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Human Rights and International Financial Institutions

Tuesday, July 14, 2009, 1:45 - 3:45pm

Facilitator:

Arvind Ganesan, Director (Business and Human Rights), Human Rights Watch

Session Organizers:

Lesley Carson, Program Office, Wellspring Advisors, LLC

Mona Chun, Consultant, International Human Rights Funders Group

Panelists:

Mary Robinson, President, Realizing Rights: The Ethical Globalization Initiative; former President of Ireland (1990-1997) and former United Nations High Commissioner for Human Rights (1997-2002)

Kate Watter, Executive Director, Crude Accountability

Armstrong A. Wiggins, Director (Washington Office), Indian Law Resource Center

Arvind Ganesan drew our attention to the fact that IFIs are growing immensely and taking on a far more dominant role in international development policy than ever before. Furthermore, they are doing so without any engagement with meaningful human rights standards. As a result, he argued we are either at a critical moment of crisis or a critical moment of possibility to infuse a culture of human rights into IFIs. He made the crucial point that IFIs won't change unless NGOs put pressure on them to do so. Pressure by NGOs has made small changes in advancing human rights within IFIs; for example by incorporating basic labor and environmental standards into IFI policy. These standards tend to be ad hoc and very difficult to regulate, but they are a start.

Kate Watters provided an overview of IFIs' current engagement with human rights and its relevance to the human rights community. Beginning with the World Bank, IFIs have developed guidelines on social and environmental issues. However, implementation has been poor and institutions lack mechanisms to respond to violations when they occur. IFIs also have complaint mechanisms, which are important tools for activists and communities who have been negatively impacted by IFI projects. For example, the World Bank Ombuds Service will conduct an audit to ensure the project is in compliance with IFI regulations and negotiate settlements between communities and IFI clients. Unfortunately, this process is slow, cumbersome and very proscribed.

In spite of these challenges, Watters argued that there are opportunities for human rights defenders to hold IFIs accountable. These opportunities include:

1. Project targeted campaigns against specific IFI projects—before and after implementation. To be effective, civil society must be able to monitor the effects on communities of IFI financing, work with those communities to help them appeal for justice, and leverage existing mechanisms available to hold IFIs accountable for violations. These mechanisms include IFI complaint mechanisms and other mechanisms that push for accountability, such as courts.
2. Policy-targeted campaigns that address the overarching problems associated with IFI policy and their lack of legal accountability. Human rights defenders must work to create a human rights mandate within IFIs. To do so, they must have a good understand of how IFIs operate.

Armstrong Wiggins argued that in order to work in solidarity with indigenous people, human rights advocates have to understand where they are coming from. This involves a commitment to interacting on the ground. Furthermore, in order to impact IFIs, we need to better educate ourselves and indigenous people on how IFIs operate. IFIs are highly complex, and where human rights practitioners have a hard time understanding them, they are even more challenging for indigenous people to understand.

Wiggins pointed out that international law is a crucial mechanism to ensuring that IFIs respect human rights. The Indian Law Resource Center has been heavily involved with pressuring IFIs to develop standards and internal operational policies to safeguard the rights of indigenous peoples. However, he argued we need to go further and expand international law to make IFIs legal responsible for upholding human rights standards. The fact that IFIs operate outside international law creates a serious gap in the existing legal framework. Therefore, funders have a dual role to both support efforts to demand better IFI policies and oversight and to work to strengthen international law to expand the legal obligations of IFIs.

Mary Robinson began by reminding us of the collaboration that has taken place to date between human rights and IFI practitioners. In particular, she mentioned her collaboration with Phillip Alston, James Wolfensohn and others at the World Bank, which culminated in the publishing of *Human Rights and Development: Towards Mutual Reinforcement* (2005). She is hopeful that the current World Bank President, Robert Zoellick, will be amenable to incorporating a rights-based approach to development into World Bank policies. She said of Zoellick that if he can be convinced of the merits of an approach, he is flexible and willing to implement it. Therefore, what is most needed to further a human rights agenda within IFIs is renewed collaboration. Human rights advocates do not have a platform to participate in current conversations on how fix financial institutions. IFIs also have a misconception on what human rights seeks to bring to development. Furthermore, the human rights community needs to better understand IFIs and be more able to speak their language. Current IFI performance standards are not doing enough to address critical human rights concerns. In order to advance a human rights agenda within IFIs, human rights practitioners must find a seat at the table and develop opportunities for collaboration with IFIs. Robinson echoed Arvind Ganesan's concerns that the time is urgent as IFIs are playing a more powerful role in shaping international development policies, especially in areas like climate justice. She pointed out that a good first step to fostering greater collaboration would be for IHRFG to form a working group on IFIs. Human rights advocates need to be far more skilled on how IFIs operate when they sit down at the table.

Additional Themes and Conclusions that Emerged from the Q&A Session

Arvind Ganesan specifically addressed the mandate of the IMF and the potential for human rights interventions there. While the IMF has a very specific role to lend money to governments in need of bailout, there are two inroads for human rights advocates. First, the IMF can choose not to lend to countries who are serious violators of human rights. Second, the IMF pays attention to whether governments are paying their bills, and that includes paying government employee salaries.

Kate Watters and **Arvind Ganesan** further emphasized the problems that arise because IFIs operate outside a legal framework. Ganesan pointed out that the World Bank's Stolen Asset Recovery Project is its most powerful anti-corruption mechanism. However, because the World Bank has no law enforcement mechanism, it is dependent on government support to seize stolen assets. Watters emphasized that if a complaint against the World Bank does not fit into what the World Bank has defined as out of compliance with the standards it has set for itself, then the World Bank can't do anything about it. For example, if a community is harassed or strong-armed by a client implementing World Bank projects, the World Bank cannot do anything because it does not violate corruption in the way the World Bank has defined it. Furthermore, while the World Bank does a high degree of due-diligence to ensure projects comply with social and economic indicators before the project begins, once the project starts there is very little that can be done if things go wrong.