debt are inextricably connected: the benefits derived from trade have an impact on the external debt position of countries.[2] The revenue generated by exports allows countries to address external debt burdens. Since debts must ultimately be paid by exports, any decline in export prices raises the real value of debt. Thus, it has been observed that "the growth of exports is most critical for sustaining external debt".[3]

6. The debt crisis has its origins in reckless lending and over-borrowing by developing countries against their future earnings from trade.[4] Commodity-dependent countries — especially those dependent on one major commodity, such as copper, coffee or cocoa — were the most severely affected by the debt crisis.[5] There is a link between the continued deterioration of the debt of low-income countries and their dependence on export commodities. In addition, an unsustainable debt burden also reduces the capacity of countries to attract investment and, therefore, to generate economic growth and enhance trading prospects.

7. There is also a relationship between debt and human rights. As the independent expert observed, the diversion by heavily indebted developing countries of resources from public-services expenditure to debt servicing constitutes an obstacle to sustainable development and the realization of human rights.

B. Conditionality and debt relief

8. Conditionality — the linking of aid to the implementation of macroeconomic policy conditions by the recipient country — has been a dominant, albeit contentious, feature of the International Monetary Fund (IMF) and World Bank programmes for more than two decades.[6] Common conditions have included privatization of utilities such as water and electricity; cuts in public expenditure (often at the expense of funding basic social services, including those designed to benefit the poor); redundancies in the civil service (the major employer in many countries); the introduction of user fees for basic social services such as basic education and primary health care; and trade liberalization through the removal of subsidies and import tariffs.

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[2] See submission by Argentina on the relationship between trade, debt and finance to the World Trade Organization Working Group on Trade, Debt and Finance (WT/WGTDF/W/33), 12 September 2005.

[3] See Aldo Caliari (ed.), *Debt and Trade: Making Linkages for the Promotion of Development* (Geneva, South Centre/Centre of Concern, 2009), p. 101.

[4] Ibid., p. 113.

[5] In the period between the commencement of the crisis in 1980 and 1985, agricultural commodity prices decreased by a quarter while the interest these countries had to pay escalated sharply.

[6] See EURODAD, *Untying the knots: how the World Bank is failing to deliver real change on conditionality* (November 2007) available from www.eurodad.org; Peter Hardstaff, *Treacherous conditions: how IMF and World Bank policies tied to debt are undermining development* (London, World Development Movement, May 2008), p 5; International Monetary Fund (IMF), *Trade Policy Conditionality in Fund-Supported Programmes* (Washington, D.C., IMF, 2001).

9. In the 1980s and 1990s, many developing countries that were severely affected by the debt crisis turned to IMF and the World Bank for loans, which came with strict conditions attached regarding fiscal adjustment and the implementation of market-oriented policy reforms (structural adjustment programmes).[7] Based on what has been described as "a misplaced confidence in the power of the financial markets to self-regulate", structural adjustment programmes often entailed trade liberalization and deregulation of capital account liberalization.[8] The recent financial crisis and the resulting global recession have shattered that myth.

10. While IMF and the World Bank claim to have revised their approach to conditionality, including by reducing the number of conditions attached to their finance, studies indicate that little has changed in their conditionality practice.[9] For example, a 2007 study conducted by the European Network on Debt and Development (EURODAD) on the basis of World Bank data found that the Bank attached an average of 37 conditions per loan (13 of which were considered legally binding).[10] Some countries, however, faced a much higher number of conditions. For example, under its Poverty Reduction Support Grant of 2006, Rwanda faced 144 conditions.[11] In a study that assessed 216 programmes approved by IMF during the period from 1995 to 2004, the IMF Independent Evaluation Office found that the Fund had increased both the number of structural conditions and their intrusiveness in the policymaking process of recipient countries.[12] In April 2008, EURODAD reported that "since the conditionality guidelines were approved, IMF has not managed to decrease the number of structural conditions attached" to its development lending and that "the Fund continues to make heavy use of highly

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[7] See Melik Ozden, *Debt and human rights: consequences for human rights of the debt of the countries of the South and the current state of its treatment within the United Nations bodies* (Geneva, CETIM, 2008) pp. 3 and 4.

[8] *World Economic and Social Survey 2010: Retooling Global Development* (United Nations publication, Sales No. E.10.II.C1), p. 104.

[9] In 2002, the International Monetary Fund approved a set of guidelines ("the Conditionality Guidelines") which committed the Fund to reduce the overall number of conditions to inform its use of structural conditionality. Similarly, in 2005, the World Bank undertook a review of its conditionality practice and subsequently adopted five "Good Practice Principles" that were intended to reduce the overall number of conditions attached to Bank lending and ensure that those attached respected and were drawn from poverty reduction plans devised by the recipient country. Nevertheless, the Bank continues to attach sensitive economic policy conditions such as privatization and liberalization conditions to its lending. See EURODAD, *Untying the knots*, pp. 8-14. See also EURODAD, *World Bank and IMF conditionality: a development injustice* (2006); Benedicte Bull, Alf Morten Jerve and Erlend Sigvaldsen, *The World Bank's and the IMF's use of conditionality to encourage privatization and liberalization: current issues and practices*, report prepared for the Norwegian Ministry of Foreign Affairs as background for the Oslo Conditionality Conference, SUM Report No. 13 (Oslo, Centre for Development and the Environment, University of Oslo, 2006).

[10] EURODAD, *Untying the knots*, p. 9.

[11] Ibid.

[12] IMF Independent Evaluation Office, "An IEO evaluation of structural conditionality in IMF-supported programmes", 27 November 2007, available at http://www.ieo-imf.org/eval. IMF attaches two different types of policy conditions to its loans for poor countries: quantitative conditions and structural conditions. Quantitative conditions impose a set of macroeconomic targets on poor-country Governments determining matters such as the level of fiscal deficit a Government is allowed to go into or the level of domestic credit allowed. Structural conditions require the implementation of institutional and legislative policy reforms. They include elements such as trade reform, price liberalization and privatization.

sensitive conditions, such as privatization and liberalization”.[13] According to EURODAD, the “vast majority” of the Poverty Reduction and Growth Facilities approved between 2005 and 2008 had liberalization or privatization conditions.[14]

11. Policy conditions, including privatization and liberalization of the trade and financial sectors, continue to be attached to loans and debt relief mechanisms by IMF and the World Bank.

12. Under the Heavily Indebted Poor Countries (HIPC) Initiative, countries that qualify for debt relief must meet specified conditions at the decision point and the completion point.[15] In order to reach the decision point, countries must establish a track record of macroeconomic stability and must have a national poverty reduction plan (poverty reduction strategy paper). This requirement is not limited to heavily indebted poor countries but extends to all countries receiving concessional loans from the International Development Association (IDA). The poverty reduction strategy paper links debt relief and poverty reduction: it consists of a report by the debtor country on the macroeconomic and social policies and programmes to be implemented under its strategy for growth and poverty reduction. It also outlines the requirements for and sources of external funding. The poverty reduction strategy paper is approved by the World Bank and IMF.

13. Poverty reduction strategy papers typically require the privatization of public utilities (sometimes called “public sector reform”),[16] deregulation, removal of subsidies (including those that benefit the poor), the promotion of exports and foreign investment and trade liberalization. According to IMF, “sustained pro-poor economic growth, based on robust private sector activity and investment, will be the keystone of the poverty reduction strategy. The Fund will continue to advise on and

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[13] Nuria Molina and Javier Pereira, *Critical conditions: the IMF maintains its grip on low-income Governments* (EURODAD, April 2008), pp. 4 and 5. The study was based on an assessment of poverty reduction and growth facilities approved by IMF between January 2003 and December 2007 for 35 countries across different regions. Poverty reduction and growth facilities are loans that IMF gives to low-income countries based on the recipient country’s poverty reduction strategy paper.

[14] Molina and Pereira, *Critical conditions*, pp. 4 and 5.

[15] The Heavily Indebted Poor Countries (HIPC) Initiative was launched by the World Bank and IMF in 1996 to reduce the debt burdens of heavily indebted poor countries that had committed to implementing reforms designed to encourage sustainable economic growth, macroeconomic stability and poverty reduction. It was enhanced in 1999 in order to provide more substantial debt relief. To qualify for debt relief under the HIPC Initiative an eligible country must (a) have debt burden indicators above the HIPC Initiative thresholds using the most recent data for the year immediately prior to the decision point; (b) have established a satisfactory track record of policy performance under respective IMF- and International Development Association-supported programmes; (c) have in place a poverty reduction strategy. In June 2005, the HIPC Initiative was supplemented by the Multilateral Debt Relief Initiative (MDRI), which was designed to provide additional debt relief and thereby accelerate progress towards the Millennium Development Goals. MDRI ostensibly allows 100 per cent relief on eligible debts owed to IMF, the International Development Association of the World Bank and the African Development Fund for countries completing the HIPC Initiative. The Inter-American Development Bank joined MDRI in March 2007 and decided to provide similar debt relief to the five HIPC countries in Latin America and the Caribbean. See IMF, *Factsheet: Debt Relief under the Heavily Indebted Poor Countries (HIPC) Initiative*, 18 February 2010.

[16] According to EURODAD, conditions classified by the World Bank as “public sector reform” are often conditions enabling the legal and policy environment for privatization. See EURODAD, *Untying the knots*, p. 13.

support policies to this end, including prudent macroeconomic management, free and more open markets, and a stable and predictable environment for private sector activity … since donors will have their own perspectives on priorities and funding possibilities, they need to be closely involved in the participatory process".[17] In effect, therefore, poverty reduction strategy papers are the same as the much-maligned structural adjustment programmes.

14. In order to reach the completion point, a country must maintain macroeconomic stability, undertake structural reforms and implement a poverty reduction strategy to the satisfaction of IMF and the World Bank.

15. The poverty reduction strategy paper process has been criticized in relation to questions of participation by civil society and ownership by countries. It has been asserted that, in a number of countries, there has been a lack of effective civil society participation in the formulation of poverty reduction plans and inadequate consideration of alternative policies.[18] It also has been asserted that it is fallacious to speak of country ownership of poverty reduction strategy papers, since they are subject to approval by the boards of IMF and the World Bank. It has been contended further that, even if the papers omit mention of policies such as privatization and liberalization, IMF and the World Bank can still impose those policies through the Poverty Reduction and Growth Facility and Poverty Reduction Support Credits, respectively.[19]

16. The adverse impact of structural adjustment policies (and high debt burdens) on the provision of basic, human-rights-related social services, as well as their contribution to the increasing poverty and marginalization of the poor in the developing countries that were constrained to implement them, is well documented.[20]

17. Conditionality is ineffective[21] and undermines country ownership, as well as national policy space and the ability of Governments to regulate for the benefit of vulnerable groups and in favour of their development agendas. By taking policy decisions away from sovereign Governments and placing them in the hands of unelected donor officials, conditionality undermines the accountability of Governments to their citizens and goes against the accepted norms of good

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[17] IMF, *The Poverty Reduction and Growth Facility (PRGF): Operational Issues* (Washington, D.C., IMF, 1999).

[18] See, e.g., T. Bierschenk, E. Thioleron and N. Bako-Arifari, "Benin", R. Jenkins and M. Tsoka, "Malawi", I. Dante, J. Gaultier, M. Marouani and M. Raffinot, "Mali", H. Falck, K. Landfald and P. Rebelo, "Mozambique", and A. Evans and E. Ngalwea, "Tanzania", *Development Policy Review*, vol. 21, No. 2 (2003).

[19] Hardstaff, *Treacherous conditions* (see footnote 6), p. 10.

[20] See, e.g., E/1990/5/Add.48, paras. 3 and 35; CEDAW/C/CMR/1; CRC/C/65/Add.18, para. 382; CRC/C/3/Add.62, paras. 121, 134 and 457; CRC/C/KEN/2, para. 30; E/C.12/KEN/1, paras. 6 and 90; CRC/C/70/Add.18, para. 67; E/C.12/BOL/2, paras. 2 and 372; CRC/C/65/Add.2, paras. 35, 36 and 124; E/1990/5/Add.40, paras. 6, 36 and 170; CEDAW/C/HON/6, para. 350; CRC/C/65/Add.28, para. 53; E/C.12/IND/5, para. 4; CRC/C/70/Add.17, paras. 128 and 144; CRC/C/65/Add.30, paras. 36 and 37; CEDAW/C/BRA/1-5; E/CN.4/2001/53; E/CN.4/2006/44; E/CN.4/2002/59; and E/CN.4/2001/52. See also Hardstaff, *Treacherous conditions*, p. 5.

[21] It is interesting to note that a 2007 assessment by the IMF Independent Evaluation Office indicates that conditionalities neither instigate sustainable policy changes nor assist countries in meeting the poverty reduction goals agreed with IMF, concluding that "conditionality should be limited to the core areas of IMF expertise" (IMF, Independent Evaluation Office, "An IEO Evaluation of structural conditionality in IMF-supported programmes", 27 November 2007).

governance, adherence to which the international financial institutions often require of developing countries. It also runs counter to the recognition in the Monterrey Consensus of the International Conference on Financing for Development[22] that "each country has primary responsibility for its own economic and social development, and the role of national policies and development strategies cannot be overemphasized" (para. 6). The Monterrey Consensus further emphasizes "the need for multilateral financial institutions, in providing policy advice and financial support, to work on the basis of sound, nationally owned paths of reform that take into account the needs of the poor and efforts to reduce poverty, and to pay due regard to the special needs and implementing capacities of developing countries and countries with economies in transition, aiming at economic growth and sustainable development" and that "advice should take into account social costs of adjustment programmes, which should be designed to minimize negative impact on the vulnerable segments of society" (para. 56).

18. It should be noted that, from a human rights perspective, regulation is a duty: human rights law requires States to take appropriate legislative, administrative, budgetary, judicial and other measures to fulfil human rights.[23]

C. Trade liberalization as a condition for debt relief

19. Not only do trade liberalization policy conditions continue to be attached to new loans, as stated above, but their implementation is also a key feature of debt relief. For example, one study of HIPC decision point documents for 26 countries found that all mentioned a previous privatization programme and an ongoing or future privatization process. A total of 15 specifically mentioned planned privatization in public utilities or basic services such as energy, telecommunications, water and transport; 23 referred to past efforts to liberalize trade and 11 indicated a continuing trade liberalization process.[24]

20. In coffee-producing countries, including Côte d'Ivoire, Ethiopia, Kenya and Uganda, the World Bank and IMF have advised and/or required Governments to liberalize the coffee sector.[25] Liberalization has included measures such as removing controls on supply and on prices, dismantling State-owned trading agencies and encouraging increased production and exports. In 1998, the eligibility of Côte d'Ivoire for HIPC debt relief was made conditional on the full liberalization

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[22] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[23] See, e.g., International Covenant on Economic, Social and Cultural Rights, art. 2 (1). Although certain trade rules, such as the General Agreement on Trade in Services (GATS), recognize the right of WTO members "to regulate and to introduce new regulations, on the supply of services within their territories in order to meet national policy objectives" and recognizes the particular need of developing countries to exercise that right, the practical invocation of the right is fraught with difficulty because many GATS obligations lack clarity. It is also notable that WTO members can regulate only to the extent that the regulations they adopt are not inconsistent with their WTO obligations. See Caroline Dommen, "The WTO, international trade and human rights", in Michael Windfuhr (ed.), *Mainstreaming Human Rights in Multilateral Institutions* (2004), available at http://www.3dthree.org/pdf_3D/WTOmainstreamingHR.pdf.

[24] Hardstaff, *Treacherous conditions* (see footnote 6), p. 7.

[25] Ibid., p. 13.

of the coffee sector by the 1998/99 crop year.[26] A second national agricultural services support project funded by the World Bank emphasized the requirement to fully liberalize the coffee sector.[27]

21. That policy advice/conditionality did not seem to take into account the implications of the IMF and the World Bank's encouraging increased production and exports in other parts of the world. Between 1998 and 2001, oversupply in the markets caused a price collapse and a crisis in coffee-producing countries.[28] This situation may lead to a reduction in the debt relief that countries eventually receive.

D. Impact of trade liberalization on debt and human rights

22. Trade liberalization may have a positive impact on the debt-servicing capacity of economies, as it may result in increased sources of foreign exchanges such as net exports and foreign direct investment.[29] But this is not always the case. For example, when a country is heavily dependent on the export of primary commodities, progressive trade liberalization requires the reduction or elimination of import and export tariffs, and the resulting fiscal gap may then have to be filled with increased borrowing, thus increasing a country's debt burden.

23. It is often assumed that there is a positive correlation between trade liberalization and economic development in low-income countries. However, liberalization has not produced the expected increase in growth rates or improved international integration for many low-income countries. In fact, trade liberalization can actually be a barrier to development in countries with outstanding external debt obligations and may violate the human right to development. As one recent report has noted, trade liberalization has "progressively restricted the space available to developing countries for utilizing trade policies to foster economic development".[30]

24. Apart from failing to deliver the expected economic growth and development in many heavily indebted poor countries, trade liberalization has had a negative impact on the realization of human rights, particularly economic, social and cultural rights and the right to development in those countries. Indeed, the continued imposition of policy conditions such as trade liberalization and privatization on the provision of concessional loans or debt relief is inconsistent with the historical evidence regarding the success of such policies. In 2002, the United Nations Conference on Trade and Development reported that the rapid and extensive trade liberalization undertaken by the least developed countries during the 1990s failed to benefit the poor and, in fact, led to increased unemployment, increased wage inequality and increased poverty.[31]

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[26] World Bank, Côte d'Ivoire decision point document, 6 March 1998.

[27] World Bank, second national agricultural services support project, project appraisal document, 23 June 1998.

[28] World Bank, "Ethiopia: developing exports to promote growth", sector report, 25 April 2002.

[29] Impact of trade liberalization on external debt burden: econometric evidence from Pakistan (http://mpra.ub.uni-muenchen.de/9548/1/MPRA_paper_9548.pdf).

[30] Ibid.

[31] United Nations Conference on Trade and Development (UNCTAD), *Least Developed Countries Report 2002: Escaping the Poverty Trap* (Geneva, UNCTAD, 2002); UNCTAD, *Economic Development in Africa — From Adjustment to Poverty Reduction: What's New?* (Geneva, UNCTAD, 2002).

25. In the United Republic of Tanzania, debt cancellation was made conditional on the privatization of water supplies in Dar es Salaam. This resulted in severely reduced access to water for the poorest, both through cuts in services and through increased fees.[32] In Malawi, the liberalization of the agricultural sector through the reduction of subsidies for small-scale farmers, the removal of price controls and the restructuring/privatization of the national agricultural marketing agency resulted in price increases, the increased hoarding of grain and lack of affordable food for the poor, thereby undermining food security for the majority of the population.[33]

26. The imposition of conditions on developing countries requiring the removal of agricultural subsidies points to a lack of consistency in global economic governance. Developed countries provide huge subsidies to their agricultural sectors, thereby giving their farmers an unfair advantage in terms of the cost of production by allowing them to charge a lower price for products that compete with unsubsidized agricultural products from developing countries.[34] This market distortion occurs primarily in such commodities as cotton, rice, vegetables and other agricultural products, on which many poor developing countries depend. By limiting production and income opportunities for farmers in developing countries, agricultural subsidies in developed countries threaten the livelihoods of local producers and therefore their right to an adequate standard of living.[35]

27. The available evidence indicates that trade liberalization often has particularly adverse effects on women. This constitutes a violation of the principle of non-discrimination. The High Commissioner for Human Rights has observed that non-discrimination in the context of trade entails not only protecting individuals and groups against overt discrimination but also ensuring that certain individuals and groups are not left out of the trade picture.[36]

28. In many cases, the trade liberalization policies imposed on developing countries since the mid-1980s have had disastrous consequences for those countries. As one non-governmental organization has observed, the policies have left a legacy of poverty and unemployment.[37] In short, trade liberalization has run counter to the World Trade Organization goals of "raising standards of living" and safeguarding "sustainable development".[38]

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[32] See Jubilee Debt Campaign, *Debt and Women*, briefing note, 2007.

[33] K. Owusu and F. Ng'ambi, *Structural damage: the causes and consequences of Malawi's food crisis* (London, World Development Movement, 2002), available at http://www.wdm.org.uk/campaign/resource.htm#reports.

[34] Since 2001, the European Union, the United States, Japan and Canada have collectively spent more than $750 billion on agricultural subsidies. See *The DATA Report 2008*, pp. 66 and 67.

[35] See Office of the United Nations High Commissioner for Human Rights, "Human rights and trade", paper prepared for the fifth WTO Ministerial Conference held in Cancun, Mexico, in September 2003, available from www2.ohchr.org; *World Economic and Social Survey 2010* (see footnote 8), p xvi; World Commission on the Social Dimension of Globalization, *A Fair Globalization: Creating Opportunities for All* (International Labour Organization, 2004), paras. 374 and 375.

[36] See E/CN.4/Sub.2/2003/9.

[37] War on Want, *Trading Away Our Jobs: How free trade threatens employment around the world* (March 2009) (available from www.waronwant.org), p. 5.

[38] See Marrakesh Agreement Establishing the World Trade Organization, annex 1A, 33 I.L.M. 1153 (1994).

29. Finally, it is important to note that the notion that the perceived positive effects of trade liberalization would compensate for its negative impacts with regard to those categories, by leading to net welfare gains that should benefit all categories following redistributive policies, does not correspond to a human rights perspective, which focuses on the most vulnerable. That has not always proved to be correct empirically, and it often results in an overestimation of the capacity of States in the developing world to manage such a redistribution of gains.[39]

E. Debt sustainability: definition, analysis and criticisms

30. "Debt sustainability" is often defined as the ability of a country to discharge its debt service obligations without requiring debt relief or accumulating arrears.[40]

31. In April 2005, IMF and the World Bank introduced a joint Debt Sustainability Framework for low-income countries "to guide the borrowing decisions of low-income countries in a way that matches their financing needs with their current and prospective repayment ability, taking into account each country's circumstances".[41] The Debt Sustainability Framework is also designed to guide "creditors' lending and grant-allocation decisions to ensure that resources are provided to low-income countries on terms that are consistent with both progress towards their development goals and long-term debt sustainability".[42] Debt sustainability assessments are used to determine access to IMF financing and to determine the share of grants and loans in the World Bank's assistance to each low-income country.

32. Under the Framework, the World Bank and IMF conduct debt sustainability assessments consisting of an analysis of a country's projected debt burden over a 20-year period and its vulnerability to external and policy shocks; an assessment of the risk of debt distress during that time, based on indicative debt burden thresholds that depend on the quality of the country's policies and institutions; and recommendations for a borrowing and lending strategy that limits the risk of debt distress. The risk of debt distress is rated on the basis of four categories: (a) low risk, when all the debt indicators are well below the thresholds; (b) moderate risk, when debt burden indicators are below the thresholds in the baseline scenario, but stress tests indicate that thresholds could be breached if there are external shocks or abrupt changes in macroeconomic policies; (c) high risk, when the baseline scenario indicates a protracted breach of debt or debt service thresholds but the country does not currently face any repayment difficulties and alternative scenarios or stress tests also show protected threshold breaches; or (d) in debt distress, when the country is already facing repayment difficulties.

[39] A/HRC/10/5/Add.2 (2009).

[40] For a detailed discussion of debt sustainability, see EURODAD, *To Repay or to Develop? Handbook on Debt Sustainability* (April 2006).

[41] International Monetary Fund, *Factsheet: The Joint World Bank-IMF Debt Sustainability Framework for Low-Income Countries*, March 2010, available at http://imf.org/dsa.

[42] In 2006, the International Monetary and Financial Committee of the Board of Governors of IMF stated that "the debt sustainability framework … is the primary tool to be used by borrowers and creditors in … developing coherent lending practices, and urges all creditors and borrowers to use the framework in their lending and borrowing decisions". See communiqué of the International Monetary and Financial Committee (2006), para. 13.

33. The IMF and World Bank concept of debt sustainability has been severely criticized by many debt relief campaigners because it appears to be limited to the capacity of a country to service its debts in terms of export earnings and, to a lesser extent, Government revenue, without due regard to other demands on those resources. In addition, the ratios fail to take into consideration political and institutional characteristics that affect debt repayment capacity. In other words, debt sustainability assessments under the Debt Sustainability Framework focus almost exclusively on the ability of the debtor countries to repay their debts. They do not take into account a country's ability to provide basic services, such as food, safe water, shelter, education and health. Thus, IMF/World Bank debt sustainability assessments ignore the primary human rights obligation of States to provide for the basic social needs of their people. Consequently, it has been suggested that debt sustainability should include "an assessment of the level of revenue that a Government can realistically be expected to raise without increasing severe poverty or compromising future development".[43]

F. Debt sustainability: the role of trade

34. Heavily indebted poor countries face significant challenges in integrating into world trade owing to a lack of access to private capital markets, debt overhang and deterioration in the terms of trade.[44] An assessment of HIPC completion point countries' private current transfers and export of services reveals their continued reliance on commodity exports and vulnerability to terms of trade shocks.[45] Their export structures remain weak. Commodities make up most of their exports, while exports of manufactured goods are limited. In addition, exports in a number of completion point countries have been dominated consistently by just one or two commodities. Their narrow export bases have left these countries particularly vulnerable to terms-of-trade shocks. In particular, countries with narrow export bases tend to be more vulnerable to external shocks.[46]

35. Export projections by IMF and the World Bank under their debt sustainability assessments have been found to be overly optimistic in many cases. In other words, the projected debt-export ratio is overstated, with the result that exports may be lower than projected. According to one commentator, the fact that "the margin of prediction error is even greater for countries working under the Fund's supervision suggests that monetary, fiscal and exchange rate policies promoted by the IMF are not creating an economic environment that is capable of generating the kind of stable and sustainable debt ratios assumed in its projects".[47] Such over-optimistic

[43] New Economics Foundation, *Debt relief as if justice mattered* (London, New Economics Foundation, 2008) p. 11.

[44] Marc Auboin, *The Trade, Debt and Finance Nexus: At the Cross-roads of Micro- and Macroeconomics*, WTO Discussion Paper, available at http://www.wto.org/english/res_e/booksp_e/discussion_papers6_e.pdf.

[45] Ibid.

[46] Yan Sun, *External Debt Sustainability in HIPC Completion Point Countries*, IMF Working Paper No. WP/04/160 (September 2004), available at http://ssrn.com/abstract=878985.

[47] Yilmaz Akyüz, *Debt Sustainability in Emerging Markets: A Critical Appraisal*, Department of Economic and Social Affairs Working Paper No. 61 (ST/ESA/2007/DWP/61), November 2007, p. 12.

assumptions about economic growth are rooted in "unrealistic projections for private investments and exports".[48]

36. The misplaced assumptions underlying IMF sustainability assessments are confirmed by the Fund's own Independent Evaluation Office, which has stated that "there is evidence that investment is consistently overestimated in IMF-supported programmes".[49]

37. According to a study of 16 post-HIPC countries conducted by the Brooks World Poverty Institute, on average, the net present value of external debt service relative to average exports for these countries, assuming the provision of relief in 2004 under the Multilateral Debt Relief Initiative, is expected to increase from an initial ratio of 22 per cent in 2004 to 176 per cent in 2015, rising to a peak of 242 per cent in 2026.[50] The study concludes that the growth of exports is critical for the maintenance of sustainable debt levels in post-HIPC countries.[51]

38. As the independent expert noted in his report to the Human Rights Council (A/HRC/11/10, para. 84), the fact that a number of HIPC countries have seen their debt levels rise after obtaining HIPC debt relief owing to the fall in prices of their exports (particularly in the context of the recent global recession) demonstrates the link between the terms of trade and debt accumulation. It is therefore critical that debt sustainability analyses at the completion point of the HIPC Initiative take into consideration "any worsening global growth prospects and declining terms of trade" as emphasized in the Monterrey Consensus (para. 49).

G. A human rights-based approach to debt sustainability[52]

39. It is clear that the IMF/World Bank concept of debt sustainability is very narrow and does little to advance the poverty reduction goals of debt relief. For this reason, there have been calls at various levels for a revision of the concept in a manner designed to ensure the attainment of sustainable human development and the realization of human rights.[53]

40. As a starting point, it should be noted that the Monterrey Consensus called for "future reviews of debt sustainability" to "also bear in mind the impact of debt relief on progress towards the achievement of the development goals contained in the Millennium Declaration" and emphasized that "the computational procedures and

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[48] Ibid.

[49] IMF, Independent Evaluation Office, *Fiscal Adjustment in IMF-Supported Programmes* (Washington, D.C., IMF, 2003), p. 4.

[50] Jacinta Nwachukwu, "The Prospects for Foreign Debt Sustainability in Post-Completion Point Countries: Implications of the HIPC-MDRI Framework", Brooks World Poverty Institute Working Paper No. 26 (Manchester, Brooks World Poverty Institute, University of Manchester, February 2008), p. 12.

[51] Ibid., p. 19.

[52] For a discussion of the human rights-based approach to development cooperation, see Office of the United Nations High Commissioner for Human Rights, *Frequently Asked Questions on a Human Rights-based Approach to Development Cooperation* (New York and Geneva, United Nations, 2006).

[53] In 2006, the World Bank abandoned its review of the concept of sustainability because the operation "would be costly to donors". See International Development Association, *Review of Low-Income Country Debt Sustainability and Implications for the Multilateral Debt Relief Initiative (MDRI)* (Washington, D.C., World Bank, 2006).

assumptions underlying debt sustainability analysis need to be kept under review" (para. 49).

41. In his report entitled "In larger freedom: towards development, security and human rights for all" (A/59/2005), the Secretary-General proposed that "we should redefine debt sustainability as the level of debt that allows a country to achieve the Millennium Development Goals and reach 2015 without an increase in debt ratios" (para. 54).

42. Many non-governmental organizations and several intergovernmental organizations advocate a human development approach to debt sustainability, according to which debt should be repaid only from residual resources after the Government has met its priority spending, including on internationally agreed development goals. For example, EURODAD considers that debt sustainability should be redefined as the level of debt that allows countries to meet the Millennium Development Goals by 2015 without increasing debt ratios.[54]

43. A human development approach to debt sustainability requires that not only debt sustainability assessments, but also policy responses to the debt problem, give primacy to human development priorities.[55] Thus, a human development approach calls for human development needs to be placed not only at the centre of debt sustainability, but also at the centre of the design and implementation of all international economic policies. It also entails ensuring that those affected by debt are able to participate in its management.

44. The independent expert supports those proposals to redefine the concept of debt sustainability in a manner that takes account of human development imperatives. However, he considers that debt sustainability analyses should include an assessment of the level of debt that a Government can carry without undermining its capacity to fulfil its human rights obligations (see A/64/289 and Corr.1). A human rights-based approach offers specific value, which places emphasis on the principles of participation, accountability, transparency and non-discrimination and the universality, interdependence and indivisibility of all human rights. It should also be noted that there are close links between the Millennium Development Goals and human rights. In addition, human rights are relevant to achieving more sustainable, equitable development outcomes.

45. A rights-based approach linking debt and trade would ensure that resources from both debt relief and enhanced trade are first applied to the fulfilment of human rights. In this regard, it is important to recall that the Universal Declaration of Human Rights states that everyone has the right to a standard of living adequate for the health and well being of himself and his family, including food, clothing, housing and medical care and necessary social services (art. 25) and that everyone is entitled to a social and international order in which the rights and freedoms set forth in the Declaration can be fully realized (art. 28).

46. In the view of the independent expert, that taking human rights into consideration during debt sustainability analyses is consistent with the broadly

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[54] EURODAD. See also CIDSE, *The New World Bank/IMF Debt Sustainability Framework — A Human Development Assessment* (April 2006).

[55] Aldo Caliari, *The Debt Sustainability Framework: How the Bretton Woods Institutions managed to subvert the human development grounds for debt relief*, available at http://www.newscentre.bham.ac.uk/debtrelief/Birmingham_Full_Paper_2_pdf.

accepted principle that international organizations have obligations under international law, including those arising under the Charter of the United Nations and human rights treaties.[56] For example, in 2003, the internal ombudsman of the International Finance Corporation called on the Corporation to "systematically consider risks to human rights at the project level, take appropriate steps to mitigate them, and provide clearer guidance to clients on both of these aspects".[57] In 2006, the General Counsel of the World Bank stated that the Bank's Articles of Agreement "permit, and in some cases require, the Bank to recognize the human rights dimensions of its development policies and activities".[58] Thus, with specific reference to IMF and the World Bank, any argument that their articles of agreement preclude consideration of human rights or that they have no obligations to respect human rights must now be considered untenable.

47. It is also well established that States must adhere to their international law obligations when they act through international organizations. For example, in *Waite and Kennedy v. Germany*, the European Court of Human Rights held that "where States establish international organizations in order to pursue or strengthen their cooperation in certain fields of activities, and where they attribute to these organizations certain competences and accord them immunities, there may be implications as to the protection of fundamental rights. It would be incompatible with the purpose and object of the Convention, however, if the Contracting States were thereby absolved from their responsibility under the Convention in relation to the field of activity covered by such attribution".[59] Similarly, in paragraph 19 of the Maastricht Guidelines on Violations of Economic, Social and Cultural Rights, it is stressed that "the obligations of States to protect economic, social and cultural rights

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[56] See, e.g., A. Clapham, *Human Rights Obligations of Non-State Actors* (Oxford, Oxford University Press, 2006) pp. 137-159; C. Lumina, "An assessment of the human rights obligations of the World Bank and the International Monetary Fund with particular reference to the World Bank's Inspection Panel", *Journal for Juridical Science*, vol. 31, No. 2 (2006), pp. 108-129; August Reinisch, "The Changing International Legal Framework for Dealing with Non-State Actors", in P. Alston (ed.) *Non-State Actors and Human Rights* (Oxford, Oxford University Press, 2005); M. Darrow, *Between Light and Shadow: the World Bank, the International Monetary Fund and International Human Rights Law* (Oxford, Hart Publishing, 2003); S. Skogly, *The Human Rights Obligations of the World Bank and the International Monetary Fund* (London, Cavendish, 2001); P. Sands and P. Klein, *Bowett's Law of international Institutions*, fifth edition (London, Sweet and Maxwell, 2001), pp. 458-459; Thomas Buergenthal, "The World Bank and Human Rights", in E. Brown Weiss, A. Rigo Sureda and L. Boisson de Chazournes (eds.), *The World Bank, International Financial Institutions and the Development of International Law* (Washington, D.C., American Society of International Law, 1999); Daniel D. Bradlow, "The World Bank, the IMF and Human Rights", *Transnational Law and Contemporary Problems*, vol. 6, No. 1 (Spring 1996).

[57] See World Bank, *Extracting sustainable advantage? a review of how sustainability issues have been dealt with in recent IFC and MIGA extractive industries projects*, Final Report, Compliance Advisor Ombudsman (Washington, D.C., World Bank, April 2003), p. 36.

[58] See World Bank, "Legal Opinion on the Human Rights and the Work of the World Bank", Roberto Dañino, Senior Vice-President and General Counsel, 27 January 2006, para. 25.

[59] European Court of Human Rights Application No. 26083/94, Grand Chamber judgement of 18 February 1999, para. 67. See also *Matthews v. United Kingdom*, Application No. 24833/94, Grand Chamber judgement of 18 February 1999, para. 32; Willem van Genugten, "Tilburg Guiding Principles on World Bank, IMF and Human Rights", in Willem van Genugten, Paul Hunt and Susan Matthews (eds.), *World Bank, IMF and Human Rights* (2003), pp. 247-255 and A/CN.4/564/Add.2.

extend also to their participation in international organizations, where they act collectively".

48. Finally, an important aspect of the duty of international cooperation as reflected in the Charter of the United Nations and binding international human rights treaties is that States parties, individually or through membership of international institutions, should not adopt policies or engage in practices that imperil the enjoyment of human rights. Consequently, loan or debt relief conditionalities should not impair the capacity of States to deliver and provide access to basic public services.

III. The need for policy coherence

49. Trade, debt and finance policies are important components of the development strategy of any country. Coherence between them, therefore, is essential in domestic and international economic policies in order to adequately support national development policies. The pursuit of these areas in isolation raises the risk that policy actions in one area will undermine rather than support the goals of policy actions in another.

50. The need for coherence among trade, financial and monetary policies has been recognized in a number of international decisions, including the United Nations Millennium Declaration, the São Paulo Consensus, adopted at the eleventh session of the United Nations Conference on Trade and Development,[60] the Monterrey Consensus of the International Conference on Financing for Development[61] and the 2005 World Summit Outcome.[62]

51. More recently, the United Nations has emphasized that trade, development and finance should be treated in an integrated and coherent manner in order to create and sustain an enabling environment for maximizing development gains for all countries. As stated by the Under-Secretary-General for Economic and Social Affairs in the preface to the *World Economic and Social Survey 2010*, "there is a need to strengthen the global coordination of economic decision-making so as to minimize the number of cases where rules dealing with trade, aid, debt, finance, migration, environmental sustainability and other development issues come into conflict".[63]

52. It is also notable that the founding documents of the World Trade Organization (WTO) enshrine a declaration to cooperate with IMF and the World Bank in order to

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[60] Para. 17 of the São Paulo Consensus reads: "In order to enable developing countries to reap greater benefits from globalization and to achieve the international development goals, including those contained in the Millennium Declaration, there is a need to enhance the coherence and consistency of the international monetary, financial and trading systems" (see TD/412, part II).

[61] Para. 52 of the Monterrey Consensus reads: "In order to complement national development efforts, we recognize the urgent need to enhance coherence, governance and consistency of the international monetary, financial and trading systems." Para. 4 indicates a commitment to "enhancing the coherence and consistency of the international monetary, financial and trading systems" (see *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex).

[62] See resolution 60/1.

[63] *World Economic and Social Survey 2010* (see footnote 8) p. xxiv.

achieve "greater coherence in global economic policymaking", while mutually respecting the mandates and independence of each institution.[64] That commitment is reflected in the agreements between WTO and IMF and the World Bank, which recognize the linkages between the various aspects of economic policymaking that fall within the respective mandates of those institutions and oblige them to "consult with each other with a view to achieving greater coherence in global economic policymaking".[65] In practice, however, such cooperation appears to be limited to the granting of observer status to the senior managers of each institution at the ministerial meetings of the other institutions — something that can hardly be characterized as "a mechanism to reach coherence among international trade and financial policies".[66] It is therefore important that an international mechanism for achieving such policy coherence be created.

53. It is also important to ensure that global economic policymaking is consistent with the realization of human rights, particularly economic, social and cultural rights and the right to development. It has been observed that the preamble to the WTO Agreement elaborates the purposes of the organization "in terms that are broadly consistent with the human ends that underlie the rights in the International Covenant on Economic, Social and Cultural Rights".[67]

IV. Conclusions and recommendations

54. **According to the Millennium Development Goal Gap Task Force Report 2008, a significant number of countries that benefited from debt relief have seen their debt vulnerability indicators deteriorate, in part because they still face significant development financing challenges. Of the heavily indebted poor countries, 21 (including 14 at the post-completion point) are considered to be at moderate-to-high risk of falling back into debt distress; 10 (mostly those at the pre-completion point) are currently considered to be in debt distress.[68] The report concludes that the Millennium Development Goal target of dealing comprehensively with the debt problems of developing countries has not been achieved in full.**[69]

55. **Market-oriented development strategies advocated by the (now largely discredited) Washington Consensus and being imposed on developing countries**

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[64] See the Declaration on the Contribution of the World Trade Organization to Achieving Greater Coherence in Global Economic Policymaking, which forms part of the Marrakesh Agreement Establishing the World Trade Organization, 15 April 1994.

[65] Agreement between the International Monetary Fund and the World Trade Organization, WT/L/195, annex I, para. 2, and Agreement between the International Bank for Reconstruction and Development, the International Development Association and the World Trade Organization, WT/L/195, annex II, para. II. See also World Trade Organization, Agreements between the WTO and the IMF and the World Bank, Decision adopted by the General Council at its meeting on 7, 8 and 13 November 1996, WT/L/194, 18 November 1996.

[66] Caliari, *Debt and Trade* (see footnote 3) p. 8.

[67] Robert Howse and Ruti G. Teitel, *Beyond the Divide: the Covenant on Economic, Social and Cultural Rights and the World Trade Organization*, Occasional Paper No. 30 (Geneva, Friedrich-Ebert Foundation, April 2007).

[68] *Millennium Development Goal 8: Delivering on the Global Partnership for Achieving the Millennium Development Goals*, Millennium Development Goal Gap Task Force Report 2008 (United Nations Publication, Sales No. E.08.I.17) p. x.

[69] Ibid., p.33.

by the international financial institutions are not helping those countries to achieve sustainable people-centred development and are contrary to the earlier policies that promoted modern development in Western Europe and Japan. Those development policies involved, inter alia, agrarian reforms, investments in human capital, selective trade protection, directed credit and other Government support for developing industrial and technological capacity while exposing firms gradually to global competition.[70]

56. **The reduction of poverty in developing countries requires not only debt relief and development assistance, but also changes to global trade rules so as to afford developing countries improved trade opportunities to fuel development and growth. In particular, impediments to enhanced access, in the form of trade distortions such as trade restrictions and agricultural subsidies, should be removed.**

57. **The right to development requires an enabling national and international environment that, inter alia, affords Governments some policy space to implement national development policies that are responsive to the needs of their people. Consequently, debt relief schemes should ensure that indebted countries retain "policy space" for implementing strategies to improve their productive structure to make the move into exports of more dynamic products with higher skill and technology content; ensure that greater value is added to exports; diversify the economy and nurture infant industries; and provide adequate levels of financing, in affordable terms, to the indigenous productive sector.**

58. **The Debt Sustainability Framework should prioritize achieving national development goals and human rights, rather than improving debt repayment. This would be consistent with the professed aims of the multilateral debt relief initiatives geared towards the achievement of the Millennium Development Goals. In addition, debt sustainability analyses should balance government revenues against a country's needs to finance its nationally designed and nationally owned development plans and to fulfil its human rights obligations. Financing needs to achieve the Millennium Development Goals and broader human development needs, including human rights, should be given priority in debt sustainability assessments.**

59. **A key limitation of the joint IMF/World Bank Debt Sustainability Framework is that it is creditor-managed and therefore arguably lacks objectivity. The debt sustainability assessments undertaken in the context of the framework are conducted by IMF and the World Bank, both of which are creditors. This calls into question whether the assessments are really objective. Debt sustainability assessments should be transparent, accountable and independent. That can be assured only through a process that balances the interests of creditors and debtors in accordance with the principle of shared responsibility for preventing and resolving unsustainable debt burdens. There is therefore a need for debt sustainability assessments to be made by an independent panel of experts appointed by both creditors and debtors. In this regard, the independent expert urges Member States to urgently consider the establishment of an independent debt workout mechanism under the auspices**

[70] See *World Economic and Social Survey 2010* (see footnote 8).

of the United Nations.[71] **An impartial and independent sovereign debt restructuring mechanism that mediates effectively and fairly between debtors and creditors is an indispensable component of a stable international financial system.**[72]

60. **Furthermore, in order to address debt sustainability at a systemic level, it is necessary for the international community to adopt a binding legal framework on responsible lending and borrowing elaborating legally recognized standards for responsible financing. Such a framework should be monitored by an impartial and transparent arbitration panel under the auspices of the United Nations.**

61. **National development strategies need to be supported by stable aid flows; by a fair multilateral trading regime that allows countries space for building domestic production capacity and pursuing sustainable development goals; and by stable and predictable financial markets.**[73] **This will require profound reforms of the existing international aid, trade and financial architectures and efforts to ensure policy coherence across those areas.**

62. **Urgent consideration should be given to the establishment of an international agency (under the auspices of United Nations) to systemically address issues of coherence and consistency in multilateral rule-setting.**

63. **It is important that the international financial institutions respect the commonly accepted norms of good governance that they demand of the countries that they lend to, including transparency, accountability, fairness and ownership. In this regard, it is important to recall that in the Monterrey Consensus the international community made a commitment to "good governance at all levels".**[74]

64. **The independent expert considers that the provision of debt relief and new loans should not be made conditional on privatization, investment deregulation and trade liberalization, all of which have proved ineffective as well as harmful to heavily indebted poor countries, as they are inconsistent with accepted norms of governance, including ownership and participation. Nevertheless, he supports the attachment of conditions designed to ensure effective citizen participation in poverty reduction strategy papers processes and to ensure transparency and accountability in the use and management of loans or funds freed up by debt relief.**

65. **The independent expert shares the view of the Millennium Development Goal Gap Task Force that, in order to improve market access for developing countries, it is necessary to prioritize trade and its links to development and poverty reduction in national development strategies; to reduce substantially the tariffs imposed by developed countries on agricultural products, textiles**

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[71] See *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex, para. 60.

[72] *World Economic and Social Survey 2010* (see footnote 8) p. 143.

[73] Ibid., p. xii.

[74] See *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7) chap. I, resolution 1, annex) para. 4.

and clothing from developing countries; and to accelerate the reduction of trade-distorting domestic and export subsidies in developed countries.[75]

[75] Millennium Development Goal Task Force Report 2008 (see footnote 69) pp. 17-21.