

A graphic featuring two white hands holding a globe. The globe is composed of several overlapping circles in shades of red, orange, and yellow. The background is a mix of teal and blue watercolor-like textures. The text "PRINCIPLES FOR HUMAN RIGHTS IN FISCAL POLICY" is centered over the globe in a bold, black, sans-serif font.

PRINCIPLES FOR HUMAN RIGHTS IN FISCAL POLICY

PRINCIPLES FOR HUMAN RIGHTS IN FISCAL POLICY

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States must maximize their available resources to progressively achieve the full realization of economic, social, cultural and environmental rights

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States must ensure their fiscal policy does not result in retrogression in the enjoyment of economic, social, cultural and environmental rights

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In order to guarantee human rights, states are empowered, and even obliged, to incentivize or disincentivize behaviors and correct externalities through specific fiscal policy measures

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States, and the international institutions of which they are members, must offer assistance and international cooperation in fiscal matters. They must create an enabling global governance environment with the aim of achieving the full realization of human rights

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Non-state actors as companies and their intermediaries, have human rights responsibilities in relation to their fiscal conduct

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States must prevent and adequately redress violations of human rights related to fiscal policy, whether they affect civil, political, economic, social, cultural or environmental rights

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PRESENTATION

This booklet presents the Principles for Human Rights in Fiscal Policy in a synthesized and accessible way. The Principles, adopted in 2021 by a Committee of Experts and a Steering Group of seven civil society organizations following a three-year participatory process, illustrate the inextricable relationship between human rights and countries' fiscal policies. These Principles can be used by organizations and movements to support their advocacy demands and by different institutions that monitor and oversee government decision-making.

States collect and spend public resources through fiscal policy. Since all human rights need some level of funding from the State (e.g., to build schools or administer justice systems),

it is impossible to separate fiscal policy from human rights. Without resources, there can be no rights.

This booklet sets out the Principles and summarizes the core ideas and general values behind each principle in plain language. At the end of the document, you will find a glossary of some of the terms highlighted in different colors throughout the booklet.

To ensure that the State's collection and use of public resources facilitates the realization of a decent life for all people, we must support the collective power of those groups and individuals most affected by governments' fiscal decisions. This document aims to contribute to that end.



1. THE REALIZATION OF HUMAN RIGHTS MUST BE A FUNDAMENTAL OBJECTIVE OF FISCAL POLICY

What does this mean?

The economy cannot function without considering people or in isolation from society. If people are not doing well, the economy is not doing well, regardless of specific indicators, such economic growth or market conditions. People cannot be disengaged from the debates in which decisions that impact their daily lives and well-being are made. In deciding how public resources are collected and spent, States must consider the realization of the rights and dignity of all people.

What problems did we find?

Economics have constructed discourses that sound coherent but simplify the multiple forces involved in making decisions about the economy and fiscal policy. Moreover, these discourses—which are majoritarian—focus solely on “economic growth” without taking into account other relevant factors. Why,



for example, do we think about markets in a way which ignores the fact that our planet's resources are finite?

What can we demand from the State?

States must have a comprehensive vision of fiscal policy that includes all people and considers the rights of people and the planet. We can demand that fiscal policy be representative and democratic, and generate sufficient revenue to satisfy rights i.e. fairly redistribute revenues and provide incentives for the realization of rights.



2. THE INTERNATIONAL OBLIGATIONS OF STATES REQUIRE THEM TO PLAY AN ACTIVE ROLE IN, AND LIMITS THEIR DISCRETION WITH RESPECT TO, FISCAL POLICY MATTERS

What does this mean?

While States have the flexibility to decide how they collect and spend resources, they must act within certain limits. States must act to fulfill their human rights obligations—for example, providing high-quality and non-discriminatory public services—and are prohibited from certain conduct—for example, funding activities that jeopardize rights, such as those that cause pollution.

What problems did we find?

In practice, State actions do not always respect the limits imposed by human rights. For example, States enact fiscal policies that exacerbate the situation for the poorest, such as Consumption taxes such as VAT recouping the collection in taxes like the VAT as well as funding actions that compromise our rights.

What can we demand from the State?

States must make fiscal decisions in a careful and informed manner and in a way which is guided by their human rights obligations. Decisions should therefore not be guided by the

undue influence of certain powerful actors. Accordingly, States must play an active role in guaranteeing rights, which requires, for example, regulating the behavior of private actors and making decisions to privatize services carefully.



3. STATES MUST ENSURE THAT THEIR FISCAL POLICY IS IN LINE WITH THE PURSUIT OF SOCIAL JUSTICE AND REDUCING ECONOMIC INEQUALITY

What does this mean?

At least four things:

1. States must redistribute resources through tax collection and public spending.
2. Tax systems should charge more to those who have more.
3. Public expenditure must pursue equality and prioritize those most disadvantaged in their allocation of resources.
4. When it comes to collecting taxes, States must treat those in comparable situations equally.

What problems did we find?

Currently, when it comes to collecting taxes, there are differentiated treatment and privileges, which results in those who have more paying less taxes. It is also frequent that the distribution of public resources from taxes does not reach or benefit equally those most in need. Thus, the people with the least resources tend to contribute disproportionately more than the richest people.



What can we demand from the State?

States' fiscal decisions must seek real equality, for example, between different areas of the country, and ensure that they allocate specific expenditures to address inequalities. We should demand higher taxes on wealth, more progressive personal income taxes, and the abolition of unjustified tax benefits.

4. STATES MUST ENSURE THEIR FISCAL POLICY IS ENVIRONMENTALLY SUSTAINABLE

What does this mean?

The different policies of States must be coordinated and consistent with each other. States must use their fiscal policy to combat the climate crisis and make the most of the potential of their economic decisions to respect their ecological ceilings and to protect biodiversity, oceans and nature, in general.

What problems did we find?

Many economic decisions harm the environment such as the dependence on extractive industries and incentives given for polluting activities. Further, States often fail to consider the individuals and communities most affected by adverse environmental impacts when making decisions.

What can we demand from the State?

We can demand that environmental decisions are coordinated with fiscal policy, are made in a participatory manner, in particular, in consultation with those most affected, and are guided by the rights of people and nature. For example, we can demand that fossil fuel subsidies and all tax exemptions for polluting activities be removed and instead, take actions that protect lower-income groups. Moreover, the State can also use fiscal policy as an incentive to achieve the transition towards clean energy, protect biodiversity, prevent pollution, encourage reforestation, and implement “green taxes.”





5. STATES MUST APPLY THE PRINCIPLES OF EQUALITY AND NON-DISCRIMINATION IN THEIR FISCAL POLICY, AND ADDRESS SITUATIONS OF STRUCTURAL INEQUALITY AND DISCRIMINATION

What does this mean?

When collecting and spending resources, States should consider the particular experiences of certain groups and individuals, with the goal of dismantling structural and historical inequalities. These include persons with disabilities; persons with diverse sexual orientations and gender identities; migrants; older people; children and young people, persons living in poverty or those who are socially marginalized, Afro-descendants; Indigenous peoples; unhoused people incarcerated people, ethnic, racial, national, linguistic, and religious minorities; rural groups; and women, among others.

In recognizing the particular barriers faced by these groups, States must adopt appropriate fiscal measures so that they can exercise their rights on an equal footing. For example, States should dedicate additional resources to the groups mentioned above.

What problems did we find?

Fiscal policy often fails to take into account these differential experiences and, in doing so, reinforces or neglects inequalities.

What can we demand from the State?

Economic decisions should incorporate the perspectives of marginalized groups. States should also collect detailed and adequate information to understand the lived realities of these groups.

For example, we can demand that the State allocate resources to provide reparations to social groups that have been historically discriminated against, such as people of African descent.



6: STATES MUST PROMOTE SUBSTANTIVE GENDER EQUALITY THROUGH THEIR FISCAL POLICY, USING AN INTERSECTIONAL APPROACH

What does this mean?

States must recognize the structural disadvantages that women face in economic decisions, and ensure that fiscal policies help in overcoming these disadvantages, not only “on paper,” but also in practice. Further, States should recognize the particular experiences of women belonging to specific groups such as women with disabilities, rural women and women of African descent.

What problems did we find?

Economies are not responsive to the additional obstacles that women face. For example, domestic and care work, which is overwhelmingly performed by women, is devalued, as

highlighted by the COVID-19 pandemic, during which women disproportionately suffered from the economic and social costs of the pandemic.

What can we demand from the State?

States must recognize the value of the care economy and use fiscal policy to reduce and redistribute women’s disproportionate burden of unpaid care work . For example, we can demand that taxes do not discriminate directly or indirectly against women, for example, by disadvantaging people living in poverty, many of whom are women, or reinforcing the stereotype that household income comes predominantly from men. We can also demand that public budgets consider the particular barriers women face and, if necessary, devote additional resources to actions seeking equality. Similarly, we can demand the greater participation of women in fiscal policy-making.



7. PEOPLE HAVE A RIGHT TO FISCAL INFORMATION. FISCAL POLICY MUST BE TRANSPARENT, PARTICIPATORY AND ACCOUNTABLE

What does this mean?

Information about the State's fiscal accounts should be public and accessible to everyone. This is necessary for decision-making, claiming rights, participating in public affairs and effective citizen oversight.

What problems did we find?

Many fiscal decisions are made behind closed doors, and citizens do not have sufficient access to information about how these decisions impact their rights. In addition, there is excessive use of fiscal secrecy and unjustified exceptions to the right to fiscal information.

What can we demand from the State?

States must produce and disseminate fiscal information in an accessible and transparent manner, and in a way which



allows us to discern whether there is an appropriate allocation of resources for realizing rights and reducing inequalities. We can also demand that the State assess how their economic decisions will impact human rights and that they allow for genuine —not just formal— participation in fiscal decision-making.

8. STATES MUST ADOPT ALL THE NECESSARY FINANCIAL MEASURES TO REALIZE HUMAN RIGHTS WITHIN A SUSTAINABLE FISCAL FRAMEWORK



What does this mean?

The various measures taken by States, such as financial and exchange rate regulations and policies to manage external debt, must facilitate the full realization of human rights. These actions cannot be separated from rights.

What problems did we find?

Fiscal decisions are usually made with an inverted logic whereby particular interests prevail over those of the general public. For example, there are often legal guidelines that severely restrict the expenditures that the State can make: instead of being based on the

needs to be addressed concerning rights and social demands, they take as a starting point the fixed goal of attracting foreign investment.

What can we demand from the State?

To adopt financial and fiscal measures that respond to people's needs. For example, States should review existing rules that impose very restrictive ceilings on spending without considering the fulfillment of rights so that the scope of the rights does not adjust to the current fiscal reality, but the other way around. We can demand that the State fiscal planning accounts for the social needs for fulfilling rights and provides for the coordination of fiscal policy with other policies.

9. STATES MUST PRIORITIZE THE ENJOYMENT OF MINIMUM ESSENTIAL LEVELS OF ECONOMIC, SOCIAL, CULTURAL AND ENVIRONMENTAL RIGHTS IN THEIR FISCAL POLICY

What does this mean?

There is an essential minimum content of human rights that must be guaranteed immediately and prioritized. This applies to all contexts, including during crises and emergencies.

What problems did we find?

Millions of people are not assured the minimum necessities to live with dignity. Their situation is aggravated when they face contingencies that are beyond their control, such as climate disasters or loss of employment.

What can we demand from the State?

States must fight poverty through fiscal policy, ensure an adequate standard of living for citizens, and improve the situation of lower-income populations. In addition, we can call for social protection systems that ensure the immediate minimum core content of human rights obligations and

protect people against the risks associated with poverty or emergencies, such as loss of employment and natural disasters. We can demand “protected” social spending as a fiscal policy objective, which must be maintained even in economic, public and health crises, such as the COVID-19 pandemic.

We can also demand that the State finance high-quality and adequate public services that reduce inequalities and address disparities between different geographical areas.



10. STATES MUST MAXIMIZE THEIR AVAILABLE RESOURCES TO PROGRESSIVELY ACHIEVE THE FULL REALIZATION OF ECONOMIC, SOCIAL, CULTURAL AND ENVIRONMENTAL RIGHTS

What does this mean?

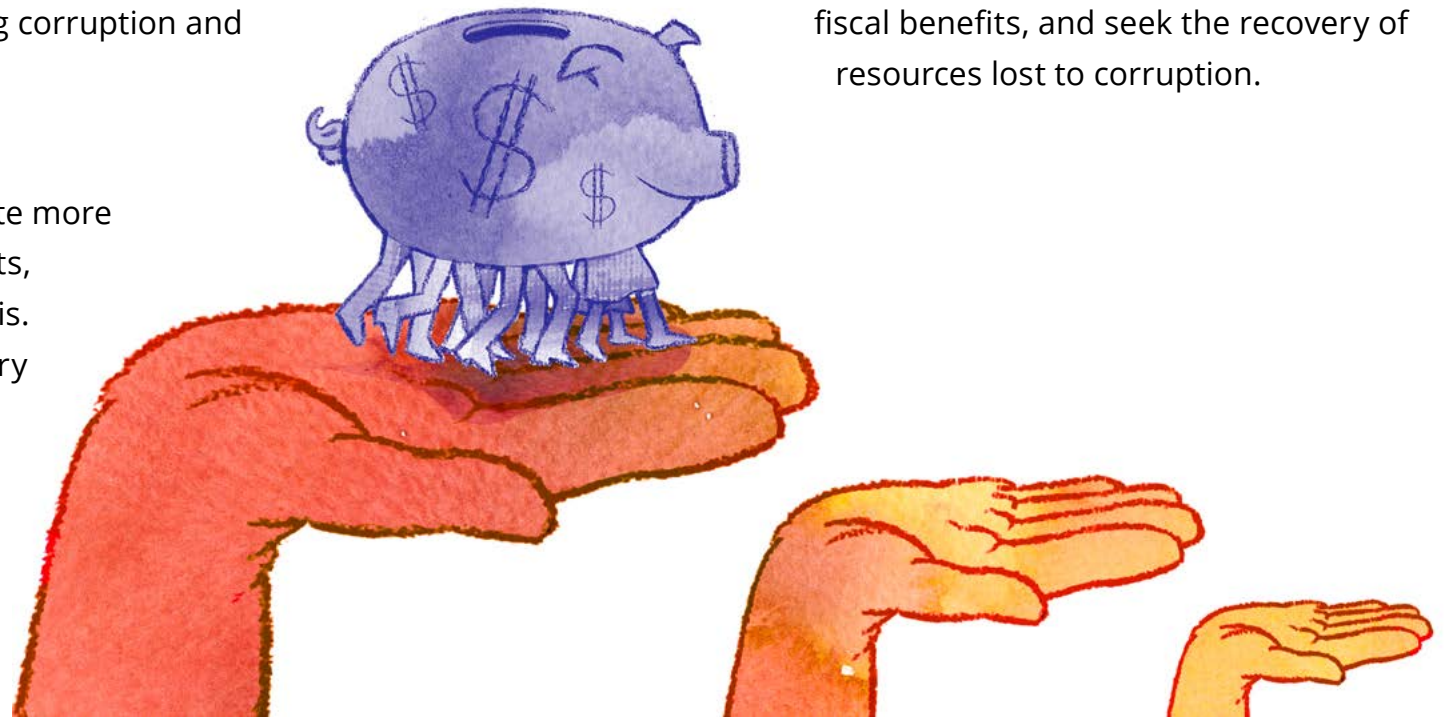
Although they have a certain margin of time to ensure “social rights,” such as education, work or housing, States must move steadily and quickly to guarantee them. They should therefore generate and allocate as much of their resources as possible for this purpose and, if necessary, adopt measures to generate additional resources, such as combating corruption and tax evasion and avoidance.

What problems did we find?

States often have the capacity to allocate more resources towards fulfilling human rights, but they fail to take full advantage of this. For example, they may have unnecessary tax exemptions, refrain from fighting illicit financial flows, or take insufficient measures to fight corruption.

What can we demand from the State?

States must adopt all necessary measures to raise and allocate sufficient resources to guarantee rights and estimate the resources required. For example, we can protest against the introduction of regressive taxes, demand the abolition of fiscal benefits, and seek the recovery of resources lost to corruption.



11. STATES MUST ENSURE THEIR FISCAL POLICY DOES NOT RESULT IN RETROGRESSION IN THE ENJOYMENT OF ECONOMIC, SOCIAL, CULTURAL AND ENVIRONMENTAL RIGHTS

What does this mean?

Social achievements and victories cannot be allowed to deteriorate, and to this end, all resources must be fully deployed, and all alternatives for expanding the State's resources exhausted before making cuts to spending. Even in times of economic crisis, States must ensure that their fiscal policy does not adversely affect the existing protection of rights. Those in the most challenging situations should never bear the brunt of crises.

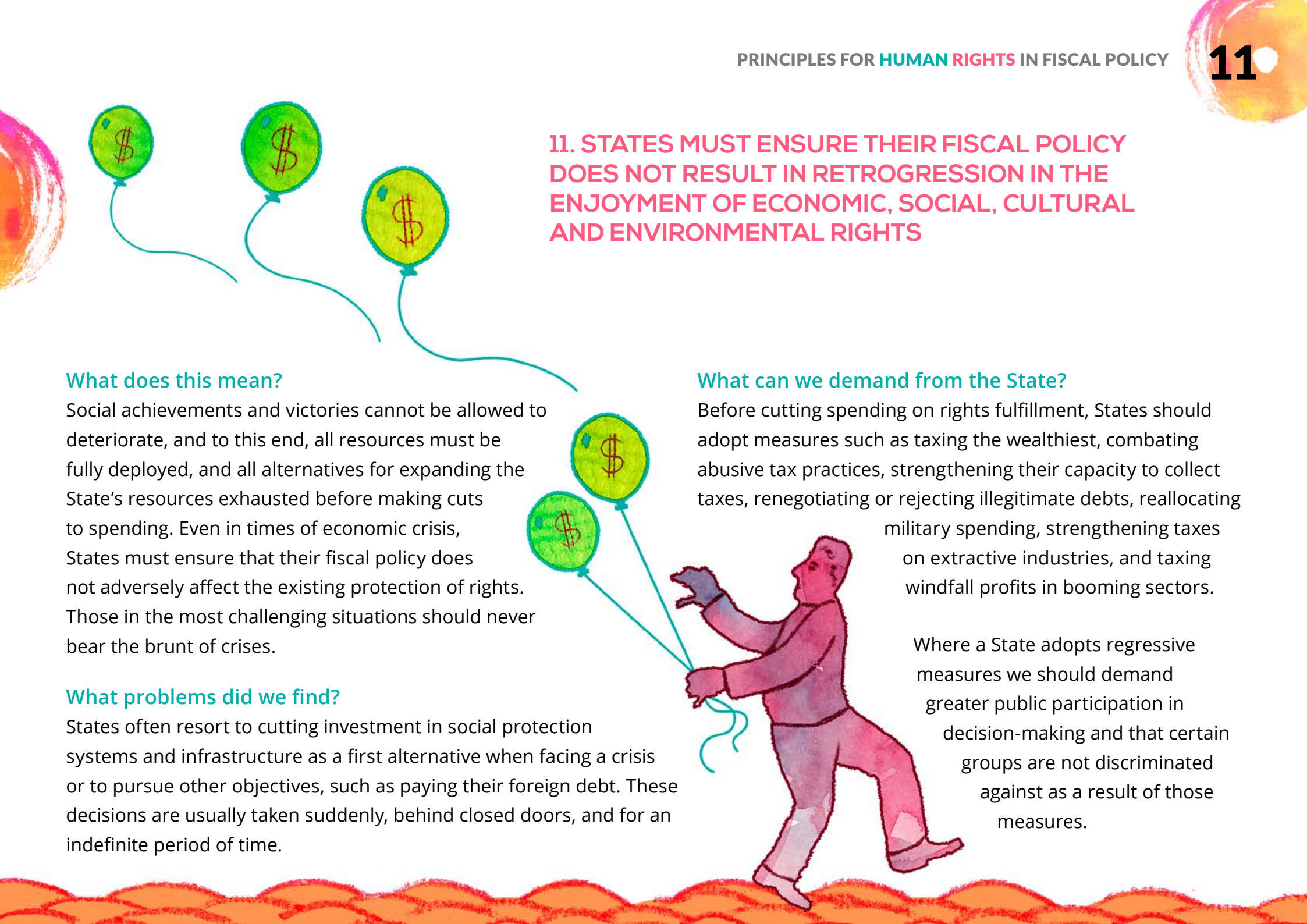
What problems did we find?

States often resort to cutting investment in social protection systems and infrastructure as a first alternative when facing a crisis or to pursue other objectives, such as paying their foreign debt. These decisions are usually taken suddenly, behind closed doors, and for an indefinite period of time.

What can we demand from the State?

Before cutting spending on rights fulfillment, States should adopt measures such as taxing the wealthiest, combating abusive tax practices, strengthening their capacity to collect taxes, renegotiating or rejecting illegitimate debts, reallocating military spending, strengthening taxes on extractive industries, and taxing windfall profits in booming sectors.

Where a State adopts regressive measures we should demand greater public participation in decision-making and that certain groups are not discriminated against as a result of those measures.



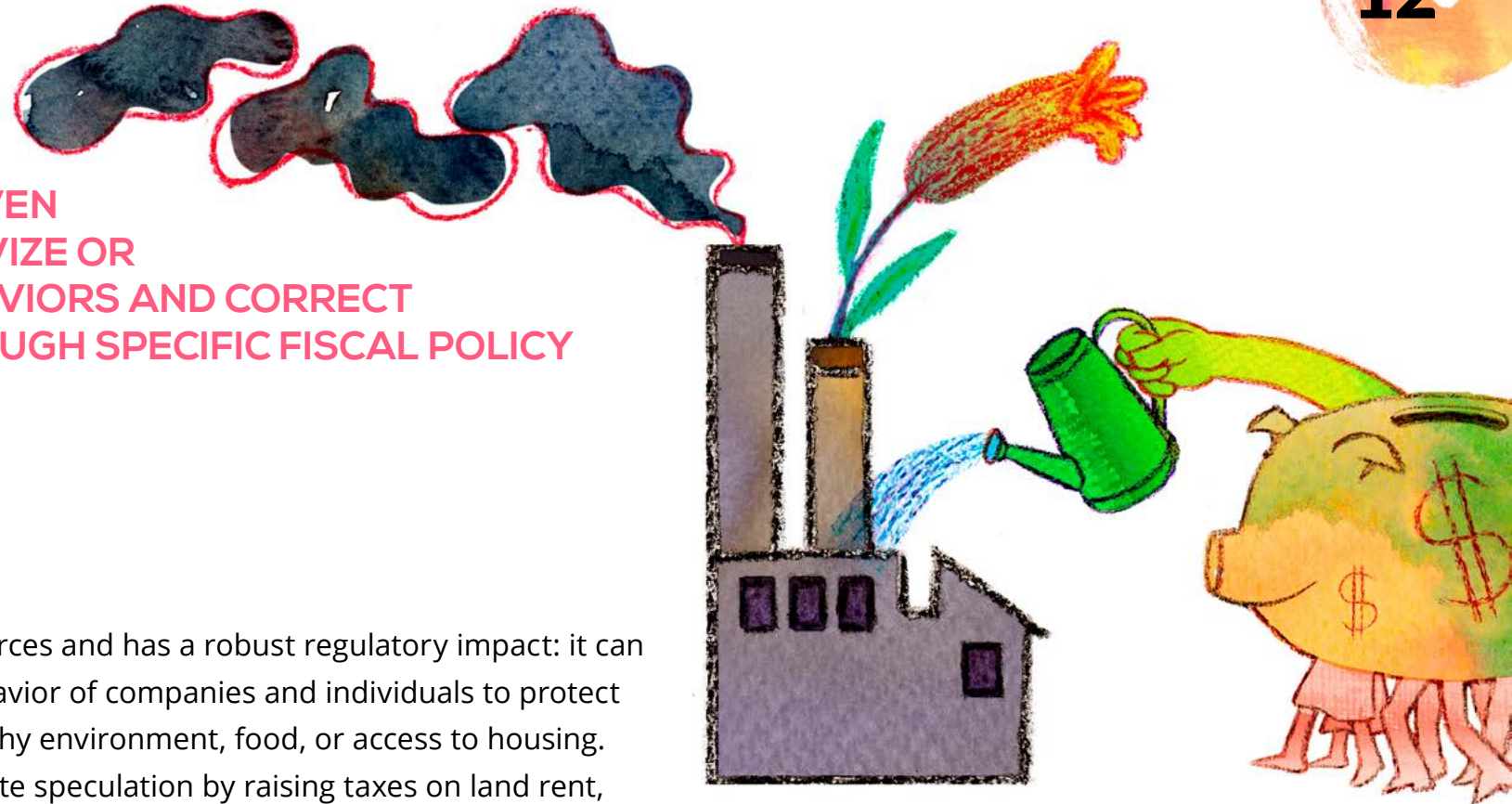
12. IN ORDER TO GUARANTEE HUMAN RIGHTS, STATES ARE EMPOWERED, AND EVEN OBLIGED, TO INCENTIVIZE OR DISINCENTIVIZE BEHAVIORS AND CORRECT EXTERNALITIES THROUGH SPECIFIC FISCAL POLICY MEASURES

What does this mean?

Fiscal policy serves to raise resources and has a robust regulatory impact: it can encourage or discourage the behavior of companies and individuals to protect rights, such as the right to a healthy environment, food, or access to housing. It can, for example, curb real estate speculation by raising taxes on land rent, tax sugary beverages and tobacco to protect public health, redirect fossil fuel subsidies towards clean energy sources and other activities to accelerate the energy transition, and protect forests, water sources and biodiversity.

What problems did we find?

States do not always take advantage of the power of their fiscal decisions to encourage conduct that promotes rights and to discourage conduct that harms them. In many cases, they do not use this valuable tool because of the undue influence of those who conduct activities that negatively affect rights.



What can we demand from the State?

States must make the maximum use of taxes, subsidies and other instruments to create conditions that allow for the realization of our rights. For example, States could maintain high taxes on harmful substances, offer subsidies for clean energy, and promote formal employment.

13. STATES, AND THE INTERNATIONAL INSTITUTIONS OF WHICH THEY ARE MEMBERS, MUST OFFER ASSISTANCE AND INTERNATIONAL COOPERATION IN FISCAL MATTERS. THEY MUST CREATE AN ENABLING GLOBAL GOVERNANCE ENVIRONMENT WITH THE AIM OF ACHIEVING THE FULL REALIZATION OF HUMAN RIGHTS

What does this mean?

States have obligations to the rights of people living in their territory and those living in other countries —outside their territory—. These obligations do not disappear when States act as members of international organizations, such as the International Monetary Fund (IMF).

What problems did we find?

At the international level, States are negatively impacted by other States making decisions that only serve their interests. For example, when a State has very low taxes for multinational corporations, it causes low-tax competition with other States seeking to

attract their investment, which leads to them collecting fewer resources and thereby failing to fulfill the rights of their citizens. Moreover, the States that have more power in international institutions like the IMF, affect others by deciding on the mechanisms available for their financing and by directly or indirectly demanding measures that hinder the realization of human rights.

What can we demand from the State?

States must ensure their domestic and international fiscal decisions do not adversely affect the realization of the rights of those living outside its territory and that they create a favorable global environment for the realization of human rights. For example, States can negotiate international conventions on tax issues with a human rights approach, strengthen regional cooperation, jointly combat tax havens, agree on a minimum tax for multinational companies, combat tax evasion through the use of banking secrecy, and use their leverage responsibly in international financial institutions.



14. NON-STATE ACTORS AS COMPANIES AND THEIR INTERMEDIARIES, HAVE HUMAN RIGHTS RESPONSIBILITIES IN RELATION TO THEIR FISCAL CONDUCT

What does this mean?

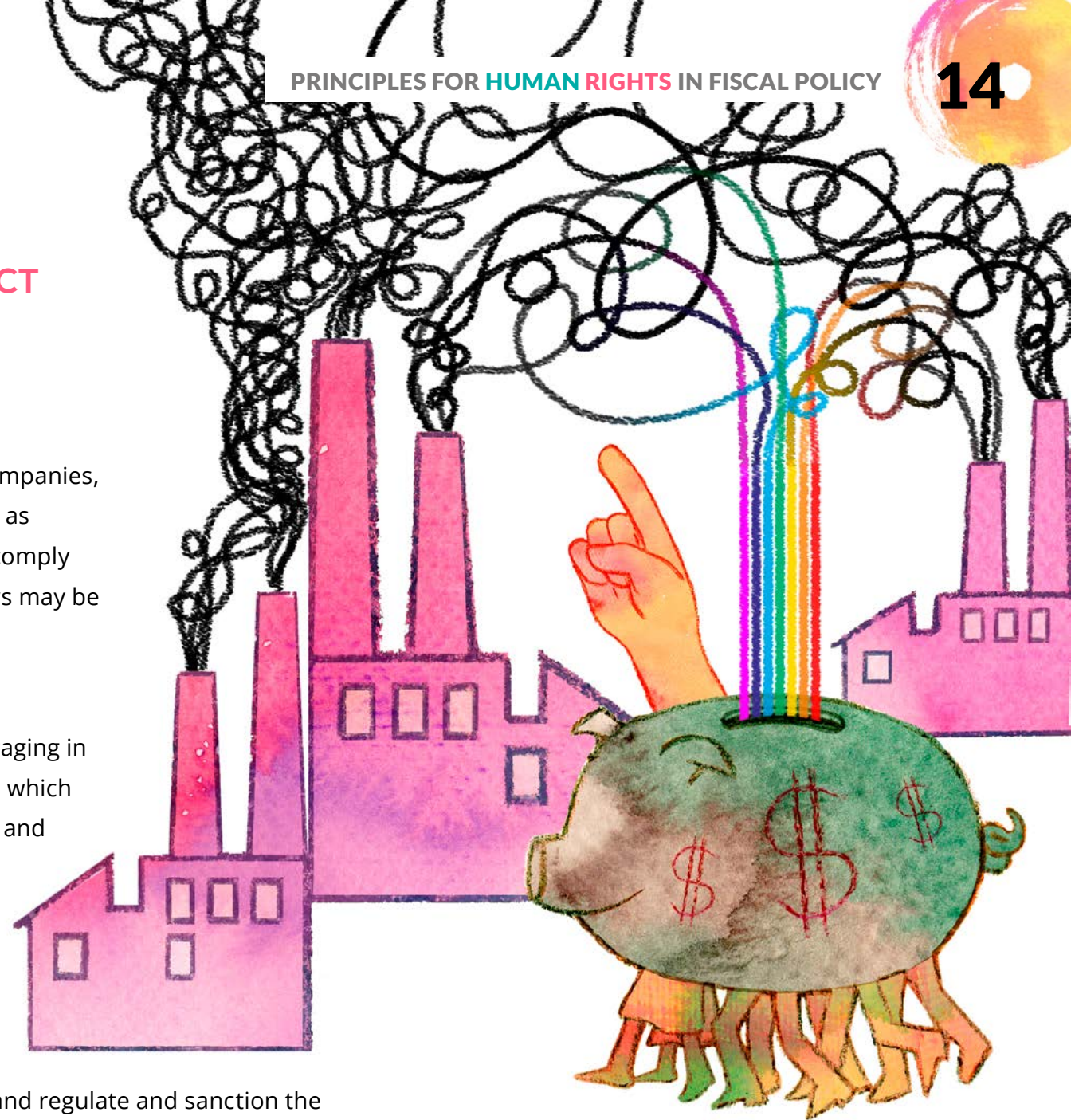
Besides the duties of the State, private actors, such as companies, intermediaries and those involved in tax planning —such as accounting and law firms— also have a responsibility to comply with human rights standards, which current tax behaviors may be in breach of.

What problems did we find?

Companies usually impact the fulfillment of rights by engaging in abusive tax practices, such as tax evasion and avoidance, which deprive the State of resources needed to finance policies and services.

What can we demand from the State?

States must ensure that private actors adopt measures to prevent tax evasion and avoidance, assess the impact of their tax practices on human rights, implement transparency practices and accountability mechanisms, and regulate and sanction the misconduct of their accountants and lawyers.





15. STATES MUST PREVENT AND ADEQUATELY REDRESS VIOLATIONS OF HUMAN RIGHTS RELATED TO FISCAL POLICY, WHETHER THEY AFFECT CIVIL, POLITICAL, ECONOMIC, SOCIAL, CULTURAL OR ENVIRONMENTAL RIGHTS

What does this mean?

If a person's rights are affected as a result of a fiscal measure — for example, because the available resources were not used to build a school, and they subsequently lose access to education—the State must repair that harm. The judiciary can also be involved in resolving such cases.

What problems did we find?

The judiciary is often reluctant to intervene in cases involving tax issues due to fears or prejudices that are not grounded in international human rights law. On the other hand, many institutions that are supposed to monitor the government, such as oversight bodies and national human rights institutions, do not tend to link fiscal issues to rights violations, and instead, when it comes to matters of fiscal policy, focus solely on accounting and administrative matters.

What can we demand from the State?

We can call on the State to prevent, sanction and provide reparations for human rights violations caused by fiscal policy. States should also provide sufficient training and resources to all institutions exercising oversight functions —such as the judiciary, national human rights institutions, and oversight and auditing agencies— to enable them to identify and redress rights violations. We can also demand that the State protect those who report tax abuses. También podemos exigirle que proteja a quienes denuncian abusos fiscales.



GLOSSARY

AFFIRMATIVE ACTION: Affirmative action are the political, legislative, economic and other measures that a government can undertake to benefit certain groups that for historical reasons are in a situation of social, economic, cultural and/or political disadvantage.

HUMAN RIGHTS: Human rights are the rights that every person has for being such. That is, all people regardless of sex, ethnic-racial origin, socioeconomic status, sexual orientation, etc., have the same universal rights (human rights do not exclude any person), and they cannot be removed, renounced or transferred.

GINI COEFFICIENT: is an index that measures economic inequality, usually based on the distribution of income, in a country or territory. The index goes from 0, which represents an equal distribution for all, to 1, which represents the concentration of income in a single person.

EXTERNALITIES: these are phenomena that have positive or negative impacts on society as a whole, which are not reflected in the price of a good. For example, the costs of environmental pollution or the public health costs associated with the consumption of certain goods, such as fossil fuels or sugary drinks.

PUBLIC SPENDING: is the amount of money that a government allocates to acquire goods and services and finance all its activities. For example, the money it allocates to pay the salaries of its employees, but also to build public works, pay pensions, maintain buildings, extend networks of public services, etc.

SUBSTANTIVE EQUALITY: Substantive equality is one of the central principles of the human rights system. Substantive equality recognizes people's pre-existing disadvantaged situations and mandates affirmative action to achieve equality in practice, not only in paper. For example, if for historical reasons Afro-descendant populations have less access to education, substantive equality requires the generation of support systems aimed at achieving higher levels of access to education for that specific population.

DIRECT TAXES: they are the taxes that an individual must pay to the State due to her economic income or assets. That is, these taxes fall directly on a person's income or wealth. The main direct taxes are the tax on personal or corporate income, the tax on economic activity, the wealth tax and within this, the taxes on real estate.

INDIRECT TAXES: they are the taxes that an individual must pay to the State for performing specific acts and that therefore tax people only "indirectly". These taxes are paid by taxpayers regardless of their ability to pay (i.e., how much income or wealth they have). Among the most common are general consumption taxes, taxes on the consumption of specific goods (such as taxes on luxury goods, sugary drinks or fuels) and taxes on financial transactions.

PROGRESSIVE TAXES: these are taxes in which the rate increases according to the amount of income or wealth of the taxpayer. That is, their burden increases as the wealth of the person who must pay the tax increases.



REGRESSIVE TAXES: these are taxes in which the burden of the tax decreases in relation to the income or wealth of the person. These taxes include those in which while everyone pays the same rate, in which case the burden is not the same for everyone, since people with lower income must allocate a greater percentage of their total income to the payment of the tax.

INSTITUTIONS: this term can have different meanings in different contexts. But in general terms, these are entities that have the power to make decisions with impacts on all the people of a certain territory. For example, a government agency is an institution, as well as an international organization.

INTERSECTIONALITY: this refers to the diversity of identities and origins that can be found within a group that, at first, could be presented as homogeneous. It is a term used in the feminist movement to reveal that racial, ethnic, cultural differences, among others, have impacts on the inequalities faced by women in different territories.

AUDITING ENTITIES: these are government entities that verify and control the way in which a government or government office acted in a certain period, which usually includes a control over its expenses. For example, if the government spent according to what the budget law passed (or if, on the contrary, you allocated the money to expenses not approved by the law).

FISCAL POLICY: it is the set of decisions and measures that a government adopts in terms of resources (i.e. how to finance itself), expenditures (i.e. where and what it will use its money for)

and public debt (i.e. whether it will borrow money from banks, the private sector, intergovernmental or international entities, etc.). This policy is one of the essential instruments of the State to redistribute wealth, correct market failures, guarantee human rights and make progress in eradicating poverty and reducing inequalities.

PROGRESSIVITY: it is the ability of fiscal policy to correct inequality. That implies, for example, that those with higher incomes or wealth pay more taxes in proportion to their capacity. Progressivity has a double meaning in this text: one normative and one economic. In its first meaning, it is one of the most relevant principles of the international human rights system. It demands that continuous progress be made in the most expeditious way in the guarantee of rights. In its economic meaning, it refers to the characteristic of a tax or tax system, or of specific taxes or expenses, of distributing the burdens and benefits in favor of those who have less.

REGRESSION: Non-regression also has a double meaning. In a normative sense, it is a principle that requires not to take steps back in the conquest of the rights already achieved. In an economic sense, it is the opposite of progressivity, that is, the characteristic of a tax or tax system, or of specific taxes or expenses, of distributing burdens and benefits to the detriment of those who have less.



GET TO KNOW MORE ABOUT THE INITIATIVE AT
<https://derechosypoliticafiscal.org/en/>



The Initiative for Human Rights Principles in Fiscal Policy is a project that brings together seven civil society organizations and a group of experts to promote the alignment of fiscal policies with the human rights framework. The Initiative launched, in May 2021, the Principles for Human Rights in Fiscal Policy, after a participatory process of almost three years.

The organizations that make up the Initiative are:

