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Promotion and protection of all human rights, civil, political, economic, social and cultural rights, including the right to development

Best practices in the contribution of development to the promotion and protection of all human rights in the context of recovery from the COVID-19 pandemic

Report of the Office of the United Nations High Commissioner for Human Rights*

Summary

The present report is submitted pursuant to Human Rights Council resolution 53/28. It describes promising practices, policies and interventions that highlight the contribution of development to the promotion and protection of human rights in the context of the recovery from the coronavirus disease (COVID-19) pandemic. Consistent with the global commitments to reduce poverty and inequalities in the context of the implementation of 2030 Agenda for Sustainable Development, the report describes the role that national development plans, public finance and debt management frameworks, debt sustainability assessments and other relevant areas of economic policy can play in advancing human rights.

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I. Introduction

1. Pursuant to Human Rights Council resolution 53/28, the Office of the United Nations High Commissioner for Human Rights (OHCHR) was invited to prepare a compilation of best practices in the contribution of development to the promotion and protection of all human rights in the context of recovery from the coronavirus disease (COVID-19) pandemic. In the resolution, the Council also encouraged OHCHR to reinforce its work and initiatives on fighting poverty and addressing inequalities in the context of the implementation of the 2030 Agenda for Sustainable Development.

2. In accordance with the above resolution, OHCHR sent a note verbale to Member States, which elicited 22 submissions, and issued a public call seeking inputs[1] from academics, civil society, United Nations entities, international financial institutions, national human rights institutions, experts from human rights mechanisms and special procedure mandate holders. Bilateral and group consultations were organized with academics, experts and representatives of United Nations entities. Inputs received make reference to promising practices, safeguards and emergency packages introduced to tackle rising poverty and inequalities in the context of recovery from the COVID-19 pandemic; the role of national development plans, public finance and debt management frameworks that ring fence States' economic, social and other obligations and advance the 2030 Agenda; and efforts to attain debt sustainability amid growing acceptance of the need for urgent reform of the international financial architecture to realize the Sustainable Development Goals and human rights.

3. As countries continue to experience the lingering impacts of the COVID-19 pandemic and the polycrisis, it is important to recognize that development and human rights are interdependent and mutually reinforcing. Human rights, including the right to development, are universal and indivisible. Inequalities within and between countries have grown, as countries have been forced to put in place austerity measures to bring down their spiralling debt. Widening financing gaps in developing countries, owing to rising debt burdens, have impeded the ability of States to respond effectively. Against this backdrop, enhanced international cooperation and solidarity, including on reforms to the international financial architecture, is crucial for a just, sustained and rights-aligned recovery.

II. Deepening impact of poverty and inequalities

4. The onset of the COVID-19 pandemic worsened pre-existing socioeconomic conditions, corroding the development gains achieved, particularly in low-income and climate-vulnerable countries. In the aftermath, the number of people living in extreme poverty rose for the first time in a generation, while hunger reached levels not witnessed since before 2005,[2] exposing the fragility of existing social protection systems. Between 2020 and 2023, an additional 165 million people fell into poverty, a majority of whom were living in low-income or lower-middle-income countries.[3] Only one third of countries will meet the target to halve national poverty levels, and projections suggest that 575 million people will still be living in extreme poverty in 2030[4] – more than half of those people will be women and girls. Almost 600 million people will still be at risk of food insecurity in 2030.[5] Meanwhile, the richest 10 per cent of the global population own 52 per cent of the global income and 76 per cent of all wealth.[6] The Secretary-General has noted that only 10 per cent

[1] All submissions are available at https://www.ohchr.org/en/calls-for-input/2024/call-inputs-best-practices-contribution-development-promotion-and-protection.

[2] A/78/80-E/2023/64, para. 5.

[3] See Salome Ecker and others, "The human cost of inaction: poverty, social protection, and debt servicing, 2020–2023", Development Futures Series (United Nations Development Programme, July 2023).

[4] A/78/80-E/2023/64, para. 5.

[5] See https://openknowledge.fao.org/items/445c9d27-b396-4126-96c9-50b335364d01.

[6] See wir2022.wid.world/www-site/uploads/2022/01/Summary_WorldInequalityReport2022_English.pdf.

of countries are on track to achieve Sustainable Development Goal 10, on reducing inequalities by 2030.[7]

5. Amid a broken creditor-dominated international debt architecture, sluggish global economic growth, unjust global tax rules, overlapping crises, including the cost-of-living crisis and the climate emergency, countries have experienced a slow and unequal recovery. Even prior to the pandemic, many developing countries were one shock away from being debt distressed. Furthermore, half of the countries eligible for International Development Association support have failed to return to pre-pandemic income levels. The percentage of government revenue devoted to debt servicing for sub-Saharan African countries grew from 21 per cent in 2022 to 32 per cent in 2023.[8] On average, debt servicing exceeds social protection spending by 11 times across all countries.[9] Of the total global public debt, 30 per cent – $29 trillion – belonged to developing countries alone in 2023.[10]

6. In his report on external debt sustainability and development,[11] the Secretary-General signalled a cascading development crisis under way and a looming systemic debt crisis. Widening development gaps have put achieving human rights in peril. Some estimates indicate that developing countries will need up to $4 trillion in additional investment annually to finance Sustainable Development Goal funding gaps – an increase of over 50 per cent from pre-pandemic estimates.[12] Persistent domestic and international financing shortfalls affect the ability of States to realize their economic, social and other rights. Renewed efforts, including by the United Nations, are being pursued towards reforming the international financial architecture for achieving human rights and the Sustainable Development Goals. The concept of a human rights economy proposed by the United Nations High Commissioner for Human Rights offers solutions in this regard.[13] The High Commissioner has also repeatedly called for a reform of the international financial architecture centred around human rights, including global coordinated solutions on sovereign debt restructuring, resolution and sustainability.

III. Role of emergency responses and national development plans in the recovery from the COVID-19 pandemic

7. Policymakers, United Nations entities, global institutions and others employed a wide range of measures, including pronounced international liquidity support, swift repurposing of financial resources for emergency packages, including in the area of health care and social protection, to mitigate the negative impacts of the pandemic. The Special Rapporteur on the right to development referred to COVID-19 response and recovery plans as development plans,[14] emphasizing the crucial role of those plans in promoting and protecting all human rights. While factors such as patents, costs and national stockpiling of vaccines hindered access among populations in the global South to medicine, health services and health products, the crisis still saw remarkable investments in human rights by States to protect people, including those at risk of being further marginalized, consistent with the pledge to leave no one behind made in the 2030 Agenda for Sustainable Development.

8. The COVID-19 pandemic created extraordinary situations of vulnerability and deprivation, and new dimensions of marginalization owing to the sudden loss of formal and informal employment. Targeted cash transfer programmes were one of the most common initial interventions undertaken by many countries to reduce the vulnerability of those who were below or near the poverty line, and for those who were outside of the remit of social assistance programmes. Globally, by May 2021, over 1.3 billion people had received at least

7 See https://unstats.un.org/sdgs/report/2023/The-Sustainable-Development-Goals-Report-2023.pdf.

8 See icrier.org/g20-ieg/pdf/Implementing-MDB-Reforms_A-Stocktake.pdf.

9 See https://assets.nationbuilder.com/eurodad/pages/3195/attachments/original/1696947958/Debt_Service_Watch_Briefing_Final_Word_EN_0910.pdf?1696947958.

10 See https://unctad.org/system/files/official-document/osgttinf2024d1_en.pdf.

11 See A/78/229.

12 See https://desapublications.un.org/publications/financing-sustainable-development-report-2024.

13 See https://www.ohchr.org/sites/default/files/documents/aboutus/hc-visionstatement-2024.pdf.

14 See A/77/174.

one cash transfer, which provided some measure of temporary income security to the vulnerable.[15] For instance, to prevent unjustified layoffs in both the public and private sector, the Government of Azerbaijan is reported to have introduced rigorous measures to protect employment and social welfare. A lump-sum payment programme was also implemented to cover 600,000 people between April and May 2020 to strengthen social protection for the newly unemployed.

9. Several countries revised preparedness and recovery road maps. A significant regional initiative in this respect was the Recovery and Resilience Facility of the European Union. For countries to benefit from the facility, the national recovery and resilience plans had to allocate at least 37 per cent of their budget to green measures and 20 per cent to support digital transition. The Special Rapporteur on extreme poverty and human rights recommended ensuring that social cohesion – reducing poverty and inequalities – was taken into account in, and assessed under, those plans.[16]

10. The Government of Ecuador, in its submission, reported that as the COVID-19 pandemic had escalated, under a tripartite agreement among the United Nations, the World Bank and the European Union, the National Emergency Operations Committee had carried out a post-disaster needs assessment[17] to identify critical needs and strategies. The methodology had been further developed to assess the socioeconomic impact on vulnerable groups, priority needs for affected households and critical sectors of the economy, and policies and institutional arrangements necessary to adequately support recovery, including measures to prevent and mitigate similar crises in the future. Similarly, the Government of Italy has adopted measures to address structural gaps and pursue objectives of green transition and digital transformation under the National Recovery and Resilience Plan. The National Institute of Statistics has developed a public information dashboard for navigating the mission of the National Recovery and Resilience Plan, with indicators on inclusion, equity and sustainable development.

11. Policies should promote the active participation of members of civil society, local communities and vulnerable groups in the design, implementation and evaluation of national development plans. In its submission, the national human rights institution of Argentina reported the need for a comprehensive and cross-sectoral approach in formulating development policies that could reduce poverty and inequalities. An example of this approach is the Argentina against Hunger Plan, which brought together the ministries responsible for social development, for health, for education and for agriculture, among others, to ensure food and nutrition security. In tandem, the social-urban integration policy includes mechanisms for participatory planning. Food cards were issued to members of high-risk groups as part of the national plan to eradicate hunger and prevent a rise in poverty.

12. To ensure equitable access to health care, the State of Palestine provided free health insurance services as an emergency response for low-income families in rural and humanitarian settings. Approximately 40,000 health insurance cards were distributed to beneficiaries in the West Bank[18] to remove financial barriers to essential health services. Additionally, the State of Palestine established a national committee for gender-sensitive budgets in 2022, overseen by the Ministry of Women's Affairs, to guide efforts in promoting gender equality and perspectives in public finance management. The Ministry of Women's Affairs developed a draft for a national cross-sectoral strategy for equality, gender and women's empowerment (2024–2029); implementation has been suspended owing to the conflict in Gaza.[19] The Independent Permanent Human Rights Commission of the Organization of Islamic Cooperation has called upon Governments to adopt gender-sensitive policies in all recovery efforts and target socioeconomic interventions for women in situations of vulnerability, such as women migrants and women in humanitarian settings.

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[15] See International Labour Organization, Organisation for Economic Co-operation and Development and World Bank, "Financing social protection through the COVID-19 pandemic and beyond".

[16] See A/HRC/47/36/Add.1.

[17] See https://www.planificacion.gob.ec/wp-content/uploads/downloads/2021/06/INFORME_PDNA_COVID-19_ECUADOR_WEB.pdf.

[18] Submission by the State of Palestine.

[19] Ibid.

13. Countries adopted measures to curb rising economic inequality among different groups in the early stages of the pandemic. The Ministry of Finance of China issued budgetary regulations for subnational financial departments to fast track disbursements to tackle COVID-19 impacts, based on local and provincial needs.[20] Advance payments were also made to insurance funds of health facilities to lessen the financial burdens in areas outside of major hubs. For example, the Financial Services Authority of Indonesia postponed instalment payments for rural bank customers, providing much-needed relief.[21] These policies were helpful in limiting the rise in household debt among lower-income groups incurred through informal sources that could exacerbate inequality. The United States of America passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act in 2020, which allowed the Department of Education to forgive various categories of student loans held by different classes of borrowers.[22]

14. The Government of Mexico reported that, to build economic resilience among low-income groups and persons in situations of vulnerability, in March 2020 the national financial inclusion council and the Financial Education Committee had presented the National Financial Inclusion Policy 2020–2024. The policy update established six medium- and long-term objectives, including strengthening access to information tools and facilitating the financial inclusion of people in situations of vulnerability. In another example, between 2020 and 2022, Brazil implemented the Desenrola Brasil programme, which supported people in situations of vulnerability in renegotiating their debts. Since May 2023 the programme had helped almost 11 million Brazilians, of which 55 per cent were women.[23]

15. One of the outcomes of the pandemic was a revival of national development plans as essential governance tools. Momentum among bottom-up approaches to inclusive planning through public consultation with communities has grown. Such approaches have included efforts to integrate the Sustainable Development Goals into regional and local planning. The Government of Ecuador reported that the National Secretariat of Planning and the national information-management directorate issued standardized indicators of the goals set by public policy governing institutions for better monitoring of human rights and areas related to, inter alia, the environment, economy and security. Information derived from indicators is also used for other planning instruments, such as Sustainable Development Goal targets. In a step forward, the African Commission on Human and Peoples' Rights passed a resolution in 2023 on conducting a study on integrating economic, social and cultural rights in national development planning.[24]

16. Many countries aligned their national finance strategies with national development plans. This includes calculating costing estimates for such plans. By the end of 2022, over 85 countries had introduced integrated national financing frameworks to bolster the collective ambition outlined in their national development plans and support the financing of the achievement of the Sustainable Development Goals.[25] As part of a country's budget cycle, such frameworks also encourage impact assessments focused on Sustainable Development Goals with the potential to redirect financing towards achieving the Goals. In Colombia, for example, the national development plan for 2022–2026 is centred around water and social and environmental justice, with a focus on greater overall community participation at municipal levels and in budget processes. One of the main goals under the plan is to reduce the rate of extreme monetary poverty to single-digit figures. The Government also adopted a Sustainable Development Goal budget-tagging system in 2020, and increased Goal-aligned expenditure from $58 billion to $68 billion in 2023.[26]

[20] See https://cdn.who.int/media/docs/default-source/infographics-pdf/health-financing/how-to-budget-for-covid-19-english.pdf?sfvrsn=b653f4ac_2&download=true.
[21] See http://jp.feb.unsoed.ac.id/index.php/scoab/article/viewFile/3583/2346.
[22] See https://www.bea.gov/help/faq/1407.
[23] See https://www.ohchr.org/en/news/2024/05/experts-committee-elimination-discrimination-against-women-praise-brazils-maria-da.
[24] See ACHPR/Res.561 (LXXV) 2023.
[25] See https://inff.org/assets/resource/making-finance-work-for-people-and-planet_final-web.pdf.
[26] Ibid.

17. Also, with greater financial needs, many countries adopted integrated national financing frameworks to strengthen transparency, accountability and public participation in financing frameworks. In 2022, for example, Nigeria aligned its medium-term revenue strategy with the medium-term national development plan for 2021–2025. The Strategy for Revenue Growth Initiatives is aimed at increasing national government revenue to 15 per cent of gross domestic product by the end of 2025, financing fiscal deficit through external borrowing and domestic bonds as part of the borrowing strategy and improving current debt management strategies to ensure sustainability.[27]

18. As noted in the national development plan of Nepal for 2019/20–2023/24, which refers to Sustainable Development Goal 1 and the right to social security, the Government adopted a policy to promote "equitable distribution of development returns by involving socioeconomically backward communities and areas into the process of overall development".[28] While still reeling from the impacts of the pandemic, Nepal was hit by floods in 2021. This led to the adoption of the Integrated National Social Protection Framework, which is aimed at coordinating existing social protection services, notably 16 programmes and 90 schemes spread across different ministries and line agencies, for improved shock responses, resilience and anticipatory action.[29]

19. Despite the protracted nature of the COVID-19 crisis, benefits, allowances and other welfare measures were mostly temporary and selective in their coverage. For example, over $37 billion in funding from the Government of the United States as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan were set to expire at the end of September 2023. The potential effects of this included rising childcare payments for low-income and working families, the loss of financial assistance for childcare for essential workers and an end to increased wages for childcare workers and providers.[30] Furthermore, in reviewing the economic fallout from the COVID-19 crisis, the Special Rapporteur on the right to education cautioned countries against a dramatic rollback in funding for public schools, including cuts to public financing of inclusive education.[31]

20. Political will and ambition garnered among Governments to offset the negative impacts of COVID-19 on human rights should be sustained. In the spirit of international solidarity, the Special Rapporteur on extreme poverty and human rights recommended the establishment of a global fund for social protection as a means to, among other things, close the financing gap faced by low-income countries, protect the social resilience of those countries from future shocks and support universalization of social protection floors in line with the ILO Social Protection Floors Recommendation, 2012 (No. 202).[32] The Global Accelerator on Jobs and Social Protection for Just Transitions, launched in 2021, promotes the creation of decent jobs, including in the green, digital and care economies.

21. Suggested solutions include the vulnerability and resilience assessment tool for small island developing States envisioned by the Caribbean Development Bank, which can be mapped to national budgets and can help in developing national development goals, building resilience and bridging existing measures of vulnerability to sustainable measures of resilience.[33]

[27] See https://nationalplanning.gov.ng/wp-content/uploads/2021/12/NDP-2021-2025_AA_FINAL_PRINTING.pdf.

[28] See https://www.npc.gov.np/images/category/15th_plan_English_Version.pdf.

[29] See https://www.anticipation-hub.org/news/linking-nepals-social-protection-programmes-with-anticipatory-action.

[30] See https://www.help.senate.gov/imo/media/doc/the_need_for_ongoing_support_for_the_nations_child_care_sector_report.pdf.

[31] See A/HRC/44/39.

[32] See A/HRC/47/36.

[33] See https://www.caribank.org/newsroom/news-and-events/speeches/wadadli-action-platform#:~:text=The%20Internal%20Resilience%20Capacity%20(IRC,incorporates%20factors%20(including%20exogenous%2C%20endogenous.

22. International developments such as the negotiations on a new United Nations framework convention on international tax cooperation are a move in the right direction. Additionally, the proposal, promoted under the Brazilian presidency of the Group of 20, for a global minimum wealth tax on the ultra-high-net-worth individuals is aimed at tackling fast-growing inequalities and strengthening domestic resource mobilization. The Tax Justice Network recommends implementing a progressive tax mix through wealth taxes, green or climate-related tax measures, excess-profit taxes and minimum effective tax rates, as well as a cessation of harmful tax breaks and tax holidays.

23. The integration of Sustainable Development Goals into national development planning and economic policymaking has progressed; however, full mainstreaming of human rights has yet to be achieved. The recovery from the COVID-19 pandemic and the polycrisis is dependent upon national action supported by globally coordinated solutions that work for the people and planet.

IV. Public finance and debt management frameworks

24. A public financial management framework includes laws, rules, operational procedures related to budgets, taxes, borrowing and debt governance so that Governments can use resources transparently and effectively. Part of the arsenal of tools that countries have at their disposal to prepare for and respond effectively to crises is robust public financial management systems. They can protect people’s rights, development gains and economic resilience from shocks and can offer stability. The present section highlights some early lessons in relation to the COVID-19 pandemic, and subsequent improvements made by countries in strengthening their public finance frameworks and domestic policies.

25. The robustness of public finance management frameworks was tested as Governments issued emergency stimulus packages and reforms while suffering from reduced fiscal space during the COVID-19 pandemic. For example, South Africa redirected $29 million to provincial health departments from the Provisional Disaster Relief Grant as the first mechanism activated to respond to the crisis.[34] Many countries repurposed funds from the general budget, contingency funds and national disaster risk reduction management funds, created ad hoc specialized funds or adopted a supplementary budget, such as the measures taken by the Philippines pursuant to the Bayanihan to Recover as One Act.

26. Poorly designed public financial management frameworks diminished the impact of emergency disbursements issued as a COVID-19 crisis response. Provincial governments in Pakistan, for instance, had no provisions for disaster funds to respond to the crisis. Following a fiscal risk assessment, disaster contingencies were developed at provincial levels to mitigate the devastating impact of the 2022 floods in addition to the impact of the pandemic. Climate-budget tagging systems were introduced at the provincial level to track budget allocations for natural disasters.[35]

27. Participatory budgets and social audits can promote better delivery of public services and needs assessments; promising examples include citizen budget campaigns. For example, the Asivikelane initiative, launched in 2020, has been helpful in integrating the voices of residents from informal settlements on issues related to clean water, sanitation, garbage collection and waste disposal services in South Africa.[36] In 2023, the Scottish Human Rights Commission updated guidelines on human rights budgeting with the objective of anchoring budget choices to legally binding human rights requirements and enhancing transparency and public scrutiny.[37]

28. Public debt governance and management is a part of public financial management frameworks. The responsibility for borrowing and maintaining sustainable levels of public debt by way of creating and monitoring the composition of the national public debt portfolio lies primarily within the ministry of finance, supported by specialized agencies, independent

[34] See https://iris.who.int/bitstream/handle/10665/359143/9789240052574-eng.pdf.
[35] See https://www.rebuildconsortium.com/wp-content/uploads/2023/06/PFM-brief.pdf.
[36] See https://asivikelane.org/.
[37] See https://www.scottishhumanrights.com/projects-and-programmes/human-rights-budget-work/.

oversight bodies or other relevant departments. In some countries, such as Ghana, Kenya and South Africa, an autonomous debt management authority oversees this function.

29. In Kenya, the Public Finance Management Act, 2012, for example, mandates the Public Debt Management Office to maintain a reliable debt database for all loans taken by the national Government, county governments and their entities, including other loans guaranteed by the national government (sect. 63 (b)). Owing to the country's escalating debt levels following the COVID-19 pandemic, a proviso was introduced under section 50 of the Public Finance Management (Amendment Bill), 2023, where the Cabinet Secretary is to submit a written report to Parliament if public debt thresholds are breached and provide a time-bound plan.

30. The Southern African Development Community adopted the Model Law on Public Financial Management in 2022, establishing standards to empower legislative, budgetary and oversight functions of national parliaments on public finance in member States of the Community that are in line with international commitments made under the 2030 Agenda, the African Charter on Human and Peoples' Rights and the International Covenant on Economic, Social and Cultural Rights.[38] In line with human rights principles of transparency and public participation, the Model Law includes recommendations for provisions for ensuring that public debt management offices, both semi-autonomous and autonomous, undergo a process of parliamentary approval and scrutiny prior to signing any loan agreements.

31. The processes for approving external loans vary by country. In Nigeria, pursuant to article 19 of the Debt Management Office (Establishment Act), external loans require prior approval of terms and conditions by the National Assembly.[39] The African Forum and Network on Debt and Development proposes that loan agreements, once signed, along with their terms and conditions, should be publicly disclosed and published within 30 to 90 days.[40] The format should be easily accessible. Legal provisions should limit instances of exemptions to public debt disclosure and are not to be abused. Domestic laws can also improve the framework on internal and external oversight. For instance, the Ministry of Justice in Cambodia provides a written opinion on the legal aspects of a debt contract prior to its signing.[41]

32. As a regular practice, the debt management office or central bank should publish public debt statistics monthly or quarterly and annual reports on public debt management containing annual borrowing plans. Since defaulting on debt payments in 2022, the Ministry of Finance of Sri Lanka, as part of improving public debt transparency, has published a quarterly public debt bulletin. In an example of better reporting and timely access to information, the Reserve Bank of India, in its 2023 annual report, published information on domestic sovereign green bonds for the first time. The information included details on resources raised to fund public sector projects aimed at reducing emissions.[42]

33. To improve the coordination between fiscal and monetary policies, Nepal set up the Public Debt Management Committee to connect the Public Debt Management Office with the central bank and the Financial Comptroller General Office.[43] In this regard, public debt management units should have a clear legal obligation to share information for effective inter-agency cooperation and public engagement, including with rights holders. One way to deepen the national discourse is for elected members of the parliament to conduct public debates and hearings. A system of checks and balances, along with accurate information, can establish long-term responsible borrowing practices.

[38] See https://www.lssa.org.za/wp-content/uploads/2022/03/Concept-Note-PFM-Model-Law.pdf.

[39] See https://documents1.worldbank.org/curated/en/743881635526394087/pdf/Debt-Transparency-in-Developing-Economies.pdf.

[40] See https://afrodad.org/sites/default/files/publications/EAC-Policy-Brief.pdf.

[41] See https://documents1.worldbank.org/curated/en/743881635526394087/pdf/Debt-Transparency-in-Developing-Economies.pdf.

[42] See https://www.rbi.org.in/Scripts/AnnualReportPublications.aspx?Id=1378.

[43] See https://www.unescap.org/sites/default/d8files/event-documents/Issues%20paper%20-%20Ensuring%20Public%20Debt%20Sustainability_4Apr2022.pdf.

34. In the context of the human rights economy initiative, OHCHR has stepped up its efforts to ensure that the design and implementation of public finance policies are consistent with economic, social and other obligations and thus prevent any retrogression, reduce inequalities and leave no one behind. OHCHR, including through the Surge Initiative,[44] has analysed the impact of the economic crisis, foreign debt obligations and International Monetary Fund (IMF) loans in, among other countries, the Lao People's Democratic Republic, Sri Lanka and Tunisia. OHCHR also conducted human rights-based budget analyses in Cameroon, Jordan and Kenya.

35. In its resolution 78/137, the General Assembly underscored that the role of national policies and development strategies, including in the area of debt management, was central to the achievement of sustainable development. A lack of public finance and debt transparency can undermine development and thereby inhibit the fulfilment of human rights. A national debt management strategy that ring fences economic, social and other rights can prevent countries from making uninformed or premature borrowing decisions that perpetuate vicious cycles of indebtedness and austerity. A rights-based public financial management framework is a safeguard against insular goals of restoring market confidence or solvency and can plug gaps in planning processes, crisis responses and line-item budgeting, ensure adequate and timely flow of funds and better alignment of economic policies with a State's human rights obligations, and improve the collection of disaggregated information on different vulnerable groups for better public service delivery.

V. Reforming the international debt architecture

A. Impacts on the implementation of the 2030 Agenda for Sustainable Development and human rights

36. The achievement of the objectives outlined in national development plans and strategies is in danger of being compromised owing to the multitude of current and future debt servicing obligations. In its submission, the Asia Pacific Forum on Women, Law and Development noted that 85 per cent of IMF pandemic recovery finance was still in the form of loans accompanied by austerity-driven conditionalities. Nearly 3.3 billion people live in countries that are paying more in interest payments than their combined public spending on education or health. The Center for Economic and Policy Research documented that 79 of 134 low-income and middle-income countries were at risk of or already in debt distress on the basis of information available from IMF and credit-rating assessments. Of those countries, 60 were found to be highly vulnerable to climate-related risks.[45]

37. In response to the COVID-19 pandemic, in April 2020, the Group of 20 launched the Debt Service Suspension Initiative, to temporarily defer up to $12 billion worth of debt repayments by low-income countries to official creditors until the end of 2020;[46] it was subsequently extended. Yet the Initiative was limited in its scope and ignored the plight of middle-income countries experiencing high debt servicing.[47] Later, the Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative was launched to support low-income countries facing unsustainable levels of debt. Private creditors, however, did not participate in the initiative. The limited scope of the Common Framework led only four countries to sign up for debt relief: Chad, Ethiopia, Ghana and Zambia. Those countries have faced chronic delays in restructuring their sovereign debt, with profound and long-lasting consequences for their populations.

38. Zambia was one of the first African countries to default following the outbreak of the pandemic. The Finance Minister is reported as noting that "long delays in Zambia's debt

[44] See https://www.ohchr.org/en/sdgs/seeding-change-economy-enhances-human-rights-surge-initiative.

[45] See https://www.cepr.net/report/the-rising-cost-of-debt-an-obstacle-to-achieving-climate-and-development-goals/.

[46] See https://www.eurodad.org/g20_debt1.

[47] See https://www.imf.org/en/Blogs/Articles/2021/12/02/blog120221the-g20-common-framework-for-debt-treatments-must-be-stepped-up.

restructuring have hamstrung much needed investments, curtailed economic growth, weighed on local financial markets and added to the living costs for the Zambian people".[48] In April 2023, several special procedure mandate holders jointly expressed concerns over delays in the sovereign debt restructuring in Zambia, which threatened the country's ability to mobilize resources for the full realization of human rights.[49]

39. A major hurdle in securing a timely and effective agreement for countries in similar positions of bankruptcy is the existence of multiple and uncoordinated debt resolution processes for different types of creditors. Debt composition has become increasingly complex; non-Paris Club (bilateral or commercial) creditors collectively hold a higher share of external debt than ever before.[50] For example, in the case of Zambia alone, private creditors held $3.5 billion worth of Eurobonds and were the last to come to an agreement. Non-participation among private creditors and a lack of a timeline or guidelines continue to hinder any global efforts towards fair and effective sovereign debt resolution. Despite similar experiences in past crises, the international sovereign debt architecture remains fragmented, with serious implications for the fulfilment of human rights and the achievement of the Sustainable Development Goals.

40. Regulating the behaviour of private creditors, particularly vulture funds, in line with the Guiding Principles on Business and Human Rights with respect to sovereign debt resolution is crucial.[51] To put this into perspective, 45 per cent of the total outstanding stock of international sovereign bonds is governed by English law while 52 per cent is governed by New York law.[52] Despite the fact that human rights law is binding in the debtor country, private creditors and courts frequently do not apply this part of the rule of law. To date, any efforts to introduce regulation in both of those jurisdictions have met with opposition. In the United Kingdom of Great Britain and Northern Ireland, the eighth special report of the International Development Committee, appointed by the House of Commons, included two particularly important recommendations for the Government: (a) that it consult on the introduction of legislation to compel or incentivize the participation of private creditors in the Common Framework, and to that end put forward one of two proposals, one of which was to make debt restructuring binding for all private creditors if the agreement was supported by at least two thirds of the private creditors; and (b) that it engage in bilateral talks with New York lawmakers to explore the scope for cooperation in legislative approaches.[53] Both recommendations were quickly rejected.

41. There is continued pressure on Group of Seven countries to implement legislation to regulate private creditor behaviour, particularly in the context of debt restructuring for developing countries. And in the State of New York, bill S4747/A2970, which is aimed at resolving the debt crisis in developing countries, in particular with regard to the non-participation of private creditors in the Common Framework, has been postponed for vote until 2025. In its final report on the activities of vulture funds and their impact on human rights, the Human Rights Council Advisory Committee recommended that States enact legislation aimed at curtailing the predatory activities of vulture funds within their jurisdictions, including behaviour that disrupted the sovereign debt restructuring efforts of debt-distressed countries and thus jeopardized their human rights obligations.[54]

42. In a positive development in the area of lender behaviour, six lenders at the twenty-eighth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, namely the Government of Canada, UK Export Finance, the

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[48] See https://www.reuters.com/world/africa/zambia-debt-rework-delaying-impede-key-investments-hitting-most-vulnerable-2023-11-24/#:~:text=LONDON%2C%20Nov%2024%20(Reuters),Minister%20Situmbeko%20Musokotwane%20told%20Reuters.

[49] See https://www.ohchr.org/en/press-releases/2023/04/un-experts-concerned-over-delay-zambias-debt-restructuring.

[50] See https://desapublications.un.org/publications/financing-sustainable-development-report-2024.

[51] See https://www.networkideas.org/featured-articles/2023/08/human-rights-a-great-missing-link/.

[52] See https://www.imf.org/en/Publications/Policy-Papers/Issues/2020/09/30/The-International-Architecture-for-Resolving-Sovereign-Debt-Involving-Private-Sector-49796.

[53] See https://committees.parliament.uk/publications/40279/documents/196581/default/.

[54] See A/HRC/41/51.

African Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank and the World Bank, committed to introducing climate-resilience debt clauses in new sovereign loans to prevent future crises.[55] Under such clauses, a climate-vulnerable country would not need to resort to additional borrowing from dubious sources to make past loan repayments or to financing debt repayments through public spending cuts that undermine their ability to meet their economic and social rights obligations. The European Bank for Reconstruction and Development announced that a climate-resilient debt clause would be included in loan agreements starting mid-2024. The clause will allow a deferral on principal repayments for a period of two years in the event of a natural disaster or climate-related shocks.

43. In its submission, Honduras noted that a fairer international financial architecture could support the efforts of Governments to reduce poverty and inequalities. The Secretary-General has called for reform of the international financial architecture to proactively support the implementation of Sustainable Development Goals and human rights.[56] States and other stakeholders that attended the sixth intersessional meeting for dialogue and cooperation on human rights and the 2030 Agenda for Sustainable Development proposed a number of measures to anchor human rights in the reforms of the international financial architecture. Furthermore, they underscored the need for an effective global debt authority grounded in human rights norms and standards, and a multilateral legal framework on sovereign debt restructuring that ensures the participation of all public and private creditors on an equal footing to ensure fair, effective, and timely debt resolution.[57]

B. Integrating human rights into debt sustainability assessments

44. Debt sustainability traditionally has been defined as a country's ability to carry debt without any risk of default or need of exceptional financial assistance. Conducted by international financial institutions, debt sustainability assessments are essentially risk management tools for creditors that do not include any considerations of human rights or the Sustainable Development Goals.

45. Owing to growing concerns about the impact of debt servicing on human rights and on the achievement of the Sustainable Development Goals, calls have multiplied to move away from solvency-focused debt sustainability assessments. Such calls, however, are not new. In the Basic Principles on Sovereign Debt Restructuring Processes, the General Assembly states that sustainability implies that sovereign debt restructuring workouts are completed in a timely and efficient manner and lead to a stable debt situation in the debtor State, preserving at the outset creditors' rights while promoting sustained and inclusive economic growth and sustainable development, minimizing economic and social costs, warranting the stability of the international financial system and respecting human rights. Under the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, IMF and the World Bank are invited to continue to strengthen their analytical tools for sovereign debt management in an open and inclusive process with the United Nations and other stakeholders. This has been echoed by the European Parliament, which stated in a 2018 resolution that "debt sustainability analysis should not focus solely on economic considerations, such as the prospects for future economic growth of the debtor State and its ability to service its debts, but must take into consideration the impact of the debt burden on the country's capacity to respect all human rights".[58] In its resolution 78/137, the General Assembly acknowledged the enhancement of debt sustainability assessments consistent with the 2030 Agenda, and made further recommendations regarding such assessments.

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[55] See https://www.ebrd.com/news/2023/ebrd-to-offer-climate-resilient-debt-clauses-in-sovereign-municipal-loans.html.

[56] See https://www.un.org/sites/un2.un.org/files/our-common-agenda-policy-brief-international-finance-architecture-en.pdf.

[57] See A/HRC/56/35.

[58] See https://www.europarl.europa.eu/doceo/document/TA-8-2018-0104_EN.html.

46. Experiences with the Heavily Indebted Poor Countries Initiative prompted IMF and the World Bank to introduce the Debt Sustainability Framework for Low-income Countries in 2005. Since then, debt sustainability assessments have played an important role in restructuring sovereign debt, notably in determining debt relief targets. Undergoing a debt sustainability assessment to help identify liquidity risks is one of the prerequisites for any country requesting emergency financial assistance from IMF. A similar practice was adopted for countries who applied to the Common Framework, which laid the foundation for debt restructuring with all creditors. Debt sustainability assessments therefore have profound implications on the human rights obligations of a debt-distressed country. They influence the decisions of lenders in determining not only a country's access to concessional financing, international markets and sovereign debt restructuring negotiations, but also their creditworthiness. At present, there are two debt sustainability assessment frameworks: one for low-income countries, jointly applied by IMF and the World Bank, and another for market access countries that have access to international capital markets, applied only by IMF.

47. Faulty risk and debt sustainability assessments can overlook critical vulnerabilities, shock impacts and country context, leading to erroneous policy advice and insufficient debt restructuring, resulting in cycles of indebtedness. In this regard, concerns have been raised, including by 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. Debt sustainability assessments by IMF may deem a higher stock of public debt or a high level of debt servicing as sustainable even if the State fails to comply with its core human rights obligations.[59] The *Global Sovereign Debt Monitor 2023* refers to a historical and consistent tendency over a period of 20 years of IMF making optimistic macroeconomic projections.[60] Overly optimistic growth forecasts of critically indebted countries can lead to inadequate debt relief and diminished sharing of the debt burden among creditors, resulting in conditionalities that prescribe austerity. For instance, the domestic debt restructuring for Sri Lanka, administered as part of the IMF loan pre-conditions and reflecting pressure from international creditors, undermines the right to social security of workers and middle-income groups.[61] Such de facto austerity pits a State's debt servicing obligations against its human rights obligations. The latter, including the right to development and the 2030 Agenda commitments, are often undermined.

48. Illicit financial flows as an official metric are completely absent from the external sector assessments. This is a major gap in analysis. Including this metric could provide a more accurate risk or shock-impact assessment for a country. Illicit financial flows chip away at a country's ability to sustain debt levels and to mobilize resources for the realization of human rights, including the right to development.

49. OHCHR welcomes the issuance of new special drawing rights and efforts to reallocate unused special drawing rights from developed countries to developing countries in need. While this is a positive development, some experts have expressed concerns that, according to the sixth edition of the IMF Balance of Payments and International Investment Position Manual, special drawing rights allocations should be reported as debt (i.e., liabilities) under public debt sustainability assessments, even if unused.[62] As countries have no obligation to make principal repayments on special drawing rights allocations received, this classification is misleading[63] and worrying for countries who intend on using them for fiscal purposes.

50. The Economic Commission for Latin America and the Caribbean has noted that a review of debt sustainability assessments could aim to better reflect countries' Sustainable Development Goal needs and to contribute to progress on sustainable development by recognizing the long-term value of investing in these areas.[64] In contrast to the IMF standard

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[59] See A/71/305.

[60] See https://erlassjahr.de/wordpress/wp-content/uploads/2023/04/GSDM23-online.pdf.

[61] See https://www.dailymirror.lk/opinion/Dispossession-by-Domestic-Debt-Restructuring/172-262249.

[62] See https://policy-practice.oxfam.org/resources/investing-special-drawing-rights-towards-a-fair-economic-recovery-in-the-middle-621480/.

[63] Ibid.

[64] See https://repositorio.cepal.org/server/api/core/bitstreams/d84a5041-0a2c-4b8e-9b01-d91b187477ce/content.

on debt sustainability, the Sustainable Development Finance Assessment of the United Nations Conference on Trade and Development situates the Sustainable Development Goals at the centre of its analysis; it takes into account the impact that achieving Goals 1 to 4 (on poverty, hunger, access to health services and access to quality education) would have on public debt sustainability.[65] A second version, currently being developed, is expected to take into account the impact of climate vulnerability and associated challenges on public debt sustainability.

51. The updated IMF framework for sovereign risk and debt sustainability analysis for market access countries now incorporates vulnerabilities related to natural disasters and tailored stress tests. This is a welcome and crucial development, especially for small island developing States. At the same time, more needs to be done. Only 60 per cent of assessments under that framework and under the Debt Sustainability Framework for Low-income Countries have included issues related to climate change and natural disasters.[66] For example, no climate stress tests were conducted under low-income country debt sustainability assessments for Bhutan, Cabo Verde, Guyana, the Marshall Islands and Timor-Leste.[67] The European Network on Debt and Development recommends a more comprehensive approach to debt sustainability for climate-vulnerable countries that integrates "climate and other sustainability risks, climate resilience benefits, as well as estimates of a country's financing needs for climate-change adaptation, mitigation, and achieving the broader goals set out in the 2030 Agenda".[68]

52. There is also a push from debt-and-climate-vulnerable countries to transform development finance to ensure that it prioritizes prevention, reconstruction and resilience.[69] The Bridgetown Initiative is one such example. Recently, in The Antigua and Barbuda Agenda for Small Island Developing States: A Renewed Declaration for Resilient Prosperity, the international community committed to consider how best multidimensional vulnerability could be incorporated into existing practices and policies for debt sustainability and development support, including access to concessional finance.[70] A multidimensional vulnerability index being developed measures the vulnerability of small island developing States to unforeseen socioeconomic and financial exogenous shocks; geophysical constraints as part of structural development limitations; and the degree of exposure to the frequency and severity of natural hazards and to climate change.[71] In the Antigua and Barbuda Agenda, the international community also commits to considering the establishment of a dedicated small island developing States debt sustainability support service to, among other things, devise effective solutions for small island developing States in relation to debt vulnerability in the immediate term and debt sustainability in the long term.

53. In 2022, the Caribbean Development Bank proposed integrating the current IMF debt sustainability framework, the investment-growth nexus of the World Bank and the Sustainable Development Goal resilience-building framework in order to accommodate development challenges faced by small island developing States, and that it should include a multidimensional vulnerability index. It recommended that such an index include an internal resilience capacity metric to capture the entire cycle of a shock experienced by a country to gauge its needs (resilience and recovery) for concessional development financing.[72]

54. In 2024, the European Commission welcomed the establishment of a political agreement[73] to reform the fiscal governance framework of the European Union in the aftermath of the economic and financial crisis, aimed at strengthening debt sustainability

[65] See https://mobilizingdevfinance.org/tool/unctad-sustainable-development-finance-assessment-sdfa.

[66] See https://library.fes.de/pdf-files/international/21193.pdf.

[67] See https://library.fes.de/pdf-files/international/21247.pdf.

[68] See https://www.v-20.org/our-voice/statements/group/v20-statement-on-debt-restructuring-option-for-climate-vulnerable-nations.

[69] See https://www.politico.eu/article/cancel-debt-climate-change-barbados-mia-mottley/.

[70] General Assembly resolution 78/317, annex.

[71] See https://www.un.org/ohrlls/mvi.

[72] See https://www.caribank.org/newsroom/news-and-events/speeches/wadadli-action-platform#:~:text=The%20Internal%20Resilience%20Capacity%20(IRC,incorporates%20factors%20(including%20exogenous%2C%20endogenous.

[73] See https://ec.europa.eu/commission/presscorner/detail/en/ip_24_711.

among Member States and promoting sustainable and inclusive growth. The new framework introduces risk-based surveillance that differentiates between member States based on their individual fiscal positions.[74] The assessment is divided into three time horizons, where short-term fiscal sustainability risks serve as an early warning indicator, the medium-term analysis provides a comprehensive debt outlook, including stochastic projections covering possible shocks, and the long-term analysis measures the fiscal requirements for achieving public debt sustainability while incorporating vulnerabilities. In the *Debt Sustainability Monitor 2023*, the European Commission reported that nine member States were at high fiscal sustainability risk in the medium term, namely Belgium, France, Finland, Greece, Italy, Portugal, Romania, Slovakia and Spain. In a departure from the 2022 methodology, the 2023 *Monitor* reflected the "agreed long-term economic and budgetary projections of the Ageing Report 2024",[75] in part owing to growing health-care and long-term care spending.

55. Credit rating agencies exert undue influence by conducting opaque country assessments that contain information on macroeconomic stability, future projections or risks to debt sustainability. Markets adjust according to these assessments. Instead of predicting early warning signs of debt distress, credit rating agencies are known to issue severe downgrades of countries or their financial instruments after a crisis has occurred, which blocks access to international markets and future investments. This obstructs government efforts to contain the crisis effectively.[76]

56. In response to the socioeconomic fallout resulting from the COVID-19 pandemic and in order to promote the realization of human rights, the Human Rights Council, in its resolution 55/6, recognized the need for reform of the global financial architecture, including a reform of credit rating agencies. In the report on its tenth session, the Africa Regional Forum on Sustainable Development highlighted the need for correct assessments of debt distress and an equitable recognition of African financial assets and trends, with a view to achieving more accurate credit ratings.[77]

57. Often, developing countries pay to obtain credit rating assessments, owing to lack of in-house technical expertise or infrastructure. The information presented in those documents are coded, dense and intended for market experts. The lack of public disclosure affects public engagement by rights holders, policymakers and others. The menu of options captured through the Financing for Development in the Era of COVID-19 and Beyond initiative included the "creation of publicly owned credit rating agencies" to limit conflict of interest, so that such "agencies are not both market evaluators and market players".[78]

58. To counter the unhealthy monopoly of international credit rating agencies, the African Union endorsed the establishment of a private sector-driven African credit rating agency. The agency, which is supported by the African Peer Review Mechanism, in collaboration with the Economic Commission for Africa, is expected to be launched by the end of 2024. The African Union has "developed the legal, financial and structural aspects of the rating agency which supports the characteristics of sustainability, credibility and independence of the agency".[79] In 2020, the Civil Society Financing for Development Mechanism recommended, among other options, the establishment of publicly owned credit rating agencies that integrate human rights-based and gender-sensitive criteria in the indicators and assessment frameworks, and noted that, in addition, credit rating agencies should also incorporate indicators that are aligned with the Sustainable Development Goals.[80]

[74] See https://www.consilium.europa.eu/en/press/press-releases/2024/02/10/economic-governance-review-council-and-parliament-strike-deal-on-reform-of-fiscal-rules/.

[75] See https://economy-finance.ec.europa.eu/publications/debt-sustainability-monitor-2023_en.

[76] See A/HRC/46/29.

[77] See E/HLPF/2023/3/Add.1.

[78] See https://www.un.org/sites/un2.un.org/files/2020/10/financing_for_development_covid19_part_ii_hosg.pdf.

[79] See https://aprm.au.int/en/news/press-releases/2024-03-25/retreat-finalise-establishment-africa-credit-rating-agency.

[80] See https://www.ohchr.org/sites/default/files/Documents/Issues/IEDebt/CreditRatingAgencies/civil-society-FdDgroup-credit-rating-2020.pdf.

59. In their assessments, international financial institutions and credit rating agencies should both abide by the international human rights principles of transparency, fairness and accountability and ensure non-retrogression of economic, social and cultural rights obligations, including with regard to the right to development. Investing in the national capacity of public debt agencies to regularly assess debt sustainability and credit ratings can prove to be empowering against unforeseen shocks and complex debt negotiations.

60. Principle 12 of the guiding principles on human rights impact assessments of economic reforms states that debt sustainability analyses should incorporate human rights impact assessments, based on a definition of debt sustainability that incorporates social and environmental sustainability, to determine the true volume of relief necessary. Conducting human rights impact assessments before taking on new debt, restructuring debt or implementing debt repayment strategies can ensure that such decisions do not violate a State's human rights obligations. The European Network on Debt and Development notes that adopting a more comprehensive approach to assessing debt sustainability that encapsulates human rights, alongside other social, gender, environmental and development considerations, will be critical to strengthening debt crisis prevention and buffering populations from the impacts of overindebtedness.[81] The Network also notes that the review by IMF and the World Bank, in the second half of 2024, of the Debt Sustainability Framework for Low-Income Countries, is a vital opportunity for doing so.

61. While advocating for improvements in existing debt sustainability frameworks, 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 has noted the importance of establishing a global independent body – a neutral arbiter – to carry out debt sustainability assessments centred around human rights and the Sustainable Development Goals that is independent of creditors and debtors, to avoid conflicts of interest. In its contribution to the present report, during a consultation, the Bretton Woods Project recommended that such a body be established under the auspices of the United Nations.

62. A system that routinely runs into debt crisis is not fit for purpose. The existing global financial order has failed to protect and promote human rights, including the right to development. Unsustainable debt burdens have placed incredible pressure on social safety nets of countries, arresting development and recovery in shock-vulnerable countries. Noting in April 2024 that the past four years had been nothing short of a debt disaster,[82] the Secretary-General has called for developing long-term debt sustainability analyses that incorporate fiscal space for investments in climate and Sustainable Development Goals.[83]

VI. Conclusion and recommendations

63. **Emergency packages, policies and interventions implemented by countries to leave no one behind in the wake of the COVID-19 pandemic and the related crises were commendable. Several interventions expanded health and social protection coverage, including through targeted cash transfers to low-income and marginalized groups and employment guarantees for those who lost their jobs in the pandemic. In adopting those measures, countries put human rights at the centre of their economic and social policies.**

64. **The examples highlighted in the present report illustrate the value of ensuring greater transparency, access to information and accountability in the design of emergency measures and long-term national development plans. They show the advantage of meaningful participation of members of disadvantaged groups and persons living in poverty. Such efforts should be sustained and reinforced as part of broader efforts to pursue integrated strategies to realize human rights and the Sustainable Development Goals.**

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81 Submission by the European Network on Debt and Development.

82 See https://news.un.org/en/story/2024/04/1148591.

83 See https://sdgs.un.org/sites/default/files/2023-08/our-common-agenda-policy-brief-international-finance-architecture-en.pdf.

65. **Aligning national financing strategies with national development plans is crucial to resuming progress with respect to human rights and the Sustainable Development Goals. The objectives envisioned in the 2030 Agenda should continue to guide national development plans, backed by human rights-based integrated national financing frameworks.**

66. **States should remain committed to mobilizing the maximum available resources both domestically and internationally to reduce poverty and inequalities. These obligations and commitments should also inform domestic and international efforts to tackle protracted indebtedness and sustained high debt servicing to creditors.**

67. **States should adopt a long-term approach to the public financing of their national development plans and align budgeting and other aspects of economic policies, as well as policy formulation, with human rights. National financing strategies with an aim to expand investment in realizing human rights and the Sustainable Development Goals should move away from gender- and-poverty regressive taxes and move towards employing progressive measures in order to tax, among other things, wealth, income and excess profits. A minimum tax on ultra-high-net-worth individuals should be explored as a measure to combat growing inequalities.**

68. **States should integrate social protection systems into their national development plans to provide comprehensive and sustainable buffers to tackle poverty and inequalities. Such systems should provide coverage through a person's life cycle.**

69. **Robust public finance management frameworks are a critical tool for countries to effectively pre-empt risks, improve crisis prevention and preparedness and mitigate unprecedented shocks. The impact of emergency fiscal packages can be increased through transparency and public accountability.**

70. **Periodic human rights and Sustainable Development Goal impact assessments, in line with the guiding principles on human rights impact assessments of economic reforms, should guide policy formulation and decision-making. The findings of such assessments should inform a country's national and budgetary planning, taxation, borrowing strategy and debt management, including debt restructuring or relief.**

71. **A national debt management strategy that ring fences economic, social and other rights should be put in place. It can prevent States from making borrowing decisions that perpetuate vicious cycles of indebtedness and related austerity measures that undermine a State's ability to meet its human rights obligations.**

72. **Efforts to strengthen debt transparency should be reinforced. Public databases with information on loans, including terms and conditions, can help maintain greater public debt transparency. Promising practices on debt transparency include, inter alia, publishing monthly, quarterly and annual reports on public debt statistics and annual borrowing plans. Moreover, loan agreements should undergo parliamentary scrutiny and approval. Public hearings and parliamentary debates can improve public participation, including by rights holders.**

73. **OHCHR capacities to provide support and advice to countries in utilizing human rights impact assessments in the context of sovereign debt restructuring, including debt sustainability assessments, and to engage on global policy to reform the international debt architecture should be strengthened.**

74. **Debt sustainability is not human rights neutral. The narrow focus of current debt sustainability assessments on the debt-carrying capacity of a country often leads to insufficient debt relief, austerity and fiscal consolidation measures, which have negative impacts on economic, social and other rights. Reforms in existing frameworks for debt sustainability and credit risk assessments should take into consideration human rights, the Sustainable Development Goals and climate-related commitments.**

75. **Alternative approaches to the debt sustainability and credit rating assessments are therefore needed. Proposals to establish public and independent credit rating agencies should be given due consideration. The capacity of public debt management**

offices should be strengthened to undertake regular national debt sustainability and tracking assessments using human rights and the Sustainable Development Goals.

76. **The protracted impacts of the COVID-19 pandemic and the polycrisis have cost countries, especially debt- and climate-vulnerable countries, dearly – a palpable reminder of the "lost decade". The subdued multilateral response post-crisis has widened development gaps in and between countries. Systemic reforms in the international financial architecture are needed to safeguard human rights, the commitments under the 2030 Agenda and global climate action.**

77. **The Summit of the Future in 2024 and the fourth International Conference on Financing for Development in 2025 will provide historic opportunities to transform the international financial architecture and to move towards a multilateral legal framework on sovereign debt that places human rights, and the 2030 Sustainable Development Agenda, at its centre. These reforms must address rising borrowing costs and debt service burdens in developing countries and include an overhaul of the international debt architecture. Strengthening regulation of private creditors in line with international human rights principles and standards, particularly vulture funds, is crucial for a comprehensive sovereign debt resolution. In this regard, a multilateral sovereign debt workout mechanism should guarantee the equal participation of all creditors in debt relief, restructuring and forgiveness to ensure fair and effective resolution, in line with the right to development.**