



General Assembly

Distr.: General
14 July 2023

Original: English

Seventy-eighth session

Item 73 (b) of the provisional agenda

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

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

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 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, Attiya Waris, in accordance with Human Rights Council resolution [46/8](#).



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, Attiya Waris

Preserving, protecting, upholding and securing human rights in times of uncertainty

Summary

Globally, even before the coronavirus disease (COVID-19) pandemic, financial allocations for the progressive or immediate realization of human rights were perceived as a matter of domestic and continental policy. While some global attempts were made to achieve a whole-of-globe approach to taxation, they were unsuccessful. However, in the wake of the COVID-19 pandemic, we are now seeing the biggest spillover effect of a global crisis: the multiple and diverse crises affecting different parts of the world, where traditional, national or regional interventions are proving ineffective. This is highlighting not just the need to look at issues holistically, but also the fact that the continued disregard of individual high net worth and the informal and criminal sectors globally is making the world a perilous place.

In the context of these multiple crises affecting the world, this report will focus on interventions already in place that need to be strengthened and other, newer ones that need to be not just considered but implemented with some urgency in order to prevent the continued loss of human rights gains that is already happening across the world. There is a need for an international approach to fiscal matters, foreign debt and international financial obligations that will trigger a timely turnaround through course correction and continued vigilance, with a constant and steady eye on the most vulnerable.

Contents

	<i>Page</i>
I. Introduction	4
II. Unpacking the polycrisis and its human rights impacts	5
A. Global poverty and global growth	6
B. The right to work and deepening inequalities	6
C. The right to health, debt and access to vaccines	7
D. The right to food and global supply chains	8
E. The digital divide	8
F. Climate change, pollution and loss of biodiversity and the impact on people	9
G. The forgotten people on the move	11
H. Humanitarian and conflict-related crises	12
I. International cooperation and assistance and the realignment of stakeholder spaces	13
III. The financial engine	13
A. Relevant economic trends	14
B. Global foreign debt cancellation	15
C. Inward and outward financial flows	16
D. The limits of a solution led by big tech and the World Trade Organization	18
E. International cooperation	19
IV. Way forward	19
V. Conclusion	21

I. Introduction

1. Almost all nations across the world have a bill of rights entrenched in constitutions, legislation and policies in one way or another.¹ The Sustainable Development Goals are now policy in most countries globally, and national and continental development plans are aligned with these global goals. Some countries have domestic legislation giving social welfare expenditure priority over most other types of expenditure. All countries also have legislated and/or budgeted emergency funds, which have become more important since the global pandemic. Others have equalization funds and decentralized funds that take such funds into account. Some Governments have also mapped national budget measures to the Sustainable Development Goals to ensure alignment between national development plans and the global vision and best practices on sustainability, so that human rights, gender, climate change, the environment, food security, health and other related concerns are addressed in such a way as to ensure the well-being of the people.^{2,3} Techniques and tools may vary, but the direction and purpose is clear.

2. Global, continental and national fiscal institutions, however, have not followed the same direction. The Bretton Woods institutions, as well as the World Trade Organization (WTO), do not always take human rights into consideration when supporting and advising on or becoming parties to agreements and treaties concerning debt, trade, tax or other related matters. This poses a challenge for countries whose financing of public services for the realization of their human rights obligations, both territorial and extraterritorial, comes into a contradictory position with these financial treaties and institutions in situations where policy guidance is a conditionality and a breach would have fiscally punitive outcomes.⁴ States are, therefore, bound by such policy guidance, whilst the conditions imposed entail a breach of human rights obligations if they imply the adoption of unjustified retrogressive measures (E/C.12/2016/1, para. 4). This has led not only to policy incoherence within States, but also to backpedalling on commitments made by Governments to their peoples and changes in trajectories based on global guidance that is in conflict with human rights obligations.⁵

3. Global, continental, regional, national and subnational governance should be aimed in one coherent direction: progressively improving quality of life throughout the world by respecting, promoting and fulfilling human rights, increasing social welfare and seeking to satisfy the unmet basic needs of individuals in situations of economic vulnerability, such as life, safety, health, sanitation, food, education, housing, water and sewage.⁶ Instead, the world finds itself in what has been coined as a state of polycrisis and permacrisis.⁷ In 2020, when the COVID-19 pandemic spread across the world, the achievement of the Sustainable Development Goals was already behind schedule⁸ and the pandemic then crippled efforts in that regard. We are now emerging from this crisis, and yet standards of living continue to drop, debt interest

¹ See www.un.org/en/about-us/udhr/foundation-of-international-human-rights-law.

² Submissions from States and other stakeholders in response to the call for input by the Independent Expert are available at www.ohchr.org/en/calls-for-input/2023/call-input-mandate-foreign-debt-and-human-rights-multiple-crises-fiscal.

³ See submission from the University of Nairobi, Committee on Fiscal Studies.

⁴ Communication No. AL OTH 85/2022, pp. 4–5.

⁵ See also, the United Nations, “Guiding principles on human rights impact assessments of economic reforms”, 2018 (A/HRC/40/57).

⁶ See submission from Colombia.

⁷ Neil Turnbull, “Permacrisis: what it means and why it’s word of the year for 2022”, The Conversation, 11 November 2022.

⁸ See Submission from the Asia Pacific Regional CSO Engagement Mechanism.

is not being paid, countries' debt bonds are being declared as having junk status,⁹ currencies are being devalued, life has become immeasurably harder for people across the world and many parts of the world have still not received COVID-19 vaccines. The present report will explore the diverse and varied polycrises facing the world collectively, as well as other crises affecting only parts of the world, from a fiscal angle. It will explore and elaborate upon the impact that these crises are having on the collective and individual human rights of peoples across the world.

4. The Independent Expert is grateful for all the contributions submitted for the preparation of the present report, which comes at a time when numerous complex and simultaneously unfolding crises are being faced by each country, region and continent, and the globe as a whole. The time taken is truly valued and appreciated. The present report will situate itself in this context. The ongoing multiple crises that will be considered, based on the reflections of the Independent Expert as well as contributions from States, academics and civil society from across the world, include, in no particular order, pandemics and health crises and economic, monetary, political and diplomatic, humanitarian, climate, food, housing, energy, technology, labour and water crises, as well as the Sustainable Development Goals themselves. These are all crises whose implementation and maintenance have fiscal implications. However, it will not come as a surprise if some crises being experienced by the time this report is published have not been dealt with; even during the preparation of this report, crises are continuing to emerge and ripple over each other to create additional crises.

II. Unpacking the polycrisis and its human rights impacts

5. In January 2023, the World Economic Forum's *The Global Risks Report 2023* used the term "polycrisis" to explain how "present and future risks can also interact with each other to form a 'polycrisis' – a cluster of related global risks with compounding effects, such that the overall impact exceeds the sum of each part".¹⁰ Others have defined the term as a tangled knot of crises spanning global systems. From a human rights and fiscal perspective, a more nuanced definition would be that an era of polycrisis is a period when numerous and simultaneously unfolding fiscally-related events are occurring at a time when a difficult decision with important consequences for human rights must be made and failure to make an appropriate decision will result not only in retrogressions in the fulfilment of human rights, but also in the very deactualization of human rights themselves. Preventing this is a necessity, and it can only happen through a set of clear, constructive and practical decisions that are effective immediately and are maintained and reassessed over time, while being applied holistically.

6. When reflecting on crises, usually only problems or challenges are evident. However, crises and a polycrisis can also represent exceptional opportunities for transformational and long-lasting changes. Creative ideas in institutions are often originated by crises.¹¹ Crises can enable energy system transformations and decarbonization, but are not necessarily transformational.¹² The context of a polycrisis, however, not only allows for but demands a multipronged, multi-stakeholder and multifaceted response. Recognition of a polycrisis requires a breaking of siloes so that it can be resolved holistically, as it is clearly a crisis that spans places, spaces and issues. The challenge, then, lies in how and by whom this

⁹ World Economic Forum, *The Global Risks Report 2023*, Insight Report, 18th ed. (Geneva, 2023), p. 46.

¹⁰ Ibid.

¹¹ Phillip Y. Lipsey, "COVID-19 and the politics of crisis", *International Organization*, vol. 74, No. S1 (December 2020), p. E98.

¹² Ibid.

can be orchestrated. In this section, the Independent Expert will explore some of the human rights impacts of a polycrisis.

A. Global poverty and global growth

7. In 2020, global poverty increased for the first time in 20 years, with an estimated 77 million additional people living in extreme poverty in 2021 as compared with 2019.¹³ Data also show that an additional 161 million people went hungry in 2020 compared with 2019.¹⁴

8. States have an obligation to respect, protect, fulfil and promote all human rights for all persons without discrimination.¹⁵ Failure to prevent foreseeable climate-related human rights harms breaches this obligation.¹⁶ Violent conflict, climate change, development-induced displacement and exacerbated inequity deepen the crises.¹⁷ While COVID-19 no longer dominates the news outlets in the global North, this is not a sign that the crises have been resolved, but rather that there are now other crises that are bigger priorities. Other crises and their newly discovered devastating consequences are capturing the world's attention.

9. According to the April 2023 International Monetary Fund (IMF) *World Economic Outlook*, global growth is expected to fall from 3.4 per cent in 2022 to 2.8 per cent in 2023. The growth slowdown will be especially pronounced – from 2.7 per cent in 2022 to 1.3 per cent in 2023 – in advanced economies, especially the euro area and the United Kingdom of Great Britain and Northern Ireland. However, there are also shifting predictions that inflation will decrease globally in 2023, from 8.7 per cent in 2022 to 7.0 per cent.¹⁸

B. The right to work and deepening inequalities

10. The fiscal implication of the COVID-19 pandemic included millions of jobs being lost, depriving people of their means for decent livelihoods and affecting the right to work. The impact was highly uneven, with a disproportionate impact on those less protected in the labour market, often migrants and women.¹⁹ Juggling care responsibilities, a higher share of women than men dropped out of the labour market altogether, compromising hard-won development gains and prospects for women's empowerment and gender equality, which has caused a gender crisis.²⁰ Global working hours were still 3.8 per cent below pre-pandemic levels in the first quarter of 2022.²¹ “The severity of the pandemic's impacts was enabled by the fertile ground

¹³ United Nations Conference on Trade and Development (UNCTAD), *Impact of the COVID-19 Pandemic on Trade and Development: Lessons Learned* (Geneva, 2022).

¹⁴ Food and Agriculture Organization of the United Nations (FAO) and others, *The State of Food Security and Nutrition in the World 2021* (Rome, FAO, 2021).

¹⁵ International Covenant on Civil and Political Rights, art. 26(1); and International Covenant on Economic, Social and Cultural Rights, art. 2(2).

¹⁶ Office of the United Nations High Commissioner for Human Rights (OHCHR), “Understanding human rights and climate change”, submission to the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change, 2015.

¹⁷ United Nations, “Global crises, climate change, global inequity and displacement undermine development efforts, delegates highlight in Third Committee” (GA/SHC/4353), 17 October 2022.

¹⁸ International Monetary Fund (IMF), *World Economic Outlook: A Rocky Recovery* (Washington, D.C., 2023), p. xiv.

¹⁹ United Nations, “A UN framework for the immediate socio-economic response to COVID-19”, April 2020.

²⁰ International Labour Organization (ILO), “An uneven and gender-unequal COVID-19 recovery: update on gender and employment trends 2021”, October 2021.

²¹ UNCTAD, *Impact of the COVID-19 Pandemic on Trade and Development: Lessons Learned*.

of inequalities that have been present for many years”,²² according to the United Nations Conference on Trade and Development (UNCTAD), and added to the magnification of inequality, creating an inequality crisis.

11. The response to the COVID-19 pandemic was to immediately move and shift work to remote work and online work.²³ Digitization was seen as the saviour of the labour polycrises. However, this did not take into account the fact that the economies of the least developed countries and many developing countries are 80 per cent informal. It also did not take into consideration countries that have large labour-intensive industries. Those in the developed world automated more, while those in the developing world depending on lockdown measures came to a crashing halt.²⁴

12. Governments across the world have implemented a series of measures – for example, the creation of emergency funds, the implementation of solidarity or employment support programmes, or increases to minimum wages²⁵ – to tackle, with greater or lesser success, the impact of these multiple crises and ensure a better mobilization of their maximum available resources for the realization of the human rights of those most in need. However, across the world, many of these measures were reduced or ended and replaced with debt-driven austerity policies before recovery could be concretized.

C. The right to health, debt and access to vaccines

13. The development of vaccines involves strict procedures including national security measures and demanding regulatory requirements.²⁶ Production requires expensive facilities and economies of scale so that research and development costs may be recovered. Only a few countries financed the research into COVID-19 vaccines, even fewer produce vaccines and fewer still have been able to export them.²⁷ 93 per cent of global export value and 80 per cent of global export volume corresponds to only 10 countries.²⁸ Moreover, many vaccine inputs are highly specialized and their production is possible in very few countries.²⁹ Government interventions greatly influenced the choice of location, which was based on not only existing infrastructure, facilities and know-how but also the level of financial support provided by Governments to manufacturers to produce vaccines within their jurisdictions. According to UNCTAD, “most developed countries attained high vaccination rates in part due to support provided to manufacturing companies and their capacity to pay higher prices; many developing countries and the least developed

²² Ibid.

²³ ILO, *Teleworking during the COVID-19 Pandemic and Beyond: A Practical Guide* (Geneva, 2020).

²⁴ Ligang Song and Yixiao Zhou, “The COVID-19 pandemic and its impact on the global economy: what does it take to turn crisis into opportunity?”, *China and World Economy*, vol. 28, No. 4 (July–August 2020).

²⁵ See submission from Colombia; and Nurth Palomo and others, *Social Protection and Response to COVID-19 in Latin America and the Caribbean: Innovations in Registration and Payment Systems* (International Policy Centre for Inclusive Growth, United Nations Development Programme and United Nations Children’s Fund, 2022).

²⁶ Organisation for Economic Co-operation and Development (OECD), “Enhancing public trust in COVID-19 vaccination: the role of governments”, 10 May 2021.

²⁷ OECD, “Coronavirus (COVID-19) vaccines for developing countries: an equal shot at recovery”, 4 February 2021.

²⁸ OECD, “Using trade to fight COVID-19: manufacturing and distributing vaccines”, 11 February 2021.

²⁹ Phyliss Arthur, “Summary session 3: mapping cross-border movement of vaccine inputs”, paper presented at the COVID-19 Vaccine Supply Chain and Regulatory Transparency Technical Symposium, June 2021.

countries were able to access vaccines only at a later date”, and the vaccination rate in Africa is still only 40 per cent.³⁰ It has been publicly stated that there would be no profits from vaccines, but subsequently high profits and bonuses have been declared. This then raises the question of how the State and taxpayers should be paid back and benefit when developments were funded by the State and taxpayer money as well as by debt, such as the vaccine bond. There are also questions around the patenting of part of the process of producing what some consider to be a biological weapon and why the funds generated by the vaccine bond were not accessed in the global South when vaccine development can only be funded domestically.

D. The right to food and global supply chains

14. In 2021, almost 70 per cent of the total number of people in crisis or catastrophe were found in ten food crisis countries or territories: Afghanistan, the Democratic Republic of the Congo, Ethiopia, Haiti, northern Nigeria, Pakistan, South Sudan, the Sudan, the Syrian Arab Republic and Yemen.³¹ Conflict or insecurity was a determining factor leading to the food crises for seven of those 10 countries. In 21 countries, economic shocks were the origin. 30.2 million people found themselves in crises or even polycrises.³² Additionally, the Food Security Information Network and the Global Network against Food Crises found in a recent report that food prices have risen, owing to uneven economic post-pandemic recovery and supply chain disruption, and that this has been worse in countries with weak or unstable currencies, where there is no domestic food security, where there is limited cross-border movement, where there is conflict or that are in a region facing climate change.³³ These regions, as a result, are also suffering from malnutrition and a prevalence of childhood illness:

While data is limited, according to analyses carried out in 2021, almost 26 million children under 5 years old were suffering from wasting and in need of urgent treatment in 23 of the 35 major food crises. Within this, over 5 million children were at an increased risk of death due to severe wasting. In the ten food-crisis countries with the highest number of people in Crisis or worse (IPC/CH Phase 3 or above) or equivalent, 17.5 million children were wasted.³⁴

15. This is a crisis for the next generations, and the chances of a myriad of diseases occurring as a result of the lack of adequate and good-quality food during childhood is also likely to have consequences for future generations.

E. The digital divide

16. In Africa, Malawi and Senegal have adopted strategic frameworks to promote e-commerce and the digital economy.³⁵ According to UNCTAD, “a number of countries implemented paperless customs procedures, with Angola, Eswatini, Lesotho, Rwanda, Uganda, Zambia and Zimbabwe increasing the average use of paperless procedures, from 30 per cent in 2019, before the pandemic, to 82 per cent in the first quarter of 2022.”³⁶ In Asia and the Pacific, new laws and policies have

³⁰ UNCTAD, *Impact of the COVID-19 Pandemic on Trade and Development: Lessons Learned*.

³¹ Food Security Information Network and Global Network against Food Crises, *2022 Global Report on Food Crises: Joint Analysis for Better Decisions* (2022).

³² Ibid. See also submission from Mali.

³³ *2022 Global Report on Food Crises*.

³⁴ Ibid.

³⁵ UNCTAD, *Impact of the COVID-19 Pandemic on Trade and Development: Lessons Learned*.

³⁶ Ibid.

been passed to ease the registration of e-commerce businesses, expedite digitalization of microenterprises, facilitate collaborations between the banking sector and financial technology companies and support the use of digital payments.³⁷ In Latin America and the Caribbean, national initiatives include the development of smartphone applications and a short messaging service to facilitate trade among producers of agricultural, meat and fish products, and the provision of free Internet access in rural areas.³⁸

17. UNCTAD also indicated: “The implemented measures have been aimed at improving access to financing, through new financial instruments and new financing technologies; facilitating the digitalization of the manufacturing and marketing of products; facilitating market access for such enterprises by eliminating technical and administrative barriers; promoting the participation of such enterprises in public procurement; and fostering innovation.”³⁹ However, these are company-related, not human-centric, measures, and the most vulnerable were not able to benefit much from this perspective and approach.

18. Initial measures to protect online consumers have been complemented by more long-term policies. UNCTAD stated the following in its report:

Many governments initially undertook decisive action against price gouging and/or unjustified increases, refusals of refunds for cancelled events or travel and unfair or misleading practices such as regarding health-related products offered for sale online.⁴⁰ Later, the focus shifted to taking palliative action against the disconnection of public utilities services, including bill deferral and payment extension plans and subsidized access for low-income households. Additional priority areas included making information and education available online and through social media, facilitating access to effective online dispute resolution and enhancing good business practices online, particularly by digital platforms.⁴¹

19. However, these interventions missed out the informal sector and new markets that were developing within communities.

20. It could be argued that none of this is new and that what is happening is simply a dance of shifting and re-shifting to solve one problem over a longer duration than the norm by taking measures across all sectors. However, what is unusual is the changing of fiscal policies across numerous sectors almost simultaneously. Clearly, when pressed, it is possible to act decisively. But there must be a willingness to do so.

F. Climate change, pollution and loss of biodiversity and the impact on people

21. There are three ongoing planetary crises, involving the climate, nature and pollution.⁴² The Intergovernmental Panel on Climate Change estimates that global warming is likely to reach 1.5°C between 2030 and 2052, while the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services notes that the loss of biodiversity and ecosystem integrity will undermine efforts on 80 per cent of the

³⁷ Ibid.

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ Ibid.

⁴² Fernando Coimbra, Permanent Representative of Brazil to the United Nations Environment Programme (UNEP), “The triple planetary crisis: forging a new relationship between people and the Earth”, statement to the Sub-Committee, Committee of Permanent Representatives to UNEP, 14 July 2020.

assessed Sustainable Development Goal targets, making it even more difficult to report progress on poverty, hunger, health, water, cities and climate.⁴³ With regard to pollution, the Chair of the Committee of Permanent Representatives of UNEP has highlighted that “the ‘toxic trail’ of economic growth – pollution and waste ... results every year, in the premature deaths of millions of people across the world.”⁴⁴

22. The effects of the environmental crisis can also be exacerbated by armed conflict, or can fuel armed conflict. The Special Rapporteur on the human rights of internally displaced persons noted before the Third Committee in 2022 that, “often associated with extractive projects with heavy environmental footprints, even infrastructure projects can lead to development-induced displacement” and that “women and Indigenous Peoples are particularly marginalized.”⁴⁵ At the same meeting, the Special Rapporteur on trafficking in persons, especially women and children stated the following: “Climate-induced loss of livelihoods, income reduction or deterioration of working conditions in agriculture, particularly impact rural women, who may be exposed to trafficking. They may be trafficked for forced marriage, sexual exploitation, forced labour or domestic servitude at all migration stages in transit – in camps, at borders and in destination countries”.⁴⁶ These human rights violations exacerbate other existing crises and illicit financial flows. In addition, according to the *2022 Global Report on Food Crises*, “weather extremes were the main drivers of acute food insecurity in eight African countries, with 23.5 million people in crisis or worse. The impact of weather-related disasters on acute food insecurity has intensified since 2020 ... Weather shocks – in the form of drought, rainfall deficits, flooding and cyclones – have been particularly detrimental in key crises in East, Central and Southern Africa and Eurasia.” Colombia has been faced with severe winter weather in recent years and, more recently, the effects of Hurricane Iota on the Archipelago of San Andrés, Providencia and Santa Catalina.⁴⁷

23. At the United Nations Conference on the Midterm Comprehensive Review of the Implementation of the Objectives of the International Decade for Action, “Water for Sustainable Development”, 2018–2028 (United Nations 2023 Water Conference), participants highlighted that “the natural disasters emanating from the changing climate will only exacerbate the worries of the 2 billion people that lack safe drinking water along with the 3.6 billion people without access to safe sanitation.”⁴⁸ The representative of the International Organization for Migration added that “people on the move are at the heart of a water and sanitation crisis and 700 million people could be displaced by severe water scarcity by 2030.”⁴⁹

24. The Deputy Managing Director of IMF, Bo Li, has aptly noted the following: “From heatwaves in Europe and wildfires in North America, to droughts in Africa and floods in Asia: 2022 saw climate disasters on all five continents. We need to cut global emissions by 25–50 percent by 2030 compared to pre-2019 levels to contain temperature rises to between 1.5 and 2 degrees Celsius.”⁵⁰ He also stated that “IMF analysis of current global climate targets shows, unfortunately, they would only

⁴³ Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, “Nature’s Dangerous Decline ‘Unprecedented’; Species Extinction Rates ‘Accelerating’”, 5 May 2019.

⁴⁴ Coimbra, “The triple planetary crisis”.

⁴⁵ United Nations, “Global crises, climate change, global inequity and displacement”.

⁴⁶ Ibid.

⁴⁷ See submission from Colombia.

⁴⁸ United Nations, “Stressing risk of more suffering, death, speakers say financing, infrastructure, policy changes crucial to end global water crisis, as conference concludes” (ENV/DEV/2057), 24 March 2023.

⁴⁹ Ibid.

⁵⁰ Bo Li, Deputy Managing Director of the International Monetary Fund, “Scaling up climate finance for emerging markets and developing economies”, statement during the EIB Group forum, Luxembourg, February 2023.

deliver an 11 percent cut – less than half of the minimum reduction that is needed.”⁵¹ What is being missed, however, is how the fiscal and austerity interventions in loan conditionalities have an effect on the climate crisis.

25. Mr. Li also noted the following:

We need higher ambition, stronger policies, and more finance for implementation ... Financing needed to meet adaptation and mitigation goals are estimated at trillions of US dollars annually until 2050. But so far, we are seeing only around 630 billion dollars a year in climate finance across the whole world – with only a fraction going to developing countries ... Blended finance can play an important role to crowd in public and private sector investors. Public sector, including national governments and multilateral development banks like the EIB, could provide first-loss investments, equity capital, or credit enhancements. And by prioritizing equity over debt, development partners and multilateral development banks would also avoid adding to the sovereign debt burdens of developing countries ... To deliver on our shared climate goals, we must combine policy reforms, capacity development, and financing arrangements. What we need today is unprecedented cooperation and coordination.⁵²

26. Solutions to climate issues being implemented or debated include the African Risk Capacity Group,⁵³ the Bridgetown Initiative, loss and damage initiatives, climate finance and the new collective quantified goal on climate finance (the parties to the United Nations Framework Convention on Climate Change are to come together to set a new collective quantified goal, to be mobilized post-2025, from a floor of \$100 billion per year, taking into account the needs and priorities of the developing countries).⁵⁴ In this context, Egypt has stressed the need to reform development banks.⁵⁵ This reform is necessary in order for middle- and low-income countries to reduce poverty rates and progress towards the achievement of the Sustainable Development Goals. The current structure of development banks does not contribute to building resilience against climate change and polycrises. One of the outcomes of the twenty-seventh session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, held in 2023, was the establishment of a fund to compensate for the losses and damage suffered by the least developed countries.⁵⁶

G. The forgotten people on the move

27. In the *2022 Global Report on Food Crises*, it is noted that: “People uprooted from their homes are among the most vulnerable to acute food insecurity and malnutrition. In 2021, out of 51 million internally displaced people (IDP) globally, nearly 45 million were in 24 food-crisis countries/territories. The six countries/territories with the highest numbers of IDPs – the Syrian Arab Republic, Afghanistan, the Democratic Republic of the Congo, Yemen, Ethiopia and the Sudan – were among the ten largest food crises in 2021 by numbers of people in crisis” or catastrophe.⁵⁷ It is also indicated in the report that “out of around 21 million refugees and 4 million

⁵¹ Ibid.

⁵² Ibid.

⁵³ See submission from Mali.

⁵⁴ See submission from Malaysia.

⁵⁵ Egypt, Ministry of International Cooperation, “Al-Mashat participates in Rockefeller Foundation roundtable on multilateral development bank reform at the World Bank and IMF 2023 spring meetings”, 16 April 2023.

⁵⁶ See submission from Maat for Peace, Development and Human Rights.

⁵⁷ *2022 Global Report on Food Crises*, p. 8.

asylum seekers globally in 2021, over 60 percent (around 15.3 million people) were hosted in 52 food-crisis countries/territories, where a mix of conflict/insecurity, COVID-19, poverty, food insecurity and weather extremes compounded their humanitarian plight.”⁵⁸ The Internal Displacement Monitoring Centre estimates that, in 2022, the number of internally displaced persons reached an unprecedented global high of 71.1 million people across 110 countries and territories, while the United Nations High Commissioner for Refugees reported that there were 35.3 million refugees that year.⁵⁹

28. The Special Rapporteur on the human rights of internally displaced persons has stated: “Development can offer solutions to internal displacement by providing livelihood opportunities and access to essential services, but can also create displacement itself ... Unlike displacement from conflict and disaster, development-induced displacement is entirely avoidable through implementation of development initiatives according to States’ human rights commitments.”⁶⁰ Terrorism is a major global threat to Governments and civilians alike. According to estimates by Maat for Peace, Development and Human Rights submitted to the Independent Expert, “the Middle East region witnessed about 900 terrorist operations in 2021, in which 1,799 people were killed, including about 356 civilians, most of whom were women and children.”⁶¹

29. The crisis of homelessness of internally displaced persons and refugees seems to vary; the treatment of refugees is not similar to that of internally displaced persons. The crisis of internally displaced persons seems to be a created crisis, therefore, rather than a true crisis, in some senses. Some peoples are expected to earn security, while it is apparently indiscriminately given to others. Unilateral responses can, at times, be the source of crises resulting in the non-respect of human rights law.

H. Humanitarian and conflict-related crises

30. Several armed conflicts and humanitarian crises, such as the armed conflict involving the Russian Federation and Ukraine, the armed conflict in Afghanistan and the armed conflict in the Sudan, have global repercussions. In its submission to the Independent Expert, Mali described how the multidimensional security crisis that the country is facing has forced the Government to reorient its expenditure away from social security and investment.⁶² A global food crisis has affected the Middle East more than other geographical regions, as supply chains have been disrupted as a result of war, causing food prices to rise in this region, most of which depends on imports of basic commodities.⁶³ This crisis has led to successive waves of inflation in most countries in the Middle East. Inflation in Egypt, for example, reached 40.2 per cent in February 2023, according to data from the Central Bank of Egypt.⁶⁴ In Turkey, the inflation rate was approximately 55 per cent in February 2023.⁶⁵ In the Syrian Arab Republic, inflation reached more than 100 per cent in 2022, with a limited decline in 2023. The World Bank has suggested that food prices will slow the growth of most

⁵⁸ Ibid.

⁵⁹ See Office of the United Nations High Commissioner for Refugees, Refugee Data Finder database, available at www.unhcr.org/refugee-statistics/.

⁶⁰ United Nations, “Global crises, climate change, global inequity and displacement”.

⁶¹ Submission from Maat for Peace, Development and Human Rights.

⁶² See submission from Mali, p. 1.

⁶³ Mohammad Al-Saidi, “Caught off guard and beaten: the Ukraine war and food security in the Middle East”, *Frontiers in Nutrition*, vol. 10 (2023).

⁶⁴ Sada Elbalad, “CBE says Egypt’s core Inflation rise to a record 40.26% in Feb.”, 11 March 2023.

⁶⁵ Reuters, “Turkey annual inflation dips to 55.18% in February”, CNBC, 3 March 2023.

Middle Eastern and North African economies, placing pressure on poorer households and having an impact on food insecurity in countries such as Somalia and Yemen.⁶⁶

31. It has been noted that, in general, “the presence of armed nonstate actors can also be linked to greater instability during a shock, in turn lowering resilience. In Colombia, for example, diminished state presence (due to lockdowns) during the coronavirus pandemic led not only to existing illegal armed groups consolidating control but also to competition between groups.”⁶⁷ This further exacerbates violent conflict.

32. Countries are also facing an energy crisis. According to the International Energy Agency, “higher energy prices have contributed to painfully high inflation, pushed families into poverty, forced some factories to curtail output or even shut down and slowed economic growth to the point that some countries are heading towards severe recession.”⁶⁸

33. The Agency also notes that “energy prices have been rising since 2021 because of the rapid economic recovery, weather conditions in various parts of the world, maintenance work that had been delayed by the pandemic, and earlier decisions by oil and gas companies and exporting countries to reduce investments.”⁶⁹ It further indicates that “the current crisis could accelerate the rollout of cleaner, sustainable renewable energy such as wind and solar” and that “the crisis has also underscored the importance of investing in robust gas and power network infrastructure to better integrate regional markets.”⁷⁰

I. International cooperation and assistance and the realignment of stakeholder spaces

34. There remains an uneasy balance of power between diverse stakeholders. Finding the balance remains a challenge, and different approaches give different value to capital, labour, ideas and implementation actions. Financial actors such as asset managers, commercial banks and insurance companies, as well as lending institutions, are able to gain greater influence in global economic governance, including through an array of highly influential strategies within the domestic and continental systems.

35. There have been calls for more multi-stakeholder interactions through partnerships; however, there is still no transparency in this process and, as a result, some stakeholder groups see this as a crisis of transparency, accountability and responsibility.

III. The financial engine

36. The Charter of the United Nations, the International Covenant on Economic, Social and Cultural Rights and other human rights instruments impose upon States the duty to engage in international cooperation and assist in ensuring the realization of all human rights.⁷¹ However, there is no similar global fiscal treaty framework

⁶⁶ World Bank, “Growth slows for most MENA economies amid double-digit food inflation”, 6 April 2023.

⁶⁷ Frances Z. Brown, “Governance for Resilience: How can States Prepare for the Next Crisis?” Carnegie Endowment for International Peace, May 2022.

⁶⁸ International Energy Agency, “Global Energy Crisis”, available at <https://www.iea.org/topics/global-energy-crisis>.

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ OHCHR, “Understanding human rights and climate change”.

requiring cooperation on fiscal issues for the realization of human rights. There is a presumption of either progressive or immediate realization within the human rights and fiscal treaty frameworks, but the current state of the global economy and lack of fiscal cooperation is leading to retrogressions in the fulfilment of human rights, and even to the very deactualization of previously realized human rights as a result of lowered State revenues, stagnating economies, rising costs of living and inflation, as well as currency devaluations and austerity policies. It should be borne in mind that austerity policies that entail unjustified retrogressions in the fulfilment of human rights constitute violations of human rights law by borrowing States or by lending States that coerce borrowing States into adopting them. All of these factors, coupled with the state of subnational, national, regional, continental and global economies together, are causing the downward spiralling of the already declining standards of living, deepening poverty and increasing inequality.

A. Relevant economic trends

37. UNCTAD has rightly noted the following:

In general, economies in East Asia were the first to experience declines in trade and the first to recover. In contrast, in developing economies in the rest of Asia, the effects were particularly detrimental to trade, with the value of exports declining by more than 50 per cent in 2020. Pandemic-related disruptions also resulted in a sharp decline in exports from Africa and Latin America in 2020, aggravated by a decline in commodity prices. Among country groupings, in 2020, the trade downturn in small island developing States was relatively more pronounced.

... In comparison with the recent crisis, the decline in global trade in 2020 was close to that during the global financial crisis of 2008/09 and substantially worse than that during the recession in 2015. This severe downturn was the result of international trade being negatively affected by not only the generalized decline in global demand but also enhanced cross-border restrictions and port closures and other logistical disruptions ... Overall, global trade declined by about \$2.5 trillion in 2020 (or by about 9 per cent compared with the level in 2019). According to UNCTAD data, as economic conditions improved in 2021, the value of global trade rebounded strongly, reaching a record high of about \$28.5 trillion, equivalent to an increase of about 13 per cent compared with pre-pandemic levels.

... Travel was the most affected, as the tourism industry was brought to a halt during most of the pandemic period ... Overall, a relatively greater recovery in tourism was seen in the Americas and Europe, although both recorded arrivals of 63 per cent below pre-pandemic levels ... The losses due to low levels of tourist arrivals have led to substantial negative spillovers with regard to not only travel and accommodation but also upstream industries such as those related to food, beverages, handicrafts and recreational activities. Taking into account the impacts on these closely linked sectors, the drop in international arrivals caused an estimated loss of about \$2.4 trillion in global gross domestic product (GDP) in 2020 compared with the level in 2019. Losses in 2021 are estimated at about \$1.8 trillion, compared with the level in 2019. For many small economies, some of which depend on tourism for over 50 per cent of GDP, the implications of the pandemic have been particularly significant ... Overall, the value of trade in the travel sector declined by more than 50 per cent during the pandemic and remained substantially below pre-pandemic averages in both 2020 and 2021. Trade also contracted in the transport sector, but to a lesser extent. Transport

recovered in the second half of 2021, due to the resumption in demand for air travel and an increase in volumes of air freight.⁷²

38. Unfortunately, countries weaponized not just food and energy but also money transfers, refugees and information, aiming to break societal resilience.⁷³ Additionally, as Brown has highlighted: “Controlling corruption is a key precondition for building resilience. To respond to exogenous shocks, states need to be both willing and able to take action – yet corruption often erodes both the government’s will to act, through perverting incentives, and its ability to act, through draining resources and hollowing out the state. This dynamic is exacerbated during episodes of crisis, which often cause increased aid flows on an accelerated time frame and thus offer more opportunities for graft.”⁷⁴

B. Global foreign debt cancellation

39. According to UNCTAD, “as Governments reacted to the crisis by adopting large stimulus packages, global debt levels increased substantially. For example, global public debt reached a level of around 100 per cent of world [GDP] in 2021.” Developed countries increased their debt levels more than developing countries due to much larger stimulus packages.”⁷⁵ However, as UNCTAD also notes, “debt sustainability deteriorated much more in developing countries.”⁷⁶ UNCTAD has also indicated the following:

Sustainability risks increased for all countries, but particularly for the least developed countries and low-income countries. According to the IMF and World Bank debt sustainability framework, half of the 69 least developed countries and low-income countries that use that framework were assessed at high risk of debt distress or in debt distress in 2019. In 2022, this proportion increased to 60 per cent, doubling the level of 2015. In addition, developing country bond yields have been on the rise since September 2021, a clear sign that inflationary pressures brought the era of abundant liquidity and low interest rates to an end. Access to external financing deteriorated further in the second quarter of 2022 due to uncertainties related to the war in Ukraine. This tightening of financial conditions come on top of the already grim economic situation in many developing countries, burdened by low vaccination rates, slower growth, higher joblessness and rising poverty and famine.⁷⁷

40. According to a submission received in the context of the preparations for this report,⁷⁸ in Egypt, the volume of the external debt has reached about \$157.8 billion, which represents a fivefold increase compared to 2012, when the external debt amounted to \$34.4 billion. The submission indicates that this increase has an effect on the realization of economic and social rights. It notes that the State’s budget allocated to debt reached about 690.2 billion pounds in 2022/23, compared to 579.6 billion pounds in the 2021/22 budget, an increase of 19 per cent, and that this situation not only leads to a reduction in investment in the realization of economic and social rights, but also reduces the State’s capacity to advance in its economic development and its pursuit of the Sustainable Development Goals. It is highlighted

⁷² UNCTAD, *Impact of the COVID-19 Pandemic on Trade and Development: Lessons Learned*.

⁷³ Annika Hedberg, “Managing the energy and food crises: exceptional times call for exceptional measures”, European Policy Centre, 20 July 2022.

⁷⁴ Brown, “Governance for Resilience”.

⁷⁵ UNCTAD, *Impact of the COVID-19 Pandemic on Trade and Development: Lessons Learned*.

⁷⁶ *Ibid.*

⁷⁷ *Ibid.*

⁷⁸ Submission from Maat for Peace, Development and Human Rights.

in the submission that, in the interactive dialogue with the Independent Expert on the effects of foreign debt at the fifty-second session of the Human Rights Council, and in its voluntary report for year 2021, Egypt acknowledged that the cost of debt poses a great challenge and a vicious cycle of debt increase. The submission notes that the Sustainable Development Goals intersect with many human rights, such as the right to health, education, and decent work, with a greater impact on those groups in most vulnerable situations.

41. For instance, social housing subsidies for low-income households were cancelled because of the public budget allocated to debt payments. This will affect groups in the most vulnerable situations in need of social housing.⁷⁹

42. During the Spring Meetings of IMF and the World Bank held in April 2023, Egypt presented an initiative to establish a sustainable debt alliance, which involves the creation of a financial space where developing countries can obtain funds to invest in infrastructure and achieve green and sustainable growth in the post-pandemic world.⁸⁰ Egypt called on countries and financial institutions to join the initiative. This coalition could be launched as early as September 2023, provided that at least 20 United Nations Member States agree to join.⁸¹

43. Developing countries need either debt cancellation or debt restructuring. At the start of the pandemic, the World Bank and IMF urged creditors to freeze the debt of the least developed countries.⁸² The Debt Service Suspension Initiative sponsored by the Group of 20 granted 73 countries temporary relief of \$12.9 billion in debt service payments until December 2021,⁸³ but clearly these efforts were not enough. The private sector had hardly participated in this Initiative, despite the World Bank's appeal to it to engage.⁸⁴ After the Initiative ended, the Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative was set up by the Group of 20 and the Paris Club with the aim of assisting, in a more structural manner, low-income countries experiencing unsustainable debt. Three African countries – Chad, Ethiopia and Zambia – have already requested to enter into this framework for debt restructuring.⁸⁵

C. Inward and outward financial flows

44. In its report on the impact of the COVID-19 pandemic on trade and development, UNCTAD stated the following:

In 2021, foreign direct investment flows to developed countries more than doubled, to \$746 billion, driven by strong cross-border mergers and acquisitions growth, as well as by announced international project finance deals. In developing economies, foreign direct investment increased by 30 per cent, to \$837 billion. This increase was mainly the result of strong growth performance in Asia and Latin America and the Caribbean. Developing countries account for the majority of global flows, at just above 50 per cent. Foreign direct investment

⁷⁹ See *ibid.*

⁸⁰ “Egypt suggests sustainable debt initiative at IMF-World Bank spring meetings”, *Daily News Egypt*, 13 April 2023.

⁸¹ See submission from Maat for Peace, Development and Human Rights.

⁸² World Bank and IMF, joint statement regarding a call to action on the debt of IDA countries, Washington, D.C., 25 March 2020.

⁸³ World Bank, “Debt service suspension initiative”, 10 March 2022.

⁸⁴ Iolanda Fresnillo, “Shadow report on the limitations of the G20 debt service suspension initiative: draining out the Titanic with a bucket?”, European Network on Debt and Development, 14 October 2020.

⁸⁵ See submission from Maat for Peace, Development and Human Rights.

flows continue to be an important source of external finance for developing economies, together with other cross-border capital flows, which also saw a recovery in 2021. Much of the rebound in foreign direct investment in 2021 was made up of cross-border mergers and acquisitions, reaching \$728 billion, an increase of 53 per cent, driven by a strong recovery in North America. In the services sector, cross-border mergers and acquisitions doubled to \$461 billion, one of the highest levels ever recorded. Deals targeting manufacturing firms rose slightly, by 5 per cent, to \$239 billion.

... Migrant remittances quadrupled in the past two decades, reaching \$651 billion, or 0.78 per cent of global GDP, in 2020. Preliminary estimates suggest that remittances grew 8.6 per cent in 2021. The inflows of remittances grew the most in developing countries and the least developed countries, reaching \$422 billion and \$52 billion, respectively, in 2020 and making them one of the largest sources of development finance. For comparison, in 2018 in countries eligible for official development assistance, remittances represented 26 per cent of total inflows of external finance, while official development assistance and foreign direct investment amounted to 15 per cent and 31 per cent, respectively. Second, remittances are resilient in times of crises and may have a small countercyclical effect. Their flow generally increases when the home countries of migrants experience economic downturns or other crises. Furthermore, remittances reach countries where they are most needed, given that the least developed countries are the biggest recipients of remittance in relative terms (as a share of GDP). Remittances are also found to help reduce poverty and inequality.⁸⁶

45. The increase in remittances in recent decades means that more money is available to help people in developing countries and the least developed countries. Remittances help reduce poverty and inequality and are a reliable source of money when countries experience a crisis.

46. UNCTAD has also noted the following:

Official development assistance continues to be an essential source of external finance for developing countries that are less able to attract foreign direct investment and do not have large diasporas who send home remittances. The most aid dependent are smaller and more vulnerable countries, including many least developed countries. Without additional measures, the latter will continue to face a substantive gap in financing, including investment required to reach the Sustainable Development Goals. The least developed countries would require \$485 billion annually to eradicate extreme poverty by 2030 and \$1,051 billion annually to promote inclusive and sustainable industrialization aiming at doubling the share of industry in output in accordance with Goal 9.2.⁸⁷

47. Another positive development would be an increase in global financial asset transfers. The total financial assets held by banks or investment institutions are valued at more than \$378.9 trillion, having increased by 5.9 per cent annually since 2012. Over 80 per cent of these financial assets are held in developed countries. A transfer of just 1.1 per cent of global financial assets would be enough to attain the Sustainable Development Goals in developing countries, closing the financing gap, which is estimated at \$4.2 trillion. Fortunately, in spite of the increasing pressure on the budget of developed countries, development assistance has continued to be transferred, and

⁸⁶ UNCTAD, *Impact of the COVID-19 Pandemic on Trade and Development: Lessons Learned*.

⁸⁷ *Ibid.*

some countries have invested more than the symbolic 0.7 per cent of GDP in official development aid.⁸⁸

48. Unfortunately, because of the absence of a global fiscal body, attempts to resolve issues remain piecemeal and broken into silos, with solutions being specifically targeted and other, seemingly peripheral, issues being left unresolved.⁸⁹

D. The limits of a solution led by big tech and the World Trade Organization

49. It is worth noting the following:

In the last two decades, we have seen the evolution of companies that have upended the idea of a traditional business set-up by instead providing services remotely. These application-based companies characterize their workers – tied in precarious, low-paying jobs – as service providers, partners, independent contractors or micro-entrepreneurs. All of these are a gross distortion of the differentiated working conditions afforded to gig workers. In doing so, gig companies have made concerted efforts to informalize employment, thus undermining workers’ rights and leaving them with little to no social protection. As “contractors”, workers are responsible for themselves, which removes any responsibility on the part of the employer itself. Further, it is assumed that gig workers are in some way in control of the profits earned by the business, when in fact the opposite is true. A matter of major concern in recent years, therefore, has been how platform businesses classify workers while undercutting taxes in countries where they operate. By eliminating “the worker” from their business models, platform businesses also get away with not having to comply with local rules, codes and regulations that would otherwise be applicable to “traditional” companies.⁹⁰

50. Furthermore, UNCTAD has indicated the following:

In October 2020, India and South Africa tabled a joint proposal at WTO on waivers from certain provisions of the Trade-Related Aspects of Intellectual Property Rights Agreement aimed at the prevention, containment and treatment of COVID-19. These specific provisions included patents, industrial designs and copyright and protection of undisclosed information, i.e. “trade secrets” (see sections 1, 4, 5, and 7 of part II of the Agreement). This waiver could contribute to intellectual property rights not restricting the rapid scaling up of manufacturing and not hindering equitable and affordable access for vaccines and treatments throughout the globe.

... Some progress on the Agreement waiver has been made after more than a year of negotiations. In May 2022, India, South Africa, the United States and the European Union shared an outcome document from their quadrilateral discussions on intellectual property COVID-19 response. The negotiations are still ongoing, and more clarity is expected at the Twelfth Ministerial Conference of WTO.

⁸⁸ See submission from Maat for Peace, Development and Human Rights.

⁸⁹ “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, Attiya Waris: Towards a global fiscal architecture using a human rights lens” (A/77/169).

⁹⁰ Sakshi Rai, “Platforming workers’ rights in global tax deals”, Centre for Economic and Social Rights, 12 October 2021.

While there have been multilateral efforts at the WHO to initiate a technology access pool for addressing the constraints of developing countries in recovering faster from the pandemic, so far, no intellectual property holder has shown a willingness to commit to the COVID-19 Technology Access Pool launched by Costa Rica and WHO. This indicates the limitations of relying on voluntary measures and provides further evidence of the need for a waiver and of the limited and inadequate multilateral response to this crisis.⁹¹

E. International cooperation

51. The Minister for Foreign Affairs of Venezuela, Carlos Faría Tortosa, has urged the global North to recognize that “the unipolar, colonialist system cannot adequately respond to the problems and needs that they themselves have created”.⁹² The Minister for Foreign Affairs of Singapore, Vivian Balakrishnan, also spotlighting the temptation of unilateralism, stressed that global security depends on upholding the fundamental principles of sovereignty and territorial integrity, that small States cannot allow the world to regress to one where “might is right”⁹³ and that the only way forward is to uphold the inclusive, rules-based multilateral system. The President of the Republic of Korea, Yoon Suk Yeol, reminded General Assembly delegates that the United Nations is responsible for unifying the international community, even more so when it is most challenging, to support and uplift nations that have limited resources and abilities. He also informed the Assembly that the Republic of Korea had increased its official development assistance budget to help the world move closer to more inclusive development, as promised in the Organization’s landmark 2030 Agenda for Sustainable Development.⁹⁴

52. The COVID-19 crisis highlighted the need for a coordinated global strategy, and the global community is still falling short with regard to COVID-19 vaccines, therapeutics and diagnostics. Efforts towards an effective response were not only aimed at producing a safe and effective vaccine, but also at ending the pandemic altogether. An important factor in support of adequate supply and equitable distribution of vaccines was to remove the “barriers created by intellectual property rights in the area of technology transfer and to encourage cooperation among manufacturers and research groups. This could enable the simultaneous production by multiple manufacturers of safe and effective vaccines and treatments when they emerge.”⁹⁵ This approach is supported by Malaysia; in the context of debt, the country supports the promotion of multi-cooperation between countries, especially countries with debtor and lender relationships.⁹⁶

IV. Way forward

53. The following are some possible solutions that may be enhanced or implemented to counter the multiple crises facing countries globally and distorting the progressive realization of human rights:

⁹¹ UNCTAD, *Impact of the COVID-19 Pandemic on Trade and Development: Lessons Learned*. See also [A/HRC/52/34](#).

⁹² United Nations, “Warning ‘World is in Peril’, Secretary-General stresses countries must ‘Work as One’ to achieve global goals, at opening of seventy-seventh General Assembly session” (GA/12487), 9 January 2023.

⁹³ *Ibid.*

⁹⁴ *Ibid.*

⁹⁵ UNCTAD, *Impact of the COVID-19 Pandemic on Trade and Development: Lessons Learned*.

⁹⁶ Submission from Malaysia.

(a) Human rights-based economy: While the idea of an economy grounded in everybody's rights and aimed at achieving the Sustainable Development Agenda and addressing the social and environmental issues that have become so urgent today remains a relatively undefined concept, there have already been some attempts to define it.⁹⁷ Some good practices include mapping national budget measures to the Sustainable Development Goals to ensure the alignment of development plans with the global vision and best practices on sustainability. Human rights, gender, climate change, environment, food security, health and other related concerns should be addressed to respect, protect, fulfil and promote the human rights of all.⁹⁸

(b) Availability of resources and State capacity: "Governments in developed countries adopted a 'whatever it takes' approach and implemented unprecedented measures, in dealing with and recovering from the crisis, to protect the productive capacity of their economies and incomes of people. In countries where domestic public resources allowed these policies to be fully implemented, they greatly attenuated the worst effects of the pandemic and shielded both households and firms from much greater and longer-lasting difficulties."⁹⁹

(c) Systemic sustainability: "The focus should be on building a world with more resilient individuals, households, firms and economies. Systemic sustainability should be the strategic imperative for the future. It would enable financing of public services that treat every citizen equally, particularly in the areas of health, education and pensions. Furthermore, policymakers need to rebalance the priority given to short-term efficiency and longer-term resilience. This will allow for better planning for a pandemic, a climate emergency or any other unforeseen disaster."¹⁰⁰

(d) Economic equality: "Economic inequality had been recognized as a particularly important obstacle for repairing the social contract on which inclusive and sustainable outcomes can emerge ... The international community adopted the Addis Ababa Action Agenda, the 2030 Agenda for Sustainable Development and the Paris Agreement in 2015. The 2030 Agenda for Sustainable Development is clear: 'We are determined to take the bold and transformative steps which are urgently needed to shift the world on to a sustainable and resilient path'. In effect, this represented a call for radical reforms to reverse the policy direction of the last four decades and establish a new social contract that works for all. Economic inequality has been steadily rising over the last four decades and has further increased during the pandemic ... A more progressive tax system is an important element. It would increase fiscal revenues and thus the availability of resources for the State."¹⁰¹

(e) Sovereign wealth funds: When managed responsibly and in accordance with human rights obligations, sovereign wealth funds, such as the National Trust Fund in Malaysia, can also serve as a contingent asset to preserve the wealth from the country's non-renewable resources and may be utilized to cushion any unexpected shock, such as the recent COVID-19 pandemic that has impacted sovereign States worldwide. Among various fiscal tools, Malaysia has also mobilized investment return from its National Trust Fund to provide funding for the implementation of vaccination programmes.¹⁰²

(f) Fostering societal trust: "A high level of societal trust in government greatly assists a state's potential for adaptability and resilience ... While both trust

⁹⁷ Volker Türk, United Nations High Commissioner for Human Rights, statement on human rights economy, 20 April 2023.

⁹⁸ Submission from Malaysia.

⁹⁹ UNCTAD, *Impact of the COVID-19 Pandemic on Trade and Development: Lessons Learned*.

¹⁰⁰ Ibid.

¹⁰¹ Ibid.

¹⁰² See submission from Malaysia.

among citizens and citizens' trust in their government are important, trustworthy governments are especially consequential because they can influence two types of interpersonal trust: communal trust and generalized trust ... States are most likely to positively affect these types of interpersonal trust when their political leaders have demonstrated consistency, proven their character, and act for principle rather than self-interest and when they can make credible commitments and have self-enforcing institutions such that citizens do not have to personally invest in monitoring the government ... This dynamic has been especially evident in the public health domain. Survey data taken during the coronavirus pandemic show a strong relationship between higher levels of trust in government and compliance with measures like social distancing, quarantine and handwashing. Conversely, lower levels of trust often correlate with lower rates of compliance. For example, during the 2014–2015 Ebola outbreak in Liberia, citizens who expressed low trust in government were much less likely to take precautions against the virus or abide by mandatory social distancing measures.”¹⁰³

(g) Loans: Multilateral organizations should increase their concessional lending capacity and consider a possible revision of financing conditions – prioritizing human rights, which keep the economy stable – as well as the options offered by the current financial instruments, to include extended repayment terms, with longer grace periods on interest payments for the countries of the region, with special attention to those in the most vulnerable situations, with the objective of mitigating and/or reducing the effects of climate change and promoting the adaptation processes, as well as implementing sustainable development projects in areas such as social infrastructure, health and potable water. International financial institutions (multilateral and bilateral) should expand access to their loans, under favourable conditions, allowing greater access to their lending windows, among other things.¹⁰⁴

(h) Global fiscal authority: States should strive to have a responsible fiscal position that allows them to have countercyclical policy tools and automatic stabilizers that are activated in a timely manner in the event of a crisis. The Government's liquidity to meet funding and spending needs during an emergency should be ensured. The establishment of an international tax cooperation framework through a multilateral instrument is essential to give States this capacity to respond to polycrises.

(i) Coordination within and between Governments, government entities and subnational governments: This is important for understanding the needs of crisis response, responding to crises, providing the necessary funding and improving the quality of the response.

(j) Crisis response and management: Revenue forgone and higher spending due to additional expenditure requirements for financing several economic stimulus and recovery packages to assist affected people and businesses has led to rises in government debt levels. Governments are also facing a higher debt service charges-to-revenue ratio.

V. Conclusion

54. The world is overdue in exploring and implementing the approach of a human rights-based economy. The availability of resources and State capacity, trust and the social contract, international cooperation and solidarity, attention to data gaps and the fostering of societal trust are needed in order to ensure the

¹⁰³ Brown, “Governance for Resilience”.

¹⁰⁴ See submission from Colombia.

well-being of people and to recover from the COVID-19 crisis. Governments must implement unprecedented measures to protect the productive capacity of their economies and incomes of people and adopt a joint financing for development agenda and 2030 Agenda for Sustainable Development to establish a new social contract that works for all. International cooperation regarding COVID-19 vaccines, therapeutics and diagnostics is also necessary, as is attention to data gaps and the fostering of societal trust in government. As some experiences, for example in the area of the digitalization, have shown, as an international society we are capable of taking decisive measures in fiscal policies, when there is will for it.

55. However, while each crisis is exacerbating the other crises, there is clearly a continued siloing of the solutions, which if it continues will divide the world's solutions also into layers and siloes, which will, in turn, lead to expensive civil services and a failure to achieve a holistic solution. Clearly this piecemeal approach will result in piecemeal solutions that will not address the overall fiscal implications of these polycrises.
