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**On foreign debt and human rights**

The [Initiative for Human Rights in Fiscal Policy](#) (the Initiative) welcomes the opportunity to provide inputs on the occasion of the Independent Expert’s coming thematic report on “Multiple crisis, fiscal systems and human rights”, to be presented at the 78th session of the United Nations General Assembly. This submission builds on two documents published by the Initiative that discuss States’ responses to two different but connected crisis, to which we would like to draw the Independent Experts’ attention to:

i) the COVID-19 pandemic crisis, with a focus on the restriction of the fiscal space it created for States across Latin America (attachment 1); and

ii) the so-called “cost of living” crisis, with a focus on the connection between fiscal systems, monetary policy, and human rights (attachment 2).

This document highlights some of the main takeaways of the publications attached in connection to the current call for inputs. All the documents in turn build on States’ human rights’ obligations and therefore on the [Principles for Human Rights in Fiscal Policy](#) launched by the Initiative in 2021.

### **1. Fiscal responses to the COVID-19 pandemic in Latin America assessed from a human rights perspective**

The COVID-19 pandemic triggered a number of connected crises in Latin America, including decade-long retrogression in poverty levels -which disproportionately impacted women- and in employment rates -which disproportionately affected informal workers-. Even though countries’ economies across the region have started to go back to a growth path, poverty indicators are far from reaching pre-pandemic levels ([question 1](#), under the “general” headline).

The Initiative’s [report](#) on Fiscal Responses to the COVID-19 pandemic in Latin America<sup>1</sup> analyses in detail and using human rights’ lens some of the measures that States across the region took to address the crisis triggered by the pandemic. In doing so, it provides a few examples of fiscal legislation and policies at the national level that could serve as positive case studies for the Independent Experts’ report ([question 1](#) under the “On ensuring human rights” headline).

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<sup>1</sup> Available at

<https://derechosypoliticafiscal.org/es/recursos/documentos-complementarios-y-fuentes/129-politica-fiscal-en-el-contexto-de-la-pandemia>

On **taxes**, Argentina’s one-time “extraordinary” tax on individuals who own property above a legally defined threshold (passed under the name of “Aporte Solidario y Extraordinario”) emerges as a promising, though not perfect, example. The tax was imposed as a one-time payment on individuals with significant wealth, and contained seven progressive tax scales. Furthermore, the relevant law contained a specific allocation of the collected resources for a number of concrete goals, including some related to the pandemic response. This effort was positive not only because of its progressivity and the way in which it connected expanded fiscal space with specific rights-related goals, but also in terms of transparency, as a significant amount of information was produced before the relevant law was passed and after the tax was implemented.

Public information indeed showed the progressivity of the tax. Estimates indicated a prospective collection of resources of around 1% of the country's GDP through the contribution of around 0,02% of its population. This small group concentrates almost half of the property declared by taxpayers of Argentina’s “ordinary” wealth tax. Furthermore, among the taxpayers of the extraordinary tax, almost half of the collected resources would come from only 2,7% of taxpayers.

Information also showed the gender dimensions of the tax. Indeed, it turned out that 3 out of 4 taxpayers of the new tax were men, speaking to the importance of taxing largely male-held wealth for gender equality. Similarly, some of the allocations that the law anticipated for the new resources, such as the purchase of personal protective equipment for health workers, also has a gender dimension, as in Argentina women are overrepresented among health workers.

On **expenditures**, Chile’s cash transfers program "Ingreso Familiar de Emergencia" (or emergency family income) also appears as an interesting example of a potentially positive case study. Chile’s effort was the most significant one in fiscal terms of the ones the Initiative could document. It was also, allegedly, the most effective one in containing the increase in poverty that happened across the region. Indeed, monthly transfers of the program were above poverty line levels, unlike what happened in efforts made by other countries of the region such as Argentina or Colombia. Furthermore, the case can provide promising hints on how to increase and sustain in time programs that are originally designed as responses to emergencies, as the program moved through the years to a universal -instead of a targeted- one that was still sustained at the time of writing our report.

Overall, the conclusions of the Initiative’s report that emerge from these and other case studies include:

- A. Countries of the region have made significant efforts to respond to the economic crisis triggered by the COVID-19 pandemic. However, most efforts were temporary and were not used as an opportunity to tackle the more structural fiscal problems that countries in the region face.
- B. Fiscal measures tend to be decided and administered by Ministers of Finance, without sufficient coordination with agencies more connected to human rights, even in the cases in which measures overall do have a rights’ perspective.

- C. Even though the crisis led to the production of relevant and new fiscal information, there are still significant barriers for meaningful participation and transparency in the fiscal realm.
- D. Some advances have been documented in incorporating a gender perspective to fiscal decision making. However, there is an urgent need to incorporate the perspective of other traditionally marginalized groups, and to use an intersectionality logic.
- E. While there have been positive efforts to expand fiscal spaces in the context of the pandemic, the “austerity” discourse is still very much present, and specifically promoted by the intervention of the International Monetary Fund in countries such as Ecuador.

## **2. The “cost of living crisis, monetary policy and human rights**

Another crisis that is affecting Latin America is the so-called “cost of living crisis”, explained by skyrocketing prices in food, energy and other essential goods and services ([question 1](#), under the “general” headline). Of course, while this crisis is taking place worldwide, its impacts are felt differently in different parts of the world. Because inflation is highly regressive, it hurts low-income households and low and middle income countries the most. Inflation impacts Global North and Global South countries in a different manner due to some structural factors, including the dynamics of the international monetary system and the costs of borrowing. In turn, inflation might be driven by different structural and non-structural factors in different countries. Certainly, inflation also impacts different households differently because of their different consumption patterns.

While the impacts of the cost of living crisis on human rights can be less direct -and certainly less explored- than those of other crises, they are no less significant. The Initiative’s briefing document “Monetary Policy and Principles for Human Rights in Fiscal Policy”, attached to this submission, provides an exploratory effort to connect human rights standards with monetary policy as a tool typically used by countries to address inflation.

The document could be of use for the Independent Expert’s efforts to address other issues in the context of her mandate ([question 4](#), under the “On ensuring human rights” headline). The brief engages with the potential implications for monetary policy of some well-established human rights’ standards, such as States’ extraterritorial obligations and procedural duties around transparency, participation and accountability.