

15th session of the Human Rights Council Advisory Committee

10 August 2015

Oral statement of International Organization for the Right to Education and Freedom of Education (OIDEL*)

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The activities of vulture funds and impact on human rights

Thank you Mr. President for granting me the floor,

We would like to welcome the report submitted by Mr. Ziegler and fully support its views and contributions to the issue of vulture funds and their impact on human rights.

OIDEL as an NGO advocating for Economic, Social and Cultural Rights and particularly for Right to Education is truly concerned about the damaging practices of vulture funds and their devastating effects. This is why we would like to emphasize the voice of all children who are denied to the right of education due to these destructive practices.

OIDEL is worried not only about the effects of these practices, but also on the methods of the Vulture Funds. As it has been said in the report and recalled for the Nobel Prize Winner in economics Joseph Stiglitz, the disputes that enable these scandalous profits are generally resolved not on the basis of rules that ensure fair resolution, but by bargaining among unequals.¹ Let us not be confused. Many times this debate sounds as if we are trying to determine which is better; Free Market or Planned Economy. However, this is not what we are discussing about here. What we are trying to establish is how to stop the bullying practices of certain institutions towards weak and unstable countries. We would like here again to encourage the Advisory Committee on finding a solution in order to put an end to this malicious practice.

OIDEL would like to make one suggestion in order that we all can understand better the *modus operandi* of the vulture funds and better mitigate its consequences. Most of the countries victims of the vulture funds actions are in the lowest positions of the Corruption Perception Index developed by Transparency International. The only exception is Greece, which is, nevertheless, the lowest ranking EU country in the Index.² The report only mentioned the role of corruption of public officials in Zambia, concerning the signature of this country in an agreement that waives sovereign immunity from

1 Stiglitz, J. (16 June 2015) Sovereign debt needs international supervision. The Guardian.
<http://www.theguardian.com/business/2015/jun/16/sovereign-debt-needs-international-supervision>

2 Transparency International (2014) The 2014 Corruption Perceptions Index.
<http://www.transparency.org/cpi2014>

litigation with Donegal International. The positions of these countries in the CPI and the Zambia precedents demonstrate that corruption plays a vital role in order to enable the practices of Vulture Funds. Therefore, we would like to ask the Advisory Committee to take into consideration the role of corruption.

With the objective of raising awareness and to be more conscious of the impacts of these vulture funds we would like to make a suggestion to the Advisory Committee. We believe it would be useful that in your next report you enumerate a list of human rights violations caused by the actions of vulture funds. This list will not only to be useful to observe the devastating outcomes of these funds, but also to observe the problematic effects of the financialization of the economy and the mistakes of flawed development.

Mr. President,

Beyond the concrete problem of the vulture funds, their existence and the impact of their actions is a symptom of deficiencies in the international economic order. We believe the way to improve the actual system can come through the establishment of a genuine international rule of law. We consider that the most feasible way to establish a genuine international rule of law is by empowering and strengthening the international human right mechanisms and the international organizations whose mission is the protection of human rights. On the particular topic of the vulture funds, OIDEL would like to call to mind that there have been proposals by the Human Rights Council through their Resolution 27/30 in the establishment of new multilateral legal network for sovereign debt restructuring processes.

Thank you Mr. President

*The Collège universitaire Henry Dunant and the UNESCO Chair of the University of La Rioja joint this statement