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High prices fuel energy crisis

High and volatile energy prices are taking a toll on countries worldwide already struggling with access to food and finance, says a United Nations report.

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World in the grip of a major energy crisis, says report

Extremely high and volatile prices are threatening access to energy, says a UN report, as the UN Secretary-General denounced the "grotesque greed" of oil and gas companies that are making record profits at the expense of the poorest and the climate.

by Kanaga Raja

GENEVA: The world is in the grip of a major energy crisis, with countries worldwide affected by extremely high and volatile prices, particularly of fossil fuels, a new brief by the UN Secretary-General's Global Crisis Response Group (GCRG) on Food, Energy and Finance has said.

The UN brief, released on 3 August, said that over the preceding two years, the energy market experienced extreme price volatility, such as during the pandemic, when demand was reduced and supply contracted; the ensuing surge in demand outpaced supply. The war in Ukraine has further disrupted fossil fuel supplies and the overall market, in which the Russian Federation is the leading exporter of natural gas and the second largest exporter of oil.

Rising energy prices may price out many developing countries from energy markets, with a high level of impact on the most vulnerable citizens, said the report.

"Such a situation is already impacting hard-won gains in the provision of access to energy and the reduction of energy poverty, and progress had already been set back due to the pandemic."

This dynamic is compounded by the food and finance crises also experienced in these countries due to the war in Ukraine and the pandemic, which have placed significant social and fiscal pressure on countries, said the report.

A potential "scramble for fuel", in which only those countries paying the highest price can gain access, would be devastating for a multilateral system based on trust and proportionality, it cautioned.

While the war in Ukraine continues to have a devastating impact on the people of that country, it is also having a huge and multi-dimensional impact far beyond Ukraine, through a three-fold crisis of access to food, energy and finance, said UN Secretary-General Antonio Guterres at the launch of the report.

Household budgets everywhere are feeling the pinch from high food, transport and energy prices, fuelled by climate breakdown and war. He said that this threatens a starvation crisis for the poorest households, and severe cutbacks for those on average incomes.

Many developing countries are drowning in debt, without access to finance, and struggling to recover from the COVID-19 pandemic and could go over the brink, he added.

"We are already seeing the warning signs of a wave of economic, social and political upheaval that would leave no country untouched," said the Secretary-General.

Highlighting the UN brief, which focuses on the energy crisis, Guterres said it is immoral for oil and gas companies to be making record profits from this energy crisis on the backs of the poorest people and communities and at a massive cost to the climate.

The combined profits of the largest energy companies in the first quarter of this year are close to $100 billion, he noted, urging all governments to tax these excessive profits and use the funds to support the most vulnerable people through these difficult times.

He also urged people everywhere to send a clear message to the fossil fuel industry and their financiers that "this grotesque greed is punishing the poorest and most vulnerable people, while destroying our only common home, the planet."

UN Conference on Trade and Development (UNCTAD) Secretary-General Rebeca Grynspan, who coordinates the GCRG's briefs, said at the launch that decisions by the countries that consume the most energy have global implications for the rest of the world, especially for the smallest and poorest countries that have little influence in these markets. After two years of a pandemic that was marked by extreme inequality, especially in vaccines, the world cannot afford another scramble, this time on fuels, she said.

Food crisis

According to the UN brief, more people are now forecast to be pushed into food insecurity and extreme poverty by the end of 2022. The most recent update from the World Food Programme (WFP) estimates that in 2022, 345 million people will be acutely food insecure or at a high risk of food insecurity in 82 countries with a WFP operational presence, implying an increase of 47 million acutely hungry people due to the ripple effects of the war in Ukraine in all its dimensions.

Meanwhile, in early July, the UN Development Programme (UNDP) estimated that up to 71 million people could have already been pushed into poverty in the three months since the start of the war, with hotspots in the Balkans, Caspian Sea region and sub-Saharan Africa, particularly the Sahel.

As citizens in many countries begin to grapple with the cost-of-living crisis, an intensification of social protests and riots has been recorded, said the UN brief. According to the Armed Conflict Location and Event Data Project, the number of riots worldwide increased slightly between the first and the second quarters of 2022.

The brief said that prices of commodities in global markets are still high but stabilizing. The food price index of the Food and Agriculture Organization of the United Nations (FAO) declined slightly in June 2022 and is down by about 3.3% from its historic high in March. Crude oil prices dipped below the $100-per-barrel mark at the beginning of July and have since remained near that level.

"Agriculture and commodity spot indexes are now close to, and some days below, pre-war levels. Shipping costs have also slowly begun to decrease, especially for bunker and tanker ships that are the most highly correlated with commodities and that have contributed considerably to the increase in consumer prices and import costs across the board."

The report said the fall in prices might have been influenced by bumper crops in Australia, Canada, the Russian Federation and the United States, as well as by optimism following the signing on 15 July of the agreement between the Russian Federation, Turkiye and Ukraine, under the auspices of the UN, to reintegrate grains and sunflower oil from Ukraine into global markets and facilitate unimpeded access to food and fertilizers from the Russian Federation, which had been a fundamental recommendation by the GCRG.

It said recent moves may also signal less uncertainty in commodity trading and transport markets. In addition, as at 30 June 2022, there were 27 countries with 40 measures restricting food exports; at present, there are 25 countries with around 39 measures affecting over 8% of global trade.

In this regard, the situation has ameliorated, yet it could be further improved, said the brief. Commodity prices remain at a high level despite recent falls. The high price volatility witnessed since the pandemic, particularly in 2022, suggests that prices remain at high levels and could rise yet again. "In addition, although the prices of some commodities have fallen, due to high inflation, the situation has remained tight for billions of people, whose socioeconomic prospects have deteriorated as a result." There are serious concerns about potential stagflation scenarios (low growth and high inflation) in the second half of 2022 and in 2023, said the report.

It said that in developing countries, exposure to financial shocks is increasing despite falling commodity prices. Energy markets in particular are under stress, as the heating season approaches in the northern hemisphere.

The report also said that inflation continued to accelerate worldwide in July 2022, with strong correlations with the income levels of countries; even while inflation is breaking multi-decade records in advanced economies, developing countries and the least developed countries, in particular, are experiencing even higher levels of inflation. However, as food and especially energy prices are a major component of recent inflation metrics in many economies, it is possible that the metrics in some large economies may stabilize in the near future.

Food prices have fallen, yet are still high, above pre-pandemic levels, and the fertilizer shortage remains a concern, the report said. "Prices were already high at the beginning of January 2022, and increases have been broad based, affecting almost all food categories." The brief noted that since the beginning of 2020, the vegetable oil price index has more than doubled, that of cereals has increased by over 60% and that of sugar by over 50%.

The report said that if fertilizer shortages continue, the food access crisis in 2022 will be exacerbated by a food availability crisis in 2023. The consequences of the crisis include worsening nutrition and health outcomes that have been building up over the last two years, it added. In 2020, almost 3.1 billion people could not afford a healthy diet, up by 112 million compared with 2019, due to the impact of the pandemic and related measures. "The cost-of-living crisis, and soaring food prices, make it even more challenging for increasing numbers of people to afford a minimally nutritious and healthy diet."

The report said that before the outbreak of the war in Ukraine, the number of chronically undernourished people had already grown by about 150 million since 2019, with up to 828 million people in 2021 affected by chronic hunger (long-term or persistent inability to meet food consumption requirements).

In connection with such persistent inadequate consumption, there is also a significant and widening gender gap; in 2021, the gender gap in food insecurity was one percentage point higher than in 2020, with 31.9% of women worldwide moderately or severely food insecure, compared with 27.6% of men. Projections are that in 2022, the number of vulnerable women for whom WFP will provide essential prevention and treatment services will increase by almost 50%.

Stagflation fears

There are growing fears of a looming economic slowdown that, coupled with high inflation, might imply a return to stagflation at the end of 2022 or in 2023, said the report. It said consumer price indices keep climbing, consumer sentiment is deteriorating and leading industrial indicators in many countries suggest a slowdown in production. "However, the signals are not altogether clear: unemployment is still falling in some major markets; and UNCTAD model data on gross domestic product show signals of a slowdown but this has yet to gather pace."

Stagflation would ultimately

accelerate the cost-of-living crisis by reducing household income, straining countries' fiscal spaces and increasing financial market pressures, the report cautioned.

It said financial conditions in developing countries are still worsening despite the fall in commodity prices, due to a strengthening United States dollar. Since the beginning of 2022, the currencies of developing economies have depreciated by 5.1% against the dollar, with a depreciation of 2.1% in June. In the same period, the yield of sovereign bonds from these economies increased by 162 basis points, with an increase of 64 basis points in June. As a result, developing-country debts and import bills are coming under further pressure.

By June, the trade deficit of low-income countries was about $2.5 billion higher than it might have been if the prices of key commodities had stayed at pre-war levels, the brief said. In addition, in the 62 most vulnerable countries, food import bills have increased by $24.6 billion since the start of the war.

The International Monetary Fund (IMF) now suggests that not only are 60% of low-income countries in debt distress or facing a high risk of debt distress, but so also are 30% of middle-income countries.

The report said that energy prices are still high, above pre-war levels, suggesting further turmoil in energy markets, with significant global implications.

The report said energy policy measures must balance the need for urgency and long-term sustainable development. In this context, in the short term, countries, especially developed countries, must seek to manage energy demand. This may be done through the implementation of new technologies and behavioural changes related to the use of heating, cooling and mobility. Medium-term and long-term measures in government energy policy and investment must align with the Sustainable Development Goals (SDGs) and the Paris Agreement. *(SUNS9630)*

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Public payment systems in the digital era

A UN report explores the need for domestic digital payment systems operated by monetary authorities to curb the risks posed by use of cryptocurrencies.

by Kanaga Raja

GENEVA: To mitigate the financial-stability- and security-related risks of cryptocurrencies, monetary authorities should provide digital payment options, to ensure that national payment systems function as a public good in the digital era, according to the UN Conference on Trade and Development (UNCTAD).

In a Policy Brief (No. 101), UNCTAD said that the digital era is leading to many changes in the payment system landscape, some of which threaten monetary stability and security in developing countries.

To ensure that payment systems function as a public good, monetary authorities should carefully consider the implementation of a central bank digital currency, it said. "Depending on national capabilities and needs, and the challenges of creating such a currency, authorities could alternatively create a fast retail payment system."

According to the Policy Brief, during the COVID-19 pandemic, and with the growing use of digital rather than cash-based payments, the use of cryptocurrencies has increased globally, particularly in developing countries.

This raises issues about financial consumer protection, and moreover, the market turbulence with regard to cryptocurrencies in 2022 indicates that, if left unchecked, such private digital currencies can have broader implications and jeopardize the stability and security of monetary systems, shrink policy space and even harm macroeconomic stability.

However, UNCTAD said, curbing the spread of cryptocurrencies is not an easy task. Besides implementing comprehensive financial regulations targeted directly at cryptocurrencies and crypto-exchanges and restricting advertising related to cryptocurrencies, policymakers need to ensure that the domestic payment system in the digital era serves as a public good. The best national payment systems provide stability, safety, efficiency, affordability and integrity; and protect privacy.

To harness the opportunities and minimize the risks of digitalization in developing countries, authorities need to consider creating a digital version of a national payment system in the light of social and economic realities, UNCTAD said. In this context, it addressed two options that it said could help developing countries achieve this goal: central bank digital currencies and fast retail payment systems.

Central bank digital currency

According to the Policy Brief, a central bank digital currency is a digital representation of a sovereign currency which is backed, issued and controlled by a national monetary authority.

Until recently, there was no direct connection between monetary authorities and citizens. Access to payment options relied on intermediaries, such as commercial banks. Through the use of a central bank digital currency, citizens can have direct access to a currency and related payment options backed by a central bank.

The technological advantages of a central bank digital currency include high processing speed, lower costs and the potential for financial inclusion. The latter is also associated with private digital currencies.

To a great extent, UNCTAD said, the use of a central bank digital currency has been a response to risks related to cryptocurrencies, including following the digital currency proposal of a major digital platform and the increasing importance of private payment providers in some countries. For example, in China, Alipay and Wechat Pay make up 90% of the mobile payment sector, and in Kenya, M-Pesa makes up 98.9%.

As at December 2021, three projects with regard to such currencies had been launched by Bahamas, Nigeria and the Eastern Caribbean Central Bank, the monetary authority for Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Anguilla and Montserrat.

Worldwide, 15 economies are in the pilot stage of issuing a central bank digital currency and 67 economies are exploring the benefits and drawbacks of issuing such a currency.

UNCTAD said the risk of data breaches or abuse by public authorities requires a careful approach and much depends on the design, yet the use of a central bank digital currency can help avoid the risk of monetary exploitation of personal data by private digital payment providers. "Moreover, for consumers, the use of such a currency should be costless, as the monetary authority bears the costs of launch and operation, as with the use of cash at present."

Several design alternatives are under discussion, UNCTAD noted, including on whether the underlying technology of a central bank digital currency should be distributed ledger technology. Consensus regarding the superiority of the latter in supporting a central bank digital currency has not yet been reached, for example, because, as noted in some studies, its use can compromise the speed of payments.

The Bank for International Settlements has highlighted the risks of financial dis-intermediation and a flight to safety from commercial bank deposits to central bank digital currencies since, during times of financial turmoil, people may perceive central bank digital currencies as safer than commercial bank deposits and prefer to hold balances in the former.

However, as commercial banks have access to central bank liquidity, such risks are relatively low and can be managed, UNCTAD said. Moreover, authorities could set a cap on central bank digital currency accounts and refrain from paying interest on them, to further mitigate such risks.

Despite the advantages of a central bank digital currency in maintaining financial stability and security, launching such a currency is not a simple task, said the Policy Brief. "A lack of human and financial resources is one of the most significant barriers. Moreover, in some cases, a central bank digital currency would require a revised legal framework."

Given such challenges, monetary authorities must carefully weigh the pros and cons of implementing a central bank digital currency. A fast retail payment system might be a practical alternative, said UNCTAD.

Fast retail payment system

A fast retail payment system is an electronic payment scheme that allows for the processing of small-value (retail) transactions in real time. Such a system was first introduced in South Korea in 2001. Since then, over 60 jurisdictions have launched or are planning to implement a similar system.

According to the Policy Brief, there are different frameworks in place but, in most cases, central banks have taken on three crucial roles, namely, as designers, overseers and operators. If well designed, overseen and operated by a central bank, a fast retail payment system can meet the requirements of a digital payment system, but may fall short in terms of financial inclusion, as it requires intermediaries to offer accounts to users.

The advantage of a fast retail payment system compared with other payment streams is that it may be provided at no cost or a low cost, said UNCTAD. The use of an alias (taxpayer identification number, telephone number or email address) can be used to identify the payee instead of a bank account number. This makes access to fast payments easier and reinforces the safety and integrity of the system, as it helps to reduce fraudulent activity and payment to an incorrect payee.

Yet a fast retail payment system operated by a profit-seeking private institution carries considerable risk unless it is strictly supervised, said the Policy Brief.

Moreover, to ensure liquidity, the monetary authority will need to implement special arrangements that enable participants to access central bank liquidity when necessary.

In choosing between a central bank digital currency and a fast retail payment system to address risks related to cryptocurrencies, UNCTAD said, policymakers need to consider the structural features of the domestic financial system.

"In countries in which financial inclusion levels are already high, or in which financial institutions can successfully extend transaction accounts to the population, a fast retail payment system can serve as a system that has some of the advantages of a central bank digital currency."

A country may opt to launch a fast retail payment system and then develop a central bank digital currency, yet it should be noted that a successfully implemented fast retail payment system reduces the necessity of developing the latter, said the Policy Brief.

Policy considerations

UNCTAD said that one way to contain the expansion of cryptocurrencies in developing countries is through the provision of a domestic digital payment system operated by the monetary authority.

It said that technological capacity, human and financial resources, structural features of domestic financial systems (e.g., whether there is a public commercial bank) and levels of financial inclusion and access to communications technology are all important factors in selecting a digital payment system.

While there are pressures on countries to initiate a digital payment system as soon as possible, doing so requires a strategic approach that takes into account the digital divide, said UNCTAD. In developing countries, two significant barriers related to the creation of a central bank digital currency or a fast retail payment system are linked to the digital divide.

"First, in poorer countries, a lack of personal identification documentation excludes people, particularly women, rural populations and migrants, from owning a bank account." For this reason, UNCTAD said, public authorities should coordinate efforts to make identification documents universally accessible.

Second, it said low-income households, compared with other income groups, have lower levels of access to mobile telephones and the Internet. In this context, public authorities should maintain the issuance and distribution of cash, as phasing out its use will accentuate the digital divide. *(SUNS9632)*

Nearly 1,200 ISDS cases initiated as at end 2021, says UNCTAD

Almost 1,200 known cases have been filed under a special mechanism allowing foreign investors to sue host-country governments, according to a UN tally, with nearly 70 new cases brought in 2021 alone, most of them against developing countries.

by Kanaga Raja

GENEVA: The total count of known investor-state dispute settlement (ISDS) cases reached 1,190 at the end of 2021, according to the UN Conference on Trade and Development (UNCTAD).

In a recent Issues Note on international investment agreements (IIAs), UNCTAD reported that at least 68 ISDS cases were initiated under IIAs in 2021 against 42 countries.

Two IIAs signed in the 1990s – the Energy Charter Treaty (ECT) and the North American Free Trade Agreement (NAFTA) – continued to be the instruments invoked most frequently.

Trends in ISDS

According to the Issues Note, in 2021, investors initiated 68 publicly known ISDS cases under IIAs. As of 1 January 2022, the total number of publicly known ISDS claims had reached 1,190.

As some arbitrations can be kept confidential, the actual number of disputes filed in 2021 and in previous years is likely higher, said UNCTAD.

To date, it said, 130 countries and one economic grouping are known to have been respondents to one or more ISDS claims.

UNCTAD said that in 2022, the war in Ukraine brought into the spotlight past and potential future ISDS claims relating to armed conflict.

In the past, at least 30 ISDS cases brought against states arose out of destruction or harm caused to investments in the context of war, armed conflict, military operations and civil unrest. These include the first known ISDS case based on an IIA, brought in 1987: *AAPL v. Sri Lanka*, which arose out of the alleged destruction of the claimant's investment during a military operation conducted by Sri Lankan security forces.

Out of the 30 ISDS cases identified in this context, the Russian Federation and Libya were the most frequent respondents, with 10 cases each, said UNCTAD. The cases against the Russian Federation related to the events in Crimea in 2014, including nationalizations in different economic sectors. Ukrainian companies and businesspeople invoked the Russian Federation-Ukraine bilateral investment treaty (BIT), alleging the expropriation of assets by the Russian Federation (e.g., *Ukrenergo v. Russia*; *Oschadbank v. Russia*; *Naftogaz and others v. Russia*). The cases against Libya mostly related to the alleged failure to protect foreign investments during times of war and civil unrest in the country (e.g., *Trasta v. Libya*; *Cengiz v. Libya*).

In addition to the 30 identified ISDS cases, several cases were related to economic sanctions and the suspension of diplomatic relations (e.g., *Qatar Pharma and Al Sulaiti v. Saudi Arabia*; *beIN v. Saudi Arabia*).

According to the Issues Note, the new ISDS cases in 2021 were initiated against 42 countries, with Peru being the most frequent respondent, with six known cases, followed by Egypt and Ukraine with four known cases each. Five countries – Cambodia, Congo, Finland, Malta and the Netherlands – faced their first known ISDS claims.

As in previous years, the majority of new cases (about 65%) were brought against developing countries, said UNCTAD. In the past 10 years, Spain, Egypt and Venezuela have received the largest share of claims, it added.

Looking at the 1,190 known ISDS cases filed since 1987 (the year of the first treaty-based ISDS case), Argentina (62 cases), Spain (55 cases) and Venezuela (55 cases) have been the most frequent respondent states, said the Issues Note.

It said that developed-country claimants brought most – about 75% – of the 68 known cases in 2021. The highest numbers of cases were brought by claimants from the United States (10 cases), France (5 cases), the Netherlands (5 cases) and the United Kingdom (5 cases).

In the past 10 years, investors from the United States, the Netherlands and the United Kingdom have filed the largest number of claims. "Overall, these three countries have been the three most frequent home States of claimants in known ISDS cases filed from 1987 to 2021."

About 75% of investment arbitrations in 2021 were brought under bilateral investment treaties (BITs) and treaties with investment provisions (TIPs) signed in the 1990s or earlier, said the Issues Note.

The ECT (1994) was the IIA invoked most frequently in 2021, with seven cases, followed by NAFTA (1992) in combination with the United States-Mexico-Canada Agreement (USMCA, 2018), with four cases.

Overall (1987-2021), about 20% of the 1,190 known ISDS cases have invoked the ECT (145 cases), NAFTA (76 cases) or the Investment Agreement of the Organization of Islamic Cooperation (OIC, 16 cases).

In 2021, ISDS tribunals rendered at least 54 substantive decisions in investor-state disputes, 31 of which were in the public domain at the time of writing, said UNCTAD. Eleven of the public decisions principally addressed jurisdictional issues (including preliminary objections), with four upholding the tribunal's jurisdiction and seven declining jurisdiction. The remaining 20 public decisions were rendered on the merits, with 12 holding the state liable for IIA breaches and eight dismissing all investor claims.

In addition, six publicly known decisions were rendered in annulment proceedings at the International Centre for Settlement of Investment Disputes (ICSID), said the Issues Note. ICSID ad hoc committees rejected the applications for annulment in five cases; in one case, the award at issue was partially annulled.

Overall, UNCTAD said, by the end of 2021, at least 807 ISDS proceedings had been concluded.

It said 38% of all concluded cases were decided in favour of the state (claims were dismissed either on jurisdictional grounds or on the merits), and 28% were decided in favour of the investor, with monetary compensation awarded. Nineteen percent of the cases were settled; in most cases, the terms of settlement remained confidential. In the remaining proceedings, either the cases were discontinued or the tribunal found an IIA breach but did not award monetary compensation.

Looking at the totality of decisions on the merits (i.e., where a tribunal determined whether the challenged measure breached any of the IIA's substantive obligations), UNCTAD found that 56% were decided in favour of the investor (breach found and damages awarded). The remainder were dismissed on the merits or breaches were found but no damages awarded.

Tax-related ISDS cases

Focusing in particular on tax-related cases, the Issues Note said that investors have challenged tax-related measures in 165 ISDS cases based on IIAs. A wide working definition of the term "tax" was used to identify these tax-related cases.

From 2000 to 2021, the absolute number of tax-related cases has grown at the same speed as overall ISDS cases. Tax-related claims accounted for about 15% of the 1,190 publicly known ISDS cases filed overall as of the end of 2021.

According to the Issues Note, several tax-related ISDS cases and awards have attracted public attention. High-profile examples include cases challenging the following types of state conduct:

- Imposition of capital gains taxes (*Cairn v. India*; *Vodafone v. India (I) and (II)*).
- Initiation of tax investigations and large tax assessments (*Hulley Enterprises v. Russia*; *Veteran Petroleum v. Russia*; *Yukos Universal v. Russia*).
- Increases in windfall profit taxes and royalties (*Burlington v. Ecuador*; *ConocoPhillips v. Venezuela*).
- Legislative reforms in the renewable energy sector related to feed-in tariffs and incentives for solar energy (*The PV Investors v. Spain*; *Charanne and Construction Investments*).
- Withdrawal of subsidies or tax exemptions (*Micula v. Romania (I)*).

UNCTAD said tax-related claims played a major role in many of the 165 ISDS cases. In other tax-related cases, tax measures were one element among the alleged breaches but did not feature as the major subject matter.

It said the types of tax-related ISDS claims that have arisen under IIAs were diverse (e.g., withdrawal of incentives, increases in windfall profit taxes) and often intertwined with non-tax measures (e.g., forced liquidation, interference with or termination of contracts).

Sixty percent of the tax-related cases were brought against developed countries; the remaining 40% were directed at developing countries, said the Issues Note.

Spain was the most frequent respondent with 42 cases (about 25% of all tax-related ISDS cases), followed by Ecuador and Italy with 10 cases each. Overall, 47 respondent states have faced at least one known tax-related ISDS claim.

Developed-country investors brought over 90% of tax-related IIA claims. The highest numbers of such cases were initiated by claimants from the Netherlands (30 cases), the United States (26 cases) and Germany (24 cases).

About 40% of all tax-related ISDS cases were so-called intra-EU disputes brought by EU claimants against EU respondent states (63 cases).

UNCTAD said the ECT was the IIA invoked most frequently in tax-related ISDS cases, with 68 cases, followed by NAFTA with 12 cases and the Ecuador-United States BIT with six cases. Most of the tax-related cases under the ECT were intra-EU disputes related to investments in the renewable energy sector (57 cases).

About 60% of the tax-related ISDS cases related to activities in the services sector: supply of electricity, gas, steam and air (75 cases); information and communication, e.g., telecommunications (11 cases); wholesale and retail trade (7 cases); construction, e.g., construction of buildings and civil engineering (4 cases); arts, entertainment and recreation, e.g., gambling and betting activities (3 cases); transportation and storage (3 cases); and financial and insurance activities (3 cases). Primary industries (mostly consisting of mining and quarrying activities) accounted for about 25% of the cases and manufacturing for about 15%. *(SUNS9633)*

CSOs, activists demand UN Women rescind BlackRock partnership

Civil society groups worldwide have urged the UN women's rights agency to scrap its partnership with asset management firm BlackRock, pointing to the latter's portfolio of socially and environmentally ruinous investments that exacerbate gender inequality.

by Kanaga Raja

GENEVA: Nearly 600 civil society organizations (CSOs) led by women's rights groups and feminist activists from around the world have called on UN Women to immediately rescind its partnership with BlackRock, the world's largest asset manager, arguing that it gives BlackRock "a veneer of feminist approval that it clearly does not merit."

In a letter to UN Women, the United Nations agency dedicated to gender equality and the empowerment of women, the CSOs and activists said the partnership between BlackRock and UN Women presents "serious and potentially irreparable risks" to UN Women's reputation.

"It gives UN Women the job

of sanitizing the reputation of an asset management institution whose investments have contributed to some degree to climate catastrophe, the economic immiseration of women and other groups marginalized because of sexuality, gender, race, and class, and the proliferation of weapons and by association, the increased recourse to political violence in unstable politics," they said.

"To see the world's leading institution for the defence of women's rights in league with an enabler of patriarchal dominance, violence, and ecological collapse, with not a word directed to critiquing or reforming BlackRock, could spell the end of UN Women's credibility as a gender equality institution," they cautioned.

The letter was addressed to UN Women Executive Director Sima Sami Bahous as well as her deputies – Asa Regner, Deputy Executive Director for Policy, Programme, Civil Society and Intergovernmental Support; and Anita Bhatia, Deputy Executive Director for UN Coordination, Partnerships, Resources and Sustainability.

The letter was sent following a press release issued by BlackRock on 25 May announcing the signing of a Memorandum of Understanding between BlackRock and UN Women "agreeing to cooperate in promoting the growth of gender lens investing." According to the press release, as part of the agreement, BlackRock said it "will develop strategies to mobilize capital in support of economic opportunity for women" and that UN Women "will serve as a knowledge partner and collaborate on data and research."

Expressing dismay over the Memorandum of Understanding, the CSOs and activists said: "The declaration is dissonant, in view of BlackRock's well-known record of prioritizing profits over human rights or environmental integrity, to a degree that meets precisely the Secretary-General's characterization of 'morally bankrupt' global finance institutions as being amongst the chief threats to human equality and planetary integrity."

Gendered historical and structural inequalities ensure that women and people who face multiple and intersecting forms of discrimination are the ones who suffer the harshest consequences of the social, economic, ecological and political impact of the work of asset management firms that concentrate the world's wealth into investments in fossil fuels, military and civilian weapons, and sovereign debt, the letter added.

According to the CSOs and activists, in a time of climate, environmental, health, political and economic crises, a partnership with an entity that is actively undermining international commitments to advance sustainable development is a "serious aberration."

"It departs from the human rights principles of the UN, from the SDGs [Sustainable Development Goals] priorities of building equality, peace, and sustainable development, and from UN Women's mandate to promote gender equality."

According to the letter, civil society watchdog groups consistently identify BlackRock as among the worst performers on corporate accountability. Its climate and socially destructive investments – particularly significant in impact because of the massive component they represent of BlackRock's portfolio – have been called out by activists, including Indigenous leaders.

Aware of the optics, BlackRock, the letter said, has attempted to "greenwash" itself by acknowledging the seriousness of climate change – in a move that the *New York Times* has condemned as "climate hypocrisy" that is intentionally misleading and worse than climate denial.

The partnership with UN Women suggests that UN Women has been recruited to BlackRock's image-cleansing efforts – this time it is seeking to "pinkwash" itself, said the letter.

"It is hard to reach any other conclusion from the May 25 press release. A joint interest in 'gender lens investment' is offered to explain the partnership with no explanation of what this means, nor why BlackRock is the best interlocutor for this effort, nor whether it would require BlackRock to divest from the many industries it supports that exacerbate gender inequality (through, for instance, gendered job segregation and segmentation, gendered pay gaps, let alone gender-specific impacts of small arms proliferation and ecological destruction).

"If this is a 'partnership', it looks like it works in just one direction. It gives BlackRock a veneer of feminist approval that it clearly does not merit."

The letter noted that. given BlackRock's phenomenal size and influence (reportedly managing $10 trillion in assets), it is not unreasonable to assert that this UN Women partnership also gives a feminist imprimatur to the version of neoliberal global capitalism that is condemned by the UN Secretary-General.

"This crisis-prone speculation-based capitalism, spawning grotesque income inequalities, has also been linked to misogynistic neo-populism and entrenched poverty for many women, particularly those from ethnic or racial minorities, marginalized sexualities, and female-headed households."

In their letter, the CSOs and activists highlighted several examples of BlackRock practices of extreme concern that directly contradict feminist social and economic change agendas.

Fossil fuels

The letter said that in 2021, contradicting declarations that BlackRock would divest from fossil fuels (it is one of the world's biggest investors in the world's dirtiest fossil fuel companies), it put $85 billion of assets managed into coal companies, including those seeking to identify and exploit new coal assets, breaching the decisive climate action required by the Paris Agreement.

An Intergovernmental Panel on Climate Change report released in April 2022 highlighted the need for a dramatic shift away from fossil fuels, gas and coal-based economies.

Just one month later, UN Women's partnership with BlackRock was announced, with no reference to BlackRock's massive fossil fuel portfolio, nor to the differentiated impacts the environmental crises have on the human rights of women and other marginalized groups who face multiple and intersecting forms of discrimination, said the letter.

"In a wider manner, BlackRock also invests in projects that are harmful to environmental integrity as a whole. For instance, BlackRock is a major investor in deforestation projects, destroying the tropical rainforests to invest in palm oil plantations in Papua New Guinea, while human rights abuses have been documented in parallel."

External private debt

According to the CSOs and activists, BlackRock is the leading known holder of external private debt in the Global South.

The letter said BlackRock is the largest private bondholder in Zambia but it refused a request by Zambia to suspend debt payments in 2020 and has not offered to restructure the debt. Its holdings of Zambia's bonds were $220 million as of February 2022, over half of which were purchased during the high-stress first 18 months of the COVID-19 pandemic. It could make a 110% profit on this debt if it is fully paid.

Meanwhile, cuts planned by the government of Zambia in 2022-26 are equivalent to five times its annual health budget, putting women and other marginalized groups at risk as they depend on public health services and also form a large portion of frontline health workers.

The letter also said that private creditors such as BlackRock and Ashmore hold 47% of Sri Lanka's debt via bonds that were issued post Sri Lanka's civil war. The bondholder Hamilton Reserve Bank has sued Sri Lanka in the state of New York for the full payment of principal and interest, as it considers that the country's recent debt default has been orchestrated by the government.

New York State's legislature recently passed a bill to ensure that private creditors can't use courts to get better settlements than bilateral government creditors. BlackRock is now part of a bondholder group that is negotiating a restructuring with the Sri Lankan government.

The letter said "Sri Lanka is currently in a severe crisis, with food shortages and fuel rationing, both of which impact women and girls disproportionately, with women and other marginalized groups experiencing job losses first. This takes place in a context where male household members' food and health needs tend to be prioritized, while care and domestic work burdens increase".

Labour rights

The CSO letter said that BlackRock has voted against every single shareholder resolution relating to labour rights where it has shareholdings, including resolutions relating to corporate accountability for sexual harassment and closing the gender pay gap, as well as against 47% of climate resolutions.

In contrast, it has voted for every resolution that the Committee for Workers Capital, the global committee representing workers' interests in pension funds, has advised voting against.

"BlackRock has investments where child labour has been exposed," the letter added.

Militarization

According to the CSOs and activists, BlackRock is also a major supporter of the military-industrial complex through its investment strategies. It has major investments with civilian gun manufacturers such as Smith and Wesson and Sturm, Ruger, & Company. It has holdings in Lockheed Martin, General Dynamics, Raytheon, Boeing and Northrop Grumman (which have been identified by the Stockholm International Peace Research Institute as among the largest weapons companies globally), Axon (which produces tasers) and Elbit (which provides logistical support for weapons delivery). High-level executives in BlackRock serve on the corporate boards of various military suppliers and vice versa.

"These investments build a gruesome connection between BlackRock and war-time violence and displacement, which have severe and highly gendered consequences, as well as with civilian gun deaths and the militarization of the police," said the letter.

Meanwhile, UN Women's mandate includes a focus on "building sustainable peace" and working to prevent armed conflicts, as well as a central concern with ending the global pandemic of violence against women, violence that is significantly amplified by small arms proliferation, the letter added.

"For UN Women to partner with a corporation that is so extensively involved in profiting from militarism seems contradictory at best, and potentially highly damaging to its credibility in the Women, Peace and Security arena."

Moving forward

The CSOs and feminist activists urged UN Women "to immediately rescind and repudiate this partnership, to honour its mandate to promote the highest standards of human rights, gender equality, environmental integrity and the well-being of people, as outlined in the SDGs targets."

They said: "We are aware that Member States are not fulfilling their financial commitments to fund the UN, or, even worse, orienting their contributions to serve narrow political purposes. This is a driver of the corporate capture of the UN, weakening its capacity to face the multilateral crises of our times."

Their letter noted that UN Women has made attempts in the past to partner with the private sector, with companies such as Uber or Coca-Cola, with poor results. Other parts of the UN system have been tempted to do the same – the Office of the UN High Commissioner for Human Rights, for instance, made an agreement with Microsoft. "These efforts have failed to deliver either for the UN or for the populations they ostensibly serve," said the letter.

In a larger manner, it added, the trend of a corporate capture of the UN is largely seen in the Secretary-General's *Our Common Agenda*, which places priority on a "networked multilateralism" with several multi-stakeholder proposals.

Although more stakeholders participate in various processes, the responsibility of governance and accountability to advancing the goals of the UN must remain with member states, said the CSOs and activists.

They said while the UN welcomes private donors, their influence is carried to shape programme priorities. Multi-stakeholderism and networked multilateralism assert that duty bearers, rights holders and corporate interests are all equal stakeholders, and thereby obscure the power imbalances that exist among these groups.

"Corporations, unlike governments, are accountable to their shareholders with a view to increase profit. This, in many cases, is directly in conflict with the transformation needed to protect people and the planet," said the letter.

One example of this in *Our Common Agenda*, the letter said, is the proposal for a multi-stakeholder digital technology track in preparation for the 2023 Summit for the Future to agree on a Global Digital Compact to be informed by the existing High Level Panel of Experts on Digital Cooperation, co-chaired by Melinda Gates and Jack Ma – two members of the corporate sector that have conflicting interests with the public good. "How can global corporations be trusted to recommend the strict regulation needed of digital technologies?" asked the CSOs and activists.

"The UN should not need to be reminded of its mandate by observers. Its governance systems should incorporate civil society leaders to help prevent these mistakes," they said. For this reason, they recommended that feminist organizations should have formal seats in the UN's advisory groups and leadership (including to its Executive Board).

It is essential and urgent that across the UN system, as entities turn to the private sector for funding and services, standards are set for transparency and accountability, based on human rights principles and aligned with the UN's normative goals and standards, they said. Moreover, all partnerships should be underpinned by an understanding of the UN as the primary duty bearer internationally, and member states as duty bearers first and foremost. "Any partner whose operations undermine human rights and planetary integrity is inherently in conflict with the interests and mission of the United Nations at large," the letter concluded. *(SUNS9535)*

The full text of the letter to UN Women, including a list of its signatories, can be found at https://awid.org/news-and-analysis/feminists-demand-end-un-womens-partnership-blackrock-inc

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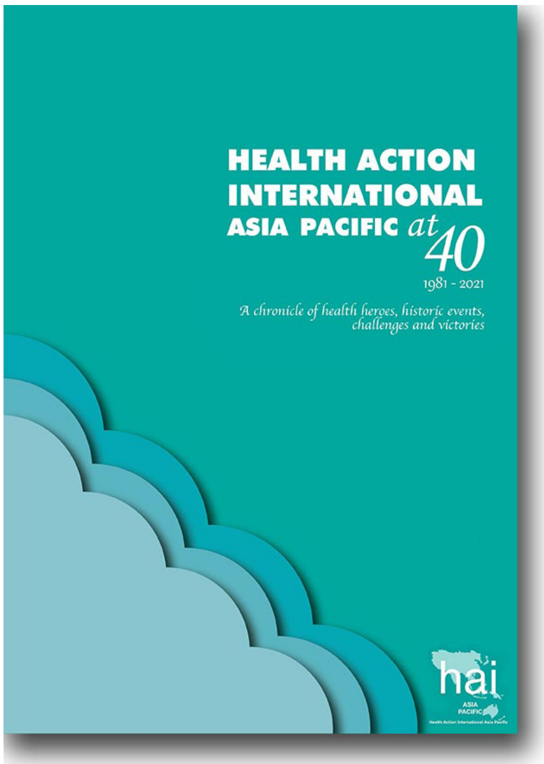
Health Action International Asia Pacific at 40 (1981-2021)



A Chronicle of Health Heroes, Historic Events, Challenges and Victories

Prepared and edited by Beverley Snell

Published by Third World Network, Health Action International Asia Pacific, International Islamic University Malaysia, Gonoshasthaya Kendra, and Drug System Monitoring and Development Centre

This book commemorates the 40th anniversary of Health Action International Asia Pacific (HAIAP), an informal network of non-governmental organisations and individuals in the Asia-Pacific region committed to resistance and persistence in the struggle for Health for All Now.

HAIAP is the regional arm of Health Action International – upholding health as a fundamental human right and aspiring for a just and equitable society in which there is regular access to essential medicines for all who need them. HAIAP works with governments, academic institutions and NGOs at community, national and regional levels on issues such as promoting the essential medicines concept, equitable and affordable access to essential medicines, rational use of medicines, ethical promotion and fair prices. While promoting awareness of the impact of multilateral agreements, particularly TRIPS and GATT, on access to affordable healthcare and essential medicines, HAIAP advocates for poverty eradication and action on other priority themes relevant to countries in the Asia-Pacific region.

Available at https://twn.my/title2/books/HAIAP%20at%2040.htm

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April Fool's inflation medicine threatens progress

Central banks continue to insist on hiking up interest rates in response to inflation, no matter the cause or cost, lament *Anis Chowdhury* and *Jomo Kwame Sundaram*.

The world economy is on the brink of outright recession, according to the International Monetary Fund (IMF). The Ukraine war and sanctions have scuttled recovery from the COVID-19 pandemic.

Over 80 central banks have already raised interest rates so far this year. Except for the Bank of Japan governor, major central bankers have reacted to recent inflation by raising interest rates.

Hence, stagflation is increasingly likely as rising interest rates slow the economy but do not quell supply-side cost-push inflation.

IMF U-turn unexplained

The IMF chief economist recently advised, "Inflation at current levels represents a clear risk for current and future macroeconomic stability and bringing it back to central bank targets should be the top priority for policymakers."

While acknowledging the short-term costs of raising interest rates, he has never bothered to explain why inflation targets should be considered sacrosanct regardless of circumstances.

Simply asserting inflation will be more costly if not checked now makes for poor evidence-based policymaking.

After all, only a month earlier, on 7 June, the IMF had advised, "Countries should allow international prices to pass through to domestic prices while protecting households that are most in need."

The Fund recognized that the major sources of current inflation are supply disruptions – first due to pandemic lockdowns disrupting supply chains, and then, delivery blockages of food, fuel and fertilizer due to war and sanctions.

US Fed infallible?

Without explaining why, US Federal Reserve Bank Chair Jerome Powell insists on emulating his hero, Paul Volcker, Fed chair during 1979-87. Volcker famously almost doubled the federal funds target rate to nearly 20%. Thus, he caused the longest US recession since the 1930s' Great Depression, raising unemployment to nearly 11%, while "the effects of unemployment, on health and earnings of sacked workers, persisted for years".

Asked at a US Senate hearing if the Fed was prepared to do whatever it takes to control inflation – even if it harms growth – Powell replied, "The answer to your question is yes."

But major central banks have "over-reacted" time and again, with disastrous consequences. Milton Friedman famously argued the US Fed exacerbated the 1930s' Great Depression. Instead of providing liquidity to businesses struggling with short-term cash-flow problems, it squeezed credit, crushing economic activity. Similarly, later Fed chair Ben Bernanke and his co-authors showed overzealous monetary tightening was mainly responsible for the 1970s' stagflation.

With prices still rising despite higher interest rates, stagflation now looms large.

North Atlantic trio

Most central bankers have long been obsessed with fighting inflation, insisting on bringing it down to 2%, despite harming economic progress. This formulaic response is prescribed, even when inflation is not mainly due to surging demand.

Powell recently observed that "supply is a big part of the story", acknowledging the Ukraine war and China's pandemic restrictions have pushed prices up.

While admitting that higher interest rates may increase unemployment, Powell insists that meeting the 2% target is "unconditional". He asserted that "we have the tools and the resolve to get it down to 2%", insisting "we're going to do that".

While recognizing "very big supply shocks" as the primary cause of inflation, Bank of England (BOE) Governor Andrew Bailey also vows to meet the 2% inflation target, allowing "no ifs or buts".

While European Central Bank President Christine Lagarde does not expect to return "to that environment of low inflation", admitting "inflation in the euro area today is being driven by a complex mix of factors", she insists on raising "interest rates for as long as it takes to bring inflation back to our [2%] target".

April Fools?

Much of the problem is due to the 2% inflation targeting dogma. As the then Governor of the Reserve Bank of New Zealand – the first central bank to adopt a 2% inflation target – later admitted, "The figure was plucked out of the air."

Thus, a "chance remark" by the NZ Finance Minister – during "a television interview on April 1, 1988 that he was thinking of genuine price stability, around 0, or 0 to 1 percent" – has become monetary policy worldwide!

Powell also acknowledged, "Since the pandemic, we've been living in a world where the economy has been driven by very different forces." He confessed, "I think we understand better how little we understand about inflation."

Meanwhile, Powell acknowledges how changed globalization, demographics, productivity and technical progress no longer check price increases, as during the "Great Moderation".

Bailey's resolve to get inflation to 2% is even more shocking as he admits that the BOE cannot stop inflation hitting 10%, as "there isn't a lot we can do".

Although it has no theoretical, analytical or empirical basis, many central bankers treat inflation targeting as universal best practice – in all circumstances. Thus, despite acknowledging supply-side disruptions and changed conditions, they still insist on the 2% inflation target!

Central bankers' inflation-targeting dogma will cause much damage. Even when inflation is rising, raising interest rates may not be the right policy tool for several reasons.

First, the interest rate only addresses the symptoms, not the causes of inflation

– which can be many.

Second, raising interest rates too often and too much can kill productive and efficient businesses along with those less so.

Third, by slowing the economy, higher interest rates discourage investment in new technology, skill-upgrading, plants and equipment, adversely affecting the economy's long-term potential.

Fourth, higher interest rates will raise debt burdens for governments, businesses and households. Borrowings accelerated after the 2008-09 global financial crisis, and even more during the pandemic.

Monetary tightening also constrains fiscal policy. A slower economy implies less tax revenue and more social provisioning spending.

Higher interest rates also raise living costs as households' debt-servicing costs rise, especially for mortgages. Living costs also rise as businesses pass on higher interest rates to consumers.

Policy innovation

The recent inflationary surge is broadly acknowledged as being due to supply shortages, mainly due to the new Cold War, pandemic, Ukraine war and sanctions. Increasing interest rates may slow price increases by reducing demand, but does not address supply constraints, the main cause of inflation now.

Anti-inflationary policy in the current circumstances should therefore change from suppressing domestic demand with higher interest rates, to enhancing supplies.

Raising interest rates increases credit costs for all. Instead, financial constraints on desired industries to be promoted (e.g., renewable energy) should be eased. Meanwhile, credit for undesirable, inefficient, speculative and unproductive activities (e.g., real estate and share purchases) should be tightened.

This requires macroeconomic policies to support economic diversification, by promoting industrial investments and technological innovation. Each goal needs customized policy tools.

Instead of reacting to inflation by raising the interest rate – a blunt one-size-fits-all instrument – policymakers should consider the various causes of inflation and how they interact. Each source of inflation needs appropriate policy tools, not one blunt instrument for all.

But central bankers still consider raising interest rates the main, if not only, policy against inflation – a universal hammer for every cause of inflation, all seen as nails. *(IPS)*

***Anis Chowdhury**, Adjunct Professor at Western Sydney University (Australia), held senior United Nations positions in New York and Bangkok. **Jomo Kwame Sundaram,** a former economics professor, was UN Assistant Secretary-General for Economic Development, and received the Wassily Leontief Prize for Advancing the Frontiers of Economic Thought in 2007.*

Africa taken for "neo-colonial" ride

From colonialism to neoliberalism, African progress has been painfully undermined by exploitation and extraction.

by Anis Chowdhury and Jomo Kwame Sundaram

Like so many others, Africans have long been misled. Alleged progress under imperialism has long been used to legitimize exploitation. Meanwhile, Western colonial powers have been replaced by neo-colonial governments and international institutions serving their interests.

US President Donald Trump's "shitholes", mainly in Africa, were and often still are "pots of gold" for Western interests. From 1445 to 1870, Africa was the major source of slave labour, especially for Europe's "New World" in the Americas.

Walter Rodney's *How Europe Underdeveloped Africa* noted that "colonized Africans, like pre-colonial African chattel slaves, were pushed around into positions which suited European interests and which were damaging to the African continent and its peoples."

The "scramble for Africa" from the late 19th century saw European powers racing to secure raw materials monopolies through direct colonialism. Western powers all greatly benefited from Africa's plunder and ruin.

European divide-and-conquer tactics typically also had pliant African collaborators. Colonial powers imposed taxes and forced labour to build infrastructure to enable raw material extraction.

Racist ideologies legitimized European imperialism in Africa as a "civilizing mission". Oxford-trained former Harvard history professor Niall Ferguson – an unabashed apologist for Western imperialism – insists colonialism laid the foundations for modern progress.

Richest, but poorest and hungriest

A recent blog asks, "Why is the continent with 60% of the world's arable land unable to feed itself? … And how did Africa go from a relatively self-sufficient food producer in the 1970s to an overly dependent food importer by 2022?"

Deeper analyses of such uncomfortable African realities seem to be ignored by analysts influenced by the Global North, especially the Washington-based international financial institutions. The UN Conference on Trade and Development (UNCTAD)'s 2022 Africa report is the latest to disappoint.

It does not guide African governments on how to actually implement its long list of recommendations given their limited policy space, resources and capabilities. Worse, its proposals seem indistinguishable from an Africa-oriented version of the discredited neoliberal Washington Consensus.

With 30% of the world's mineral resources and the most precious metal reserves on Earth, Africa has the richest concentration of natural resources – oil, copper, diamonds, bauxite, lithium, gold, tropical hardwood forests and fruits.

Yet, Africa remains the poorest continent, with the average per capita output of most countries worth less than $1,500 annually. Of the 46 least developed countries, 33 are in Africa – more than half the continent's 54 nations.

Africa remains the world's least industrialized region, with only South Africa categorized as industrialized. Incredibly, Africa's share of global manufacturing fell from about 3% in 1970 to less than 2% in 2013.

About 60% of the world's arable land is in Africa. A net food exporter until the 1970s, the continent has become a net importer. Structural adjustment reform conditionalities – requiring trade liberalization – have cut tariff revenue, besides undermining import-substituting manufacturing and food security.

Sub-Saharan Africa accounts for 24% of the world's hungry. Africa is the only continent where the number of undernourished people has increased over the past four decades. About 27.4% of Africa's population were "severely food insecure" in 2016.

In 2020, 281.6 million Africans were undernourished, 82 million more than in 2000. Another 46 million became hungry during the pandemic. Now, Ukraine war sanctions on wheat and fertilizer exports most threaten Africa's food security, in both the short and medium term.

Many of Africa's recent predicaments stem from structural adjustment programmes (SAPs) much of Africa and Latin America have been subjected to from the 1980s. The Washington-based international financial institutions, the African Development Bank and all donors support the SAPs.

SAP advocates promised foreign direct investment and export growth would follow, ensuring growth and prosperity. Now, many admit neoliberalism was oversold, ensuring the 1980s and 1990s were "lost decades", worsened by denial of its painfully obvious consequences.

Instead, "extraordinarily disadvantageous geography", "high ethnic diversity", the "natural resource curse", "bad governance", corrupt "rent-seeking" and armed conflicts have been blamed. Meanwhile, however, colonial and neo-colonial abuse, exploitation and resource plunder have been denied.

While World Bank SAPs were officially abandoned in the late 1990s following growing criticism, replacements – such as Poverty Reduction Strategy Papers – have been like "old wine in new bottles". Although purportedly "home-grown", they typically purvey bespoke versions of SAPs.

With trade liberalization and greater specialization, many African countries are now more dependent on fewer export commodities. With more growth spurts during commodity booms, African economies have become even more vulnerable to external shocks.

Can the West be trusted?

Earlier, the G7 leading industrial countries reneged on their 2005 Gleneagles pledge – to give $25 billion more yearly to Africa to "Make Poverty History" – within the five years they gave themselves. Since then, developed countries have delivered far less than the $100 billion of climate finance annually they had promised developing nations in 2009.

The Hamburg G20's 2017 "Compact with Africa" (CwA) promised to combat poverty and climate change effects. In fact, CwA has been used to promote the business interests of donor countries, particularly Germany. Primarily managed by the World Bank and the International Monetary Fund, CwA has actually failed to deliver significant foreign investment, instead sowing confusion among participating countries.

Powerful Organization for Economic Cooperation and Development (OECD) governments successfully blocked developing countries' efforts at the 2015 Addis Ababa UN conference on financing for development for inclusive UN-led international tax cooperation and to stem illicit financial outflows. Africa lost $1.2-1.4 trillion in illicit financial flows between 1980 and 2009 – about four times its external debt in 2013. This greatly surpasses total official development assistance received over the same period.

Under Nelson Mandela's leadership, Africa had led the fight for the "public health exception" to international intellectual property law. Although Africa suffers most from "vaccine apartheid", Western lobbyists blocked developing countries' temporary waiver request to affordably meet pandemic needs.

African solidarity is vital to withstand pressures from powerful foreign governments and transnational corporations. African nations must also cooperate to build state capabilities to counter the neoliberal "good governance" agenda.

Africa needs much more policy space and state capabilities, not economic liberalization and privatization. This is necessary to unlock critical development bottlenecks and overcome skill and technical limitations. *(IPS)*

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