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Promotion and protection of human rights: human rights questions, including alternative approaches for improving the effective enjoyment of human rights and fundamental freedoms

Promotion of a democratic and equitable international order

Note by the Secretary-General**

The Secretary-General has the honour to transmit to the General Assembly the report of the Independent Expert on the promotion of a democratic and equitable international order, George Katrougalos, in accordance with Assembly resolution 79/168.

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Report of the Independent Expert on the promotion of a democratic and equitable international order, George Katrougalos

Necessary reforms to the international financial architecture

Summary

The present report serves to assess the global financial governance system and has been informed by critical international legal scholarship on international financial institutions. It is found that, despite modest reforms at the International Monetary Fund and the World Bank, both institutions are disproportionately influenced by high-income countries, while excluding most of the global South from meaningful decision-making. Although international financial institutions claim neutrality, their policies prioritize market liberalization, deregulation and fiscal discipline over social equity. The exclusion of human rights from the core mandates of the International Monetary Fund and the World Bank has been challenged as legally untenable given their status as specialized institutions within the United Nations system and their members' binding obligations under international law. The report sets out recommendations on comprehensive governance reforms, including rebalanced voting rights, the elimination of veto powers, due diligence in lending, better coordination of all entities in the United Nations ecosystem and the institution of democratic safeguards. The General Assembly is urged to seek an advisory opinion of the International Court of Justice on the legal obligations of those institutions to respect fundamental human rights.

I. Introduction

1. The present report on the necessary reforms to the international financial architecture is submitted pursuant to General Assembly resolution 79/168.

2. During the preparation of the report, a number of special procedure mandate holders submitted detailed inquiries to the World Bank and the International Monetary Fund (IMF).[1] They also requested meetings with institutional officers for further clarification. In response, each institution submitted a summary letter. The World Bank noted that its mandate "does not foresee a role in enforcing or monitoring member countries' human rights obligations", while referring to its current operational practices.[2] IMF explained that its "limited economic mandate does not authorize it to engage directly in the promotion of human rights. However, it indirectly promotes human rights, by helping its member countries create an economic environment in which rights can flourish".[3] Those limited responses, without the conduct of the requested meetings, stand in contrast to the more active exchange of views of both institutions with the United Nations human rights system in the past.

II. International financial architecture: legitimacy issues

A. Brief historical overview

3. The international economic order is not defined primarily by its governance, but by its underlying structures of power relations, and the rise and fall of the system's central power – the hegemon.[4] The modern financial system has been shaped by the architecture established by the Bretton Woods institutions, later augmented by the World Trade Organization, and is underpinned by the dominant financial position of the United States of America. The decision by the Administration of the then President of the United States, Richard Nixon, in 1971 to sever the United States dollar's link to gold did not undermine the structural power of the United States. On the contrary, it reasserted United States dominance in international monetary affairs on a new foundation: the neoliberal paradigm. Massive capital flows were drawn to the perceived safety and superior returns of United States financial markets, thereby effectively offsetting the country's growing deficit.[5]

4. The promotion of unembedded market ideology – the "Washington consensus" – by the World Bank and IMF has generated an "undeniable clash"[6] with the majority of the United Nations operational system, particularly after the call by the global South

[1] The Special Rapporteur on the right to development and the Independent Experts on the promotion of a democratic and equitable international order, on human rights and international solidarity and 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, submitted a letter to the World Bank on 14 March 2025 and a letter to the International Monetary Fund (IMF) on 14 April 2025.

[2] Vice-President of Operations Policy and Country Services, Gallina Vincelette, letter of 3 June 2025.

[3] Special Representative of the International Monetary Fund to the United Nations, Robert Powell, letter of 30 June 2025.

[4] Pierre-Olivier Gourinchas, Hélène Rey and Maxime Sauzet, "The international monetary and financial system, NBER Working Paper No. 25782, National Bureau of Economic Research (Cambridge, Massachusetts, National Bureau of Economic Research, 2019).

[5] Leo Panitch and Sam Gindin, *The Making of Global Capitalism: The Political Economy of American Empire* (Toronto, Verso Books, 2012), p. 13; Peter Gowan, *Global Gamble: Washington's Faustian Bid for World Dominance* (London, Verso Books, 1999), p. 19.

[6] Hans-Christof von Sponeck and Richard Falk, *Liberating the United Nations* (Stanford University Press, 2024), p. 314.

for a New International Economic Order. IMF, in particular, has nominally supported development but has consistently advanced procyclical policy prescriptions, including austerity measures, massive privatizations and reductions in public investment even during economic downturns, as well as and strict limits on social spending.

5. The failure of such policies in the 1980s and 1990s, coupled with mounting pressure on the two institutions from developing States, non-governmental organizations and academia, as well as from United Nations entities, such as the United Nations Children's Fund (UNICEF)[7] has led to a partial reassessment and some efforts to strengthen cooperation with the United Nations system. At the International Conference on Financing for Development held in Monterrey, Mexico, in 2002, the financing for development process was established as a multilateral coordinating framework for mobilizing financial resources for sustainable development.[8] However, despite the recognition of the problem, that process has thus far not promoted the necessary reforms of governance or policy orientation of the international financial institutions.

B. Institutionalized inequities in the governance of the international financial institutions

6. Both Bretton Woods institutions have systems of governance that are based on weighted voting and are not aligned with population size or related to gross domestic product (GDP). Even after recent reforms, Group of Seven countries still control 41 per cent of the voting power, despite representing less than 10 per cent of the global population. As at April 2025, the United States held the largest voting shares (15.83 per cent at the World Bank and 17.42 per cent at IMF), followed by Japan and China. The representation of China (5.86 per cent at the World Bank and 6.40 per cent at IMF) is evidently disproportionate, given its population share and GDP. India, the most populous country, ranks only thirteenth in the IMF quota share.

7. The situation is worse for countries of the global South. Low-income countries hold under 10 per cent of the voting power across the World Bank Group.[9] For instance, a Belgian citizen has 180 times more voting power than an Ethiopian citizen.[10] These weighted voting arrangements were deliberately designed to ensure that developed countries retained majority control. The United States has an additional advantage: the fact that it has the largest voting share, combined with the 85 per cent supermajority requirement for major decisions, gives it effective veto power. Furthermore, a traditional long-standing unwritten convention ensures that nominees from the United States and Europe fill leadership positions, further undermining the institutions' democratic legitimacy.

8. Against that background, the Secretary-General has commented that "the global financial architecture is outdated, dysfunctional and unjust. It is no longer capable of meeting the needs of the twenty-first century world".[11]

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[7] Giovanni Andrea Cornia, Richard Jolly and Frances Stewart, eds., *Adjustment with a Human Face: Volume 1 – Protecting the Vulnerable and Promoting Growth* (Oxford, Clarendon Press, 1987).

[8] A/CONF.198/11.

[9] The World Bank Group comprises the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Multilateral Investment Guarantee Agency and the International Centre for Settlement of Investment Disputes.

[10] See www.atlanticcouncil.org/blogs/econographics/inequality-at-the-top-democratic-challenges-at-bretton-woods-institutions.

[11] See press.un.org/en/2023/sgsm21855.doc.htm.

III. International financial institutions and human rights

A. The Bretton Woods institutions under international law

9. Serious concern regarding the effects of World Bank and International Monetary Fund practice on human rights have been expressed in numerous United Nations documents, since at least 1987, when a substantive critique of their "Washington consensus" policies was presented in a seminal study by UNICEF.[12] In reports by special procedure mandate holders, they have been severely criticized as "legal black holes"[13] and as "human rights-free zones", with "a large brain, an unhealthy ego and a tiny conscience".[14]

10. Both institutions maintain that their founding treaties (Articles of Agreement) limit them exclusively to economic missions, precluding political or human rights considerations – the "political prohibition argument". They acknowledge a link between development and human rights but assert that any related processes must be aligned with their – exclusively economic – mandates. Furthermore, both organizations view themselves as independent specialized intergovernmental agencies, not integral parts of the United Nations system. That stance underpins their claims of independent action and their disregard for requests set out by the General Assembly in its resolutions. For example, in 1967, they ignored the Assembly's requests to cease financial support to South Africa and Portugal because of apartheid and colonial policies.

11. Such considerations notwithstanding, the legal obligations of the Articles of Agreement must be interpreted "within the framework of the entire legal system prevailing at the time of the interpretation", according to the International Court of Justice.[15] In that connection, while already deeply problematic at its inception, the political prohibition argument has become increasingly untenable in the light of the evolution of international law, particularly the growing recognition of States' extraterritorial obligations and the corresponding responsibilities of international organizations. This legal development was affirmed by a landmark advisory opinion of the International Court of Justice, in which the Court stated that "international organizations are subjects of international law and, as such, are bound by any obligations incumbent upon them under general rules of international law, under their constitutions or under international agreements to which they are parties".[16]

12. Within that framework, the Bretton Woods institutions are bound by jus cogens stemming from the Charter of the United Nations (especially Article 1 (3)) and general rules of human rights law, which have acquired customary character.[17] More specifically, the *pacta tertiis* rule, under which treaties do not create rights or obligations for third parties without their consent, does not apply to jus cogens or treaties whose relevant obligations are generally accepted as customary law. It is now

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[12] Cornia, Jolly and Stewart, *Adjustment with a Human Face*.

[13] Report of the Independent Expert on the promotion of a democratic and equitable international order, Alfred de Zayas (A/HRC/36/40).

[14] Reports of the Special Rapporteur on extreme poverty and human rights, Philip Alston (A/70/274 and A/HRC/38/33).

[15] *Legal Consequences for States of the Continued Presence of South Africa in Namibia (South West Africa) notwithstanding Security Council Resolution 276 (1970)*, *Advisory Opinion, I.C.J. Reports 1971*, para. 53.

[16] *Interpretation of the Agreement of 25 March 1951 between the WHO and Egypt*, *Advisory Opinion, I.C.J. Reports 1980*, p. 73.

[17] Olivier de Schutter, "Human rights and the rise of international organizations", in *Accountability for Human Rights Violations by International Organizations*, Jan Wouters and others, eds. (Antwerp, Intersentia, 2010), pp. 51–125; Ruti Teitel, *Humanity's Law* (Oxford University Press, 2011).

widely accepted that the provisions of the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights (together referred to as the International Bill of Human Rights) constitute such rules. In that vein, the Committee on Economic, Social and Cultural Rights has long supported the view that the international financial institutions have human rights obligations and has underscored the interlinked extraterritorial obligations of States and the relevant obligations of IMF and the World Bank.[18]

13. There are other legal bases for the international financial institutions' obligations under international human rights law; for instance, according to the theory of succession, a member's consent to join an international organization includes the transfer of its human rights treaty obligations to the latter. In consequence, the international organization replaces its members in fulfilling their human rights obligations.[19] It is clear that States must not violate international rules, whether they are acting individually or in the framework of an international organization.

B. Policies and rhetoric of the international financial institutions

14. It should be clear that the legal debate conceals a deeper political issue. It is not a strict interpretation of political neutrality that informs the policies of the Bretton Woods institutions, nor is there an ideological clash between universal rationality and utilitarian managerialism, or between human rights values and development priorities. In reality, the principle of political prohibition is a fig leaf, the pretext for advancing – as the only permissible option – a singular model of economic structural adjustment: neoliberalism.[20] In a revealing study, all those interviewed in the World Bank's legal department expressed the view that "the political prohibition thing is garbage" and that "nobody believes in this anymore". The notion persists merely as a practice of legal deflection and postponement.[21] Tellingly, from the perspective of those interviewed, the repeated appeals by the human rights community to integrate the World Bank into the international legal order are regarded as "inconveniences", perceived primarily as "reputational risks" against which the institution had to be protected and insulated in order to safeguard smooth "institutional functioning".[22]

International Monetary Fund

15. The recent efforts by IMF to distance itself from its so-called structural adjustment policies is a tacit confession of the failure of those policies. As the then Managing Director of IMF stated in 2014: "We provide lending, and, by the way, structural adjustments? That was before my time. I have no idea what it is. We do not do that anymore. No, seriously, you have to realize that we have changed the way in which we offer our financial support."[23] However, the reality is markedly different; according to the Fund's own estimates, the number of structural conditions is on the rise.[24]

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[18] See Committee on Economic, Social and Cultural Rights, general comment No. 14 (2000), on the right to health; general comment No. 19 (2007), on the right to social security; and No. 24 (2017), on State obligations under the International Covenant on Economic, Social and Cultural Rights in the context of business activities. See also E/C.12/2016/1.

[19] Dimitri Van Den Meerssche, "A legal black hole in the cosmos of virtue: the politics of human rights critique against the World Bank", *Human Rights Law Review*, vol. 21, No. 1 (March 2021).

[20] A/74/178.

[21] Van Den Meerssche, "A legal black hole in the cosmos of virtue".

[22] Ibid.

[23] See www.imf.org/en/News/Articles/2015/09/28/04/54/tr041214b.

[24] IMF, *2018 Review of Program Design and Conditionality*, Policy Paper No. 2019/012 (Washington, D.C., 2019).

16. The "safety" programmes imposed by IMF on heavily indebted countries in Southern Europe following the 2008 financial crisis bore all the hallmarks of traditional structural adjustment policies: austerity measures and internal devaluation; widespread privatizations; and the systematic erosion of fundamental social and labour rights. Moreover, those reforms were implemented within a political framework that significantly curtailed democratic sovereignty, with national Governments compelled to adopt legislation dictated directly by the team supervising the adjustment programmes. The United Nations human rights system,[25] the European Parliament,[26] the Parliamentary Assembly of the Council of Europe[27] and the European Committee of Social Rights[28] have all found that the austerity programmes violated social rights, disproportionately affecting the most vulnerable groups within affected societies. Still, IMF insisted on the implementation of those unlawful measures, disregarding binding interpretations of regional human rights obligations and established norms of international social rights protection.

17. It should be evident that what has transpired in the so-called "South of the North" pales in comparison with the social destruction that IMF has imposed on the global South. The repayment of the debt was always secondary to "the process that can be activated through it",[29] a process that rendered Governments more accountable to their creditors than to their own citizens. As a result, decolonization has remained fundamentally incomplete and the erosion of democratic governance has become a persistent condition, both sweeping in scale and pervasive in scope.[30]

18. Although some human rights considerations are now ostensibly appearing in IMF lending arrangements, particularly through the inclusion of positive conditionality measures, such as minimum social spending floors,[31] IMF continues to prioritize the repayment of sovereign debt over the fulfilment of social rights, thereby constraining the fiscal policy space available to borrowing Governments and limiting their sovereignty in critical areas, such as public healthcare, education and social protection.[32] Oxfam International estimates that, for every dollar that IMF has encouraged developing countries to spend on public goods, it has told them to cut four times more through austerity measures.[33]

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[25] Office of the United Nations High Commissioner for Human Rights, "Report on austerity measures and economic and social rights" (Geneva, 2013). See also news.un.org/en/story/2013/05/438592-austerity-measures-greece-undermining-human-rights-says-un-independent-expert.

[26] European Parliament resolution of 13 March 2014 on employment and social aspects of the role and operations of the Troika (European Central Bank, European Commission and International Monetary Fund) with regard to euro area programme countries.

[27] Parliamentary Assembly of the Council of Europe resolution 1884 (2012).

[28] European Committee of Social Rights, *Federation of Employed Pensioners of Greece v. Greece*, Complaint No. 76/2012 (2012); European Committee of Social Rights, *General Federation of Employees of the National Electric Power Corporation and Confederation of Greek Civil Servants' Trade Unions v. Greece*, Complaint No. 65/2011 (2011).

[29] Silvia Federici, "The debt crisis, Africa and new enclosures", in *Midnight Oil: Work, Energy, War, 1973–1992*, Midnight Notes Collective (Autonomedia, 1992), p. 303.

[30] Margot E. Salomon, "The Trojan horse of sovereign debt", *Transnational Legal Theory*, vol. 15, No. 1 (2024).

[31] Martin Tarkpor and Gerard Clarke, "The International Monetary Fund (IMF), policy conditionality and human rights, 2001–2021", *Human Rights Review*, vol. 25 (2024), pp. 339–363.

[32] Michael Thomson, Alexander Kentikelenis and Thomas Stubbs, "Structural adjustment programmes adversely affect vulnerable populations: a systematic-narrative review of their effect on child and maternal health", *Public Health Reviews*, vol. 38, No. 1 (2017).

[33] See www.oxfam.org/en/press-releases/every-1-imf-encouraged-set-poor-countries-spend-public-goods-it-has-told-them-cut.

19. Recently, IMF has issued a number of policy papers focused on social spending,[34] gender balance[35] and climate change.[36] Still, even though it talks about gender, inequality and social protection, it has not abandoned the core of its neoliberal premises. A comprehensive study in the field, conducted by researchers at the University of Cambridge and based on data from 131 countries, revealed significant discrepancies between those stated principles and actual practices. It was concluded that those inconsistencies reflect an "escalating commitment to hypocrisy".[37]

20. Social spending floors, while an improvement, do not appear to be meaningful instruments for social development. Instead, they largely encompass haphazardly grouped policies. Even in the context of the coronavirus disease (COVID-19) pandemic, a period marked by unprecedented social and economic vulnerability, IMF reportedly maintained pressure on countries in the global South to implement fiscal consolidation measures, including reductions in public sector wage spending, healthcare and education.[38]

21. Accordingly, despite modest reforms in IMF discourse and policy documents, the institution's overarching approach remains heavily weighted towards fiscal discipline and deregulation. At the Spring Meetings of the World Bank Group and IMF in 2025, the Managing Director of IMF not only extolled deregulation as being "good for enterprises", but also wore a chainsaw lapel pin and commended the "deep chainsaw deregulation" in Argentina as a remarkable example of "the impossible becoming possible".[39] The endorsement of such extreme austerity measures stands in clear contradiction to the rhetorical pivot of IMF towards a more socially moderate and inclusive policy orientation.

22. Such inconsistency has been highlighted – albeit from an opposing standpoint – by the United States Secretary of the Treasury, who, in the same forum, criticized IMF for having deviated from its core mandate. He contended that IMF is now allocating a disproportionate share of its time and resources to issues such as climate change, gender equality and social inclusion, matters that, for him, fall outside the institution's primary mission. He remarked that "today's IMF has been whistling past the graveyard. […] This pollyannish outlook is symptomatic of an institution more dedicated to preserving the status quo than asking the hard questions".[40]

23. That remark aptly illustrates the current impasse at IMF. The previously dominant model of neoliberalism – market liberalization, fiscal austerity and minimal state intervention – now stands in contradiction to the new United States orientation of protectionist, interventionist and increasingly unilateral policies. It is evident that the old hegemonic paradigm cannot survive without the support of its hegemon, as it lacks material backing, a normative basis and political legitimacy.

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[34] IMF, "A strategy for IMF engagement on social spending", Policy Paper No. 16 (June 2019).

[35] IMF, "IMF strategy toward mainstreaming gender", Policy Paper No. 37 (July 2022).

[36] IMF, "IMF strategy to help members address climate change related policy challenges: priorities, modes of delivery, and budget implications", Policy Paper No. 57 (July 2021).

[37] Alexander Kentikelenis, Thomas Stubbs and Lawrence King, "IMF conditionality and development policy space, 1985–2014", *Review of International Political Economy*, vol. 23, No. 4 (2016), pp. 543–582.

[38] See www.eurodad.org/arrested_development. See also Alexander Kentikelenis and Thomas Stubbs, "IMF social spending floors: a fig leaf for austerity?", Oxfam International (2023).

[39] See www.reuters.com/markets/europe/germanys-fiscal-expansion-will-have-positive-spillover-europe-imf-chief-says-2025-04-24/.

[40] See https://home.treasury.gov/news/press-releases/sb0094.

World Bank

24. While IMF has favoured language on social spending as part of its reframing, the World Bank Group has increasingly incorporated rights-based discourse, albeit not in the form of binding legal norms. Although the Bank does not officially recognize such discourse as institutional policy, it nonetheless established, in 2008, the multi-donor Human Rights, Inclusion and Empowerment Trust Fund, aimed at increasing and strengthening the understanding and application of human rights principles across the Group's work. Under the Bank's Environmental and Social Framework, environmental and social due diligence must be undertaken for the investment projects financed by the Bank, and the Bank's activities must "support the realization of human rights expressed in the Universal Declaration of Human Rights". Moreover, following reforms in 2012 and 2018, some language on rights was added to the International Financial Statistics performance standards, although these apply after project design and still rely on client action.

25. The World Bank Group has introduced several accountability mechanisms, described by some commentators as quasi-judicial,[41] for its projects. Such mechanisms include the Dispute Resolution Service, the Inspection Panel and the Compliance Advisor Ombudsman. However, transparency and accountability are fragmented across the Group. The Inspection Panel has no mandate over investments by private financial intermediaries (i.e. banks, equity funds or other financial institutions that on-lend World Bank funds to projects), so half of the Group's business is outside its reach. Only after 2020 did the Bank, through its International Finance Corporation, began requiring financial intermediary clients to report annual lists of high-risk subprojects. Still, implementation is reported to be minimal, and very few complaints received by the Compliance Advisor Ombudsman are related to financial intermediary projects. This lack of accountability of private actors is becoming more problematic under the Maximizing Finance for Development approach, introduced in 2017, which prioritizes private sector engagement over public service delivery, thereby effectively handing control of development to investors and markets rather than to Governments.[42]

26. Hence, notwithstanding the improvements in institutional discourse and practice, the assessment of the former Special Rapporteur on extreme poverty and human rights, Philip Alston – that the World Bank merely pays lip service to human rights, as long as doing so entails no serious consequences for the implementation of its policies, and that it is willing to make exceptions when political imperatives dictate, even at the cost of considerable inconsistency – remains an accurate characterization to the present day.[43]

C. Demystifying the debate

27. The General Assembly should consider requesting an advisory opinion from the International Court of Justice on the legal obligations of the international financial institutions with respect to their human rights obligations. In the absence of such authoritative clarification, the exchange of legal arguments on the matter is likely to persist as a "predictable jousting routine"[44] between those institutions and the broader United Nations system. However, the issue is primarily political rather than juridical

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[41] Kelebogile Zvobgo and Benjamin Graham, "The World Bank as an enforcer of human rights", *Journal of Human Rights*, vol.19, No. 4 (2020), pp. 425–448.

[42] Daniela Gabor, "The Wall Street consensus", *Development and Change*, vol. 52, No. 3 (2021), pp. 429–459.

[43] See A/70/274.

[44] See www.law.nyu.edu/sites/default/files/Philip_Alston_Annual_Workshop_Keynote.pdf.

in nature. In their letter addressed to the World Bank, the mandate holders explicitly clarified that they did not expect the Bank – or the International Monetary Fund – to act as enforcers of human rights. Should the international financial institutions act as "human rights cops", a new version of conditionality "on steroids" would very probably be triggered, potentially exacerbating existing power imbalances in global financial governance.

28. The critical issue is not the reinterpretation of the mandates of the international financial institutions or the rhetorical shift of discourse towards human rights. The essential question is who sets the agenda and who exercises oversight over policies. This approach echoes the call by the Secretary-General for a "giant leap" of the financial system towards global justice[45] and is in line with the concept of a "human rights economy", as called for by the United Nations High Commissioner for Human Rights.[46]

29. Human rights language is always a double-edged sword; it can serve either to reinforce hegemony, especially through imposed conditionalities, or to challenge and subvert it. In that vein, several scholars have critiqued the shift from calls for a New International Economic Order to a legalistic framework in which political and economic choices are reframed in legal language, obscuring the real stakes.[47] The international financial institutions could adopt a human rights discourse without undertaking any substantive reorientation of their objectives or meaningful transformation of their policies. Moreover, a mere recognition of rights does not specify the means through which those rights can be realized, as many rights are in competition, for instance, property rights versus social rights. In that context, when assessing whether a State Party has taken reasonable steps, to the maximum of its available resources, to progressively realize the rights enshrined in the International Covenant on Economic, Social and Cultural Rights, the Committee on Economic, Social and Cultural Rights places significant emphasis on transparent and participatory decision-making processes, both at the domestic and international levels.[48]

30. A human rights-based approach therefore extends beyond the mere selection of economic policies and development priorities; it also encompasses the procedures and processes through which such choices are formulated and implemented. Accordingly, the core issue is not solely the protection of social rights, but also the assurance of democratic governance within the Bretton Woods institutions and the prevention of their policies from undermining the democratic sovereignty of the countries with which they engage. Two key priorities emerge: first, it is essential to progressively reform the voting structures of the international financial institutions to reflect contemporary political and economic dynamics. Second, the international financial institutions must uphold democratic principles in their interactions with national authorities and strictly adhere to the "do no harm" principle, by not undermining national political consensus.

31. Respect for democracy must be upheld as a fundamental "meta right", a foundational principle that underlies and enables the realization of all human rights,[49]

[45] See https://news.un.org/en/story/2023/06/1138007.

[46] A/HRC/56/35.

[47] David Kennedy, "The 'rule of law': political choices and development common sense", in *The New Law and Economic Development: A Critical Appraisal*, David Trubek and Alvaro Santos, eds. (Cambridge University Press, 2010), p. 169.

[48] E/C.12/2011/2, para. 6.

[49] Margot E. Salomon and Robert Howse, "Odious debt, adverse creditors and the democratic ideal" in *Sovereign Debt and Human Rights*, Ilias Bantekas and Cephas Lumina, eds. (Oxford University Press, 2018), p. 425.

as affirmed by the General Assembly in its 2015 resolution on the basic principles on sovereign debt restructuring processes (resolution 69/319). In that resolution, the Assembly recognized, as a principle of customary international law, that "a Sovereign State has the right, in the exercise of its discretion, to design its macroeconomic policy, including restructuring its sovereign debt, which should not be frustrated or impeded by any abusive measures".

32. Stronger integration of the international financial institutions into the United Nations system is essential to ensure that they are aligned with human rights and to address the growing fragmentation within the system itself. Although many United Nations agencies have adopted a human rights-based development approach, as codified in the 2003 inter-agency statement of common understanding on human rights-based approaches to development cooperation and programming, inconsistent implementation has led to gaps and incoherence across the system. There have been some timid steps towards better cooperation of various United Nations agencies through the United Nations System Chief Executives Board for Coordination (CEB), which brings together, under the chairmanship of the Secretary-General, the executive heads of the United Nations and its specialized agencies and funds, including the World Bank Group and IMF. By contrast, the United Nations Sustainable Development Group, which plays a key role in coordinating the United Nations development system at the country level in support of the 2030 Agenda for Sustainable Development, does not include the Bretton Wood institutions.

33. In 2009, CEB adopted the Social Protection Floor Initiative. The concept, initially developed by the International Labour Organization (ILO) and later endorsed at the United Nations Conference on Sustainable Development, includes guarantees of basic income security in the form of various social transfers and universal access to essential affordable social services in the areas of health, water and sanitation, education, food security and housing. The initiative was led by ILO and the World Health Organization (WHO), and the World Bank and IMF were among its coalition members. Despite strong initial support, long-term engagement remained mostly limited to ILO and WHO.

IV. Concluding remarks

34. The United Nations system stands at a critical crossroads. At a time when its role is more essential than ever, it faces mounting pressures driven by profound geopolitical shifts. These tectonic changes are reshaping the global order, challenging the multilateral foundations of the United Nations. In response to the evolving global landscape, the Secretary-General launched "The highest aspiration: a call to action for human rights" in 2020, in which he emphasized the need for a unified United Nations voice in upholding the primacy of human rights across all domains, particularly within development and humanitarian efforts. A key element of that vision is the strategic and coherent use of the human rights mechanisms, including treaty bodies, special procedures of the Human Rights Council and the universal periodic review.

35. Despite those ambitions, however, the engagement of the international financial institutions with the United Nations human rights system has been limited. While there have been some positive, though isolated, examples of collaboration, such as joint initiatives on social protection and gender equality, these remain exceptions rather than the norm. Overall, cooperation between the international financial institutions and the United Nations human rights system continues to be fragmented and lacking in strategic coherence.

36. That disconnect poses a significant obstacle to achieving a truly system-wide, rights-based approach to sustainable development. It underscores the urgent need for more robust institutional alignment, coordinated action and accountability mechanisms to ensure that the human rights commitments articulated by the United Nations are fully operationalized across all areas of global governance, including financial and economic policymaking.

37. The consequences of the disconnect are stark and far-reaching. Rather than narrowing, the economic divide between the global North and global South has continued to widen, resulting in deepening patterns of global injustice. Instead of achieving greater self-sufficiency or equitable integration into the global economy, many developing countries have found themselves trapped in a vicious cycle of dependency. In order to secure the convertible currencies necessary to sustain their economies, those countries are increasingly reliant on volatile and unregulated capital inflows, the export of raw commodities, low-complexity manufacturing with minimal value addition and remittances from their diaspora communities. In sharp contrast, wealth in the developed world has continued to accumulate at an unprecedented pace. Over the past decade, the global North has accumulated approximately 50 per cent of the newly created global wealth.[50]

38. In 2023 alone, the international financial system effectively transferred $263 billion from the global South to the richest 1 per cent in the global North – a staggering illustration of structural inequality embedded in the global financial architecture.[51] That inequity is further compounded by the debt burdens faced by low- and middle-income countries, which now allocate an average of 48 per cent of their national budgets to servicing debt. This severely restricts their fiscal space and undermines their ability to invest in essential public services, development and human rights. The severity of such trends is underscored in *The Commitment to Reducing Inequality Index 2024*; since 2022, the vast majority of countries have seen a deterioration in equality, with projections indicating that inequality is likely to increase in 90 per cent of countries studied.[52] Such patterns reveal a global economic order that is increasingly misaligned with the principles of equity, solidarity and sustainability – principles that lie at the heart of the Charter of the United Nations and the 2030 Agenda.

39. Developed countries have long pledged, within the framework of official development assistance (ODA), to allocate 0.7 per cent of their annual gross national income to international aid. That target, which was first established by the General Assembly in its resolution 2626 (XXV), in 1970, has consistently gone unmet by the vast majority of donor countries.[53] In 2022, total ODA provided by members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD) amounted to approximately $204 billion. Although that figure marked a nominal increase, it represented only 0.36 per cent of the collective gross national income of the Development Assistance Committee countries – just over half of the internationally agreed target. By 2024, ODA levels had declined further, with preliminary data from OECD indicating a real-terms decrease of 7.1 per cent compared with 2023.

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[50] Group of 77, *The Current International Economic Order: An Obstacle for Development – The Major Challenge for the Group of 77 and China* (Editorial José Martí, Havana, 2023).

[51] See http://pip.worldbank.org.

[52] See www.inequalityindex.org. See also https://policy-practice.oxfam.org/resources/the-commitment-to-reducing-inequality-index-2024-621653.

[53] Organisation for Economic Co-operation and Development, *Development Co-operation Report 2023: Debating the Aid System* (Paris, 2023).

40. The persistent shortfall in development financing stands in stark contrast to the needs of low-income countries and the least developed countries. In 2020 alone, the financing gap in developing countries, which was exacerbated by the socioeconomic impacts of the COVID-19 pandemic, widened by an estimated $1.7 trillion.[54] To put that into perspective, that figure is more than 25 times the total amount of global ODA and over 35 times the amount of ODA contributed by Group of 7 countries in the same year. Despite its scale, the financing gap represented a mere 1.1 per cent of total global financial assets, which is a stark illustration of the imbalance between global wealth and the resources mobilized to address poverty, inequality and underdevelopment.[55] The chronic lack of fulfilment of ODA commitments continues to undermine global solidarity and the credibility of international development frameworks. Bridging the gap requires not only renewed political will, but also a transformative rethinking of global financial priorities, resource mobilization and institutional accountability.

V. Recommendations

41. **The following recommendations build on the analysis set out above and on existing proposals by United Nations organs, States, interregional organizations and civil society organizations. Their implementation should be pursued through cross-regional coalitions of like-minded countries, with the active support of global civil society.**

A. Reform of the international financial institutions

42. **The Independent Expert recommends that:**

(a) **The General Assembly request an advisory opinion from the International Court of Justice on the international legal obligations of the international financial institutions with respect to human rights, so as to resolve persistent interpretative conflicts and ensure legal clarity;**

(b) **Comprehensive governance reform of the international financial institutions be undertaken to reflect contemporary geopolitical and economic realities, including the revision of voting structures to ensure fair representation of the global South on the basis of equitable criteria, such as population, GDP, development needs and economic contribution;**

(c) **De facto veto powers, particularly the 85 per cent supermajority requirement in IMF and the World Bank, be eliminated;**

(d) **A system of double-majority voting be introduced for major decisions, under which majorities of both shareholders and member States would be required;**

(e) **Transparent, merit-based and geographically diverse leadership selection processes for senior positions at the international financial institutions be established, thereby ending the traditional allocation of such roles to nationals of specific countries or regions.**

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[54] United Nations Conference on Trade and Development, *Trade and Development Report 2020: From Global Pandemic to Prosperity for All* (United Nations publication, 2020).

[55] See www.oecd.org/en/topics/official-development-assistance-oda.html. See also www.factipanel.org.

B. Alignment with human rights and United Nations mandates

43. **The Independent Expert recommends that:**

(a) **A human rights-based approach be institutionalized across all operations of the international financial institutions, including the use of lending conditionalities, by requiring human rights due diligence at all stages of project design, implementation and evaluation, including for projects managed by financial intermediaries;**

(b) **Compliance with the "do no harm" principle be ensured in all programmes supported by the international financial institutions, with particular attention paid to avoiding adverse impacts on democratic governance, social protection and economic rights;**

(c) **Systematic cooperation between the international financial institutions and United Nations human rights mechanisms, including Special Rapporteurs, treaty bodies and the universal periodic review.**

C. Enhancing the coordination of financing for development

44. **The Independent Expert recommends that:**

(a) **Institutionalized coordination of financing for development be enhanced to enable the establishment of macroeconomic policy from a human rights perspective, and the joint planning and monitoring of global development strategies, in line with the Sustainable Development Goals;**

(b) **International financial institutions incorporate binding international human rights norms into their analytical tools and operational policies, including:**

(i) **Integrating human rights impact assessments into structural adjustment and lending programmes;**

(ii) **Ending loan conditionalities that violate human rights;**

(iii) **Using the general comments of the Committee on Economic, Social and Cultural Rights as interpretive guidance in country programme reviews;**

(iv) **Developing a concise, rights-based set of financing for development indicators in consultation with the Statistical Commission and relevant stakeholders;**

(c) **Joint accountability and oversight mechanisms between the international financial institutions and the United Nations be established, including:**

(i) **An independent panel on human rights compliance to review grievances and policy impacts;**

(ii) **Annual joint reporting to the General Assembly or the Human Rights Council on the contribution of the international financial institutions to the realization of economic, social and cultural rights;**

(iii) **A grievance redress mechanism or a United Nations ombudsman service for countries receiving support under international financial programmes.**

D. Financing for development and global economic justice

45. **The Independent Expert recommends that:**

(a) **Long-standing ODA commitments, including the 0.7 per cent gross national income target, be fulfilled through binding timetables and transparent monitoring mechanisms, ensuring that donor countries prioritize predictable and non-debt-creating finance;**

(b) **A global sovereign debt workout mechanism be established, under a global debt authority, with restructuring processes aligned with the Basic Principles on Sovereign Debt Restructuring Processes;**

(c) **Access to international liquidity be expanded, including through a substantial and recurring allocation of special drawing rights; and that those rights be rechannelled to low- and middle-income countries on fair and equitable terms;**

(d) **The global financing gap be closed by scaling up concessional finance, curbing illicit financial flows and taxing excess profits, particularly those from multinational corporations and financial speculators.**

E. Institutional coherence within the United Nations system

45. **The Independent Expert recommends that:**

(a) **The role of the Economic and Social Council forum on financing for development follow-up be strengthened, particularly in the effective monitoring of financing for development commitments by the international financial institutions;**

(b) **The United Nations Sustainable Development Group be reinforced by ensuring that IMF and the World Bank fully participate in its activities, especially in country-level coordination mechanisms;**

(c) **The Social Protection Floor Initiative of the United Nations System Chief Executives Board for Coordination be consolidated by establishing a permanent inter-agency task force to oversee implementation, with IMF and the World Bank as active and accountable participants;**

(d) **Consistency and accountability in the use of human rights discourse by the international financial institutions be ensured so as to guard against rhetorical appropriation without substantive policy transformation.**

F. Protecting sovereignty and democratic governance

47. **The Independent Expert recommends that:**

(a) **The principle of democratic sovereignty be recognized in the international financial institutions' interaction with borrower countries, ensuring that conditionalities do not violate economic, social and cultural rights and that they respect national democratic processes and policy autonomy;**

(b) **International safeguards be developed through the United Nations System Chief Executives Board for Coordination or an independent panel on human rights compliance to be appointed by the United Nations and the international financial institutions to protect against coercive economic measures,**

including conditionalities that undermine social rights, labour protections or institutional capacity;

(c) **States be encouraged to exercise their extraterritorial obligations by aligning their conduct in the international financial institutions with international human rights standards;**

(d) **Inclusive, participatory and transparent decision-making be promoted in both domestic and international financial policymaking as a condition for assessing compliance with obligations under the International Covenant on Economic, Social and Cultural Rights.**