

Ref. TG ASA 37/2022.3008

Mr. Tubagus Feridhanusetyawan
Resident Representative in Colombo
International Monetary Fund
No. 30, Central Bank,
Janadhipathi Mawatha
Colombo 1, Sri Lanka

9 June 2022

Dear Sir,

Sri Lanka has been facing an increasingly severe economic crisis for months now. The crisis is seriously impacting a range of economic and social rights, including the rights to health, to food, and to an adequate standard of living, with groups on lower incomes at much greater risk.¹ We understand from reports that the IMF is considering supporting an economic program in Sri Lanka through its lending arrangements. We echo the concerns in your May 2022 statement “about the impact of the ongoing crisis on the people, particularly the poor and vulnerable groups”.² We also note that your recent discussions focussed “on restoring fiscal sustainability while protecting the vulnerable and poor”.³ We also recall your observations in April 2022 on “the importance of stronger social safety nets to mitigate the adverse impact of the current economic crisis on the poor and vulnerable”.⁴

Amnesty International has raised concerns regarding human rights protections in countries that have received assistance from the IMF in times of economic crisis in the past.⁵ To ensure that the verbal commitments above translate into real and effective protections in these difficult times, human rights must be central to any future economic reform program negotiated between the IMF and the Sri Lankan government. Protections for the ‘vulnerable and poor’ must translate into well designed and funded measures that allow all people to access and enjoy an adequate standard of living. Efforts to ensure “stronger social nets” must result in measures that are consistent with the right to social security, are adequately financed and equally available to everyone who needs them.

Furthermore, the IMF has human rights obligations. As a specialized agency of the United Nations, it is bound by the general aims and principles of the United Nations Charter, including respecting human rights. Furthermore, the IMF

¹ Amnesty International, *Sri Lanka: Rights under attack during economic crisis*, 6 May 2022, <https://www.amnesty.org/en/latest/news/2022/05/sri-lanka-rights-under-attack-during-economic-crisis/>

² International Monetary Fund, *IMF Staff Concludes Virtual Mission to Sri Lanka*, 26 May 2022, <https://www.imf.org/en/News/Articles/2022/05/26/pr22171-imf-staff-concludes-virtual-mission-to-sri-lanka>

³ International Monetary Fund, *IMF Staff Concludes Virtual Mission to Sri Lanka*, 26 May 2022, <https://www.imf.org/en/News/Articles/2022/05/26/pr22171-imf-staff-concludes-virtual-mission-to-sri-lanka>

⁴ International Monetary Fund, *IMF Team Statement on Sri Lanka*, 23 April 2022, <https://www.imf.org/en/News/Articles/2022/04/23/pr22129-IMF-Team-Statement-on-Sri-Lanka>

⁵ Amnesty International, *Greece: Resuscitation required – The Greek health system after a decade of austerity*, 28 April 2020, <https://www.amnesty.org/en/documents/eur25/2176/2020/en/>; Amnesty International, *Chad: Strangled budgets, silenced dissent: The human cost of austerity measures in Chad*, 16 July 2018, <https://www.amnesty.org/en/documents/afr20/8203/2018/en/>

is bound by obligations incumbent upon it under general rules of international law, which includes human rights as listed in the Universal Declaration of Human Rights, that are part of customary international law, or of the general principles of law.⁶ The Guiding Principles on foreign debt and human rights note that international financial organizations have an obligation to respect international human rights, which implies a duty to refrain from formulating, adopting, funding and implementing policies and programmes which directly or indirectly contravene the enjoyment of human rights; that lenders should not finance activities or projects that violate, or would foreseeably violate, human rights in the borrower states; and lenders should satisfy themselves that, borrowing states are still capable of servicing their external debt without compromising their ability to perform their international human rights obligations.⁷ A 2019 report of the Independent Expert on the effects of foreign debt found that international financial institutions may be held responsible for complicity in the imposition of economic reforms that violate human rights, and that knowledge of the wrongful nature of the act could be presumed if, even when advancing the implementation of economic reforms that normally lead to human rights violations, no ex ante impact assessment was undertaken.⁸

In this context, we are calling on the IMF to:

- Prioritise the protection of the rule of law and the protection and promotion of all human rights – economic, social and cultural rights as well as civil, political rights, in negotiations with the government of Sri Lanka.
- Ensure that all agreements and terms and conditions linked to economic, social and fiscal policy reforms are transparent and available for public scrutiny.
- Ensure that human rights impact assessments of financial assistance programmes are prepared before, during and after their implementation in line with the guidance issued by the Independent Expert on the effects of foreign debt, and that financial assistance programme are regularly reviewed and evaluated, not only in relation to their economic and fiscal targets, but also against states' human rights obligations. Make the results of this assessment public.
- Refrain from stipulations in economic reform programs, loan contracts, debt repayments, and other aspects of fiscal policy programming that may undermine the government's ability to guarantee economic, social and cultural rights; and ensure that the government has the fiscal space necessary to this end. More specifically, the IMF should ensure that stipulations enable, not hinder, the Sri Lankan government to
 - Put in place timely and meaningful measures to ensure that marginalised groups and people vulnerable to disproportionate harm due to the economic crisis have access to sufficient social security and support, so they can access an adequate standard of living
 - Protect funding and investment in sectors that are necessary to protect economic and social rights, including health, education and housing.
- Incorporate human rights obligations into debt sustainability analysis and ensure that debt servicing obligations do not undermine the fiscal space available to the Sri Lankan government to ensure adequate social spending for the fulfilment of a state's economic, social and cultural rights obligations.
- Ensure that Sri Lanka's human rights obligations are central to any future commitments around Sri Lanka's debt, including while evaluating possible debt relief and changes to the terms of repayment, and ensure that these future commitments do not undermine the government's ability to fulfil its human rights obligations.

⁶ Statement by the Committee on Economic, Social and Cultural Rights, Public debt, austerity measures and the International Covenant on Economic, Social and Cultural Rights, E/C.12/2016/1, 22 July 2016, paragraphs 7 and 8.

⁷ Guiding principles on foreign debt and human rights, available here: <https://documents-ddsny.un.org/doc/UNDOC/GEN/G12/128/80/PDF/G1212880.pdf?OpenElement>

⁸ 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, A/74/178, 16 July 2019, <https://undocs.org/A/74/17>

- Ensure that measures to guarantee genuine and effective participation of all persons potentially affected by reform measures are built into programme design, implementation and monitoring
- Build in measures to guarantee accountability and public scrutiny in all economic policy reform programmes with a view to avoiding corruption.

We remain available for further discussions. Thank you.

Sincerely,

Yamini Mishra



Director
South Asia Regional Office
Amnesty International