

**Integrating Human Rights into the International Financial Architecture Reforms:  
A Cornerstone for Realizing the 2030 Agenda for Sustainable Development and a Human Rights Economy**  
UN Human Rights Council Intersessional Meeting, 18 January 2024, Room XX, Palais des Nations

## OHCHR Key Messages

### Progress on the SDGs and human rights is at risk

Progress on the SDGs and human rights is in grave peril. For the first time in a generation, global progress on reducing poverty is in reverse. [The number of people living in extreme poverty is rising and more than 750 million people do not have enough to eat.](#)

Multiple crises are gripping the planet with developing countries bearing the brunt, and the global financial system has failed to cushion the impacts, deepening inequalities within and between countries. This is why the UN Secretary-General has called for urgent [reforms of the international financial architecture.](#)

It is time to put human rights at the heart of the international financial, debt and tax architecture to secure the maximum available resources to invest in economic, social and cultural rights and the right to development, to create [human rights economies](#), and to ensure no one – and no country - is left behind.

**[The international financial architecture is “outdated, dysfunctional and unjust..” and must “evolve in a giant leap towards global justice”](#)**

UN Secretary-General, Antonio Guterres

### Reforming the international financial architecture to proactively support the realization of human rights and the SDGs

#### 1. Reforming the international financial institutions: the IMF and the World Bank

There is a [‘great financial divide’ in the resources available](#) for the realization of sustainable development and human rights. Many developing countries do not have sufficient resources to fully recover from the COVID-19 pandemic, climate crises and conflict, or to invest in human rights and achieving the SDGs. The international financial institutions should be reformed to actively support the achievement of human rights and the SDGs. Key steps that are urgently needed include:

- A [massive scaling up of resources available](#) for developing countries to invest in human rights, SDG and climate targets, with increased concessional financing, more affordable, longer-term loans, and a stronger global financial safety net including fairer allocation of Special Drawing Rights (SDRs)
- A transformation in the IFIs’ economic paradigm towards the ‘human rights economy’ and investing in a [just transition](#) for all, including through moving towards universal social protection
- An end to ‘conditionalities’ in IFI loans and projects that disregard and undermine a State’s ability to meet its existing human rights obligations
- To move towards ‘beyond GDP’ as a measure of a country’s success or access to financing

**[An ‘SDG Stimulus’ of at least \\$500 billion dollars is needed to get the SDGs back on track](#)**

- **A realignment of IFI missions, operational policies and practices, metrics and internal incentives with human rights, labour and environmental norms and standards, including through**
  - Requiring human rights **impact assessments** (ex-ante and post) of loans, grants and projects
  - Transparency, meaningful participation and timely public access to information on the design, implementation, monitoring of support and debt restructuring negotiations
  - Human rights safeguards and remedies to protect against potential violations of human rights in loans, grants and projects
- **Integrated national financing frameworks that are aligned with human rights criteria and indicators to guide resource mobilization and budget planning, allocations, implementation, and auditing**
- **Reform of the governance of the IFIs to ensure representation of all countries, meaningful participation of all stakeholders and greater transparency and accountability**

## 2. Reforming the international debt architecture

**Unsustainable and unprecedented levels of global public debt** have become a human rights crisis, with up to half of developing countries either at high risk or already in debt distress, and many governments spending more on debt service than on investing in human rights and SDGs. When there is no clear, coordinated debt resolution process and if creditors – public or private – refuse to agree to restructure unsustainable loans, then it is the people in low- and middle-income countries who unfairly bear the burden, as servicing the debt is enforced as a priority over social spending, without regard for protecting economic, social and cultural rights. Key steps needed are:

**Half of humanity – 3.3. billion people – live in countries where governments spend more on servicing their debts, than on education or health**

- **To tackle the high cost of debt, reducing interest rates and addressing record levels of debt servicing that are crowding out investment in the SDGs and human rights**
- **To update the principles of responsible borrowing and lending to reflect the changing global environment and the human rights obligations of States**
- **Implementation of the ‘Guiding Principles of Foreign Debt and Human Rights’**
- **Debt sustainability analyses that are informed by the need for fiscal space to secure rights to health, education, social protection and other rights, including in times of crisis**
- **Debt restructuring that gives seniority to human rights obligations rather than to external creditors, ensuring borrowing States can ringfence social sector spending and do not undermine obligations such as non-retrogression of economic, social and cultural rights**
- **The systematic inclusion of debt pause clauses, suspending payments in times of disaster**
- **A more effective international sovereign debt workout mechanism, including private creditors, complemented by an inclusive and representative sovereign debt authority, independent of creditor and debtor interests**
- **A multilateral legal framework for sovereign debt restructuring which levels the playing field by including private creditors, that ensures the fair and effective resolution of debt crises, grounded in human rights norms and standards**

- **Increased accountability, transparency and access to information on States' financial commitments and loan conditions with meaningful participation of all stakeholders, including civil society and human rights mechanisms**
- **Regulation of credit rating agencies in line with human rights principles and standards, with greater transparency in credit rating methodologies**

### 3. Reforming the global tax architecture

Countries around the world are [losing \\$480 billion per year to global tax abuse](#) by large multinational corporations and wealthy individuals, with developing countries losing a greater proportion of their public budgets. This constrains the capacity of countries to mobilize domestic resources to invest in human rights and the SDGs. Multinational corporations 'shift' and report profits in jurisdictions where they pay low or no taxes, while tax havens facilitate tax evasion and corruption. When corporations and wealthy people avoid paying their fair share of taxes in the countries where they are due, the burden of taxes falls on the poor, deepening inequalities. It is urgent to:

**[Developing countries are losing \\$47 billion per year to global tax abuse, equivalent to half of their public health budgets](#)**

- **Tackle tax avoidance and evasion in order to mobilize more resources to realize the rights to health, education, social protection and other rights, including the right to development**
- **In line with the [2023 UN resolution](#), move towards developing a Framework Convention for international tax cooperation under the UN, ensuring that the legal framework is grounded in the human rights obligations of States**
- **Ensure a more effective, inclusive and representative global body for international tax cooperation with a transparent and participatory decision-making processes**
- **Ensure fairer allocation of taxing rights over the profits of multinational corporations in all countries where they have economic or business presence**
- **A higher minimum corporate income tax rate to avoid a 'race to the bottom' in global tax competition**
- **Encourage global rules that facilitate 'progressive' domestic tax systems (rather than 'regressive' systems) to address inequalities and respect the human rights principles of equality and non-discrimination.**
- **Increase financial integrity and fiscal transparency with more effective rules on:**
  - **Automatic exchange of tax and financial information with a country's competent authority**
  - **Public ultimate Beneficial ownership registers that include all legal entities and arrangements**
  - **Public Country by Country Reporting by multinational companies**
- **Require multinational corporations and financial service providers to exercise due diligence in line with the Guiding Principles of Business and Human Rights, with respect to tax evasion and avoidance.**