

**Mandate of the Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights**

Ref.: AL OTH 2/2026  
(Please use this reference in your reply)

7 January 2026

Dear Mr. Hernández de Cos,

I have the honour to address you in my capacity as Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights, pursuant to Human Rights Council resolution 52/17.

I am an independent human rights expert appointed and mandated by the United Nations Human Rights Council to report and advise on human rights issues from a thematic or country-specific perspective. I am part of the special procedures system of the United Nations, which has 59 thematic and country mandates on a broad range of human rights issues. I am sending this letter under the communications procedure of the Special Procedures of the United Nations Human Rights Council to seek clarification on information we have received. Special Procedures mechanisms can intervene directly with Governments and other stakeholders (including companies) on allegations of abuses of human rights that come within their mandates by means of letters, which include urgent appeals, allegation letters, and other communications. The intervention may relate to a human rights violation that has already occurred, is ongoing, or which has a high risk of occurring. The process involves sending a letter to the concerned actors identifying the facts of the allegation, applicable international human rights norms and standards, the concerns and questions of the mandate-holder(s), and a request for follow-up action. Communications may deal with individual cases, general patterns and trends of human rights violations, cases affecting a particular group or community, or the content of draft or existing legislation, policy or practice considered not to be fully compatible with international human rights standards.

In this connection, I would like to bring to your attention information I have received concerning access to bilateral banking statistics collected by the Bank for International Settlements (BIS) as well as the design and deployment of digital financial infrastructures impacting the full realization of economic, social and cultural rights.

According to the information received:

BIS collects bilateral banking statistics from each member country to multiple partner countries. This type of data is vital in estimating the distribution of offshore wealth on a country-by-country basis. It is known that such data has been used for academic purposes, but not disclosed publicly, and to researchers based in the Global South.

Mr. Pablo Hernández de Cos  
General Manager  
Bank for International Settlements

In terms of background, in 2016, a number of prominent offshore financial centers – such as in the Channel Islands (United Kingdom), Luxembourg, Switzerland, and Hong Kong (China) – began disclosing data on bank deposits that foreign residents hold in their banks bilaterally. BIS has collected this data for decades, but access is only given to aggregate data (e.g. all Swiss foreign deposits), rather than deposits from other countries in Switzerland. In 2016, most jurisdictions allowed BIS to disseminate this data, including retrospective data, but it has been on a request basis thus far, and only via central banks that are members of BIS.

Furthermore, the BIS statistics only cover bank deposits, not the portfolios of equities, bonds, and mutual fund shares that households entrust to offshore banks. The residency of the beneficial owners of these types of assets should also be disclosed to also estimate the distribution of all types of assets, not just bank deposits.

The effectiveness of Automatic Exchange of Information (AEOI) for purposes of collecting taxes is another aspect worth unpacking as some central banks collect this data, but it is not collated by BIS nor distributed more widely to the public to assess in a more independent and verifiable fashion, based on data from multiple countries and partner countries of exchanges of information on the effectiveness of this regime that should have stopped tax abuses via secrecy jurisdictions.

In addition, as BIS has since 2020 embarked on a systematic programme of experimentation with central bank digital currencies through its Innovation Hub centres, testing both the technical feasibility and operational frameworks for digital money at wholesale and retail levels, I must emphasise the profound implications these developments hold for my mandate. This work has progressed from isolated pilot projects to increasingly sophisticated cross-border platforms that are reshaping global payment infrastructure whilst concentrating control over monetary architecture in ways that warrant scrutiny through a human rights lens.

The BIS Innovation Hub has conducted numerous projects with significant bearing on sovereign debt management, fiscal capacity, and ultimately the realisation of economic, social and cultural rights. Project Dunbar (2022), working with Australia, Malaysia, Singapore and South Africa, and the more advanced mBridge platform (evolving from Inthanon-LionRock in 2021) involving Thailand, China, including Hong Kong and the UAE, both test wholesale central bank digital currency platforms for direct cross-border settlements. While these may offer efficiency gains in international payments, they simultaneously create new dependencies and potential exclusions. The geographical distribution of participating central banks reveals that alternative payment infrastructures are being designed predominantly by Asian and Middle Eastern monetary authorities, potentially fragmenting the global financial architecture in ways that could complicate debt restructuring negotiations and multilateral coordination essential to protecting debtor country rights.

On the retail side, Projects Rosalind (2023), Sela (2023), and the various Polaris workstreams (2023) address citizen-facing digital currencies. Project Rosalind tested whether private sector innovation could occur atop central bank digital currency infrastructure through open application programming interfaces. The Polaris projects developed frameworks for offline payments and cybersecurity, ostensibly to address financial inclusion and resilience. However, these technical solutions embed fundamental tensions between the stated objectives of privacy protection and the State's interest in comprehensive transaction visibility for tax enforcement and anti-money laundering purposes. For developing countries with limited fiscal capacity, retail central bank digital currencies present a double-edged proposition: enhanced capacity for domestic resource mobilisation through automated tax collection must be weighed against risks of excluding populations without digital access and enabling unprecedented state surveillance that could chill civic participation and inhibit informal economic activity upon which vulnerable populations depend.

Project Mariana (2023) introduced automated market makers for wholesale cross-border foreign exchange of central bank digital currencies, borrowing mechanisms from decentralised finance to create continuous automated liquidity. Project Tourbillon (2023) tackled tensions between privacy, security and scalability. Most recently, Project Mandala (2024) addressed regulatory compliance for cross-border transactions, exploring how anti-money laundering, sanctions and tax information exchange requirements could be automated within transaction processing. The automation of compliance could entrench existing power asymmetries whereby capital flight from developing countries is facilitated whilst legitimate cross-border payments by their citizens face heightened scrutiny.

The BIS's work on tokenisation, featured in its 2023 Annual Economic Report as a blueprint for the future monetary system, alongside projects like Aurora on tokenised assets and Helvetia (Phase I in 2020, Phase II in 2022) on settling tokenised assets in wholesale central bank digital currency, fundamentally alters the architecture through which sovereign debt instruments, real assets and financial claims are recorded and transferred. Tokenisation could enhance debt management efficiency and potentially reduce borrowing costs for developing countries through improved market infrastructure. However, without transparent bilateral data on tokenised asset holdings by residency, beneficial ownership structures, and cross-border flows, these innovations risk replicating and amplifying existing patterns of illicit financial flows and offshore wealth concealment that directly undermine fiscal capacity and debt sustainability.

The fundamental concern from a human rights perspective is that these digital financial infrastructures are being designed and deployed without adequate attention to their distributional impacts, their implications for fiscal sovereignty, or their potential to either enhance or impede the realisation of economic, social and cultural rights. E-currencies including central bank digital currencies and tokenised assets could transform international financial flows, potentially reducing costs for remittances and cross-border payments whilst enabling more efficient debt management. However, without equitable access to granular bilateral data on these digital assets, including residency of holders, cross-border

tokenised holdings, central bank digital currency transaction flows and beneficial ownership details, they risk exacerbating inequalities in offshore wealth distribution and enabling new forms of tax evasion through digital channels.

This opacity is particularly detrimental to low- and middle-income countries whose capacity to mobilise domestic resources, service sovereign debt sustainably and fulfil economic, social and cultural rights such as access to education and healthcare depends critically on their ability to tax economic activity comprehensively and monitor capital flight. The current trajectory whereby BIS Innovation Hub projects proceed with participation concentrated amongst high-income and selected emerging economy central banks, with minimal involvement from developing country monetary authorities or treasuries, threatens to embed structural disadvantages into the next generation of global financial infrastructure.

I note that the BIS has maintained confidentiality around specific technical implementations and partnership arrangements in these digital currency projects, often citing commercial sensitivity or the preliminary nature of experimentation. However, the systemic importance of these developments goes beyond commercial considerations. Decisions about technical standards, governance arrangements and data architectures made during these pilot phases will have lasting consequences for the distribution of power within the international financial system and for the capacity of States to fulfil their human rights obligations. In all the projects before they got to their minimum viable product stage, there was hardly any African government or central bank involved (except for South Africa).

Furthermore, there is already clear precedent that BIS holds and has shared more granular bilateral series under controlled arrangements: The OECD Taxation Working Paper No. 46 explains that, beyond the public BIS locational banking statistics, BIS also holds confidential bilateral series supplied by reporting jurisdictions. The paper notes these restricted bilateral data were available to the Banque de France for time series extensions, while emphasising that the confidential bilateral data were not publicly accessible and were therefore not used in the paper. This confirms both existence and controlled sharing of more granular series. A recent study by Bénétrix et al (2023) explicitly states that it used a restricted version of the BIS Locational Banking Statistics to assess the impact of automatic exchange of information on cross border deposits, and to isolate the household contribution to the observed contraction. This demonstrates that sectorally detailed bilateral series can be accessed under safeguards and used to evaluate transparency reforms.

In connection with the above alleged facts and concerns, please refer to the **Annex on Reference to international human rights law** attached to this letter which cites international human rights instruments and standards relevant to these allegations.

As it is my responsibility, under the mandate provided to me by the Human Rights Council, to seek to clarify all cases brought to my attention, I would be grateful for your attention on the following matters:

1. Kindly elaborate on plans to publish comprehensive technical documentation for all Innovation Hub projects, including data models, governance structures, participation criteria and any bilateral arrangements that may affect future interoperability or access. This should include retrospective documentation for completed projects and regular updates for ongoing work.
2. Kindly elaborate on plans to set up mechanisms for meaningful participation by central banks, finance ministries and researchers from low and middle income countries in the design and evaluation of digital currency infrastructure. Current arrangements whereby participation is largely by invitation and concentrated amongst technologically advanced jurisdictions create path dependencies that will be difficult to remedy once systems are operationalised.
3. Kindly provide information on measures to develop and publish bilateral statistics on digital asset holdings, tokenised instruments and central bank digital currency flows with the same granularity requested for traditional banking statistics. This should include residency data, beneficial ownership information where technically feasible, and sectoral breakdowns that enable assessment of household versus corporate holdings.
4. Kindly elaborate on plans to commission and publish independent human rights impact assessments for major Innovation Hub projects, particularly those relating to retail central bank digital currencies and cross-border payment systems. These assessments should specifically address implications for financial inclusion, economic privacy, fiscal capacity in developing countries, and the capacity of States to fulfil economic, social and cultural rights.
5. Kindly provide information on establishing a public consultation mechanism through which civil society organisations, human rights bodies and representatives of affected communities can provide input on the design and governance of digital currency infrastructure being developed through BIS Innovation Hub projects.

On the basis of the information received, I would also respectfully request that BIS adopt measures that enable equitable access and robust public interest research while respecting confidentiality:

1. Where direct publication is not possible, establish a remote secure facility for accredited researchers from intergovernmental organisations, African universities, and national treasuries to work with bilateral series under governance rules comparable to those already in place for central banks and for the research cited above. This would help address the structural asymmetry whereby only institutions in the Global North can currently access restricted series.

2. Publish a live register that shows which reporting jurisdictions authorise dissemination of bilateral LBS series, the scope of that permission, and any conditions. Provide model language that jurisdictions can adopt to grant BIS blanket permission for time lagged publication of bilateral series.
3. Since LBS are recorded on an immediate rather than ultimate owner basis, I propose a technical note that sets out what can be inferred about residency, and a roadmap for any feasible enhancements.

This communication and any response received will be made public via the communications reporting [website](#) within 60 days. They will also subsequently be made available in the usual report to be presented to the Human Rights Council.

My intention is not to compromise confidentiality or commercial sensitivity. It is to remedy unequal access to essential macro statistics that determine whether low- and middle-income countries can build fair tax systems and manage debt prudently. I would welcome your response to discuss an implementation plan and to nominate experts to a joint technical group towards opening up access.

A copy of this letter will be sent to all countries mentioned in the present communication.

Please accept, Mr. Hernández de Cos, the assurances of my highest consideration.

Attiya Waris

Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights

## **Annex**

### **Reference to international human rights law**

In connection with above alleged facts and concerns, I would like to draw the attention to the relevant international norms and standards that are applicable to the issues brought forward by the situation described above.

One of the pillars of the protection of economic, social and cultural rights under article 2 of the International Covenant on Economic, Social and Cultural Rights is the obligation to progressively realize the rights set out in the Covenant, making use of the maximum of available resources.

In compliance with article 2.2 of the Covenant, and the provision on progressive realisation of these rights, States should not adopt impermissible retrogressive measure, unless strictly justifiable. As the Committee on economic, Social and Cultural Rights has clarified, retrogressive measures, meaning taking steps that would reduce the enjoyment of economic, social and cultural rights, are only permissible under certain strict circumstances. Furthermore, the onus is on the various Governments to demonstrate that their proposed measures will meet all their human rights obligations, notably by ensuring that measures are, among other characteristics, necessary, in that they must be justifiable after the most careful consideration of all other less restrictive alternatives; reasonable, in that the means chosen are the most suitable and capable of achieving the legitimate aim; not discriminatory, aimed at mitigating the inequalities that can emerge in times of crisis; and ensuring that the rights of disadvantaged and marginalized individuals and groups are not disproportionately affected; and subject to meaningful review and accountability procedures.

I would like to recall that the UN Declaration on the right to development (A/RES/41/128) declares that States have the primary responsibility for the creation of national and international conditions favourable to the realization of the right to development; that they have the duty to co-operate with each other in ensuring development and eliminating obstacles to development, and that they should realize their rights and fulfil their duties in such a manner as to promote a new international economic order based on sovereign equality, interdependence, mutual interest and cooperation among all States, as well as to encourage the observance and realization of human rights (article 3.1 and 3.3).

The Declaration further states that sustained action is required to promote more rapid development of developing countries and that effective international cooperation is essential in providing these countries with appropriate means and facilities to foster their comprehensive development (article 4.2). I would like to refer to the guidelines and recommendations on the practical implementation of the right to development (A/HRC/42/38), which urge states to guarantee social protection floors and welfare, even in times of economic and financial crisis, in line with the Social Protection Floors Recommendation, 2012 (No.202), of the International Labour Organization (para.60). The guidelines also request that States should prioritize the use of domestic resources for development over the servicing of debt (para.63) and to enhance accountability in the private sector, by publishing the taxation rates and revenues generated by major economic actors (para.65); and recommend that Governments should develop a global

and a regional taxation architecture with a view to countering the race to the bottom fuelled by tax policies that are increasingly in favour of capital to the detriment of people's welfare (para.81).

The UN Guiding Principles Business and Human Rights were unanimously endorsed in 2011 by the Human Rights Council in its resolution (A/HRC/RES/17/31) and have been established as the authoritative global standard for all States and businesses to prevent and address business-related adverse human rights impacts. These Guiding Principles are based on three pillars and they recognize:

- a) "The existing obligations of States to respect, protect and fulfil human rights and fundamental freedoms.
- b) The role of business enterprises as specialised bodies or corporations performing specialised functions, which must comply with all applicable laws and respect human rights.
- c) The need for rights and obligations to be matched by appropriate and effective remedies when they are violated".

To meet their responsibility to respect human rights, companies should have in place policies and procedures appropriate to their size and circumstances:

- a) A political commitment to uphold their responsibility to respect human rights.
- b) A human rights due diligence process to identify, prevent, mitigate and account for how they address their human rights impact.
- c) Processes to redress any adverse human rights impacts they have caused or contributed to (guiding principle 15).

According to guiding principles 16-21, human rights due diligence involves:

- a) Identifying and assessing actual or potential adverse human rights impacts that the enterprise has caused or contributed to through its activities, or that are directly related to the operations, products or services provided by its business relationships.
- b) Integrate the results of impact assessments into relevant business functions and processes and take appropriate action in accordance with their involvement in the impact.
- c) Monitor the effectiveness of the measures and processes adopted to address these adverse human rights impacts in order to know whether they are working.
- d) Communicate how adverse effects are addressed and demonstrate to stakeholders - particularly those affected - that appropriate policies and processes are in place to implement respect for human rights in practice.

In its report A/HRC/53/24/Add.4, the Working Group has reiterated that the corporate responsibility to respect human rights under the guiding principles applies to financial institutions (both public and private) and their clients. Further to this, pillar II of the guiding principles requires financial institutions to make a policy commitment to respect human rights, carry out human rights due diligence and provide for, or cooperate in, remediation where the financial institutions identify adverse impacts that it has caused or to which it has contributed.

The right to an effective remedy for human rights abuses is a central tenet of human rights law and is reflected in pillar III of the guiding principles, which focuses on remedy for victims of business-related human rights harms.

Guiding principle 22 provides that where an enterprise causes or is likely to cause an adverse human rights impact, it should take the necessary steps to end or prevent that impact. “The establishment of operational-level grievance mechanisms for those potentially affected by corporate activities can be an effective means of redress provided they meet certain requirements listed in principle 31”.

In its report A/HRC/53/24/Add.4, the Working Group clarifies that the guiding principles require finance institutions to contribute to provide access to remedy if they have contributed to the harm.