**Illicit financial flows, the social impact of the banking crisis in Iceland, and lending to States involved in gross human rights violations on the agenda of the Human Rights Council**

**News from the United Nations Independent Expert on foreign debt and human rights**

On 9 March 2015 the Independent Expert on foreign debt and human rights, Juan Pablo Boholslavsky, will present a study on **"Illicit financial flows, human rights and the post 2015 development agenda of the United Nations"**, a thematic report on **"Financial Complicity: lending to States involved in gross human rights violations**" and a report on his fact-finding mission to **Iceland** to the 28th session of the Human Rights Council in Geneva.     
  
In the context of the renewed international attention on the financial and social crisis in Greece, Mr. Boholslavsky's  report on his visit to Iceland is of wider interest, showing how the Nordic country dealt with the 2008 banking collapse in an overwhelmingly human rights compliant manner, while pointing at certain gaps that should be addressed.   
  
The interactive dialogue of the Independent Expert at the Human Rights Council with representatives of States and non-governmental organizations on the above reports is scheduled on 9 March 2015 from 9-12 AM, Geneva time (CET),  and can be viewed on the [webcast of the Human Rights Council](http://webtv.un.org/). Information about accreditation for NGOs and National Human Rights Institutions is accessible [here](http://www.ohchr.org/EN/HRBodies/HRC/Pages/NgoNhriInfo.aspx).   
  
Below, summaries of key findings of the reports

**Illicit financial flows, human rights and the post 2015 development agenda of the United Nations**   
  
The interim study of the Independent Expert ([A/HRC/28/60](http://www.ohchr.org/Documents/Issues/Development/IEDebt/A_HRC_28_60_en.pdf)) underlines that illicit financial flows generated from crime, corruption, embezzlement and tax evasion represent a major drain on the resources of developing countries, reducing tax revenues and the scope for progressive taxation, hindering development and the rule of law, exacerbating poverty and inequality, and undermining the enjoyment of human rights. According to some estimations developing countries lost US$ 991 billion in illicit financial outflows in 2012 and those flows increased in real terms at a rate of 9.4 per cent per annum over the period 2003–2012. The annual loss is substantially more than the estimated yearly costs of achieving the Millennium Development Goals. The study emphasizes the need for due diligence and due process in the fight against illicit financial flows, for better protection of witnesses and whistle-blowers and for incorporating human rights considerations in the management of returned stolen assets. It concludes with recommendations to States on how the goal of curbing illicit financial flows could be operationalized within the post-2015 development agenda of the United Nations.  The Independent Expert recommends inter alia to:

* Include a goal to reduce illicit financial flows in the final set of sustainable development goals, anchoring that goal in the context of good governance, the rule of law, justice and the duty of States to respect, protect and fulfil human rights;
* Complement such an overarching goal with measurable targets and indicators to ensure accountability for implementation, including specified percentage targets to reduce trade- and tax-based illicit financial flows by 2030;
* Enhance transparency by reducing to zero by 2030: (i) the number of legal persons and arrangements for which beneficial ownership information is not publicly available; (ii) the number of cross-border trade and investment relationships between jurisdictions where there is no automatic exchange of tax information; and (iii) the number of transnational business corporations that do not report publicly on a country-by-country basis.

[Read his study on illicit financial flows](http://www.ohchr.org/Documents/Issues/Development/IEDebt/A_HRC_28_60_en.pdf)

**Financial Complicity: lending to States involved in gross human rights violations**   
  
Does lending to States involved in gross human rights violations help to reduce or does it exacerbate the likelihood for further commission of international crimes? Not an easy question and an issue  that has been discussed controversially at the United Nations since many years, initially when the international community was confronted during the 1960s with racist regimes  in Southern Africa systematically violating human rights. The report ([A/HRC/28/59](http://www.ohchr.org/EN/HRBodies/HRC/RegularSessions/Session28/Documents/A_HRC_28_59_ENG.doc)) intends to contribute to a better understanding of when financial support may contribute to, or sustain the commission of, large-scale gross human rights violations by sketching a rational choice framework premised on the incentives of authoritarian Governments and private and official lenders. In the report, the Independent Expert reviews the existing empirical evidence of the relationship between sovereign financing, human rights practices and the consolidation of Governments engaged in gross violations of human rights. Finally, the Independent Expert presents some interim conclusions and invites stakeholders to discuss them.   
  
Read his [report on financial complicity](http://www.ohchr.org/EN/HRBodies/HRC/RegularSessions/Session28/Documents/A_HRC_28_59_ENG.doc)

**States and international financial institutions can learn from Iceland's response to the banking crisis**   
  
To what extent has Iceland fulfilled its obligations to secure economic, social and cultural rights in the aftermath of its recent financial banking crisis? The report of the Independent Expert concludes that Iceland managed the crisis better than many other countries and responded overwhelmingly in compliance with its international obligations. Mr. Bohoslavsky identifies, however, certain gaps that should be addressed. He recommends to further strengthen the legal and institutional framework to prevent repetition of a similar crisis and to pay attention to certain vulnerable groups, in particular highly indebted individuals; tenants living in rented homes; immigrants; and children living in single parent households. The report identifies several good practices on how States facing a financial crisis can prevent negative human rights impacts in the context of economic adjustment programmes. Mr. Bohoslavsky concludes that international organisations and other countries can learn from the particular path chosen in Iceland which included protecting its core social welfare system, efforts to ensure citizens participation in the decision making process, and endeavours to establish political, administrative and judicial accountability.

The country visit report (A/HRC/28/Add.1) will be made available at the [website of the Independent Expert](http://www.ohchr.org/EN/Issues/Development/IEDebt/Pages/IEDebtIndex.aspx)  only shortly before it will be discussed at the Human Rights Council on 9 March 2015. His end of mission statement with his preliminary findings is available [here](http://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=15422&LangID=E).

**Forthcoming event**   
  
On Wednesday, 4 March 2015, the Independent Expert on foreign debt will participate in a side-event on the margins of the 28th session of the Human Rights Council on **Foreign Debt and Human Rights** from 13:00-15:00 at the Palais des Nations, Room XXIV.    Speakers include **Amb. Alberto D’Alotto**, Permanent Representative, Republic of Argentina, **Ms. Flavia Pansieri**, Deputy High Commissioner for Human Rights,  **Amb. Anayansi Rodríguez Camejo**, Permanent Representative, Cuba**, Amb. Abdul Samad Minty**, Permanent Representative, South Africa**, Mr. Jean Ziegler**, Member of theAdvisory Committee of the Human Rights Council; **Mr. Martin Khor**, Executive Director of the South Centre, and **Mr. Juan Pablo Bohoslavsky**.

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