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Right to development

Report of the Special Rapporteur on the right to development

Summary

The Special Rapporteur on the right to development, Saad Alfarargi, is submitting the present report to the Human Rights Council pursuant to Council resolutions 33/14 and 42/23. In the report, the Special Rapporteur examines national-level financing for development practices from the perspective of the right to development. He highlights good practices and reviews challenges in ensuring the meaningful participation of rights holders. He concludes with recommendations on integrating the right to development into the areas of resource mobilization, tax policies, participation and access to information.

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I. Activities of the Special Rapporteur

1. The present report, submitted to the Human Rights Council pursuant to Council resolution 33/14, outlines the activities of the Special Rapporteur on the right to development. Since the beginning of his mandate, the Special Rapporteur has focused on developing a specific methodology for the conduct of country visits to assess the implementation of the right to development. He has sent requests to visit more than 20 countries and is pleased that most of those requests have received a positive response. From 23 September to 2 October 2019, the Special Rapporteur conducted a country visit to Switzerland to assess the country's efforts to integrate the right to development into its policies. It was the second country visit since the mandate was established. The Special Rapporteur also examined how the Government promotes and guarantees effective popular participation and accountability during the development process. The country visit report is being issued as an addendum to the present report. A country visit to Kyrgyzstan was planned for May 2020, but had to be postponed due to the travel restrictions resulting from the coronavirus disease (COVID-19) pandemic.

2. In its resolution 33/14, the Human Rights Council requested the Special Rapporteur to contribute to the work of the Working Group on the Right to Development. The Special Rapporteur was planning to participate in the twenty-first session of the Working Group originally scheduled to be held in May 2020; the session has been postponed to November 2020.

3. In September 2018, the Human Rights Council adopted resolution 39/9, in which it requested the Special Rapporteur to participate in relevant international dialogues and policy forums relating to the implementation of the 2030 Agenda for Sustainable Development, with a view to enhancing the integration of the right to development into those forums and dialogues. To that end, the Special Rapporteur participated, on 7 October 2019, in a one-day meeting, organized by the Human Rights Council Advisory Committee, on the possibilities of utilizing non-repatriated illicit funds, including through monetarization and the establishment of investment funds. The Special Rapporteur updated the Advisory Committee on his work and made a number of recommendations, related to the topic of the meeting, ensuing from the guidelines on the practical implementation of the right to development that he presented to the Human Rights Council in September 2019 (A/HRC/42/38, sect. III).

4. On 11 and 12 November 2019, the Special Rapporteur participated in a consultation, organized by the Intergovernmental Commission on Human Rights of the Association of Southeast Asian Nations (ASEAN), on the realization of the right to development to enhance the ASEAN Community. The Special Rapporteur delivered a keynote address and participated as a speaker in the panel on understanding the right to development and its relation to a human rights-based approach to development and the Sustainable Development Goals in the context of ASEAN regionalism. The objectives of the event were: to strengthen the implementation of the ASEAN Human Rights Declaration; to receive feedback on the normative content of and progress in the realization of the right to development contained in articles 35–37 of the Declaration; to identify steps that could be taken by the ASEAN Intergovernmental Commission on Human Rights and sectoral bodies to narrow development gaps among ASEAN member States; and to monitor and measure achievements in, and challenges to, the implementation of the right to development.

5. On 12 February 2020, the Special Rapporteur delivered a keynote speech at an open-ended discussion on the right to development and possible ways in achieving its practical implementation, organized by the Permanent Mission of Azerbaijan to the United Nations Office and other international organizations in Geneva in its capacity as Chair of the Geneva chapter of the Movement of Non-Aligned Countries.

II. Financing for development and the right to development

A. Introduction

6. The Special Rapporteur on the right to development is mandated to examine the intersection of financing for development and the right to development, pursuant to Human Rights Council resolution 33/14.[1] In paragraph 2 of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, States committed to carry out a threefold task: to follow up on commitments and assess the progress made in the implementation of the Monterrey Consensus and the Doha Declaration; to further strengthen the framework to finance sustainable development and the means of implementation for the universal post-2015 development agenda; and to reinvigorate and strengthen the financing for development follow-up process to ensure that the actions to which they had committed were implemented and reviewed in an appropriate, inclusive, timely and transparent manner.

7. The Special Rapporteur recalls his finding that individuals and communities must drive the processes for their own development, which has implications for how development is financed (A/HRC/42/38, para. 11). For the purposes of the present report, the Special Rapporteur will look into the ways that States have engaged in the above tasks in their national efforts to further strengthen the framework to finance sustainable development and the means of implementation for the universal post-2015 development agenda. He aims to assess stakeholders' integration of the right to development into national-level financing for development practices. He expands upon his previous work on the practical implementation of the right to development and compiles good practices from States, national development institutions and non-governmental organizations. The Special Rapporteur also reviews challenges that stakeholders face, and makes practicable recommendations on integrating a right-to-development-based perspective into financing for development.

8. For the purposes of the present report, the Special Rapporteur refers to financing for development as encompassing domestic and international financial flows, such as domestic fiscal revenues, public development aid, remittances, foreign direct investment and external debt.[2] The Special Rapporteur notes that foreign debt issues are an integral part of financing for development. However, in the present report, the Special Rapporteur will not focus on this subject area since in that regard he refers to the work of the Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of human rights, particularly economic, social and cultural rights.

9. The Special Rapporteur expresses grave concern about the worldwide effects of the COVID-19 pandemic, and has called on States to leave no one behind in their responses to the crisis.[3] The Special Rapporteur also recognizes the profound impact that the pandemic will have on financing for development, and will examine these effects from the perspective of the right to development in his forthcoming report to the General Assembly.

10. The present report expands upon the Special Rapporteur's guidelines on the practical implementation of the right to development, which he presented to the Human Rights Council in September 2019, and the recommendations they contain. The guidelines emerged from the regional consultations that the Special Rapporteur conducted in 2018 and 2019, as mandated by the Human Rights Council in resolution 36/9.[4] The consultations brought together diverse participants from around the world who identified good practices in designing, implementing, monitoring and assessing policies and programmes that contributed to the realization of the right to development.

[1] See also "United Nations Special Rapporteur on the right to development: an introduction to the mandate" (2017).

[2] The Special Rapporteur notes other sources of financing, such as philanthropy. Due to time and space limitations, he has focused on the above-mentioned types.

[3] OHCHR, "'Leave no one behind' – don't forget your commitments in your response to the COVID-19 crises, UN expert urges States", news release (9 April 2020). Available at www.ohchr.org/en/NewsEvents/Pages/DisplayNews.aspx?NewsID=25786&LangID=E.

[4] See also www.ohchr.org/EN/Issues/Development/SRDevelopment/Pages/RegionalConsultation.aspx.

11. The guidelines underscore the centrality of the meaningful participation of rights holders in economic, social, cultural and political development. Ensuring meaningful participation means more than just consulting individuals and communities. It implies placing them at the centre of the decision-making that affects their own development, including decision-making on financing for development. Indeed, in the guidelines the Special Rapporteur conceptualizes development as a holistic process that requires the input and involvement of diverse stakeholders, including States, international organizations, civil society, members of academia and the private sector, to achieve sustainable results. Participatory consultative processes that are open to all segments of the society have to be envisaged, budgeted for and implemented at every step of the way.

12. The guidelines make clear that from the perspective of the right to development, financing for development means funding the development priorities that individuals and communities express, since they must drive the processes for their own development. In the following section, the Special Rapporteur describes how relevant international standards already incorporate this approach.

B. International policy background on financing for development and the right to development

13. The international policy background applicable to the intersection of the right to development and financing for development includes the Declaration on the Right to Development, the 2030 Agenda and the Addis Ababa Action Agenda.

14. The Declaration on the Right to Development, in its article 1, states that by virtue of the right to development, all human persons and all peoples are entitled to participate in, contribute to and enjoy economic, social, cultural and political development. The Declaration also outlines principles that should guide policy decisions on financing for development. For example, it states that the right to development implies the full realization of peoples to self-determination, which includes, subject to the relevant provisions of both International Covenants on Human Rights, the right of peoples to full sovereignty over all their natural wealth and resources (art. 1), and that the benefits of development should be fairly distributed (art. 2). It declares that States should undertake all necessary measures for the realization of the right to development and that they are to ensure equality of opportunity for all (art. 8). In addition, at the international level, the Declaration places a duty on States to cooperate with each other, including in the context of promoting the more rapid development of developing countries, in particular with regard to providing those countries with appropriate means and facilities to foster their comprehensive development (arts. 3 (3) and 4 (2)).

15. In the 2030 Agenda, a tangible link is made between the right to development and sustainability. Throughout the text, the 2030 Agenda reaffirms the key principles of the Declaration on the Right to Development. It also recognizes the need to build peaceful, just and inclusive societies that are based on respect for human rights, including the right to development, on the effective rule of law and good governance at all levels and on transparent, effective and accountable institutions.[5]

16. The Addis Ababa Action Agenda is inextricably interlinked with the 2030 Agenda because it provides a global framework for financing development, including in the context of the Sustainable Development Goals. Similarly to the 2030 Agenda, the Addis Ababa Action Agenda refers, in its paragraph 18, to good governance, the rule of law, human rights, fundamental freedoms and equal access to justice as integral to the efforts to promote peaceful and inclusive societies. Thus, fundamental elements of the right to development underpin the international framework for financing for development.

17. These international standards demonstrate the prior commitments of States to a rights-based approach to sustainable development and financing for development. In the following sections, the Special Rapporteur reviews specific examples of the implementation of the right

[5] See the statement issued by several special procedure mandate holders marking the thirty-third anniversary of Declaration on the Right to Development (4 December 2019). Available at www.ohchr.org/en/NewsEvents/Pages/DisplayNews.aspx?NewsID=25383&LangID=E.

to development in the area of financing for development as evidence of how States have put these commitments into practice and where further efforts are required.

C. National-level practices

18. To gather information about the extent to which rights holders have been placed at the centre of decision-making on financing for development, the Special Rapporteur issued a call for submissions from Member States, development finance institutions, non-governmental organizations, think tanks and academics. He inquired about:

(a) The participation of individuals and communities in, and access to information about, financing for development processes;

(b) Government resource mobilization and budgeting for development;

(c) State tax policies as they relate to human rights;

(d) How financing-for-development stakeholders are sharing the benefits of development, and about the status of social protection programmes.

19. A number of countries provided practical examples of the ways that their Governments work to integrate the right to development into national systems for financing development. The Special Rapporteur is grateful to all of the countries and other stakeholders that provided inputs for the compilation of the present report.[6] While recognizing that the COVID-19 pandemic that has unfolded around the world in 2020 has required many countries to reorient resources, he regrets that he did not receive a higher number of submissions, which would have allowed him to provide more examples of good practices that countries could adapt and use in their particular circumstances.

20. In its submission, the Government of the Plurinational State of Bolivia reported that article 306 of its Constitution established that the State would ensure development through the equitable redistribution of economic surpluses in social, health, education and cultural policies. Article 316 provided that the State was to promote policies for the equitable distribution of the country's wealth and economic resources with the aim of preventing inequality and social and economic exclusion and eradicating poverty in its many dimensions.

21. In 2015, the Plurinational State of Bolivia launched its Patriotic Agenda 2025, the country's general plan of economic and social development. The Economic and Social Development Plan 2016–2020 facilitated the application of the Patriotic Agenda, and provided for the coordination of private actors, communities, social cooperatives and social organizations, including organizations of native indigenous campesino nations and peoples, and intercultural and Afro-Bolivian communities. The Economic and Social Development Plan also included a comprehensive planning approach with regard to cross-cutting areas such as gender, ageing and equal opportunities and respect for human, economic, social and cultural rights.

22. Law No. 777 on the State comprehensive planning system called for the implementation of short-, medium- and long-term planning with an integrated focus, and with the participation of and in coordination with social actors. The Law outlined the methodological and technical guidelines for sectoral, territorial and institutional planning, and established mechanisms for participation in and social oversight of the development of planning processes. That resulted in the management of investment according to the identified priorities. Law No. 341 on social participation and oversight was aimed at consolidating social participation and oversight as a cross-cutting and continuous element of public management in the planning, monitoring and evaluation of public policies, State actions, and services provided by private companies.

23. The Plurinational State of Bolivia demonstrated political commitment to social and economic inclusion through various social protection programmes. Such programmes

[6] Submissions will be available at www.ohchr.org/EN/Issues/Development/SRDevelopment/Pages/SRDevelopmentIndex.aspx.

included a conditional cash transfer programme for encouraging students to stay in school; a conditional cash transfer system for pregnant women and children under 2 years of age, in conjunction with regular health checks by the public health service; a payment programme for people aged 60 and over to reduce their risk of falling into poverty; and monetary aid for people with disabilities.

24. Regarding transparency, article 21 of the Constitution provided that everyone had the right to have access to information, and through article 106, the State guaranteed the rights to communication and the right to information. Article 242 referred to the role participation and social oversight played in supporting transparent management of information and use of resources in all areas of public management. The Constitution protected the right to the unrestricted access to information from public entities, and empowered social organizations and civil society to participate and exercise social oversight, both in the formulation of plans and in the monitoring of the results achieved.

25. The Ministry of Economic Affairs and Public Finance had worked on South-South cooperation and triangular cooperation, both technically and scientifically, through the exchange of experiences, knowledge and technology.

26. In its submission, the Government of Burundi described the National Development Plan of Burundi for 2018–2027, in accordance with which it undertook policy evaluations, provided for tax incentives and conducted impact assessments on human rights. The Plan also included goals for employment, decent salaries and better working conditions. Several plans were aligned with and supported the implementation of the National Development Plan, including the Public Investment Plan, community development plans and the strategic sectors plans. The National Financial Inclusion Strategy for 2015–2020 was under revision. The Government disseminated information through workshops that were held in all of the country’s provinces after the adoption of new financing laws.

27. The Government had implemented Law No. 1/19 on the general regime for public-private partnership contracts, which guaranteed transparency for the process of signing public-private partnership contracts, and created platforms to attract investors through the National Development Plan. The government agency responsible for public-private partnerships had established a website where civil society could access information on past and ongoing public-private partnership projects.

28. Considering the potential disadvantages of austerity programmes and public-private partnerships, the Government had taken measures to widen its tax base and increase internal resources by revising income and value-added taxes (VATs), and by addressing tax avoidance, among other measures. Information on the imposition of taxes, tax incentives and the income generated by large actors was available online.

29. With respect to distributing revenues to the public, the Government listed projects aimed at low-income populations, such as the establishment of a bank for young people and plans to establish a bank for women. The Government also allocated money to family farming in villages and sponsored entrepreneurship courses for potential business owners.

30. The Government of Chile focused its submission on State measures for distributing benefits and social protection. It listed many social protection programmes and related statistics. For example, the Government submitted that as at December 2018, 289 programmes and initiatives out of a total of 448 had reported measures and/or mechanisms for the participation of beneficiaries.

31. Chile incorporated a rights-based approach into the design and implementation of State social programmes through the reporting of information and data. Namely, social programmes must provide information on their human rights-related measures and background information on gender, indigenous peoples, territorial perspective, the situation of persons with disabilities, migration and the situation of children and adolescents.

32. The Government also stated that it requested information on how social programmes contributed to alleviating multidimensional poverty. The measurement of such poverty was based on indicators relating to education, health, employment and social security, housing and the environment, and networks and social cohesion. In 2018, only 212 out of 448 social

programmes had been identified as contributing to the reduction of some of the causes of multidimensional poverty.

33. Chile promoted the maintenance of, and improvement and increases in, social protection minimums, even in times of crisis. The Government sought to ensure access to social benefits by the most vulnerable populations, and provided the example of the Chile Grows with You system of comprehensive child protection. The system's mission was to assist, protect and support children and families, with focused support for vulnerable persons. Another programme, Chile Cares, was implemented through the Local Support and Care Network, which was part of a strategy to protect and provide comprehensive care for dependent persons, including persons who were over 60 years of age and in a state of dependency, and persons of any age with disabilities. The network's actions incorporated the unpaid caregivers of dependent persons and/or the support networks for those persons in order to improve the quality of life of the household units.

34. In the area of cooperation, the Government of Chile highlighted its joint cooperation funds, which had diversified the country's South-South and triangular cooperation. Those included the Chile Fund against Hunger and Poverty, which was a partnership with the United Nations Development Programme that was aligned with the 2030 Agenda. It engaged Chilean civil society organizations through transparent calls for proposals and introductory workshops.

35. The Government of Colombia referred to its National Development Plan for 2018–2022, entitled "Pact for Colombia, pact for equity". The National Council for Economic and Social Policy had produced a strategy for the implementation of the Sustainable Development Goals in Colombia, providing guidance through: the Monitoring and Reporting System; a statistical strengthening plan; a territorial strategy to support local governments in the implementation of development objectives; and guidelines for promoting dialogue with non-governmental actors.

36. The Government described the private sector as a great ally for financing and executing sustainable public infrastructure projects through public-private partnerships. The Government reported having promoted the participation of the private sector in projects related to water and basic sanitation, expanding educational infrastructure, the construction of hospitals and urgent care centres and light-emitting diode (LED) lighting projects.

37. The Government emphasized its efforts to support local-level development. For instance, its territorial planning kit provided local authorities with methodologies, formats and practical instruments to improve the process of formulating development plans. The kit had been redesigned in 2019 and the updated version allowed for the online formulation of all of the country's territorial development plans. Educational tools were also available, and technical assistance, in particular from the departmental level to municipalities, was facilitated.

38. The National Development Plan contained a pact for equity for women, including eight cross-cutting policies aligned with the Sustainable Development Goals. With the support of the Inter-American Development Bank, the World Economic Forum and private sector actors, the Government had launched an initiative addressing gender parity in the world of work in November 2019. The initiative sought to identify and reduce the barriers that impeded women from gaining access to labour opportunities and equal conditions.

39. The Government emphasized that it was necessary to strengthen international cooperation on financing for development, and stressed that official development assistance (ODA) remained essential for middle-income countries such as Colombia. The Government identified the mobilization of financial and in-kind resources as an area presenting major problems, and called for ensuring that science, innovation, knowledge and technology were applied in the service of people and the planet.

40. The Government of Cuba reported that the Economic and Social Policy Guidelines for the Party and the Revolution for 2016–2021 guided the country's development strategy and mandated that companies and cooperatives must pay a territorial tax to the municipal administration councils where they operated, in order to contribute to local development and to finance current and capital expenses.

41. The Constitution mandated municipal assemblies to, among other things, convene public consultations on matters of local interest; guarantee that due attention was paid to proposals, complaints and requests of the population; guarantee the right of the municipality's population to propose to the assembly the analysis of issues within its competence; and maintain an adequate level of information for the population regarding decisions of general interest adopted by government bodies. The National Assembly had adopted a law on the organization and functioning of municipal assemblies and people's councils, which reinforced the autonomy of municipalities and the capacity of individuals and communities to participate in local development.

42. For 2020, the State had set out to develop a more flexible and participatory plan for the economy by identifying the strengths of each territory and enterprise to increase productivity. The Government listed as priorities increasing and diversifying exports, improving efficiency in the investment process, increasing the participation of national industry, strengthening local development projects and promoting links among all economic actors, including those in State and non-State sectors and foreign investors. To increase foreign direct investment in the country's development process, a one-stop shop for foreign investment had been launched in January 2020. The purpose of the one-stop shop was to facilitate processes for investors and help speed up procedures for the approval of new businesses. The one-stop shop was meant to consolidate the processes for exporting goods and services and to eliminate internal obstacles and excessive bureaucracy in trade.

43. Cuba called attention to its status as a developing country and the negative effects on development caused by the blockade imposed by the United States of America. The Government also called attention to developed countries' failure to meet their commitment to provide 0.7 per cent of their gross domestic product for ODA. Persistent inequality within and between countries violated the right to development, the Government underscored.

44. In its submission, the Government of Cyprus reported that when evaluating tax policies and fiscal incentives, it carried out public consultations and recorded the effects on gross domestic product, employment and budgets. Cyprus also promoted transparency by publicizing data on ministry and department websites.[7]

45. The Government of Ecuador reported that under the Constitution, the State had the duty to plan national development, eradicate poverty and promote sustainable development and the equitable redistribution of resources and wealth. The Constitution also determined the persons who were to receive priority and specialized attention: elderly persons; children and adolescents; pregnant women; persons with disabilities; persons deprived of their liberty; those suffering from catastrophic or highly complex diseases; persons at risk; and victims of domestic and sexual violence, child abuse and natural or human-made disasters. The State must provide special protection to persons who are doubly vulnerable.

46. The National Development Plan for 2017–2021, entitled "A lifetime", was organized into three programmatic areas and nine national development goals, based on environmental sustainability and territorial development. The first area, "Rights for all throughout a lifetime", set out the protection of vulnerable persons, affirmed multiculturalism and interculturality, was aimed at combating poverty in all its dimensions and all types of discrimination and violence, and guaranteed the rights of nature. The second area, "Economy at the service of society", was aimed at consolidating the social and solidarity-based economic system, expanding productivity and competitiveness, generating decent employment, defending dollarization and equitably redistributing wealth. It also was aimed at guaranteeing food sovereignty and comprehensive rural development. The third area, "More society, a better State", promoted citizen participation and the construction of a new social ethic based on transparency and solidarity, a State with quality services, open to permanent social dialogue, as well as sovereignty and peace.

47. The National Development Plan determined the criteria for allocating public resources and investment, which must be consistent with the sustainable, efficient and transparent management of public finances. The allocation of resources must be aligned with national objectives and guarantee the sustainability of the services provided by the State. The criteria

[7] No further details regarding the modalities of the consultations were provided.

were, among others, poverty reduction, employment generation, generation of complementarity with private initiatives, increases in systemic productivity and increases in the use of domestic inputs.

48. The Government identified the challenge of territorial inequities and the need for increasing local development capacities. Territorial development was thus a cross-cutting pillar within the framework of the National Development Plan that provided for a systemic approach to the design and implementation of public policies and addressed the context and needs of each territory.

49. Ecuador had recently reformed its tax system, with the enactment of the law on tax simplification and progressivity in December 2019. Examples of changes included a new scheme for the automatic refund of VAT for senior citizens and persons with disabilities in transactions made using electronic receipts. The law also applied a VAT rate of 0 per cent to medical supplies so that people with diabetes and heart disease could acquire such supplies at a lower cost.

50. Investment companies that sought tax incentives or tariff reductions must meet requirements, such as the generation of new jobs. Companies that were legally obligated to keep accounting records could not distribute profits to their shareholders unless they had paid their workers a living wage. The Government indicated that it had enacted measures to attract investment, including a series of temporary tax incentives and an arbitration law. It had also worked with the World Bank Group and the International Monetary Fund on facilitating private sector investment and accessing credit.

51. In the area of access to information, the classifier to guide equality-policy expenditure, introduced by the Ministry of Economic Affairs and Finance, was a budgetary tool to ensure the transparency of public resources that were allocated to reduce socioeconomic and equality gaps. The use of the classifier was mandatory, and institutions were gradually growing accustomed to its use. The statistical information reported through the classifier was updated daily and was publicly accessible through the Ministry’s website.

52. The Government of Italy conveyed information about updates to how the country measured poverty, inequality and social inclusion. In January 2019, Decree Law No. 4/2019 had established a basic income, the new minimum income measure in Italy. The law identified appropriate models of intervention for the most vulnerable populations and was aimed at ensuring economic support and social inclusion for the marginalized.

53. In November 2015, through inter-institutional cooperation with non-governmental organizations and relevant stakeholders, the Government had published guidelines on combating serious marginalization. The guidelines, which were binding for institutions and stakeholders using public or European Union funding, encouraged the strengthening of social and health services related to the prevention of homelessness.

54. The Ministry of Labour and Social Policy, the ministry responsible for education and the Istituto degli Innocenti promoted a project for the inclusion and integration of Roma, gypsies and Travellers, which was based on the national strategy for the inclusion of those groups for the period 2012–2020. The project was aimed at developing inclusion processes for Roma, gypsy and Traveller children, to reduce the discrimination they faced and to strengthen local communities by creating integration among schools, Roma, gypsy and Traveller families and children, and social services.

55. The Government of Mauritania described the Strategy for Accelerated Growth and Shared Prosperity for implementing policies for development during the period 2016–2030. Various stakeholders had participated in the development of the Strategy, including sectoral development committees at the ministry level, administration representatives, national and local representatives, civil society, private sector actors, academics, young people and women, expatriate Mauritanians and technical and financial partners.

56. To reduce the effects of extreme poverty and inequality, the Government had also adopted the National Social Protection Strategy, which was aimed at reducing the vulnerability of disadvantaged groups and helping them handle risks. The Government stated that overwhelming need was a challenge, in particular for the national social security fund and the national health insurance fund. The Government would soon establish a social

registry that would be based on different social protection interventions for the poorest of the population.

57. Mauritania had taken measures to ensure that rights holders had access to reliable and understandable information through the publication of data on official ministry websites, by reinforcing the national statistics system and by improving reporting on Sustainable Development Goals indicators that were related to development, while taking into account the most vulnerable populations. The action plan of the Strategy for Accelerated Growth and Shared Prosperity was evaluated every five years to measure its impact and its effects on human rights, job creation and working conditions. Evaluation reports on government policies and programmes were produced annually, in conjunction with civil society, technical and financial partners and ministerial officials. The reports were available online.

58. The Government of Mauritius reported that every year, the Ministry of Finance, Economic Planning and Development invited various groups to contribute their ideas on development policies and programmes in the context of annual budget preparations. It then conducted meetings with the private sector, non-governmental organizations and citizens to discuss the submitted proposals, which were included in budget documents. The Government’s fiscal strategy encompassed several tax measures that were aimed at keeping the tax system equitable and improving the use of technology and data to enhance compliance. When drafting new bills or amendments to existing acts, each Government ministry was required to consult rights holders through meetings or workshops. Sometimes draft bills were posted on ministry websites for public comment.

59. Most major government infrastructure projects were implemented through public-private partnerships, and environmental impact assessments were required for some. Government guidelines on such assessments required consultations with civil society and/or members of the public who were likely to be affected by the project proposals. A list of assessments was available on the website of the Ministry of Environment, Solid Waste Management and Climate Change.

60. Since 2009, Mauritius had required companies to devote 2 per cent of their profits to corporate social responsibility activities, with a view to promoting sustainable development. A corporate social responsibility fund engaged with non-governmental organizations to support poor families, persons with disabilities and children from vulnerable families.

61. The Government also highlighted its coordination with African regional economic communities on policies and planning related to development financing. The Ministry of Foreign Affairs, Regional Integration and International Trade facilitated consultations with other ministries, the private sector and non-governmental organizations on regional and international cooperation issues.

62. The Government of Mexico highlighted the preparation of its National Development Plan 2019–2024, wherein the Government had held 84 consultation forums across the states of Mexico and in Mexican consulates in the United States of America. Civil society, indigenous communities, specialists and public servants took part in the forums. The country’s planning law regulated the participation and consultation of various social groups so that they could express their opinions on the planning, updating and execution of the National Development Plan and the programmes that were derived from it, such as the National Development Financing Programme. The Government also reported that pursuant to article 2 of the Constitution, the State was obligated to consult with indigenous peoples and communities on any decision that might affect their legal sphere, in a way that placed those groups at the centre of government decision-making.

63. The Ministry of the Economy trust fund for the national programme on financing for microentrepreneurs had established the permanent participation of a representative of civil society with the right to speak and vote on the technical committee, the highest body of the trust fund. Social programmes also had specific mechanisms for community participation and social monitoring.

64. At the territorial level, the Government’s development and welfare programmes included 13,000 integrated development centres, through which the federal Government coordinated and informed the public about public programmes. The centres would serve

180,000 communities throughout the country, including in rural areas. From the centres, public servants visited localities and held assemblies for community planning. The objectives of the citizens' assemblies were to promote informed, organized and democratic community participation in order to carry out participatory diagnoses and to solve priority problems in the locality.

65. In terms of executing social welfare policy, the Government sought to generate interlinked development processes. The Ministry of Welfare's programmes were based on the following actions: prioritizing attention to people living in areas with a majority indigenous and Afro-Mexican population, areas with a high or very high degree of marginalization and areas with high levels of violence; providing economic and in-kind support directly without intermediaries; facilitating the integration of a single census of beneficiaries for the implementation of cross-cutting actions by various agencies; identifying the beneficiaries and geographic location of the population's needs; and ensuring that every programme had specific mechanisms for community participation and social oversight.

66. The purpose of the Citizen's Budget initiative was to inform citizens in a clear and transparent manner how public resources were used. The Citizen's Budget explained in a simple way how the federal budget was prepared. In 2020, a version in Nahuatl had been included, for the first time, as it was the most widely spoken indigenous language in the country. Also in 2020, an English version had been presented to promote feedback on Mexican initiatives at the international level. Mexico was the first country to join the international standard for open budget data, which was promoted by the Global Initiative for Fiscal Transparency in collaboration with the World Bank's BOOST initiative.

67. The Financial Intelligence Unit of Mexico had taken measures to trace and identify illicit assets, and to intensify international cooperation in that regard. The Unit was a member of the Egmont Group, which shared information with other countries' financial intelligence units on the prevention, investigation and combating of money-laundering. The Government had also signed 43 memorandums of understanding with other countries on financial intelligence exchange related to money-laundering and financing of terrorism.

68. The Government of the Philippines provided information regarding its national-level practices, including regarding its National Strategy for Financial Inclusion, the processes related to preparing its long-term development policies (AmBisyon Natin 2040), public participation in the budget process, and work on ensuring fiscal transparency.

69. The Government of the Russian Federation reported that when financing development projects, it was guided by the priority needs of the partner countries. That approach was based on the concept note on the State policy of the Russian Federation on international development assistance, which had been confirmed through a Presidential Decree in 2014. Development assistance was provided only upon explicit request from a State. Whether a respective State had a programme on combating poverty and a strategy for sustainable socioeconomic development was taken into consideration.

70. The Russian Federation had adopted the principles of the Paris Declaration on Aid Effectiveness: Ownership, Harmonisation, Alignment, Results and Mutual Accountability. Development projects were based on the national development strategies of the receiving Governments and the evaluation of their effectiveness was conducted together with the State authorities, based on mutually agreed criteria. The Russian Federation aimed to provide equal access for all developing countries to information regarding development assistance opportunities. Information regarding competitions for projects that were financed by the contributions from the Russian Federation to United Nations operative funds and programmes was published in open sources.

71. The Russian Federation paid special attention to the harmonization of financing for development approaches. For example, in cooperation with the United Nations Development Programme it had financed a number of projects in the Commonwealth of Independent States. A project on strengthening the potential for stable financial development in the Commonwealth region for the period 2017–2019 was aimed at providing technical cooperation to the Governments of Armenia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan for receiving access to new sources of funding. Another project in Armenia, for the period

2018–2020, sought to facilitate the transition from financing based on development assistance to other sources of development financing.

72. Another important aspect was the participation of the Russian Federation in debt relief and restructuring for least developed countries through the Paris Club of Industrial Country Creditors. The share of the Russian Federation amounted to $51 billion, of $583 billion regulated by the Paris Club since its establishment.

73. The Russian Federation had ratified the Convention on Mutual Administrative Assistance in Tax Matters. In 2016, it had signed the multilateral competent authority agreement on automatic exchange of financial account information. In 2019, it had ratified the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting.

74. Finnfund is a Helsinki-based development financier owned by the Finnish State and run by the Ministry for Foreign Affairs of Finland. Finnfund reported that it invested in private sector businesses that operated in developing countries, and provided expertise on how to invest in developing markets. Finnfund expected projects to be profitable and put special emphasis on sectors that facilitated sustainable development, such as clean energy, sustainable forestry, sustainable agriculture and financial services, although the fund invested in other sectors as well.

75. Finnfund reported that the planning of financing interventions was not done at Finnfund. Rather, the fund encouraged its investee or borrowing companies to support and contribute to local development projects. Finnfund also expected its clients to provide information to local communities and other relevant stakeholders, to actively engage with them at different stages of a project and to make adequate grievance mechanisms available to stakeholders.

76. The fund was actively working to integrate a human rights lens into its investment process and was promoting gender equality through the financing of gender-positive projects and companies. Finnfund had published a human rights policy statement and a gender statement. It also had a tax policy that set out principles for responsible taxpaying and published the taxes paid by its investee and borrowing companies at a country level.

77. Before approving an investment, Finnfund assessed its potential impact on income distribution and inclusiveness, and the fund strove to mitigate risks to the most vulnerable segments of the population. Where possible, the fund encouraged companies to engage in benefit-sharing schemes.

78. The Associazione Comunità Papa Giovanni XXIII submitted information about the Rainbow Project, a participatory microfinance scheme in Zambia. The Project coordinated local community-based organizations to support vulnerable children and AIDS orphans. The Associazione Comunità Papa Giovanni XXIII highlighted the Project's twin-track approach. Small loans in the first track consisted of agricultural inputs, such as seeds, fertilizer and tools, and families were provided with technical training. The recipients then repaid the loan with in-kind contributions, such as a portion of the crops that they had cultivated. The second track consisted of food, education and health-care assistance for families. In more urban settings, the loans supported small commercial initiatives.

79. The governance structure of the Project ensured that all relevant decisions were taken with participatory mechanisms involving beneficiaries: individuals and communities. They were involved in needs assessments, planning, implementation and evaluation. The twin-track approach was based on needs assessments performed at the community level, and beneficiary participation allowed for the better tailoring of programmes to the real needs of the people.

III. Challenges in implementing the right to development in financing for development

80. The Special Rapporteur welcomes the information received about financing for development practices at the national level. The examples cited above provide a selection of

good practices that can be used to implement the underlying principles of the Addis Ababa Action Agenda, in line with the right to development. Below, the Special Rapporteur reviews a number of challenges that he identified in the process of consultations preceding the preparation of the present report.

A. Resource mobilization

81. Even before the COVID-19 pandemic, States faced significant challenges in mobilizing resources to finance development and implement the right to development. State submissions for the present report underscored these challenges, with countries detailing their varied strategies for increasing revenues, while also highlighting the need for substantial external support (see paras. 28, 39 and 42 above). The Special Rapporteur recalls that under core human rights treaties, States are obligated to mobilize the maximum available resources for the progressive realization of human rights, including the right to development.[8] The Declaration on the Right to Development also specifies, in its article 3 (3), that States have the duty to cooperate with each other in ensuring development and eliminating obstacles to development. In paragraph 22 of the Addis Ababa Action Agenda, States pledged to strengthen international cooperation to support efforts to build capacity in developing countries. This aspect of international cooperation among States is critical for implementing the right to development in development financing, because the submissions illustrate that some countries currently do not have sufficient domestic revenues, or cannot increase revenues quickly enough, to meet Sustainable Development Goal targets.[9]

82. Therefore, ODA remains critical, and the Special Rapporteur recalls the commitments that contributor States have made to supporting developing countries. In its submission, one State specifically invoked the pledge of contributor States to provide 0.7 per cent of their gross national product in ODA (see para. 43 above), a target set in General Assembly resolution 2626 (XXV). Despite these commitments, contributions have declined over the past few years, and they will likely decrease further in the aftermath of the COVID-19 crisis. The Secretary-General reported that net ODA flows had totalled $149 billion in 2018, down 2.7 per cent in real terms from 2017, with a declining share going to the neediest countries.[10] For example, less than 10 per cent of European Union aid reaches the world's poorest countries.[11] Research has also shown that within some States, less financing goes to areas with the worst health and education outcomes.[12] Thus, the Special Rapporteur expresses alarm not only at the declining levels of assistance, but also at the lack of targeting of aid.

83. Nonetheless, submissions for the present report show that some States have taken up the challenge of targeting resources within their own borders. Recognizing territorial inequalities, States shared measures that they had implemented to localize development financing and planning (see paras. 37, 48 and 60 above). One State reported establishing development centres throughout its territories (see para. 64 above), and another State provided technical platforms specifically geared towards helping municipalities learn about and design their own development plans (see para. 37 above). These efforts have the potential to increase the efficacy of development financing, as they could allow local governments and communities to work together to direct resources to where they are most needed. The Special

8 See International Covenant on Economic, Social and Cultural Rights, art. 2 (1); Committee on Economic, Social and Cultural Rights, general comment No. 3 (1990) on the nature of States parties' obligations; Convention on the Rights of the Child, art. 4; and Convention on the Rights of Persons with Disabilities, art. 4 (2).

9 See also ActionAid, *Who Cares for the Future: Finance Gender Responsive Public Services!* (April 2020), pp. 72–73, and *Report of the Secretary-General on SDG Progress 2019, Special Edition* (United Nations publication, Sales No. E.19.I.6).

10 *Report of the Secretary-General on SDG Progress*, p. 29.

11 Lucy Lamble and Karen McVeigh, "Less than 10% of EU aid reaches world's poorest countries, study finds", *The Guardian*, 21 November 2019.

12 Amy Dodd, Marcus Manuel and Zach Christensen, *Failing to Reach the Poorest: Subnational Financing Inequalities and Health and Education Outcomes* (Overseas Development Institute and Development Initiatives, September 2019).

Rapporteur encourages States and development finance institutions to take up these good practices, and to explore other ways to address regional inequalities.

84. The Special Rapporteur notes the importance of improving disaggregated data collection in this area. Chapter III of the Addis Ababa Action Agenda is dedicated to the need for data, monitoring and follow-up, and some States mentioned in their submissions publishing data on government websites (see paras. 44 and 57 above). But State reporting to the high-level political forum on sustainable development has demonstrated that "most countries are failing to adequately track progress" on the Sustainable Development Goals, with some States providing national-level data but no disaggregation.[13] For States to uphold their 2030 Agenda pledge to leave no one behind, they require data that is disaggregated by, inter alia, gender, age, disability, income, race and ethnicity, and other indicators to target development financing to those who are most in need. In this respect, the Special Rapporteur commends one African State's practice of reinforcing its national statistics system and improving its reporting on the Sustainable Development Goal indicators (see para. 57 above).

85. State submissions also reflect the trend of seeking private finance to bolster public financing for development (see paras. 27 and 50 above). In this vein, the Special Rapporteur recalls that States have a duty to ensure that private actors that are involved in financing for development, such as banks and investors, adhere to their responsibilities under the Guiding Principle on Business and Human Rights. Based on the information received, the Special Rapporteur is concerned by the trend of privatization, or the "financialization", of services, that is, the turning of social services into profit-generating opportunities. This often takes place in the context of public-private partnerships.

86. While development finance institutions have advised States to privatize the provision of services such as health care and education, States have the primary responsibility for social services under international human rights law (see A/HRC/42/38). Moreover, civil society has raised concerns that these partnerships can result in human rights violations, and the poor have disproportionately borne the associated costs. In one Southeast Asian country that had privatized water delivery services, foreign water companies charged residents some of the highest prices in the region, even though they received contaminated water that made them ill.[14] Against this background, robust oversight measures are critical for preventing and addressing abuses where private actors are involved.

87. Regarding good practices, the Special Rapporteur welcomes the submission in which a State had recognized the potential disadvantages of public-private partnerships and had described its efforts to use alternatives to supplement domestic revenues, including by instituting tax reforms (see para. 28 above). The Special Rapporteur encourages this effort, and the exploration of other ways to strengthen existing public systems.

B. Tax policies

88. The Special Rapporteur highlights tax policies in the context of financing for development because of the emphasis that development finance institutions have placed on them, and the opportunities presented for integrating the right to development. Due to relatively lower taxation rates among developing States and the above-mentioned declining ODA rates, development finance institutions have stressed tax collection as a focus for increasing domestic resource mobilization. Data on Sustainable Development Goals progress shows that the overall rate of taxation among developing States was 18 per cent of gross domestic product, as compared with 23 per cent among the Group of 20 and other developed States in 2018.[15] One civil society organization reported that on the advice of development finance institutions, States regularly employed regressive tax measures, such as incentives

[13] Livia Bizikova, "Disaggregated data is essential to leave no one behind" (International Institute for Sustainable Development, 2017).

[14] Asia Pacific Forum on Women, Law and Development, *Promoting and Fulfilling the Right to Development*: *Case Studies from Asia Pacific* (2019).

[15] *Report of the Secretary-General on Sustainable Development Goal Progress*, p. 29.

for businesses and high consumption taxes, that systematically discriminated against the poor.[16]

89. Therefore, as States reform their tax systems to try to increase their domestic revenues for development financing, the Special Rapporteur calls attention to the potential to use progressive tax systems, or systems that tax the wealthy at higher rates than the poor, as tools for advancing human rights and reducing inequalities (see A/HRC/26/28). The Addis Ababa Action Agenda contains, in its paragraph 22, a commitment to enhancing revenue administration through modernized, progressive tax systems, and in accordance with article 3 (1) of the Declaration on the Right to Development, States have the primary responsibility for the creation of national and international conditions favourable to the realization of the right to development.

90. In recent years, developing countries around the world have actually reduced income taxes on the wealthiest groups, while raising consumption taxes, such as VAT.[17] In Latin America, research links high levels of inequality to the fact that the average corporate tax rate in the region fell from 43.9 per cent in 1985 to 26.8 per cent in 2015. The average general VAT rate in the region rose from 10.6 per cent to 15.2 per cent during the same period.[18] Proposed solutions for making tax systems more progressive relate to increasing the proportion of taxes that the private sector and wealthy groups pay through higher corporate tax rates, property tax rates, wealth taxes and financial transaction taxes, among others. The Special Rapporteur notes that civil society has called for strengthening tax administration services and for the formation of dedicated tax administration units for enforcing taxes on the wealthy.[19]

91. Regarding consumption taxes such as VAT, the rates unduly burden the incomes of women and people living in poverty because they pay higher proportions of their income on these taxes than the rich. Suggestions from civil society include exempting from such taxes basic foods, household fuel, feminine products, medicines and other goods that people living in poverty require, which could help to address the disproportionate impact.[20] The example of a Latin American country applying a 0 per cent VAT rate to medical supplies is a good practice in this area (see para. 49 above).

92. In this context, the Special Rapporteur reviewed the information received about tax holidays and special provisions that are meant to attract foreign investment (see paras. 44 and 50 above). While he understands the importance of attracting foreign investment for the development of domestic economies, he is concerned that in some cases such special provisions result in disproportionately low fiscal revenues, which hamper the ability of States to budget for social protection networks. The issue is particularly acute in developing countries, where income and property taxes do not generate considerable revenue.

C. Meaningful community participation in financing for development

93. With respect to how financing for development, including resource mobilization and tax policies, translates to the experience of individuals and communities, the lack of meaningful participation in decision-making processes represents a significant challenge for implementing the right to development. The Special Rapporteur appreciates the above information regarding processes for consulting communities (see, for example, paras. 30, 58, 59 and 75 above). Yet he remains concerned that participation has not been budgeted for and

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[16] Center for Economic and Social Rights, submission to the Special Rapporteur.

[17] Isabel Ortiz, Matthew Cummins and Kalaivani Karunanethy, "Fiscal space for social protection and the SDGs: options to expand social investments in 187 countries", Extension of Social Security Working Paper No. 48 (International Labour Organization, 2017), pp. 9–11.

[18] Initiative for human rights principles and guidelines in fiscal policy in Latin America, "Commentaries to the OECD call for public input on the tax challenges of digitalization, and possible solutions" (6 March 2019). Available at www.cesr.org/sites/default/files/OECD%20March%202019%20-%20EN.pdf.

[19] ActionAid, *Who Cares for the Future*, pp. 80–81.

[20] Ibid., p. 86.

institutionalized throughout all stages of development financing, that is, during the policy, planning, implementation, monitoring and evaluation stages.

94. At the policy level, the Special Rapporteur regrets the lack of information received about involving communities in formulating development financing policy. One civil society organization from Latin America reported that while it was consulted about some national development plans, Governments treated discussions about how to finance those plans as separate processes that did not involve civil society.[21]

95. At the project level, the Special Rapporteur received information indicating that communities are not being involved as decision makers from the beginning of discussions about whether to finance development projects. Rather, development banks, Governments and companies often propose projects without the input of local communities. As a result, communities learn about development projects after they have already begun.[22] For example, in one case, a community in an East African country learned that they were being evicted for a road expansion project when the demolition of their neighbourhood began around them – before eviction notices were sent or relocation sites were offered.[23]

96. In the absence of notification from Governments and development finance institutions, how communities and civil society access information about financing for development to facilitate meaningful participation presents another set of challenges. For example, a civil society organization reported that it could be difficult to find out which investors, private or public, were financing a particular project.[24] This can be due to the use of financial intermediaries, or to the lack of contact information provided at the site of a proposed project. In this context, the Special Rapporteur encourages the above-mentioned good practice of creating a website listing all public-private partnerships in one country (see para. 27 above), although this would not cover projects that were exclusively private or public.

97. One East African State reported that it held informational workshops about new finance legislation in each of the country's provinces (see para. 26 above); this model could be adapted to conducting local workshops on potential development projects. In combination with the dissemination of information that is comprehensible to the population at large, this measure could help to address another concern that was raised: the technical nature of development finance information can make it inaccessible.[25] Civil society has also reported the issue of a lack of translation into minority and/or indigenous languages. In the above-mentioned road expansion case, the development finance institution only announced that it was going to translate some projects documents into one of the local languages three years after evictions began.[26]

98. The Special Rapporteur is also concerned by the frequent exclusion of vulnerable populations, including persons with disabilities, women, children and young people, minorities, indigenous peoples, people of African descent and members of other disempowered or marginalized groups. He received reports that development finance institutions neglected to consult vulnerable groups, despite the increased risk of harm that those groups faced from development projects. For instance, civil society organizations have reported cases where development projects had resulted in young girls suffering sexual abuse and dropping out of school.[27]

99. In reaction to this lack of notification or consultation with communities and vulnerable groups, civil society organizations have set up an early warning system to alert communities

[21] Latin American Network on Debt and Development, information provided on 29 May 2020.

[22] Counter Balance, "Development in reverse – episode 3: the Nepal Marsygandi Corridor" (28 February 2019), and Accountability Counsel, submission to the Special Rapporteur.

[23] Counter Balance, "Development in reverse: episode 2 – the Mombasa road" (21 February 2019).

[24] Bank Information Center, information provided on 6 May 2020.

[25] Latin American Network on Debt and Development, information provided on 29 May 2020.

[26] Counter Balance, "Development in reverse: episode 2".

[27] Bank Information Center, "Uganda Transport Sector Development Project", available at https://bankinformationcenter.org/en-us/project/uganda-transport-sector-development-project-tsdp/, and Accountability Counsel, information provided on 8 May 2020.

about development projects that could affect them.[28] The system provides information about projects and resources for supporting community responses. This civil society initiative has thereby taken up the obligations of development financiers, but communities remain at a disadvantage due to their exclusion from decision-making processes. Even after communities and civil society learn about a project, it can take years for a Government or development finance institution to respond to concerns or remedy harms that have already occurred. In one Caribbean case, a community fought for 10 years until they were able to file a complaint against the development finance institution funding the project.[29]

100. Where development financing creates harms instead of benefits, States are responsible for ensuring that human rights abuses are prosecuted, including when the violators are private actors or international financial institutions.[30] While some development finance institutions have established accountability offices that can receive complaints about projects, civil society has identified accountability gaps, especially among some newer development finance institutions in Asia that have not established complaints mechanisms and/or attendant policies on access to remedy.[31]

101. Although these challenges are significant, the Special Rapporteur received information demonstrating that empowering communities and vulnerable groups to participate in decision-making in the area of development finance presents advantages for all involved stakeholders. One advantage is that communities can provide valuable traditional knowledge and information about local circumstances, which can cause projects to enjoy much higher levels of public legitimacy. Another advantage is that when communities are engaged throughout the implementation, monitoring and evaluation stages, they can alert financiers to issues that arise during the projects and to areas where projects could be improved.[32]

IV. Conclusions and recommendations

102. **To fulfil the right to development in the area of financing for development, stakeholders must work together to take on the challenges of mobilizing sufficient resources and directing them to those most in need. By increasing assistance to developing countries and instituting progressive tax systems, States can uphold their obligations to maximize available resources for development. In cooperation with local governments and civil society, States and development finance institutions can centre individuals and communities in decision-making processes about financing for development, to the advantage of all stakeholders. To practically implement the right to development in these areas, the Special Rapporteur recommends the measures listed below.**

A. Resource mobilization

103. **The Special Rapporteur urges contributor States to uphold their commitments to providing ODA, and recommends they direct aid to those most in need.**

104. **Within countries, Governments should allocate the most resources to the regions that are the poorest, and to vulnerable populations, including persons with disabilities, women, children and young people, minorities, indigenous peoples, people of African descent and members of other disempowered or marginalized groups.**

105. **To address regional inequalities and better facilitate participation at the community level, States and development finance institutions should localize**

28 See https://ews.rightsindevelopment.org/.
29 Accountability Counsel, information provided on 8 May 2020.
30 Guiding Principles on Business and Human Rights, principle 1. See also E/C.12/1/Add.68, para. 31.
31 Accountability Counsel, information provided on 8 May 2020.
32 Ibid.

development financing by establishing local development centres and by providing technical support platforms for municipalities.

106. **The Special Rapporteur recommends that States improve their disaggregated data collection to ensure that financing for development is targeted to those most in need.**

107. **States should ensure that private actors that are involved in financing for development, such as banks and investors, adhere to their responsibilities under the Guiding Principle on Business and Human Rights by providing robust government oversight and by prosecuting human rights abuses.**

B. Tax policies

108. **The Special Rapporteur recommends that States establish progressive tax systems that will serve as tools for fighting economic inequality. In reforming their tax systems, States should reduce VAT rates and expand the lists of items that are exempted so that the goods that people living in poverty require remain affordable.**

109. **States should terminate tax holidays and special provisions for foreign investors. Governments should bolster tax administrations and create specialized units for enforcing taxes on the wealthy and corporations.**

C. Meaningful community participation in financing for development

110. **The Special Rapporteur urges development finance stakeholders to budget for and establish mechanisms for placing rights holders at the centre of decision-making on financing for development. Specifically, he refers to ministries of finance, planning and development; central banks; and national development banks and funds.**

111. **As constituent members of regional and international development finance institutions such as the World Bank and the International Monetary Fund, States must also guarantee that those institutions establish procedures for the meaningful participation of rights holders.**

112. **Development finance institutions must disseminate information about potential projects as soon as is practicable to enable communities and civil society to participate in decision-making about whether projects should be funded. The information should be translated into local languages and understandable by the population at large. It should also be made available in formats accessible to persons with disabilities.**

113. **Development finance stakeholders should include people with disabilities, women, children and young people, minorities, indigenous peoples, people of African descent and members of other disempowered or marginalized groups in participation processes for financing for development so that harms can be avoided and benefits can be shared.**

114. **Upon initiating a project, development finance institutions should maintain contact with affected communities and continue to facilitate participation throughout the implementation, monitoring and evaluation stages so that communities can report any issues that might arise and how projects could be improved.**

115. **Development finance institutions should work with civil society to establish accountability mechanisms and policies for guaranteeing access to remedy in the event that harms occur.**

116. **As United Nations agencies and international organizations engage member States on financing for development, especially in the context of the Sustainable Development Goals, they should advocate for and support the meaningful participation of rights holders in decision-making processes.**

117. **Civil society should continue to advocate for and support the meaningful participation of communities in development financing processes.**

118. **Civil society should persist in holding development finance institutions accountable by informing communities about development financing that will impact them, and by assisting with access to remedy when harms occur.**