**Mandate 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**

**Call for Contributions**

**International Financial Obligations, Digital Systems and Human Rights**

1. **Background and objectives**

The backbone of the digital economy is hyper connectivity which means growing interconnectedness of people, organisations, and machines that results from the Internet, mobile technology and the internet of things. The fast-growing digital economy has implications on human rights, the international financial architecture and how it is regulated in the context of prevailing multidimensional inequalities. The digital economy is worth US $11.5 trillion globally, equivalent to 15.5 percent of global GDP and that has grown two and a half times faster than global GDP over the past 15 years, almost doubling in size since the year 2000.[[1]](#footnote-1) An estimated 70% of new value created in the economy over the next decade will be based on digitally enabled platform business models. When one puts a human face to this, globally, 62% of men go online, compared with only 57% of women.[[2]](#footnote-2) The share of internet users in urban areas is twice as high as in rural areas. 71% of the world’s younger population aged 15-24 is using the internet, compared with 57% of all other age groups. Even though new technologies are spreading rapidly around the world, an estimated 37% of the population — or 2.9 billion people — have still never used the internet.[[3]](#footnote-3)

Despite this very diverse and varying experience of digital systems, whether all activity an individual needs to have done uses the system to where there is no engagement with the digital system at all: its use, speed, manner of operation, capacity and pace of operation and growth affects every single person, entity and state globally. The regulation of this space is continuing to evolve and as a result, laws, regulations, guidelines, and norms are in constant flux.

Within the context of foreign debt and international financial obligations and its impact on human rights, this brings in a host of specific dimensions and concerns. Remittances, for example, which are the largest and most stable source of foreign exchange, with digital advances, have been a growing source of revenue in many countries around the world.[[4]](#footnote-4) Mobile money providers through their everyday transactions are leveraging the system, as are all others operating within economies engaging in cross order transactions which before was close to impossible.[[5]](#footnote-5) The issue of remittances, when linked to other issues in development finance, such as lack of access to sufficient condition-free, debt-free liquidity, chronic under-provision of official development assistance and volatile private capital flows, in a digital world when all pooled together form into a financial systems with information flows that can be both supportive or undermine the realization of human rights.[[6]](#footnote-6)

In more technologically advanced spaces, the use of data and its analysis through artificial intelligence in the digital economy is transforming business models, facilitating new products and services, creating new processes, generating greater utility, and ushering in a new culture of management.[[7]](#footnote-7) However state processes are not keeping up with these developments. However, states also engage with the same digital systems in assessing and ensuring public services are delivered to those most in need effectively and efficiently.

Greater transparency is a commonly agreed public good for guiding financial transactions. Yet too often, public access to public finance contracts is minimal and bilateral agreements remain inaccessible on the one hand, while on the other hand state access to financial transactions in order to assess financial flows for purposes of regulation are also not accessible on the other hand.[[8]](#footnote-8) Unequal access to information and general opacity is a peculiarly difficult problem when digital systems are used. Three elements of fiscal legitimacy – responsibility, transparency and accountability – will be the focus of the investigation of the Independent Expert into the limits of financial information data that countries and the public are able to access in order to generate revenue that can promote the realization of human rights.[[9]](#footnote-9)

Access to data remains an impediment for the monitoring and control of these transfers, which, should they be controlled, would result in two financially related achievements in all countries: (a) more money would remain in an economy and therefore continue to circulate there, resulting in the lowering of prices of goods and services and possibly creating more jobs, promoting the progressive realization of human rights; and (b) the State would be in a better position to regulate and collect tax revenue, thus financing its activities, including those related to human rights, resulting in their progressive realization, including an understanding of relevant challenges, opportunities and risks.[[10]](#footnote-10) However this should take place in an ecosystem that is fiscally legitimate and allows for stakeholders to access information while participating in a space that allows for freedom of expression.

In measuring the diverse elements of the global, continental, regional, national and subnational economies, whether formal or informal, the Independent Expert, through consultations and stakeholder engagement, will set out what areas States could choose to engage with and what they may want to regulate better in order to improve protections for their populations and to lift living standards.[[11]](#footnote-11) This discussion will include but not be limited to cryptocurrencies, virtual assets, digital currencies, the metaverse and stakeholders active in the digital provision of financial services, often across borders.[[12]](#footnote-12)

In her annual report to the Human Rights Council in March 2023 the Independent Expert on debt, other international financial obligations and human rights, Ms. Attiya Waris, will address the links between **international financial obligations, digital systems and human rights**.

1. **Questionnaire**

The Independent Expert invites and welcomes all contributions from States, international financial institutions, civil society organizations and networks, trade unions, United Nations agencies and entities, private actors, academia, think tanks, and any other relevant stakeholders.

She invites all to share information, documents, statements or analysis to address generally, the links between **international financial obligations, digital systems and human rights**. The Independent Expert welcomes, in particular, answers to the following questions:

1. What are the challenges facing the regulation of financial transactions within the digital economy in the national, regional, continental and international levels?
2. What is the nature, scope and purpose of an international consensus on taxation of the digital economy that supports human rights?
3. What are the advantages/disadvantages of regulating the financial elements of the digital economy and of regulating digital systems that support transactions for least developing countries?
4. What measures and mechanisms should be put in place to ensure that a global digital tax incorporates human rights principles both in the way it is levied and how tax revenue generated is used?
5. Are there practices, legislation or policies at national or regional levels that could serve as good examples? Are there case studies that could be considered for this report, with specific reference where possible to remittances, cryptocurrencies and e-commerce marketplaces as well as taxation of businesses involved in digital systems?
6. How should States deal with the interactions between fiscal transactions and the metaverse[[13]](#footnote-13) - from a human rights perspective?
7. What other issues ought to be addressed by the Independent Expert in this domain, both for her report to the Human Rights Councils, 52nd Session, and for other activities and initiatives that she may undertake in line with her mandate?
8. **Submission of information**

Due to limited capacity for translation, we kindly request that responses be submitted preferably in English **no later than 30 September 2022.** All responses will be posted on the official webpage of the Independent Expert, below unless it is indicated that the submission and/or the supporting documentation should be kept confidential:

* <https://www.ohchr.org/en/special-procedures/ie-foreign-debt>

Please keep responses to a maximum of 3,000 words and provide links to information or documents when available.

Kindly send your contributions to hrc-ie-foreigndebt@un.org, copying ohchr-registry@un.org.

1. Digital spillover: <https://www.huawei.com/minisite/gci/en/digital-spillover/files/gci_digital_spillover.pdf> accessed 10 August 2022. [↑](#footnote-ref-1)
2. ‘Overview on Digital Development’ (*World Bank*) [Digital Development Overview: Development news, research, data | World Bank](https://www.worldbank.org/en/topic/digitaldevelopment/overview) accessed 10 August 2022. [↑](#footnote-ref-2)
3. ibid. [↑](#footnote-ref-3)
4. ibid. [↑](#footnote-ref-4)
5. ibid. [↑](#footnote-ref-5)
6. ibid. [↑](#footnote-ref-6)
7. ‘What Is Digital Economy? | Deloitte Malta | Technology’ (*Deloitte Malta*) <https://www2.deloitte.com/mt/en/pages/technology/articles/mt-what-is-digital-economy.html> accessed 10 August 2022. [↑](#footnote-ref-7)
8. ‘Taking Stock and Identifying Priority Areas: A Vision for the Future Work of the Mandate Holder’ <https://primarysources.brillonline.com/browse/human-rights-documents-online/promotion-and-protection-of-all-human-rights-civil-political-economic-social-and-cultural-rights-including-the-right-to-development;hrdhrd99702016149> accessed 18 July 2022. [↑](#footnote-ref-8)
9. ibid. [↑](#footnote-ref-9)
10. ‘Taking Stock and Identifying Priority Areas: A Vision for the Future Work of the Mandate Holder’ (n 1). [↑](#footnote-ref-10)
11. ibid. [↑](#footnote-ref-11)
12. ibid. [↑](#footnote-ref-12)
13. In computing understood as a virtual-reality space in which users can interact with a computer-generated environment and other users. [↑](#footnote-ref-13)