CENTER FOR ECONOMIC AND SOCIAL RIGHTS AT 20

TWENTY YEARS WORKING FOR SOCIAL JUSTICE THROUGH HUMAN RIGHTS

Panel intervention by Ignacio Saiz, CESR Executive Director, at the interactive dialogue with the Inter-governmental Committee of Experts on Sustainable Development Financing (ICESDF)
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Distinguished members of the Committee: Many thanks for opening this opportunity for dialogue and for inviting input on the issue of integrating human rights into the sustainable development financing strategy. Human rights are rarely discussed in forums on financing. Yet they belong very firmly on the agenda of these discussions.

CESR along with others in the human rights community have been advocating for human rights to guide the content of the Sustainable Development Goals (SDGs). We are pleased to see progress in that regard in the preliminary outcomes of the OWG. The ambitious scope of the proposed new goals and targets is better aligned with a human rights vision, aiming for example at the total eradication of extreme poverty and at ensuring universal health coverage, as well as materializing the aspiration to leave no one behind. The proposals currently on the table reflect more comprehensively the multiple facets of human deprivation, addressing civil and political freedoms as well as important economic and social rights issues.

The laudable ambition of the SDGs has made the question of their resourcing all the more acute. The cost of delivering on the new SDG proposals, including climate change commitments, has been roughly estimated at over a trillion dollars per year. The central challenge is not the lack of resources, but the unfair way in which resources are currently generated, allocated and governed. Human rights bring a much-needed normative and ethical frame for addressing this challenge. Decisions on financing the post-2015 agenda cannot be reduced to a technocratic, cost-benefit exercise, as some are proposing. As the SG affirmed in his report to the General Assembly last September, ending poverty is ¨a matter of basic justice and human rights¨. Policy coherence demands that human rights standards, set out in a range of international treaties which governments have already agreed to be bound by, be taken into account in the design and monitoring of all elements of the financing strategy under consideration by the Committee, including fiscal, monetary and debt policy, financial regulation and development cooperation.

In the short time remaining, I want to addresses the concrete implications of applying a human rights lens in relation to one key pillar of the financing strategy: fiscal policy reform, drawing on the recent briefing by CESR and Christian Aid, A Post-2015 Fiscal Revolution which has been made available to the Committee- The briefing argues that, from a human rights perspective, sustainable development financing must not only be sufficient, it must be equitable and accountable. It sets out a combination of rights-based fiscal policy reforms aimed at boosting the sufficiency of public resources, ensuring those resources are raised and spent in ways that reduce inequality, and fostering greater transparency and accountability in fiscal policy-making at both the national and global levels. Let me say a word on each of these dimensions.

Much of the OWG debate so far on ***boosting the sufficiency of resources for development*** has focused on the increased role of the private sector in delivering additional finance. There is no question that the private sector has an important role to play in driving economic dynamism and a vigorous job market. However, as was emphasized in the March dialogue, the responsibility of the corporate sector for creating or exacerbating many of the problems which have held back MDG achievement – from the financial and food crises to land-grabbing -- is rarely acknowledged. The measures often deployed to boost an investor-friendly environment—such as corporate tax exemptions, weakened labor protections, investor protection commitments and financial sector deregulation—are precisely those which have deprived states of the resources they need to resource human rights fulfillment.

As primary duty bearers of human rights obligations, States must remain the central actors in any new model of development finance. Public resourcing must be seen as its central plank, rather than merely complementary to private sources. Under international law States have a duty to devote the maximum of their available resources to progressively realize human rights, individually and through international cooperation. This principle requires states to explore all possible avenues to expand their fiscal space so as to mobilize resources on a scale commensurate with their development and human rights commitments.

CESR and Christian Aid have canvassed a range of fiscal reforms which could be put in place as part of the SDGs to unleash significant additional public funding, in line with the duty to maximize available resources. Drawn from a range of proposals from international organizations and other authoritative sources, we estimate that together these could yield between 1.5 and 3 trillion dollars per year in additional, predictable public funding, reducing the over-reliance on private financing without threatening other macroeconomic imperatives.

Given that the most significant barriers to sufficient domestic resource mobilization are global in nature, the proposed commitments include ending transnational tax evasion and reducing other illicit financial flows, estimated to drain trillions of dollars from the public coffers of developing countries, as well as returning stolen assets, forgiving odious debt and improving automatic tax information exchange. The extraterritorial obligation of states to respect and protect human rights beyond their borders provides a powerful but under-explored normative basis for these commitments. At the domestic level, proposed fiscal targets would include a universal commitment to progressively reach a domestic resource mobilization floor of 20% of tax/GDP, as well as targets to increase actual versus potential tax revenue.

The sufficiency of revenue generated is only one dimension of an effective fiscal policy from a human rights perspective. Increasing tax take alone, without considering its distributive impacts, could in fact create perverse incentives for poverty and inequality reduction. A second objective of a rights-centered post-2015 fiscal revolution should be to ***ensure that fiscal policies are aimed at tackling inequality.*** The recent work of French economist Thomas Piketty has highlighted how we are returning to 19th century levels of inequality and wealth concentration, yet serious proposals for addressing economic inequality through fiscal measures are largely absent from the OWG deliberations.

The work of CESR and Christian Aid has documented how one of the key factors fuelling rising income inequality is the trend in many parts of the world towards regressive tax systems which are heavily reliant on indirect taxation at the expense of more progressive income, wealth and property taxes. Meanwhile, fiscal austerity policies in wake of financial crisis have seen drastic cuts to public expenditure in many countries, with the harshest impacts on low income and disadvantaged groups, particularly women, people with disabilities and older persons.

As the UN Guiding Principles on Human Rights and Extreme Poverty emphasize, the principles of equality and non-discrimination oblige governments to put in place progressive, non-discriminatory fiscal policies which serve to reduce disparities and alleviate disproportionate burdens on the poorest. The new goals should include commitments to reduce economic inequality within countries through the enhanced use of progressive taxation on income and wealth. They should also enable more effective monitoring of who benefits from how resources are raised and spent, drawing on the experience of human rights, gender and disability budgeting.

The third transformation needed from a human rights perspective is to ***create a new culture of accountability in fiscal governance***. At the heart of today´s financing challenges lie stark imbalances of power in decision-making over how resources are mobilized and allocated. Human rights norms oblige governments to subject their fiscal and budgetary decisions — through all phases of the policy cycle—to the highest standards of transparency, participation and accountability. Transparency requires providing people with access to reliable and disaggregated fiscal information, a right that is strongly curtailed in many countries. Participation requires creating conditions in which all social sectors – not just the politically well-connected -can engage meaningfully in the design, implementation and monitoring of fiscal policy.

Accountability, furthermore, demands that robust mechanisms are in place to ensure public and judicial oversight of fiscal policies, and to provide effective remedies and redress for deprivations resulting from fiscal measures that breach human rights standards. Many of the shortfalls in meeting the MDGs are due to chronic gaps in fiscal governance at the international level. Other colleagues have spoken to the reforms needed at the level of global economic governance and the international financial architecture. It is important that the SDG monitoring and accountability infrastructure incentivizes governments to carry out systematic human rights assessments of the extraterritorial impacts of their fiscal policies and practices, so as to ensure these do not prevent other countries from generating the maximum available resources in equitable ways. The human rights treaty monitoring system – which is increasingly engaging with issues of fiscal policy -- could play a role in bridging this gap.

Finally, it is essential that the new framework stimulate the creation of more effective mechanisms for corporate regulation and accountability. The UN Guiding Principles on Business and Human Rights oblige governments to protect against and remedy fiscal abuses by businesses, banks and accounting firms which are detrimental to human rights. Given the increased emphasis on private sector partnerships, we are calling for clear vetting criteria to be established *ex ante* so as to ensure the UN does not engage in partnerships with private donors whose activities are potentially antithetical to the UN Charter and the UDHR.

In sum, placing human rights at the foundation of sustainable development financing should serve to make public financing for sustainable development more sufficient, more equitable and more accountable. More detail on the fiscal policy reforms proposed by CESR and Christian Aid (including proposed targets, illustrative indicators and associated data sources) can be found in the briefing A Post-2015 Fiscal Revolution.

We hope the Committee will consider these proposals, and will not shy away from making bold and ambitious recommendations commensurate with the scale of the challenge we face. The failure of our action so far calls for radical new approaches. Human rights provide a mandate, if not for revolution, for a profound transformation in the way financing for development is conceived and governed. Civil society groups stand ready to assist the Committee in its important work, and we look forward to engaging further with the Committee once a draft of its report is available.