

G2H2 REPORT

# FINANCIAL JUSTICE FOR PANDEMIC PREVENTION, PREPAREDNESS & RESPONSE





## Financial Justice for Pandemic Prevention, Preparedness and Response

G2H2 report, Geneva, November 2022

### Authors

Nicoletta Dentico, Society for International Development, G2H2 co-president

Baba Aye, Public Services International, G2H2 co-president

Mariska Meurs, Wemos, G2H2 member

### Editorial coordination

Neha Gupta, Society for International Development

### Design & Illustration

Jessica Bromley Bartram

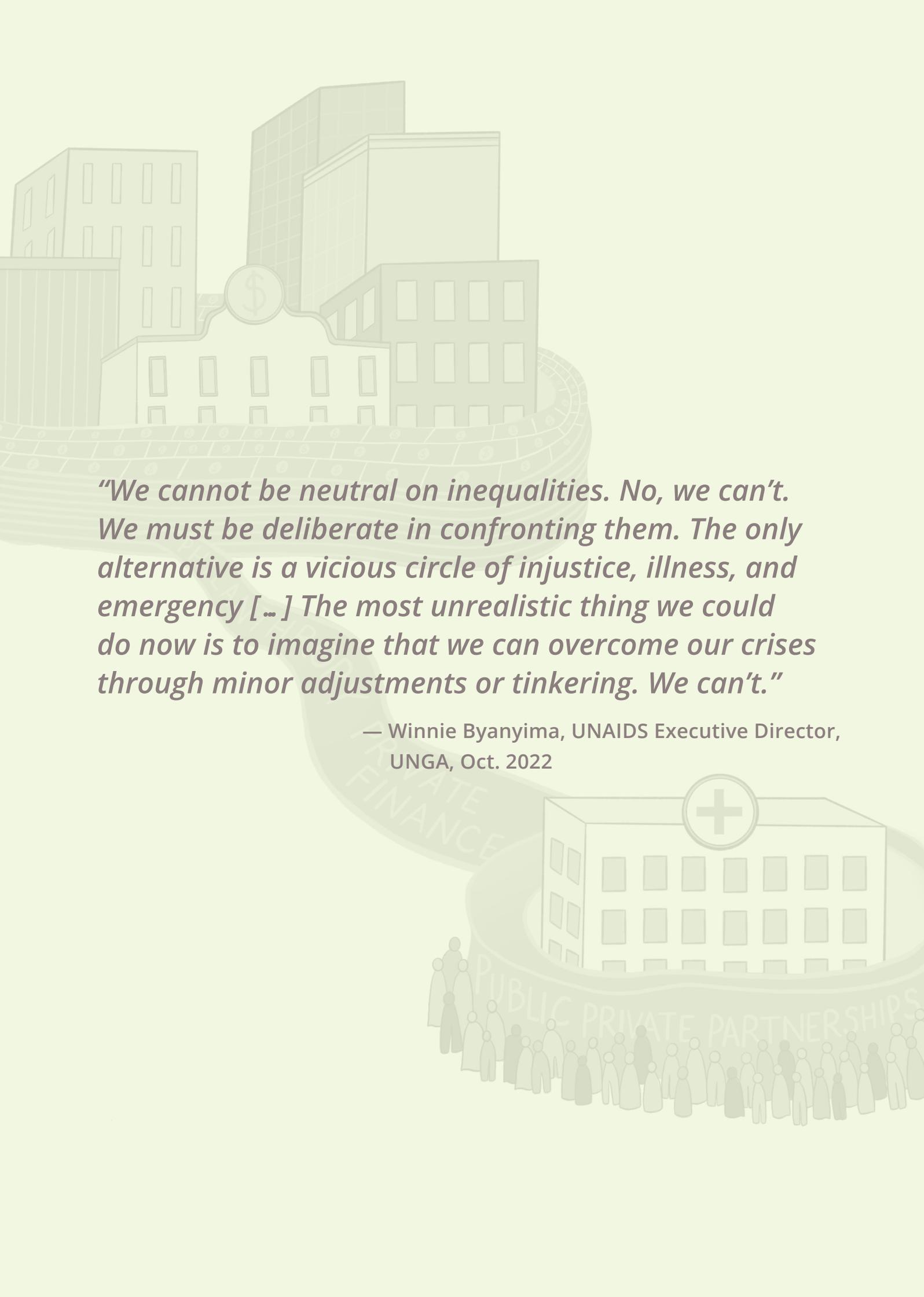


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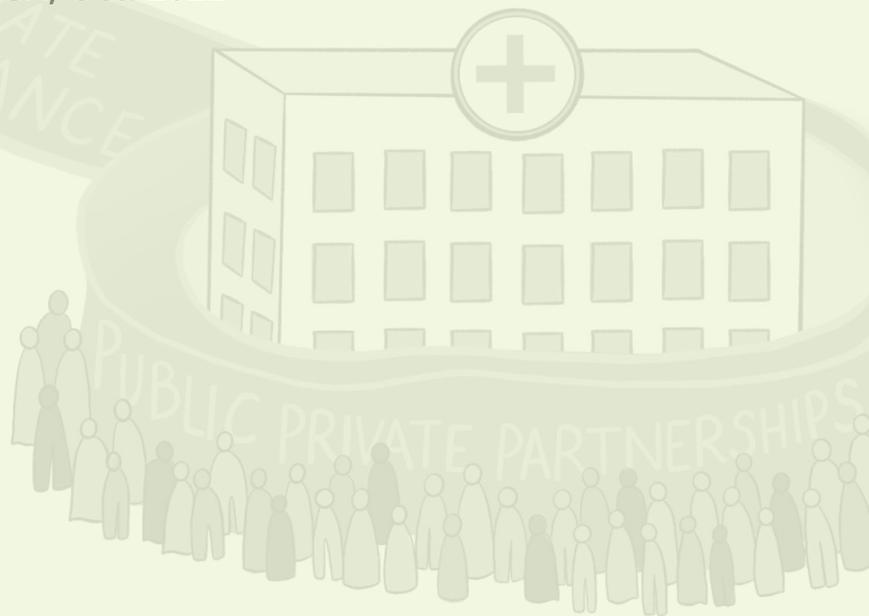
# INDEX

Executive summary .....	5
List of Abbreviations .....	8
Anatomy of colonial financing models for global public health .....	10
Donors' tinkering on outdated approaches for health financing: the case of the World Bank's Pandemic Fund .....	14
False gods with clay feet: deconstructing mythicized financing solutions .....	22
Debt cancellation: the Copernican rethinking needed for more AND better finance .....	34
A wealth of evidence never making its way at the WHO .....	49
The WHO Pandemic Treaty negotiation: time for tearing the veil? .....	52
Annex: Interviews by Priti Patnaik .....	55



*“We cannot be neutral on inequalities. No, we can’t. We must be deliberate in confronting them. The only alternative is a vicious circle of injustice, illness, and emergency [...] The most unrealistic thing we could do now is to imagine that we can overcome our crises through minor adjustments or tinkering. We can’t.”*

— Winnie Byanyima, UNAIDS Executive Director,  
UNGA, Oct. 2022



# EXECUTIVE SUMMARY

A year ago, the second Special Session of the World Health Assembly (WHASS) unanimously agreed to start a diplomatic process for a new binding instrument aimed at ensuring the international community is better prepared for the next health emergencies. The establishment of an Intergovernmental Negotiating Body (INB) at the WHO paved the terrain for a proper negotiation, which has started to unfold. The INB will be releasing the “conceptual zero draft” of the treaty text in early December 2022.

Whatever the outcome of the process, one of the inescapable pillars of any new international agreement is addressing how to finance pandemic prevention, preparedness and response (PPR). This is the reason why the Geneva Global Health Hub (G2H2) decided to embark into the contentious relationship between the international financial architecture and current health financing models, towards highlighting the pitfalls the world must avoid to ensure a healthier post-COVID world.

There is no shortage of money in this world, but redirecting that money requires bold action. Most financial decisions rest with the G20 and fiscal policies with the OECD – entities with no jurisdiction that embody high-income countries’ interests. Therefore, we need delegates to get out of their silos and be prepared to confront the status quo, including actors and institutions that maintain the current system of global financial injustice. There are no easy solutions, but new ideas and initiatives at the UN are paving the way for addressing pathological relations of power at the root of health inequities.

The first section of the report scrutinizes the Pandemic Fund. Established at the initiative of the G20 in a rush to mobilize resour-

ces for PPR, its initial governance structure replicated the classical colonial paradigm. Low-income countries and civil society’s representation was allowed on its board only after strong and widespread criticism. With an outdated funding model dependent on colonial charity, the likely competition with other global health funds and very low expectations regarding its leverage on medical innovation, this cannot be the world’s solution to funding PPPR. Not even if its fundamental design flaws are repaired.

In its second section, the report demystifies two areas of financing solutions that have been implemented worldwide, pushed by the same neoliberal policy paradigm: fiscal consolidation and the commercialization of health services. Not only have the related policy measures failed to bring Health for All, in most cases they led to enhancing concentration of health and wealth in the hands of a few and a deterioration of health conditions for the vast majority of the population.

A historical analysis of the International Financial Institutions’ engagement shows how their push for economic reforms and austerity measures have led to reductions in health spending from the 1980s onwards. A sobering example is the IMF’s role in the

Ebola outbreak rooted in the consequences of structural adjustment. To meet up with IMF conditionalities in the period leading to the 2014 Ebola emergency, Guinea, Liberia and Sierra Leone had been compelled to not only limit the number of health workers that they could hire, but also to cap health workers' wages. After a brief spending boost during the Covid-19 pandemic, the IMF has now returned to pushing for 'fiscal consolidation' in country programs and loans. Despite its narrative of "abandoning austerity", already in 2021, about 134 countries started cutting down on government spending and no less than 143 are projected to implement austerity measures by 2023.

Austerity goes hand in hand with commercialization and privatization of public services. Development actors' promotion of privatization in low-income countries became stronger with the Washington Consensus in the 1990s and early 2000s. Yet, a solid body of evidence shows that public systems for healthcare delivery have overall been more efficient and effective, produce better healthcare outcomes, and perform better in terms of crisis prevention and preparedness. Astonishingly, since 2018 the World Bank Group is operationalizing its "private-first" approach through the so-called Maximizing Finance for Development strategy. Investments in health by the International Finance Corporation (IFC, the World Bank's private sector arm) even ignore equitable access to services as a goal. The third main part of this report leads the reader through the complex landscapes of debts and illicit financial flows. It is in these domains where a way out of the

multiple crises must be sought. According to World Bank estimates, an additional 75-95 million people are being pushed into extreme poverty by the end of 2022, due to the unprecedented accumulation of financial pressures coming from the worsening debt crisis and the divergences in economic recovery plans from COVID-19. Research conducted on 41 countries shows that those with highest debt payments will spend an average 3% less on essential public services in 2023 than in 2019. The report demonstrates how the recipes offered by the G20, such as the Debt Service Suspension Initiative and the Common Framework, are not used and ultimately failing.

If the G20 and financial institutions had cancelled all external debts due in 2020 alone by the 76 lowest income countries, this would have liberated US\$ 40 billion; US\$ 300 billion if the cancellation had also included 2021. Arguments for a widespread debt write-off are clearly increasing, in the face of the global debt crisis. In fact, research shows how not only wealthy industrialized countries should pay the most to address climate change, but they should pay developing countries colossal reparations for the devastations provoked as historical emitters of greenhouse gases, causing US\$ 6 trillion in global economic losses through warming from 1990 to 2014. Whose debt are we talking about, then?

Illicit Financial Flows (IFFs) are yet another drain on public resources that can only be tackled with radical action. According to UNCTAD, countries with high IFFs spend on average 25% less on health and around 50% less on education. Evidence suggests that the Eastern and Southern African region lost

a staggering US\$7.6 billion in tax revenue in 2017 alone, i.e. US\$124.7 per capita, due to only two sources of IFFS (base erosion and profit shifting to tax havens). At the UN General Assembly in 2022, the Africa Group tabled a draft resolution calling for negotiations towards a UN convention on tax cooperation, building on the long-standing call by G77 & China to establish an inter-governmental process at the UN to address global tax abuse. This initiative should at least be receiving a strong indication of support in the context of the Intergovernmental Negotiating Body for the pandemic accord at the WHO.

These are the kind of unmentioned issues that need to be debated among WHO delegates when PPR financing makes its way on the agenda. In the emerging fragment-

ed geopolitical landscape, WHO Member States – particularly from the global South – must find ways to converge on new essential instruments for financial justice. Such as stop paying for a debt, whose legitimacy must be questioned again, in view of global warming and climate change.

Civil society organizations, too, need to fully understand dynamics at play, and avoid being captured by this systemic injustice, as if it were a condition that cannot be repaired. The world needs a healthy financial system now. We encourage all the constituencies involved in the pandemic accord at the WHO, and those involved in other fora, to join the financial justice call that comes from the very UN system that the WHO belongs to.

# LIST OF ABBREVIATIONS

<b>CSO</b>	Civil Society Organization	<b>NHS</b>	National Health Service
<b>DPA</b>	Defense Production Act	<b>ODA</b>	Official Development Assistance
<b>DSSI</b>	Debt Service Suspension Initiative	<b>OECD</b>	Organization for Economic Co-operation and Development
<b>EAP</b>	Economic Adjustment Programme	<b>OOP</b>	Out-of-pocket expenditures
<b>ECB</b>	European Central Bank	<b>PPE</b>	Personal Protective Equipment
<b>FIF</b>	Financial Intermediary Fund (also The Pandemic Fund)	<b>PPR</b>	Pandemic Prevention Preparedness and Response
<b>G2H2</b>	Geneva Global Health Hub	<b>PSI</b>	Public Services International
<b>GFC</b>	Great/Global Financial Crisis	<b>SAP</b>	Structural Adjustment Program
<b>HIC</b>	High Income Country	<b>SDG</b>	Sustainable Development Goal
<b>IDA</b>	International Development Association	<b>TAP</b>	Technical Advisory Panel (at the FIF)
<b>IE</b>	Implementing Entity	<b>UEHP</b>	European Union of Private Hospitals
<b>IFC</b>	International Finance Corporation	<b>UHC</b>	Universal Health Coverage
<b>IFF</b>	Illicit Financial Flow	<b>UN</b>	United Nations
<b>IFI</b>	International Financial Institution	<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>IMF</b>	International Monetary Fund	<b>UNDESA</b>	United Nations Department of Economic and Social Affairs
<b>INB</b>	Intergovernmental Negotiating Body	<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>IP</b>	Intellectual Property	<b>WBG</b>	World Bank Group
<b>IPPPR</b>	Independent Panel for Pandemic Preparedness and Response	<b>WHASS</b>	World Health Assembly Special Session
<b>LMIC</b>	Low- and Middle-Income Countries	<b>WHO</b>	World Health Organization
<b>MDB</b>	Multilateral Development Bank	<b>WTO</b>	World Trade Organization
<b>MFD</b>	Maximizing Finance for Development		
<b>NIEO</b>	New International Economic Order		



# ANATOMY OF COLONIAL FINANCING MODELS FOR GLOBAL PUBLIC HEALTH

A year ago, the second Special Session of the World Health Assembly Special Session (WHASS) unanimously agreed to start a negotiating process for a new legal instrument aimed at ensuring that the international community gets prepared for the next epidemic events. The decision has resulted into the creation of an Intergovernmental Negotiating Body (INB)<sup>1</sup> at the WHO tasked with preparing the diplomatic terrain for a proper negotiation, which has started to unfold. The INB will be releasing the “conceptual zero draft” of the treaty text in early December 2022.

This new pandemic treaty route, which is still at an early stage, has attracted increasing attention and some bewilderment in global health circles. While efforts to amend the WHO binding rules that already exist for health emergencies, the International Health Regulations (IHR), are also gaining stage, WHO Member States are lining up along these two separate yet intersecting negotiations with shifts in the way delegates view the parallel processes<sup>2</sup>. Whatever the diplomatic outcome, one of the inescapable pillar of any new international agreement will entail convergence on how to finance pandemic prevention preparedness and response (PPR).

A few recognizable actions are required to enhance and finance the prevention and preparedness to new potential catastrophic pandemics. These include but are not

limited to stopping farming animals and the current fossil development model, liberating the biodiversity of scientific knowledge, transforming the financial global architecture to enable a new redistribution and healthier relation among countries. However, these policy orientations are hardly ever featured in the documents that pertain to the debate on PPR. This is why the Geneva Global Health Hub (G2H2) - building on its preliminary research into the genesis of the pandemic treaty in 2021 - has resolved to take a fresh look at the contentious and complex relationship between the international financial architecture and health financing models, particularly in the post COVID-19 scenario.

Despite repeated zoonotic events since the beginning of the new millennium<sup>3</sup>, and the warnings of over 11 high level panels and

<sup>1</sup> <https://inb.who.int>

<sup>2</sup> Patnaik P., (2022). Amendments to the IHR Come to the Fore. Will the Pandemic Accord Lose Traction?. In Geneva Health Files, 11th November 2022, Geneva.

<sup>3</sup> Allen T., Murray K.A., et al. (2017). Global hotspots and correlates of emerging zoonotic diseases. In Nature Communications 8, 1124 (2017), <https://www.nature.com/articles/s41467-017-00923-8>.

commissions since 2009, the most essential elements of pandemic preparedness and response – the focus of today’s international discourse - continue to be under-funded, unevenly supplied, and difficult to access. These elements embrace healthy public policies and the existence of decentralized public health systems that are up to the challenge. The pandemic has been profoundly pedagogical in that respect. It has exposed the limits of hospital-centered healthcare and revealed instead the great benefits of a public health response – including in low resourced settings – fashioned through the fabric of territorial networks and small healthcare facilities that are close to communities. COVID-19 unleashed the essential role of health personnel in its interaction with societies, and the wide range of essential activities related to health and the various forms of social protection which, until then, had gone unnoticed. It brought to light that fact that these activities must be socially and economically recognized in the context of PPR. Built over the daunting experience of the pandemic, the opportunity exists now to catch up with past omissions. The international community must recognize and align the broad range of categories that the health and climate emergencies have brought to the fore, train doctors and nurses to embrace them and validate their role of care across the multiple dimensions of One Health. Not even all of this will be enough, though, if social and normative arrangements of non-discrimination aren’t introduced<sup>4</sup>.

What do we see, instead? We witness the unstoppable boost of healthcare privatization and the expansion of private equity firms generating returns in the health systems that put patient care behind profits. The phenomenon stands out as the health threat brewing around us while other pandemics are silently coming our way, like antimicrobial resistance, and the prevalence of known infectious diseases like malaria<sup>5</sup> and tuberculosis<sup>6</sup> is on the rise again, due to endless environmental devastation and thriving social marginalization across the planet.

If COVID-19 has revealed the cracks in national and international systems of coordination in preparing and responding to viral outbreaks – to the extent that the coronavirus has turned into the global policy failure of a pandemic<sup>7</sup> – today’s phenomenal interest in PPR does not in itself guarantee that the underlying problems experienced in the last three years will be genuinely addressed. The focus on financing for pandemic preparedness and response, according to G2H2, helps us critically examine whether the global health ecosystem is equipped to confront the structural inequalities that generate life-insecurity and ill-health, and is intentional in addressing them. Or if it plans instead to use the pandemic momentum to reaffirm the same neoliberal values that depoliticize causes of and solutions to ill health and health inequities<sup>8</sup>, thereby perpetuating current relations of power in the name of the pandemic future, at the expense of health pluralities, ecologies

4 Buyum A.M., Kenney C., et al., (2020). Decolonizing global health: if not now, when? In *BMJ Global Health*, July 2020, <https://gh.bmj.com/content/5/8/e003394>.

5 In its World Malaria Report 2021, the World Health Organization (WHO) has spotted 14 million new cases of malaria from 2019 to 2020. Roughly 93% of deaths occurred in Africa, and among children under 5. The report recognizes that progress is stalling and that new emerging threats could reverse some of the hard-won battles of recent years. See <https://www.who.int/teams/global-malaria-programme/reports/world-malaria-report-2021>.

6 Cullinan K., (2022). TB Cases and Deaths Increase as COVID Pandemic Wipes Out Decades of Gains. In *Health Policy Watch*, 27th October 2022, <https://healthpolicy-watch.news/tb-cases-and-deaths-increase-as-covid-pandemic-wipes-out-decades-of-gains/>.

7 <https://g2h2.org/posts/inb-openletter-march2022/>

8 Kim H., Novakovic U., et al., (2019). A critical assessment of the ideological underpinnings of current practices in global health and their historical origins.

and diversities. Two main considerations should underpin any financial initiative: one is synchronic, namely, how to share the burden of the efforts among countries, health sectors and social groups; and the other is diachronic, i.e., how to balance the burden between the short and the long term, and across generations. From a G2H2 perspective, following the money after the traumatic event of the COVID-19 pandemic – “a crisis like no other” according to International Monetary Fund<sup>9</sup> - enables a deeper understanding of the international health community’s true sense of direction, beyond the engaged enthusiasm for the WHO pandemic treaty negotiations.

Through the WHO, the negotiation is anchored at the UN, a body equipped with jurisdiction. Government delegates should be fully aware of the need to reclaim this space and diplomatic opportunity, while taking stock of parallel international initiatives aimed at healing the pathologies of the global financial architecture. Today, most financial decisions rest with the G20 and most fiscal policies with the OECD – two entities that have no jurisdiction and that mostly represent high-income countries’ interests. A new decolonized scenario to address the complex interdependence between health, economic development and governance is highly desirable.

In envisaging this research, we found ourselves inspired by a few daring questions that are hardly ever asked, and we decided not to refrain from them.

- 1 Can political viewpoints never featured in multilateral health circles make their way in Geneva in this PPR conjuncture, to tackle structural health inequities rooted in relations of dominance? How can this be achieved?

- 2 Are governments negotiating at the WHO ready to recognize the knowledge and leadership transition that the current intersection of health/climate/inequality crises imposes on them?
- 3 What conditions can be created to disclose and address the not so ambiguous function of the global health security agenda, so prominent in the surveillance and containment approach of the WHO pandemic negotiation?
- 4 Can the current hierarchy of assumptions and beliefs be challenged through a committed agenda for health sovereignty enabling countries to shape PPR strategies beyond ongoing financial colonialism?

The mounting power inequalities at play in the WHO present the biggest threat for the pandemic treaty’s relevance and outcome, and the future of health financing. From the perspective of the G2H2 research team, it’s high time these were disclosed and confronted against the backdrop of the future health landscapes on this planet. For the purpose of this report, we have eagerly sought the competent opinion of Member States public health and finance experts, to deep dive into the current limitations of the global health institutional arena and some of the possible stratagems for the way forward. This prismatic expert contribution is a key building block of the G2H2 work and the full text of interviews that experts consented to share is annexed to the report, to convey their full significance in this multi layered discussion.

G2H2 hopes that this new knowledge tool may trigger debate and ignite some courage of daring in the interested constituencies holding the responsibility of a healthier and safer future.

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<sup>9</sup> <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>



# DONORS' TINKERING ON OUTDATED APPROACHES FOR HEALTH FINANCING: THE CASE OF THE WORLD BANK'S PANDEMIC FUND

While all eyes were focused on kickstarting the pandemic treaty process at the WHO, the idea of a new global fund for pandemic preparedness, prevention and response (PPR) was hatched at the G20 in late 2021. The establishment of a Financial Intermediary Fund (FIF) – now renamed as The Pandemic Fund – was announced by the new chair of the G20, Indonesia, in early 2022. In February 2022, the G20 Finance Ministers and Central Bank Governors Meeting requested the G20 Joint Finance-Health Taskforce to “present their report to Finance and Health ministers on modalities to establish a financial facility for pandemic preparedness and response at our next meeting in April, with further follow-up in July and, jointly with G20 Health Ministers, in October”<sup>10</sup>.

Since then, a headlong rush has led to the World Bank Board's approval of the Fund's establishment on 30th June 2022 and to a first meeting of its governing board on 8th September 2022. The Pandemic Fund was officially launched on 13th November, alongside the G20 Leaders' Summit. The blistering pace of the process has been characterized by an overall loose approach to governance and priority setting, accord-

ing to accredited analysts<sup>11</sup>; the same thing happened twenty years ago around the design of the first global public and private partnership of this kind, the Global Fund to Fight HIV/AIDS, Malaria and Tuberculosis endorsed by the G8 in 2001<sup>12</sup>.

The new Pandemic Fund is described as a collaborative partnership among donor countries, co-investors (countries that are

<sup>10</sup> Communiqué G20 Finance Ministers and Central Bank Governors' Meeting, 17-18 February 2022, Jakarta, Indonesia. [G20-FMCSBG-Communique-Jakarta-17-18-February-2022.pdf](https://www.g20.org/communique-jakarta-17-18-february-2022.pdf)

<sup>11</sup> Bass E., Russel A., (2021). Fix It or Forget It. In Think Global Health, 11th July 2022, <https://www.thinkglobalhealth.org/article/fix-it-or-forget-it>.

<sup>12</sup> <https://www.theglobalfund.org/en/about-the-global-fund/history-of-the-global-fund/>

eligible to receive funding), foundations and civil society organizations (CSOs). It is hosted by the World Bank with WHO as technical lead. The goal of the Pandemic Fund, as per the World Bank's website, is to "provide financing to address critical gaps in pandemic PPR to strengthen country capacity in areas such as disease surveillance, laboratory systems, health workforce, emergency communication and management, and community engagement. It can also help address gaps in strengthening regional and global capacity, for example, by supporting data sharing, regulatory harmonization, and capacity for coordinated development, procurement, distribution and deployment of countermeasures and essential medical supplies"<sup>13</sup>.

Since the decision of creating the Pandemic Fund advanced early this year, it has occupied thoughts, time and capacity of many experts, policy makers and civil society organizations in the global health community. They have all spent hours in consultations to discuss the flaws in the blueprint of this new initiative, forged with old features. The close-door negotiations among founding donors for the development and finalization of the fund's design by September 2022 had left countries from the Global South and civil society completely out of the discussion, ignoring everything that the world should have learnt after COVID-19 about who must be

at the table for effective equitable health<sup>14</sup>. As we write, priorities for a first call for proposals have not yet been decided, but the Civil Society and Communities Town Hall meeting organized by the FIF on 14th October tentatively communicated that first-round thematic priorities are leaning towards investments in surveillance, health worker and health systems strengthening. There is no clarity yet on geographical prioritization of this first funding cycle. Of the approximately US\$ 1.4 billion promised to date, not all pledges have been converted into actual funding<sup>15</sup>. So much so that the Board members are considering mobilizing around US\$ 300 million for the purpose of the first round of proposals. We are therefore confronted again with the iteration of mechanics seen with previous global funds, and overall with development funding, deeply rooted in the unpredictability of short-term and mostly earmarked donors' financing. As uncertainties around prioritization abound, the date for the first Call for Proposals has been delayed from mid-November to mid-December, with a possible further postponement to January 2023. It is hardly an exciting and promising start, given the declared "urgent need to step up investments to strengthen the capacity of developing countries to prevent, prepare for, and respond to future global health threats"<sup>16</sup>.

<sup>13</sup> World Bank (2022). World Bank Approves New Fund for Pandemic Prevention, Preparedness and Response (PPR). Press Release June 30. World Bank board approves new Fund for Pandemic Prevention, Preparedness and Response (PPR)

<sup>14</sup> Smith C.P., (2022). A new pandemic fund that could do more harm than good. In Results, 27th July 2022, <https://results.org/blog/a-new-pandemic-fund-that-could-do-more-harm-than-good>

<sup>15</sup> Notes and readout from the Civil Society & Communities Town Hall: Feedback from October 7, 2022, Pandemic Fund Board Meeting. 10\_14 Notes & Read-out ([pandemicactionnetwork.org](http://pandemicactionnetwork.org))

<sup>16</sup> <https://projects.worldbank.org/en/projects-operations/products-and-services/brief/financial-intermediary-fund-for-pandemic-prevention-preparedness-and-response-engagement>

## The Pandemic Fund at a glance

The Pandemic Fund is a Financial Intermediary Fund (FIF) housed at the World Bank. It is defined as a multi-donor collaboration platform, with a trust fund, for which the World Bank serves as trustee. Its governing and administrative bodies include:

- **Governing Board:** this is the supreme governing body that sets the work program and decides on funding decisions, consisting of 21 voting members (9 from sovereign contributors, 9 from sovereign co-investors, 1 non-sovereign contributor, 2 from civil society) and 1 non-voting seat for the G20 group. The Board also embraces several observers from contributing countries, implementing agencies, the secretariat, the trustee, and the World Bank's legal department. The governance framework is such that "voting seats will be allocated and held on an interim basis until April 30, 2023. Beginning in May 2023, the allocation of seats for all Contributors to the Fund will be reset based on Contribution Agreements signed as of April 30, 2023, and the allocation of seats for sovereign Co-investors (countries that are eligible to receive Pandemic Fund funding) and CSOs will be decided through a self-selection process"<sup>17</sup>.
- A Technical Advisory Panel (TAP) of 20 experts with expertise across different areas of pandemic PPR, to support the Board with up-to-date knowledge and advice on funding priorities and critical gaps in pandemic PPR, and on funding allocation decisions. The TAP will be led by a chair from WHO.
- A Secretariat performing program management and administration services (housed at and staffed by the World Bank, including staff seconded from WHO).
- A Financial Trustee (the World Bank) receiving funds from contributors and transferring funds to the implementing partners.
- Implementing Entities (IEs), namely those partners tasked with operationalizing the Fund, and which will be accredited by the Fund's Board. Only IEs may submit funding proposals, developed with eligible countries, to the Fund<sup>18</sup>.
- Current proposed contributions from donors to the Fund total US \$1.4 billion<sup>19</sup> with the expectation of further fund raising. Financing will be provided through grants.

<sup>17</sup> World Bank (2022). Financial Intermediary Fund for Pandemic Prevention, Preparedness and Response Governance Framework Adopted by the Governing Board on September 8, 2022. Financial Intermediary Fund for Pandemic Prevention, Preparedness and Response ([worldbank.org](http://worldbank.org))

<sup>18</sup> Preselected partners to become IEs are African Development Bank, Asian Development Bank, Asian Infrastructure Investment Bank, European Investment Bank, Food and Agriculture Organization, Inter-American

Development Bank, International Finance Corporation, UNICEF, World Bank, and World Health Organization, Gavi, the Vaccine Alliance, the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the Coalition for Epidemic Preparedness Innovations (CEPI).

<sup>19</sup> <https://www.pandemicactionnetwork.org/news/global-pandemic-fund-action-hub/>

What is obvious, after almost three years of the COVID-19 crisis, is that pandemic PPR should be a global common and not just in theory. While it indeed relies on many policies, decisions and attributes, PPPR is both non-excludable (any individual country's positive contribution does promote advancing the level of preparedness and response for all countries) and non-rivalrous (one country's use of the benefits of pandemic preparedness does not prevent other countries from doing the same). Therefore, PPPR can only exist and advance if it is based on a reality of ownership, shared responsibility, trust and cooperation based on equal footing. As we have seen, COVID-19 has spared no country. Moreover, pandemic PPR is never a given. It is a constant process that must be routinely maintained and re-interpreted, based on specific outbreaks, health capacities and approaches, emerging priorities in countries where viral events arise.

It is therefore counterintuitive to see the emergence of yet another structure that depends on the presumed goodwill of donors and charitable funds: pushing perspectives and priorities that constitute the current system of health inequalities. PPR requires a completely new outlook to health and cannot be managed with a vertical disease approach, whose dysfunctional impact on health systems has been widely represented and debated<sup>20</sup>.

Relying on high-income countries has not exactly proven to be a formula for success during the COVID-19 pandemic<sup>21</sup> and the risk is that Western aid, once again, will come too little and too late.

If the international community intends to avoid future pandemics, the undisputed primacy must be assigned to prevention, with informed investment strategies stretching well beyond health, and based above all on the experiences of communities most directly affected. But it remains to be seen how addressing the root causes of pandemics (such as irresponsible agricultural stewardship, deforestation, wildlife trading, etc.) will be positioned on the Pandemic Fund agenda. We believe that the approach must be structurally different, inclusive, democratic in its decision-making, sustainable in vision, and inclusive in implementation. The Pandemic Fund is not set up according to these constitutional criteria and the very policy process that has shaped it, in the wake of the COVID-19 crisis, ultimately legitimizes the established financial relations of power and the unbalanced dynamics seen already in previous health funds, with a plausible risk of repeating mistakes of the past.

<sup>20</sup> Glassman A., Regan L., et al., (2020). Getting to Convergence: How "Vertical" Health Programs Add Up to a Health System. Centre for Global Development (CGD), 21st September 2020, <https://www.cgdev.org/blog/getting-convergence-how-vertical-health-programs-add-health-system>

<sup>21</sup> Ledford H., (2022). COVID vaccine hoarding might have cost more than a million lives. In Nature, 2nd November 2022, <https://www.nature.com/articles/d41586-022-03529-3>.

## The World Bank's Pandemic Fund: a bit more of the same

After initially being dominated by a small group of 'founding donors' who foresaw an exclusive decision-making role for themselves, these powerful players had to resolve to a more balanced composition of the governing board in the wake of strongly voiced and widespread criticism<sup>22</sup>. The initial stages of the Fund's design have been characterized by largely opaque operating procedures, which has prevented critical engagement by civil society organizations.

Unsurprisingly: failure of equal representation and shared responsibility were previously highlighted with the setting up of the multiple branches of the Access to COVID-19 Tool Accelerator (ACT-A)<sup>23</sup> just as well. In the case of the Pandemic Fund, the global outcry for more equity and transparency has led to some improvement with the inclusion of two interim civil society representatives in the FIF's governing board, but the integration process has been very hasty<sup>24</sup> and ultimately steered by a small group of civil society organizations. The dynamic only nurtures new critical questions concerning the nature and the role of civil society entities in these settings<sup>25</sup>.

With this inclusiveness exercise covered ex post, the Fund Board working groups – including the Interim Civil Society and

Communities Board Members – have been set up to prepare decisions on prioritization of thematic and geographic choices for the first round of proposals, co-financing and innovative financing and the results' framework. However, these core discussions will not start from zero now. They will build on what has been consistently organized and prepared behind powerful closed doors in the first half of 2022 by the small group of high-income countries, together with the highly influential "non sovereign" global health players so prominent in the World Bank<sup>26</sup> that they were duly represented in the Fund governance structures.

Although Board membership is now more balanced between countries from the Global North and the Global South, the 'donor-recipient' relationship remains unresolved. Ongoing discussions about countries' status as donor-recipients in the Board portray this scenario very well<sup>27</sup>. When a country both contributes to and is eligible to receive funding from the Fund, this is considered a challenge. To our knowledge, such complexities about the status of investor-recipients in the Board have not emerged in the Board, hence overlooking the fact that all countries, not least the high-income countries investing in The Pandemic Fund, are beneficiaries themselves of strengthened pandemic PPR beyond their own borders and could potentially embody a conflict of interest.

<sup>22</sup> Bass E., Russel A., (2022). Fix It or Forget It. In Think Global Health, 11th July 2022, <https://www.thinkglobalhealth.org/article/fix-it-or-forget-it>. In this regard also Mazzucato M., Ghosh J., (2022). An Effective Pandemic Response Must be Truly Global. In Project Syndicate, 20th July 2022, <https://www.project-syndicate.org/commentary/g20-world-bank-ineffective-approach-to-pandemic-preparedness-by-mariana-mazzucato-and-jayati-ghosh-2022-07> and the WHO Council on the Economics of Health For All, WHO Geneva, 19th April 2022, [https://cdn.who.int/media/docs/default-source/council-on-the-economics-of-health-for-all/council-statement\\_19april2022.pdf?sfvrsn=6df1673f\\_3&download=true](https://cdn.who.int/media/docs/default-source/council-on-the-economics-of-health-for-all/council-statement_19april2022.pdf?sfvrsn=6df1673f_3&download=true).

<sup>23</sup> <https://www.who.int/initiatives/act-accelerator>.

<sup>24</sup> Kates J., Michaud J., et al., (2022). Civil Society Inclusion in a New Financial Intermediary Fund: Lessons from Current Multilateral Initiatives. Kaiser Foundation, Global Health Policy, 21st June 2022, <https://www.kff.org/report-section/>

[civil-society-inclusion-in-a-new-financial-intermediary-fund-lessons-from-current-multilateral-initiatives-issue-brief/](https://www.kff.org/report-section/civil-society-inclusion-in-a-new-financial-intermediary-fund-lessons-from-current-multilateral-initiatives-issue-brief/)

<sup>25</sup> Gomez E.J., (2018). Civil society in global health policymaking: a critical review. In Globalization and Health, 2018;14:73, <https://link.springer.com/article/10.1186/s12992-018-0393-2>.

<sup>26</sup> Politico and Welt (2022). How Bill Gates and partners used their clout to control the global Covid response – with little oversight. Special Report, in Politico and Welt, 14th September 2022, <https://www.politico.com/news/2022/09/14/global-covid-pandemic-response-bill-gates-partners-00053969>.

<sup>27</sup> Notes and readout from the Civil Society & Communities Town Hall: Feedback from October 7, 2022, Pandemic Fund Board Meeting. 10\_14 Notes & Read-out ([pandemicactionnetwork.org](https://pandemicactionnetwork.org))

## Who implements what?

Civil society players<sup>28</sup> as well as the Independent Panel for Pandemic Preparedness and Response (IPPPR)<sup>29</sup> raised concerns about the Fund's choice of the implementing agencies in their inputs to the public consultation on The Pandemic Fund in May 2022. They highlighted issues related to the World Bank and other development banks' COVID-19 response over the last two years including "gaps in transparency, accountability and participation; unaddressed cases of reprisals against frontline workers in the COVID-19 response; and corruption and corporate capture in development bank funded projects". As pinpointed in the IPPPR comment, "demonstrated effectiveness should be the primary criteria for implementer selection, not precedent or board relationships". The role of the Multilateral Development Banks (MDBs) is especially unsettling because of the potential allocation of Pandemic Fund support through their private sector arms, as is their common practice with other financial streams.

The track record of MDBs investments in private sector activities has triggered dismay on the terrain of financial additionality<sup>30</sup> and their not contributing to health equity. In the health sector, investments carried out by the International Finance Corporation (IFC)

- the largest global development institution focused on the private sector in developing countries<sup>31</sup> and a prominent member of the World Bank Group (WBG) - have been largely skewed towards high-end private healthcare providers and private healthcare insurers. Empirical evidence demonstrates that these are likely to hamper, rather than support and promote, universal and equitable access to care<sup>32</sup>. Involving the private sector, in both its corporate and philanthropic variants, carries implications for transparency and conflict of interest<sup>33</sup>, as demonstrated by COVAX's reticence to disclose its contracts with pharmaceutical companies<sup>34</sup>. In the case of the Pandemic Fund, it is still unclear what the size and scope of private sector financing will be.

## How is the Pandemic Fund funded and what will it fund?

On the financial mobilization capacity front, the newly branded Pandemic Fund leaves much to be desired. The pledged funding so far come nowhere near to the estimates of the amount deemed necessary for improving pandemic PPR worldwide. In the face of the multilateral fanfare around the creation of the Fund, its financing gap is currently estimated at US\$ 10.5 billion, already a low estimate.

<sup>28</sup> Eurodad, Wemos and signatories (2022). Collective civil society inputs in response to the World Bank Group's White Paper "A Proposed Financial Intermediary Fund (FIF) for Pandemic Prevention, Preparedness and Response hosted by the World Bank". [Eurodad-and-33-signatory-CSOs.pdf](https://www.eurodad.org/eurodad-and-33-signatory-CSOs.pdf) ([worldbank.org](https://www.worldbank.org))

<sup>29</sup> The Independent Panel for Pandemic Preparedness & Response (2022). Comment on the World Bank's White Paper on a FIF for Pandemic Prevention Preparedness and Response. [https://live-the-independent-panel.pantheon.io/comment-on-the-world-banks-white-paper-on-a-financial-intermediary-fund-fif-for-pandemic-prevention-preparedness-and-response/?utm\\_source=substack&utm\\_medium=email](https://live-the-independent-panel.pantheon.io/comment-on-the-world-banks-white-paper-on-a-financial-intermediary-fund-fif-for-pandemic-prevention-preparedness-and-response/?utm_source=substack&utm_medium=email)

<sup>30</sup> Eurodad (2021). The Private Sector Window in World Bank's IDA20: Where exactly is the development impact?. Eurodad, 2nd December 2021, <https://www.eurodad.org/>

[private\\_sector\\_window\\_ida20\\_development\\_impact](#). In this regard, see also Wemos. (2021). Position paper on the IDA20 policy framework from a health perspective.

<sup>31</sup> [https://www.ifc.org/wps/wcm/connect/corp\\_ext\\_content/ifc\\_external\\_corporate\\_site/about+ifc\\_new](https://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/about+ifc_new)

<sup>32</sup> Wemos (2022). Improving Healthcare, but for whom?. Inventory Study on the International Finance Corporation's Investments in Healthcare, Wemos, 14th April 2022. <https://www.wemos.nl/en/improving-healthcare-but-for-whom/>.

<sup>33</sup> [https://ti-health.org/wp-content/uploads/2022/08/Scoping-report-FIF-governance-challenges-TI\\_UoL-1.pdf](https://ti-health.org/wp-content/uploads/2022/08/Scoping-report-FIF-governance-challenges-TI_UoL-1.pdf).

<sup>34</sup> <https://www.devex.com/news/is-covax-part-of-the-problem-or-the-solution-99334>

This is not the only concern. The question is that the Pandemic Fund should be bringing new money to the table. As things unfold, it seems unlikely that future funding for pandemic PPR will be additional to ongoing funding for other global health causes<sup>35</sup>. There is a real fear that the Fund will detract funding from already scarce financial resources and instead will be upping the competition with the replenishment cycles of other global health entities such as Global Fund<sup>36</sup> and Gavi. There is no guarantee that high-income countries won't simply split contributions to these entities from their Official Development Assistance (ODA) budget, rather than increasing their budgets for global health purposes. Indeed, evidence shows that governments are already shifting ODA and national budget allocations towards pandemic PPR activities and away from other health areas and subsystems<sup>37</sup>. According to information collected by the Pandemic Action Network, only 2 out of 12 publicly announced pledges to the Fund are additional to ODA, 2 are not additional and the remaining 8 do not provide that type of information. Furthermore, countries receiving financial backing from the Fund's grants will be incentivized to invest their domestic resources.

## What The Pandemic Fund cannot address

One of the main structural pathologies identified during the COVID-19 pandemic has been the dysfunctional management of scientific knowledge due to the constraints of an Intellectual Property (IP) regime that prevented equitable access to safe, affordable innovative medical products especially (but not exclusively) by countries in the Global South<sup>38</sup>. This led to a scenario of systemic vaccine inequity, high prices and limited availability of the medical countermeasures that were available and deemed necessary for an effective response to the COVID-19 pandemic. The establishment of the Pandemic Fund, which comes soon after a long global mobilization in support of an IP waiver and a highly disappointing compromise at the WTO 12th Ministerial Conference<sup>39</sup> last June, cannot address this key structural problem, which indeed could have ignited a new form of international and scientific cooperation during the pandemic. The main stakeholders of the World Bank's Pandemic Fund are those same high-income countries that spent two years watering down and in fact killing the IP Waiver negotiations<sup>40</sup>. This means that public money flowing to the Fund will

<sup>35</sup> Smith C.P., (2022). A new pandemic fund that could do more harm than good. In Results, 27th July 2022, <https://results.org/blog/a-new-pandemic-fund-that-could-do-more-harm-than-good>.

<sup>36</sup> Saavedra J.,(2022). The Financial Intermediary Fund: a new model that duplicates the Global Fund. In Global Fund Observer, 29th June 2022, [https://gfo.aidspan.org/gfo\\_article/financial-intermediary-fund-new-model-duplicates-global-fund](https://gfo.aidspan.org/gfo_article/financial-intermediary-fund-new-model-duplicates-global-fund).

<sup>37</sup> Rhodes, N., Brown W., Wright, G. T., (2022). A Scoping Review of Governance Challenges in International Health Financing. Lessons for the Pandemic Preparedness and Response Financial Intermediary Fund. University of Leeds and Transparency International (2022). [Scoping-report-FIF-governance-challenges-TI\\_UoL-1.pdf](https://www.transparency.org/~/media/asset_upload_11/20220621/Scoping-report-FIF-governance-challenges-TI_UoL-1.pdf) (ti-health.org).

<sup>38</sup> Santos R., (2021). 'IP Monopoly Capitalism': A 'Virus' to Society during COVID-19. In Health Policy Watch, 19th May 2021, <https://healthpolicy-watch.news/ip-monopoly-capitalism-virus-society-covid/> and also, in this regard,

Interview with Fatima Hassam (2022). Capitalism and the System of Patent Monopolies Were the Biggest Challenge to the TRIPS Waiver. In International Journal of Human Rights, December 2021, <https://sur.conectas.org/en/capitalism-and-the-system-of-patent-monopolies-were-the-biggest-challenge-to-the-trips-waiver/>

<sup>39</sup> Green A., (2022). WTO finally agrees on a TRIPS deal. But not everyone is happy. In Devex, 17th June 2022, <https://www.devex.com/news/wto-finally-agrees-on-a-trips-deal-but-not-everyone-is-happy-103476>.

<sup>40</sup> Furlong A., Aarup S.A., Horti S., (2022). Who killed the COVID vaccine waiver?. Politico and the Bureau of Investigative Journalism, 10th November 2022, <https://www.politico.eu/article/covid-vaccine-poor-countries-waiver-killed/>.

most likely be operationalized to reaffirm the current relationship with the pharmaceutical sector in a pandemic emergency, whereby monopolies impose their conditions around prices, lack of transparency, knowledge, and technology sharing.

According to the Q&A page of the World Bank, “the FIF could potentially support the development, procurement and deployment of countermeasures and essential medical supplies”<sup>41</sup>, most likely to incentivize and finance voluntary licenses, at best. The statement by the WHO Council on the Economics of Health for All makes the point that the new fund must explicitly address the governance of innovation, “which outlines how it intends to embed equity and access into all the FIF’s private-sector partnerships – including those that are brokered through third parties like multilateral development banks (MDBs) or UN agencies”<sup>42</sup>. Given the disquieting power dynamics experienced for the IP Waiver negotiation, and the role played by a handful of high-income countries in the political tension mounting in the last two years, it is quite unlikely that the Fund will be allowed any margin of maneuver. Steered – as said already - by those very countries that obstructed the IP Waiver, the Pandemic Fund will ultimate-

ly serve the purpose of implementing the WTO compromise and the corresponding norm-setting outcomes that will emerge at the WHO in the context of the pandemic treaty.

The Pandemic Fund risks adding a new layer of fragmentation to the current global health architecture, while not really contributing to country capacity in the global South, which remains totally underfunded, especially in its more rural regions where viruses can go undetected. In January 2023, countries will be preparing their Global Fund for AIDS, TB and Malaria proposals. With already stretched capacities, in governments as well as civil society, it will be difficult to ensure an inclusive quality process for both. In view of its inborn limitations, structural risks, and limited potential so far to contribute the resources needed in an equitable and sustainable manner, the Pandemic Fund cannot be the world’s solution to funding pandemic prevention, preparedness, and response. We call on WHO member states to seek and include much more promising solutions in the pandemic accord.

<sup>41</sup> World Bank (2022). FAQs: Financial Intermediary Fund for Pandemic Prevention, Preparedness and Response. FAQs: Financial Intermediary Fund for Pandemic Prevention, Preparedness and Response ([worldbank.org](https://www.worldbank.org))

<sup>42</sup> [https://cdn.who.int/media/docs/default-source/council-on-the-economics-of-health-for-all/who-council-statement-31-may-2022.pdf?sfvrsn=97b00b6b\\_3&download=true&utm\\_source=substack&utm\\_medium=email](https://cdn.who.int/media/docs/default-source/council-on-the-economics-of-health-for-all/who-council-statement-31-may-2022.pdf?sfvrsn=97b00b6b_3&download=true&utm_source=substack&utm_medium=email)

# FALSE GODS WITH CLAY FEET: DECONSTRUCTING MYTHICIZED FINANCING SOLUTIONS

The COVID-19 global health emergency started like a train crash in slow motion as “the Wuhan coronavirus” at the end of 2019. The world tottered between neglect and panic as its contagion spread throughout January 2020. As the public health emergency of international concern rose to the status of a pandemic of historic proportions, the world appeared to change.

Suddenly, governments and supranational bodies like the European Union took far-reaching steps we could only have foreseen in our wildest imaginations just a few months earlier. Their decades-long worship of the market logic and dogmas was suspended in the air. Governments and international financial institutions alike discovered what they would have described as “magic money trees”.

Between April and September 2020 alone, the World Bank committed US \$43 billion to COVID-19 response, which was 41% of its declared lending capacity for the 15 months running from April 2020 to June 2021.<sup>43</sup> The International Monetary Fund (IMF) reported disbursing US \$1 trillion in lending capacity and US \$165 billion in financial assistance to 183 countries all together to fight the pandemic, which it described as “A Crisis Like No Other”<sup>44</sup>. By the end of August 2020, the United States had spent US \$4.6 trillion

in response to COVID-19<sup>45</sup>. India for its part launched a US \$22.6 billion support package for the poor and marginalized; interestingly, US \$4.2 billion out of this “came from a vast pile of unspent social special-purpose funds”<sup>46</sup>. In March 2020, the European Central Bank announced a whopping €750 billion pandemic emergency purchase program. The program received an extra boost on 4th June 2020, with an additional € 600 billion, bringing the total to € 1,350 billion<sup>47</sup>.

It wasn’t easy for low- and middle-income countries to mobilize domestic revenue because of the dependent nature of their economies<sup>48</sup>. They reeled under the social and economic impact of the pandemic from the beginning, even countries that were not as badly hit in terms of rates of infection and associated deaths. But to some extent COVID-19 clarified to the world leaders that nowhere was safe if the world wasn’t

<sup>43</sup> <https://www.worldbank.org/en/news/factsheet/2020/10/14/world-bank-covid-19-response>.

<sup>44</sup> <https://www.imf.org/external/pubs/ft/ar/2020/eng/spotlight/covid-19/>

<sup>45</sup> <https://www.usaspending.gov/disaster/covid-19?publicLaw=all>

<sup>46</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7420055/pdf/main.pdf>.

<sup>47</sup> <https://www.consilium.europa.eu/en/policies/coronavirus/covid-19-economy/>

<sup>48</sup> Aslam A., Delepierre S., et al., (2022). Revenue Mobilization in Sub-Saharan Africa during the Pandemic. International Monetary Fund (IMF), 26th January 2022.

safe. The foreign aid they made available in the light of this passing Eureka moment reached an all-time high of US \$ 161.2 billion to support the response in developing countries<sup>49</sup>.

This historic global opening of purses for the common good went together with several other steps that belied the glorification of commodified health and social life. In March 2020, the Spanish government requisitioned private hospitals<sup>50</sup>. Several states in India also took over private hospitals between March and May 2020<sup>51</sup>. Governments engaged manufacturers to temporarily repurpose manufacturing lines to produce essential products such as Personal Protective Equipment (PPE), diagnostics, clinical care and medical supplies. In the United States, both Donald Trump and Joe Biden invoked the Defense Production Act (DPA) in response to COVID-19, thus enabling significant emergency authority to control domestic industries<sup>52</sup>.

Probably the most important lesson to be learned from this incredible, though temporary, break with the market logic, is that the gods of neoliberalism cannot keep us safe in an ill world. Classical market values and

instruments cannot evidently serve as the basis of PPR for viral outbreaks<sup>53</sup>. With their clay feet, they cannot move the world to the promised land of “Health for All”<sup>54</sup>. Rosa Pavanelli, General Secretary of Public Services International (PSI), captured the historic importance of that moment when she said, in April 2020, that “nobody can now claim that rapid changes in policies are impossible or that future crises can be best dealt with by markets”<sup>55</sup>.

We need to highlight the historical context of false solutions which left us unprepared at the dawn of 2020. Fiscal consolidation and privatization embody the false gods that misshaped the world. They promote health and social inequalities within and between genders, countries and regions. They undermine universal access to quality healthcare, which is the bulwark for crisis preparedness. These false gods keep coming back, invoked now in the name of “building back better”. We need to shine a spotlight on them so it is clear what they are. And create conditions so their dogmas are not repeated in the negotiations for a pandemic treaty.

49 <https://www.oecd.org/newsroom/covid-19-spending-helped-to-lift-foreign-aid-to-an-all-time-high-in-2020-but-more-effort-needed.htm>.

50 Payne A., (2020). Spain has nationalized all of its private hospitals as the country goes into coronavirus lockdown. In *The Insider*, 16th March 2020, <https://www.businessinsider.com/coronavirus-spain-nationalises-private-hospitals-emergency-covid-19-lockdown-2020-3?r=US&IR=T>.

51 In states such as Rajasthan, Chhattisgarh and Madhya the government temporarily took over entire private hospitals (see: <https://www.businessinsider.com/coronavirus-spain-nationalises-private-hospitals-emergency-covid-19-lockdown-2020-3?r=US&IR=T>). The government in West Bengal did likewise (see: [https://excise.wb.gov.in/CHMS/Public/Page/CHMS\\_Public\\_Covid\\_Hospitals.aspx](https://excise.wb.gov.in/CHMS/Public/Page/CHMS_Public_Covid_Hospitals.aspx)). In Andhra Pradesh, the government took over 58 private hospitals with a total of 19,114 beds (see: <https://www.ndtv.com/andhra-pradesh-news/coronavirus-pandemic-andhra-pradesh-takes-over-58-private-hospitals-to-boost-covid-19-infrastructure-2208411>). The numbers were more modest in Mumbai (see: <https://timesofindia.indiatimes.com/city/mumbai/covid-19-scare-bmc-directs-nine-private-hospitals-to-start-isolation-wards/>

[articleshow/74701868.cms](https://www.businessinsider.com/coronavirus-spain-nationalises-private-hospitals-emergency-covid-19-lockdown-2020-3?r=US&IR=T)) and Delhi (see: [https://www.business-standard.com/article/pti-stories/three-private-hospitals-in-delhi-dedicate-facilities-for-covid-19-patients-120040701887\\_1.html](https://www.business-standard.com/article/pti-stories/three-private-hospitals-in-delhi-dedicate-facilities-for-covid-19-patients-120040701887_1.html)), with facilities in just nine and three hospitals respectively, requisitioned.

52 Siripurapu A., (2020). What Is the Defense Production Act. Council on Foreign Relations, <https://www.cfr.org/in-brief/what-defense-production-act> and see in this regard also Brown C.P., (2022). COVID-19 vaccine supply chains and the Defense Production Act. Peterson Institute of International Economics, Working Papers 22-09, June 2022, <https://www.piie.com/publications/working-papers/covid-19-vaccine-supply-chains-and-defense-production-act>

53 Williams O., (2020). COVID-19 and Private Health: Market and Governance Failure. In *Development*, 63, 181-190, published 17th November 2020, <https://link.springer.com/article/10.1057/s41301-020-00273-x>.

54 <https://apps.who.int/iris/handle/10665/39228>

55 <https://publicservices.international/resources/news/covid-19-emergency--psi-priorities-and-perspectives?id=10694&lang=en>

## International financial institutions and the swirl of development finance

Moments of global crises have always marked turning points for the world. But which direction we turn to is not a given. It emerges from an interplay of contest and collaboration of ideas and social political forces. The Great Depression and World War II were such periods. In their aftermath, an international political consensus prevailed to prioritize human rights and social wellbeing, to rebuild devastated societies. It came with the Universal Declaration of Human Rights, the innovation of welfare state institutions like the National Health Service (NHS) in Britain, a World Bank that was geared towards reconstruction and development of the world anew, from the ruins of war. The World Health Organization, with its institutionalization of the right to health as the first of all rights<sup>56</sup>, and an aspirational agenda that all human beings were entitled to enjoy, was a pioneering accomplishment of that moment.

After a promising wave of decolonization in Asia and Africa, the 1970s started with great hope. There were leaps and bounds in social progress, buoyed by governments' investment in social services, particularly healthcare. In Africa, life expectancy at birth increased from an average of 44 years to over 50 years. But it was clear to the Third World, as developing countries at

the time were called, that fetters of neocolonialism still hampered their development. Organized as the Non-Aligned Movement, they called for a New International Economic Order (NIEO), to make international relations more just and equitable. The UN expressed support to that call in 1974<sup>57</sup>.

That drive inspired the historic Alma Ata Conference, and its goal of "Health for All" by year 2000. But the economic crisis of the mid-1970s brought the planet to yet another historic juncture, where the two roads diverged. While the lofty flag of Health for All was being unfurled on the road not taken, the international financial institutions – in which the wealthy countries held sway – had other plans. Fired by the monetarist ideology of new classical economic theory, the neoliberal project started to unfold, hatched as Reaganomics and Thatcherism in the United States and Britain respectively in the '80s<sup>58</sup>.

This turn of two of the most powerful countries in the world changed everything. Internationally, the World Bank shifted its gear, and two key policies defined its turn in the health domain. First was the Health Sector Policy Paper in 1980<sup>59</sup>, followed by the 1981 Berg Report, whose central theme – at the risk of oversimplification – was that domestic policy and the slow growth in export volume were at the heart of the crisis in Sub-Saharan Africa<sup>60</sup>. Structural adjustment lending to Third World countries, informed by those reports, ensued.

<sup>56</sup> The right to health became a universally recognized fundamental right on 7th April 1948, with the entry into force of the treaty that created the World Health Organization (WHO), the first technical agency of the United Nations. Only 8 months later did the UN Declaration of Human Rights make its way to inspire the new world order.

<sup>57</sup> <http://www.un-documents.net/s6r3201.htm> and the [Declaration on the New International Economic Order \(NIEO\)](https://digitallibrary.un.org/record/218450?ln=en) to be found at <https://digitallibrary.un.org/record/218450?ln=en>.

<sup>58</sup> Deeds C., (1986). Reaganomics and Thatcherism. Origins, similarities and differences. GB And US: How far? How close, pp.97-115. <https://books.openedition.org/pufr/4464>.

<sup>59</sup> The World Bank (1980). Health Sector Policy Paper. World Bank, February 1980, <https://documents1.worldbank.org/curated/en/649631468138271858/pdf/40968ocr.pdf>

<sup>60</sup> The World Bank. Accelerated Development in Sub-Saharan Africa: An Agenda for Action. The World Bank, 1981, <https://documents1.worldbank.org/curated/en/702471468768312009/pdf/multi-page.pdf>.

The World Bank's Structural Adjustment Programs (SAPs) contributed significantly to the 1980s becoming a lost decade for Latin America and African countries. Conditionalities of loans meant that Global South governments had to cut down on public spending for social services (health and education, above all). Around 42 of the 52 African countries cut their health spending by at least 50%. In Nigeria per capital expenditure on health fell by 75% between 1980 and 1987<sup>61</sup>. By the new decade it was clear that SAPs had failed miserably to accomplish what World Bank and IMF technocrats said it would do<sup>62</sup>, and merely institutionalized economic stagnation. It is now beyond dispute that they systematically harmed vulnerable populations' health<sup>63</sup>. The Bretton Woods Institutions repackaged the old wine of neoclassical economics which informed the SAPs as "Post-Washington Consensus" for low- and middle-income countries in the 1990s<sup>64</sup>. This new consensus embraced a better appreciation of the role of the state and its institutions for economic development. Essentially, the state's role was the handmaiden of austerity measures and privatization though, whilst serving as guarantor in cases of market failure.

The global financial crisis in 2008 provided a new unfathomed opening for the IMF to extend its influence decisively into Europe.

For the first time since 1978, European countries needed to access loans from the international financial institutions, and with this came conditionalities. Iceland was the first, receiving a US \$2.1 billion IMF-supported bailout. The European sovereign debt crisis also steered Cyprus, Ireland, Greece, and Portugal into the arms of the IMF, in collaboration with the European Central Bank (ECB), which laid out Economic Adjustment Programmes (EAPs) for the countries<sup>65</sup>. EAPs involved once again substantial reductions in public funding. But their uptake spread beyond those countries directly bound by the EU-IMF conditionalities.

In a 2014 study on the impact of the crisis on health and health systems in Europe, the WHO Regional Office for Europe and the European Observatory on Health Systems and Policies noted "declining government commitment to health" in 44 countries in the region between 2007 and 2011<sup>66</sup>. In 2013, the IMF's Chief Economist owned up to the adverse social and economic impact of the Fund's policies<sup>67</sup>. And in 2016, some leading officials of the Fund queried the neoliberal agenda, admitting that its "costs in terms of increased inequality are prominent"<sup>68</sup>.

Each time it becomes impossible for them to defend the undefendable, the World Bank and IMF plainly own up to the failures

61 Colgan A., (2002). How IMF-World Bank make Africa sick. In Green Left Weekly, 2002, Issue 497.

62 Bello W., Cunningham S., (2006). The World Bank and the IMF. Transnational Institute, 2006, <https://www.tni.org/my/node/5690>.

63 Thomson M., Kentikelenis A., et al., (2017). Structural adjustment programmes adversely affect vulnerable populations: a systematic-narrative review of their effect on child and maternal health. In Public Health Reviews, 38, 13(2017), <https://doi.org/10.1186/s40985-017-0059-2>.

64 Krogstad E., (2007). The Post-Washington Consensus: Brand New Agenda or Old Wine in a New Bottle?. In Challenge, 50(2), pp.67-85.

65 O' Gorman R., (2018). Adjustment Programmes, the European Central Bank and Conditionality. Research Paper, Studi sul Federalismo, November 2018, [https://](https://csfederalismo.it/images/Research_paper/CSF-RP_OGorman_ECBConditionality_Nov2018.pdf)

[csfederalismo.it/images/Research\\_paper/CSF-RP\\_OGorman\\_ECBConditionality\\_Nov2018.pdf](https://csfederalismo.it/images/Research_paper/CSF-RP_OGorman_ECBConditionality_Nov2018.pdf).

66 Thomson S., Figueras J., Evetovits T., et al., (2015). Economic Crisis, Health Systems and Health in Europe: Impact and Implications for Policy. EBOOK, McGraw-Hill Education, UK, 2015.

67 Blanchard, O., and Daniel L., (2013). Growth Forecast Errors and Fiscal Multipliers. IMF Working Paper, wp/13/1. <https://www.imf.org/external/pubs/ft/wp/2013/wp1301.pdf>.

68 Ostry J.D., Loungani P., Furceri D., (2016). Neoliberalism: Oversold? Instead of delivering growth, some neoliberal policies have increased inequality, in turn jeopardizing durable expansion. Finance & Development, 53(002).

of their programs and policies. The same plot has repeated itself several times over the last forty years, without concrete changes to the unwavering strategy that generates maldevelopment. The new focus on pandemic prevention, preparedness and response sets the hard conditions for accountability. International financial institutions need redirection. The international health community cannot continue to rely on them, pretending otherwise.

### Fiscal consolidation and the bitter medicine of austerity

As the world inches out of the COVID-19 pandemic, another austerity sword of Damocles hangs on the heads of the global population, with repeated mechanics. Like in the case of the pandemic, the immediate response after the 2008 Global Financial Crisis which spread out from the United States and reached Europe with ferocious effects, entailed massive public spending in 2008-2009. The bulkiest portion of public finances then went to keeping banks and other big business afloat. The US govern-

ment alone spent upwards of a trillion dollars to bailout banks and corporations<sup>69</sup>. But in the crisis's wake, governments unleashed a regime of financial consolidation with a new round of austerity measures becoming the norm globally again, which hit hard on deprived groups in both developing and developed countries<sup>70</sup>.

The financial sword entailed drastic cuts in government spending for reducing public deficits and avoiding debt accumulation, in a hasty demarche that led to job losses and precarious employment, exacerbated social crises, escalated large-scale homelessness and domestic violence<sup>71</sup>. "Child poverty and material deprivation" were recorded in 16 European countries<sup>72</sup> which had implemented austerity measures between 2012 and 2015, due to sharp decline in social protection spending in 2008-2013<sup>73</sup>. Underinvestment in the social sector became a defining feature of the 2010s<sup>74</sup>. European governments' assumptions that austerity policies "would restore market confidence and ultimately lead to job creation and

69 Kiel P., (2019). The Bailout Was 11 Years Ago. We're Still Tracking Every Penny. In ProPublica, 3rd October 2019, <https://www.propublica.org/article/the-bailout-was-11-years-ago-were-still-tracking-every-penny>.

70 Stuckler D., Reeves A., Loopstra R., et al., (2017). Austerity and health: the impact in the UK and Europe. *European Journal of Public Health*, 27(suppl\_4), pp.18-21.

71 Chowdhury A., Islam I., Lee D., (2013). The Great Recession, jobs and social crises: policies matter. In *International Journal of Social Economics*, 2013, Vol.40, Issue 3, 220-245, [https://econpapers.repec.org/article/emeijsepp/v\\_3a40\\_3ay\\_3a2013\\_3ai\\_3a3\\_3ap\\_3a220-245.htm](https://econpapers.repec.org/article/emeijsepp/v_3a40_3ay_3a2013_3ai_3a3_3ap_3a220-245.htm).

72 Rajmil, L., Taylor-Robinson, D., Gunnlaugsson, G., Hjern, A. and Spencer, N., (2018). Trends in social determinants of child health and perinatal outcomes in European countries 2005–2015 by level of austerity imposed by governments: a repeat cross-sectional analysis of routinely available data. *Bmj Open*, 8(10). Available online: <https://bmjopen.bmj.com/content/8/10/e022932>

73 Chzhen, Y., (2017). Unemployment, social protection spending and child poverty in the European Union during the Great Recession. *Journal of European Social Policy*, 27(2), pp.123-137, <https://journals.sagepub.com/doi/10.1177/0958928716676549>.

74 Ortiz I. and Cummins M., (2019). *Austerity: The New Normal – A Renewed Washington Consensus 2010-24*. Initiative for Policy Dialogue, 2019, New York, Brussels and London, by International Trade Union Confederation, Eurodad, Public Services International, Bretton Woods Project.

renewed economies<sup>75</sup> were radically misplaced, and with heavy social costs<sup>76 77</sup>.

One burning consequence of this contraction of high-income countries' government spending was an immediate decline in demand for goods from the global South, provoking a collapse of the commodity boom in low and middle-income countries. Loans from the World Bank and IMF were provided to Global South countries with the dressing of new conditionalities, in a renewed turn to fiscal consolidation that have literally devastated the lives of billion people worldwide. A 2011 survey across 19 countries in sub-Saharan Africa reported notification of health budgets' cuts for 36.8% of the countries, at a time when 61.1% of them faced increases in prices of medicines, most of which imported. Reduced level of health spending overlapped with increased levels

of unemployment in most countries, and with soaring of prices for basic foodstuffs, due to the Global Financial Crisis.

The situation was no different in other regions of the global South. In Latin America, Asia and the Pacific, governments were forced to impose subsidy reduction, cuts and/or caps to their public sector wage bills, pension reforms and introduce or increase in consumption taxes. Asia and the Pacific's modest but steady growth and poverty reduction trajectory in the 2000s was reversed. Radically But this was just the beginning. The situation got worse by the middle of the decade: conditions attached to IMF loans for 26 country programs approved in 2016 and 2017<sup>78</sup> were heavily inimical to the delivery of healthcare, as well as pushing up the cost of living and deepening inequality<sup>79</sup>.

**75** Cavero T., Poinasamy K., (2013). A cautionary tale: The true cost of austerity and inequality in Europe. Oxfam International, 174 Oxfam Briefing Paper, September 2013, [https://www-cdn.oxfam.org/s3fs-public/file\\_attachments/bp174-cautionary-tale-austerity-inequality-europe-120913-en\\_1\\_1.pdf](https://www-cdn.oxfam.org/s3fs-public/file_attachments/bp174-cautionary-tale-austerity-inequality-europe-120913-en_1_1.pdf).

**76** Several countries implemented cuts in their national health budgets. These included Bulgaria, Croatia, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Portugal, Romania, and Spain. User charges were increased in Armenia, Czech Republic, Denmark, Estonia, Finland, France, Greece, Ireland, Italy, Latvia, The Netherlands, Portugal, Romania, Slovenia, Russia, Switzerland, and Turkey. See in this regard Lethbridge J., (2015). Health care reforms and the rise of multinational healthcare companies. Public Services International Research Unit (PSIRU), March 2015, <https://www.psiru.org/sites/default/files/2015-05-H-Healthcarereforms&riseofglobalhealthcarecompanies.pdf>.

**77** Several European countries implemented cuts in the salaries of public sector health professionals. These included the Czech Republic, France, Greece, Iceland, Ireland, Lithuania, and Spain, while Cyprus reduced the night shift benefits of nurses. Wage freezes were also put into effect in England, Portugal, and Slovenia, while Greece reduced its health workforce. Conversely, Iceland, which rejected the economic orthodoxy that advocated

austerity, refused to be accountable for the irresponsibility of a few bankers, and invested in its people [...] had few adverse health consequences." See Lethbridge, J., (2014). Financing health care: False profits and the public good. Public Service International Research Unit (PSIRU), 12th November 2014, [https://www.world-psi.org/sites/default/files/documents/research/2014\\_-\\_financing\\_health\\_care\\_-\\_psiru\\_paper.pdf](https://www.world-psi.org/sites/default/files/documents/research/2014_-_financing_health_care_-_psiru_paper.pdf).

**78** Most of these countries were in Africa, and included Benin, Cameroon, Central African Republic, Chad, Cote d'Ivoire, Egypt, Gabon, The Gambia, Guinea, Kenya, Madagascar, Niger, Rwanda, Senegal, Sierra Leone, Tanzania, Togo, Tunisia, and Uganda.

**79** G., (2018). Unhealthy conditions IMF loan conditionality and its impact on health financing. Eurodad, 2018, [https://assets.nationbuilder.com/eurodad/pages/511/attachments/original/1590680908/Unhealthy\\_conditions.pdf?1590680908](https://assets.nationbuilder.com/eurodad/pages/511/attachments/original/1590680908/Unhealthy_conditions.pdf?1590680908). The report noted that there were 654 structural conditions attached to the 26 programs, or 25.2 cumulative conditions per program, on average. This was largely because the "the number of structural conditions per IMF loan approved in 2016-2017 increased compared to the loans approved in 2011-2013." The programs approved between 2011 and 2013 had 19.5 conditions per loan on average.

## Fiscal consolidation in Latin America

The Brazilian Human Rights Platform reported to the Office of the High Commissioner for Human Rights in 2017 that the fiscal consolidation spree of governments in Brazil and several countries in the region after 2014 came with violations of human rights protected by the International Covenant on Economic, Social and Cultural Rights, among other national and international laws<sup>80</sup>. One of the worst forms of fiscal consolidation in the region was the Constitutional Amendment 95, passed by the Parliament in December 2016. This legislation, also known as the “spending ceiling amendment” (PEC de Teto), imposed a 20-year freeze on government’s social spending. It came into effect immediately, amidst stiff resistance of the people on the streets<sup>81</sup>, and the impact was equally immediate. By January 2017, the government had cut federal budget allocation for social services by 37.1%. Funding for the national program to address gender violence and promote women’s economic autonomy suffered a 52% resource cut.

While drastic measures to cut or freeze social spending were imposed in Argentina and Brazil, in the Andean Region a sharp fall in public revenues led governments to cut government spending and implement tax reforms. These tax reforms however deepened social inequality because they reinforced regressive tax structures<sup>82</sup>. Costa Rica followed a similar tax pathway, increasing Value Added Tax from 13% to 16%. And in Colombia, the government blocked the legislation that would help support women economically, with an argument for fiscal consolidation. Faced with a growing fiscal deficit between 2014 and 2016, the government of Peru reversed what had earlier been a gradual but definitive upward trend in health spending. Such austerity policy was indefensible, though, considering that the amounts of government revenue lost as tax exemptions for corporations in 2016, then estimated at 2.1% of the country’s GDP, was more than the budgetary allocation for health. Public revenue lost to tax evasion and illicit financial flows was also up to 7.5% of GDP, twice as much the budgetary allocation for education. At the height of implementing austerity measures Latin America’s reputation as “the world’s most unequal region” was consolidated, with the richest 10% of the population having 71% of the region’s wealth<sup>83</sup> and the region’s economic growth at 2.2%, lagging behind the rest of the world’s average of 3.8% in comparison to 4.1% in sub-Saharan Africa and 3.3% in the Middle East and North Africa.

<sup>80</sup> DHESCA Brazil (2017). The cases of Brazil, Peru and Argentina in Latin America: The Special Civil Society Organizations Rapporteur on the impacts of fiscal austerity policies to economic, social, cultural and environmental human rights as an assessment tool. Brazil, 2017, <https://www.ohchr.org/sites/default/files/Documents/Issues/IEDebt/impactassessments/BrazilianHumanRightsPlatform.pdf>

<sup>81</sup> <https://www.bbc.com/news/world-latin-america-38311053>.

<sup>82</sup> Castaneda N., Doyle, D., (2019). Progressive tax policy and informal labor in developing economies. *Governance*, 32(4), pp.595-618.

<sup>83</sup> ECLAC, (2016). Latin America is the world’s most unequal region. Here’s how to fix it. ECLAC, 25th January 2016, <https://www.cepal.org/en/articulos/2016-america-latina-caribe-es-la-region-mas-desigual-mundo-como-solucionarlo>

Those who routinely administer these austerity measures know very well that financial conditionalities undermine the sovereignty of states and the fiscal policy space of their governments. Ultimately, that is the purpose of austerity measures: hierarchical control. Those who have been at the receiving end of the stick know very well the pain of its might. But in a sort of multilateral bipolarism, while the UN agencies diagnose their disastrous consequences and the WHO highlights that no country has made significant progress towards universal health coverage “without increasing the extent to which its health system relies on public revenue sources”<sup>84</sup>, the IMF continues to burden governments with the same structural prescriptions.

So why are these big policy subjects untouched and unchallenged in the context of health financing, after three years of COVID-19? Why are WHO Member States so astonishingly afraid to discuss them, as new evidence on public spending projections reveals that by 2023 countries (mostly middle-income) will face renewed contractions in public spending compared to their 2010 average?<sup>85</sup>

Limiting public revenue sources for health – at the intersection of the trajectories of global crises that have converged in 2020: the soaring inequalities, the climate

disaster and the effects of economic globalization - preempts any possibility of PPR to health emergencies. In fact, it hampers it. A sobering example is the long-term consequences of IMF’s structural adjustment in the Ebola outbreak<sup>86</sup>. To comply with IMF conditionalities in the period leading to the 2014 Ebola emergency, Guinea, Liberia, and Sierra Leone had been compelled to not only limit the number of health workers they could hire but also to cap the wages of their inadequate health workforce. Besides, the three governments ended up having insufficient stockpiles of personal protective equipment for the same reason. The overworked health workers on the frontline of the emergency were disproportionately exposed to the contagion<sup>87</sup>.

Unfortunately, there are ominous signs that we may be back in the same abyss soon<sup>88</sup>. The health and social-economic recovery of billions of people is once again being put on the altar of the false god of fiscal consolidation. About 134 countries already started cutting down on government spending in 2021<sup>89</sup>. The extent of fiscal contraction varies across regions, from over 50% of the countries in East Asia and the Pacific to 80% of the countries in Europe and Central Asia. It is projected that 143 countries will be implementing austerity measures by 2023<sup>90</sup>.

<sup>84</sup> World Health Organization (2018). Key Points on Budgeting in Health. WHO, 27 August 2018

<sup>85</sup> Kentikelenis A., Stubbs T., (2021). Austerity Redux: The Post-pandemic Wave of Budget Cuts and the Future of Global Public Health. In *Global Policy*, 23rd November 2021, Volume 13, Issue 1, pp. 5-17, <https://onlinelibrary.wiley.com/doi/10.1111/1758-5899.13028>

<sup>86</sup> Robinson J., Pfeiffer J., (2015). The IMF’s role in the Ebola outbreak: The long-term consequences of structural adjustment. The Bretton Woods Project, 2nd February 2015, <https://www.brettonwoodsproject.org/2015/02/imfs-role-ebola-outbreak/>.

<sup>87</sup> The World Bank, (2015). Disproportionate deaths among health care workers from Ebola could lead to sharp rise in maternal mortality last seen 20 years ago. World Bank Report, 8th July 2015, <https://www.worldbank.org/en/news/press-release/2015/07/08/>

[disproportionate-deaths-among-health-care-workers-from-ebola-could-lead-to-sharp-rise-in-maternal-mortality-last-seen-20-years-ago---world-bank-report](#). Also, in this regard, Belluz J., (2014). Why are so many Ebola health-care workers dying from the virus?. In *Vox*, 2nd August 2014, <https://www.vox.com/2014/8/2/5960449/why-are-many-ebola-outbreak-health-workers-doctors-dying-virus>

<sup>88</sup> Ortiz I., Cummins M., (2022). End Austerity: A Global Report on Budget Cuts and Harmful Social Reforms in 2022-25. Initiative for Policy Dialogue.

<sup>89</sup> *Ibidem*

<sup>90</sup> *Ibidem*

This means that the proportion of the global population to be adversely affected will increase to 85%. We are talking of 6.7 billion people!

If the goal of an international agreement on pandemic prevention, preparedness and response is to be fruitful, world leaders need to avoid this austerity viral contagion at all costs.

### Marketization, commercialization, and privatization

The implementation of austerity measures and commercialization of healthcare are two hands that clap together in a mutually reinforcing vicious cycle. Health commodification has been driven by “ideological, corporate, and financial pressures”<sup>91</sup> and the endorsement of key global health players, not just international financial institutions. Heralded by the WHO<sup>92</sup>, the private sector engagement has clearly undermined preparedness for the COVID-19 emergency. A most graphic demonstration of this reality is the effects of privatization on the Italian National Health System, caught in the grip of the new coronavirus in 2020<sup>93</sup>.

When thinking about the financing mechanisms required to make everywhere in the world healthier and safer it is necessary to understand the ascendancy of market-based instruments in shaping healthcare delivery, to underscore the futi-

lity of health privatization. The multilateral development community’s argument for privatization in low-and-middle-income countries - strengthened with the Washington Consensus in the 1990s and early 2000s - made the case for private insurance as a pivotal element, despite empirical data from the United States, Argentina, Chile, and Mexico showing that “privatization, either through conversion of public sector to private sector insurance or by expansion of private insurance through enhanced participation of corporate entrepreneurs, generally has not succeeded in improving access to health services for vulnerable groups”<sup>94</sup>.

Oxfam has also addressed the myth of “benefits of private-sector healthcare provision” in developing countries against the grain of empirical evidence<sup>95</sup>: in India, privatization made it impossible for 50% of women to access medical help during childbirth, and in Latin America it contributed to the exclusion of 47% of population from services badly needed. Moreover, as cited in the report, rather than complement and relieve government of resource mobilization, private provision led to hemorrhaging of public resources as “both governments and donors had to earmark a higher proportion of public money and aid to fund private-sector health entities.”<sup>96</sup>.

91 <https://lowdownnhs.info/analysis/long-read/the-history-of-privatisation-second-in-a-series-by-john-lister/>

92 World Health Organization, (2020). Engaging the private health service delivery sector through governance in mixed health systems: strategy report of the WHO Advisory Group on the Governance of the Private Sector for Universal Health Coverage, WHO, Geneva, 7th December 2020, <https://www.who.int/publications/i/item/9789240018327>.

93 Buzelli M.L., Boyce T., (2021). The Privatization of the Italian National Health System and its Impact on Health Emergency Preparedness and Response: The COVID-19 Case. In International Journal of Health Services, Volume 51, Issue 4, pp.501-508, first published online on 14th June 2021, <https://journals.sagepub.com/doi/full/10.1177/00207314211024900>.

94 Baylis K., (2017). The future of health: person centred care in policy and practice. Public Services International, [https://www.world-psi.org/sites/default/files/documents/research/future\\_of\\_health\\_pcc\\_kb.pdf](https://www.world-psi.org/sites/default/files/documents/research/future_of_health_pcc_kb.pdf).

95 Oxfam (2009). Blind Optimism: Challenging the myths about private health care in poor countries. Oxfam Briefing Paper, February 2009, <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/114093/bp125-blind-optimism-010209-en.pdf;jsessionid=A58686E1AB10A78BC796B0A6F38AAF11?sequence=1>.

96 *Ibidem*.

The promotion of Public-Private Partnerships (PPPs) for the financing and provision of healthcare has further complicated the landscape. These entities, often created to fill structural public health gaps with the claim of leveraging on the private sector, represent one of the major channels for health privatization. PPPs enable private investors to design healthcare and set priorities in healthcare financing that tend to completely disrupt policymaking dynamics and public quality healthcare outcomes in any given country<sup>97</sup>. Hailed everywhere as the essential operational arm in the recently asserted multistakeholder governance model, PPPs have been actually known to have “a dark side” of making healthcare delivery more expensive and they do not seem to work<sup>98 99</sup>. But growing privatization and PPPs’ euphoria have taken over in countries traditionally equipped with proven health welfare systems like Great Britain<sup>100</sup>, which diminished the glory associated with the National Health System (NHS). The privatization drive marches along with the expansion of private equity investors participation in the globalized health care market and the rise of multinational healthcare corporations. A study of

private equity investments in health care in the US between 2003-17 shows that their acquisitions are non-randomized events and that private equity firms are likely to take possession of hospitals that potentially can yield highest profits<sup>101</sup>.

However, when sustainably funded, public provision of healthcare continues to produce better health outcomes and ensure better crisis response. Public systems for healthcare delivery have overall been more efficient and effective<sup>102</sup>, whereas private providers are more likely to commit resources to secondary or less risky essential services, as this increases their profit margins. The administrative costs of private insurers are far higher than those of public insurers, and insurance premiums are beyond the scope of many of the poor households. Finally, insurance firms avoid insuring the most in need and avoid paying out where possible, pushing even the insured to out-of-pocket expenditures (OOP)<sup>103</sup>.

**97** Wemos, (2021). Risky Business: Position on the Promotion of Public-Private Partnerships in Healthcare. [https://www.wemos.nl/wp-content/uploads/2021/03/Wemos\\_Risky-Business-Position-Paper-in-the-Promotion-of-PPPs-in-Healthcare\\_March-2021.pdf](https://www.wemos.nl/wp-content/uploads/2021/03/Wemos_Risky-Business-Position-Paper-in-the-Promotion-of-PPPs-in-Healthcare_March-2021.pdf)

**98** Romero M.J., (2018). History RePPPeated: How Public Private Partnerships Are Failing. Eurodad: Brussels. [https://www.world-psi.org/sites/default/files/documents/research/history\\_repppeated\\_english\\_language\\_final.pdf](https://www.world-psi.org/sites/default/files/documents/research/history_repppeated_english_language_final.pdf)

**99** Hall, D. (2015). Why Public-Private Partnerships Don't Work. Public Services International. [https://www.world-psi.org/sites/default/files/rapport\\_eng\\_56pages\\_a4\\_lr.pdf](https://www.world-psi.org/sites/default/files/rapport_eng_56pages_a4_lr.pdf)

**100** Hall D., Lister J., Mercer H., (2020). Privatized and unprepared: The NHS supply chain. University of Greenwich, 2020. [https://gala.gre.ac.uk/id/eprint/28230/7/28230%20HALL\\_Privatized\\_and\\_Unprepared\\_2020.pdf](https://gala.gre.ac.uk/id/eprint/28230/7/28230%20HALL_Privatized_and_Unprepared_2020.pdf)

**101** Offodile II A.C., Cerullo M., et al., (2021). Private equity investments in health care: an overview of hospital and health system leveraged buyouts, 2003-17. In Health Affairs, 40(5), pp.719-726. Available online: <https://pubmed.ncbi.nlm.nih.gov/33939504/>.

**102** Lethbridge J., 2014. Financing health care: False profits and the public good. Public Services International Research Unit (PSIRU), [https://www.world-psi.org/sites/default/files/documents/research/2014\\_-\\_financing\\_health\\_care\\_-\\_psiru\\_paper.pdf](https://www.world-psi.org/sites/default/files/documents/research/2014_-_financing_health_care_-_psiru_paper.pdf).

**103** Baylis, K., (2017). The future of health: person centered care in policy and practice. Available online: [https://www.world-psi.org/sites/default/files/documents/research/future\\_of\\_health\\_pcc\\_kb.pdf](https://www.world-psi.org/sites/default/files/documents/research/future_of_health_pcc_kb.pdf).

It is not surprising that private providers should have bolstered their lobbying power to sugarcoat the poison of marketization and privatization. American healthcare has always been “ridiculously expensive”<sup>104</sup>, mainly because of “the power of hospitals, physicians, and the rest of the healthcare industry” - 4 of the top 7 industry lobbyists come from healthcare. The European social model shielded the EU and national health systems from a similar fate before the Global Financial Crisis. However, the transition to a single market narrative came fast<sup>105</sup> after that, with significant consequences for the health sector. The European Union of Private Hospitals (UEHP) was established in 2010 with the stated mission to promote an “internal market in the field of healthcare”<sup>106</sup>. With a solid lobbying budget, it found ready ears in pro-austerity governments and a seat on the Commission’s eHealth expert group at the EU.

COVID-19 crisis has manifested all the negative externalities of hyper-marketization of medical and pharmaceutical products, a circumstance that has resulted in many distortions in the management of the emergency. This time last year, just three bio-pharmaceutical companies were “making US\$ 1,000 profit every second while

world’s poorest countries remain(ed) largely unvaccinated”<sup>107</sup>. This unrestricted capital accumulation was allowed even though 57.9% of COVID-19 therapeutic and vaccine trials had been funded by public sources directly and a further 14.8% through PPPs that included substantial public funding<sup>108</sup>.

With its focus on leveraging private sector solutions, the World Bank has been since 2013 a key player in driving health marketization, commercialization, and privatization. The One World Bank Group Strategy<sup>109</sup>, also described as the “private first” approach”, has been operationalized since 2018 through the so-called Maximizing Finance for Development (MFD) approach<sup>110</sup>. This largely entails increasing support of the International Finance Corporation (IFC) towards expanding business interests in the health sector. In a recent study of the IFC’s investments and advisory services for the private sector in health between 2017 and 2021, with a focus on the goal of universal health coverage, clear evidence is provided that IFC projects have been skewed towards “improving the quality and availability of health services and products” - whatever the criteria to measure this goal - with hardly any thought given to ensuring equitable access as an expected development

**104** Ubel P.,(2021). Why Is Healthcare So Expensive? Blame the Lobbyists. In Forbes, 9th April 2021, <https://www.forbes.com/sites/peterubel/2021/04/09/why-is-healthcare-so-expensive-blame-the-lobbyists/>

**105** [https://www.uzp.gov.pl/\\_data/assets/pdf/file/0018/28053/7.Raport20Montiego.pdf](https://www.uzp.gov.pl/_data/assets/pdf/file/0018/28053/7.Raport20Montiego.pdf).

**106** <https://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=281433223148-81...>

**107** <https://reliefweb.int/report/world/pfizer-biontech-and-moderna-making-1000-profit-every-second-while-world-s-poorest#:~:text=Based%20on%20company%20financial%20statements,or%20%2493.5%20million%20a%20day..>

**108** Angelis, A., Alonso, C.S., Kyriopoulos, I. and Mossialos, E., (2022). Funding Sources of Therapeutic and Vaccine Clinical Trials for COVID-19 vs Non-COVID-19 Indications, 2020-2021. JAMA network open, 5(8), pp.e2226892-e2226892. [https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2795180#:~:text=Most%20of%20the%20COVID%2D19,vaccines%20\(297%20%5B15.0%25%5D\)..](https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2795180#:~:text=Most%20of%20the%20COVID%2D19,vaccines%20(297%20%5B15.0%25%5D)..)

**109** [https://doi.org/10.1596/978-1-4648-0484-7\\_world\\_bank\\_group\\_strategy](https://doi.org/10.1596/978-1-4648-0484-7_world_bank_group_strategy)

**110** <https://documents1.worldbank.org/curated/en/168331522826993264/pdf/124888-REVISED-BRI-PUBLIC-Maximizing-Finance.pdf>

impact<sup>111</sup>. Reference to equitable access as a goal was mentioned in only one of the 88 health sector projects during this period.

To ensure pandemic PPR and attain UHC, governments must do away with the marketization, commodification, and privatization of healthcare in all forms. IFIs' "private first" mantra must be replaced with

"public first". International trade rules and public debt conditionalities that facilitate the commodification and commercialization of health should be repealed for an unambiguous global commitment to the human right approach to universal health care and pandemic PPR.



111 <https://www.wemos.nl/en/improving-healthcare-but-for-whom/>

# DEBT CANCELLATION: THE COPERNICAN RETHINKING NEEDED FOR MORE AND BETTER FINANCE

In the initial phase of the COVID-19 pandemic, with the emergence of its severe impacts on hundreds of millions of people from the health, social and economic crises faced by countries in the global South, over 200 civil society networks and organizations launched a spirited call for the permanent cancellation of all external debt payments due to be made in 2020, and the provision of additional emergency finance which does not create debt. “Cancelling debt payments”, cited the international appeal, “is the fastest way to keep money in countries and free up resources to tackle the urgent health, social and economic crises resulting from the Covid-19 global pandemic [...] Borrower governments have it within their power to stop making debt payment, but they should not suffer any penalties for doing so”<sup>112</sup>.

Several emerging and developing countries were in a dire debt crisis well ahead of the COVID-19 pandemic. As reported by the IMF, the decade before the arrival of the new coronavirus had witnessed “the largest, fastest, and most broad-based increase in debt in these economies in the past 50 years. Since 2010, their total debt rose by 60 percentage points of GDP to a historic peak of more than 170 percent of GDP in 2019”<sup>113</sup>, to underscore that the

pathogen was unbridled at a very bad financial conjuncture. Since then, many more countries have emerged from the pandemic with higher and more unsustainable debts. In low-income countries, debt has increased from 58 to 65% between 2019 and 2021. Thirty nations in sub-Saharan Africa have seen a debt-to-GDP ratio exceeding 50% in 2021. The cost of borrowing money has also soared compared to pre-pandemic levels, and is bound to increase still as global inter-

<sup>112</sup> <https://debtjustice.org.uk/a-debt-jubilee-to-tackle-the-covid-19-health-and-economic-crisis-2>

<sup>113</sup> Kose M.A., Ohnsorge F., et al., (2020). Caught by a Cresting Debt Wave. International Monetary Fund (IMF), June 2020, <https://www.imf.org/en/Publications/fandd/issues/2020/06/COVID19-and-debt-in-developing-economies-kose>.

est rates go high<sup>114</sup>. Alarm bells are starting to go off for the international financial institutions<sup>115</sup>.

That is why looking at a widespread debt write-off, after almost three years into the COVID-19 pandemic, is the way to go. Moving to this truly innovative policy trajectory entails several benefits, while the tipping point is fast approaching. Debt cancellation will set the basic conditions for a more comprehensive and structural approach to the gangrenous debt crisis resolution. For the 54 developing countries that have severe debt problems<sup>116</sup> and continue to spend far more on debt interests than on health after two pandemic years, debt cancellation is the sole realistic avenue for laying a long-term strategy on pandemic prevention, preparedness, and response. COVID-19 has widely acted as a wake-up call to the proven limitations of the current and recurring approaches. As in the case of climate change, inaction in the looming global debt crisis is bound to cost much more than prompt bold interventions now.

A re-direction of financial policies is supported by copious academic literature and a growing number of government representatives<sup>117</sup> and economic experts<sup>118</sup> support this call. Research at the London School of Economics has proposed cancellation to also tackle the rising levels of households'

indebtedness hitting the UK, in the face of minimum wage increase and persistent shrinking of public service provision:

*Mass household debt cancellation policies may seem like a radical new departure, but as we grapple with the greatest economic crisis for at least a century, the time for holding back our big ideas passed long ago. Alternative policy options appear limited – monetary and regulatory efforts can reduce future debt build-ups effectively but do little to reduce the current household debt burden. Social welfare policies offer robust solutions, but the tortured politics of welfare (witness recent controversy over a mere £20 uplift to benefit payments) obstruct the deployment of the welfare system on the scale needed to address the contemporary situation of over-indebtedness. This suggests a need to tackle the root of the problem and to reduce directly the debt burdens of financially struggling households<sup>119</sup>.*

The rationality of this vision, aimed to remedy pre-existing economic shortcomings that the pandemic has only worsened, collides with the international community's stubborn refusal to adjust its

<sup>114</sup> <https://www.un.org/development/desa/dpad/publication/un-desa-policy-brief-no-137-ensuring-sdg-progress-amid-recurrent-crises/>

<sup>115</sup> Elliott L., (2022). 'Time may be running out': global debt crisis reaches critical point. In The Guardian, 13th October 2022, <https://www.theguardian.com/business/2022/oct/13/time-may-be-running-out-chronicle-of-a-debt-crisis-foretold>.

<sup>116</sup> <https://news.un.org/en/story/2022/10/1129427>

<sup>117</sup> <https://debtjustice.org.uk/a-debt-jubilee-to-tackle-the-covid-19-health-and-economic-crisis-2>.

<sup>118</sup> <https://www.euractiv.com/section/economy-jobs/opinion/cancel-the-public-debt-held-by-the-ecb-and-take-back-control-of-our-destiny/>.

<sup>119</sup> Spooner J., (2021). Families in crisis: why the government must consider the case for debt relief. London School of Economics (LSE), 7th July 2021, <https://www.lse.ac.uk/research/research-for-the-world/politics/families-in-crisis-why-the-government-must-consider-the-case-for-debt-relief>.

trajectory towards healthy financial policies. This reticence – a shivering reminder of governments’ unwillingness to heed science premonitions about the arrival of a new pathogen before 2020<sup>120</sup> - is a direct legacy of the deeply colonial origins of the multi-lateral financial institutions in charge, and of the glaring inequalities in representation that dominate this arena. Yet, while several scholars and most civil society organizations seem to dismiss the “undemocratic multi-lateralism”<sup>121</sup> in which initiatives like the Pandemic Fund are created, the pandemic PPR discourse has probably opened a window for forcing governments to wake up and demand a transformation of the financial and economic architecture, so as to make finance a primary instrument for achieving the WHO mission of Health for All<sup>122</sup>. The international public health community needs to acknowledge and use the cogency of the moment, to preserve a semblance of credibility and coherence with the purpose of the 2030 Sustainable Development agenda.

## The debt and austerity trap vs. pandemic PPR needs?

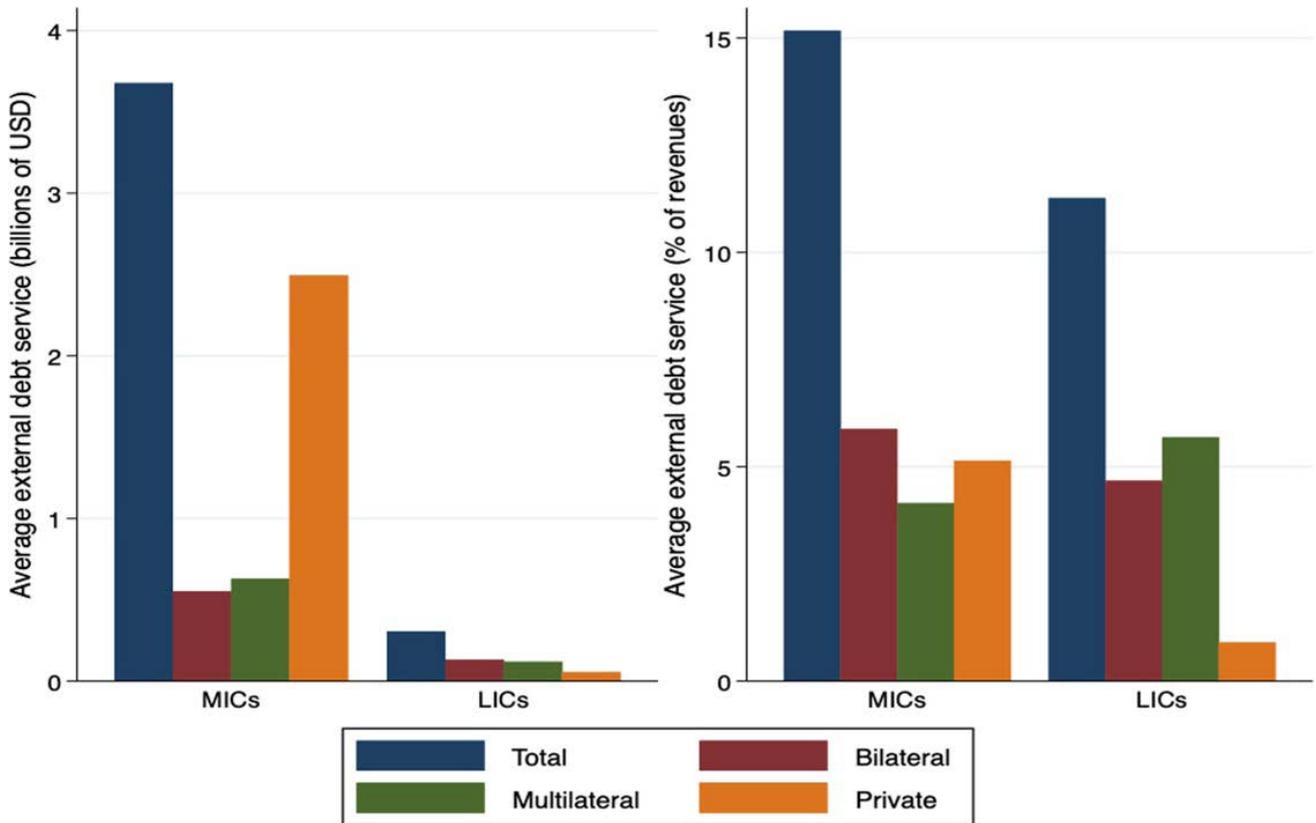
The anatomy of today’s financial architecture is scourging the global South and particularly African countries<sup>123</sup> with violence, keeping governments in the trap of multiple financial and political dependencies, hence unable to set the policies delivering Health for All. Lenders, including creditor governments, dominate in setting the field of the debt game. They push indebted countries into the tunnel of long-term financial subjugation: these ultimately do not enjoy any monetary sovereignty and are strained when it comes to long term investment and policy goals, in a repeat of bad investments fueled by debt. This uneven match induces more destructive dynamic as the spillovers from the Ukraine war have now added to the complexity of the crises that the world is facing.

**120** Gronvall G.K., Waldhorn R., et al., (2006). The Scientific Response to a Pandemic. In Plos Pathogens, 24th February 2006, <https://journals.plos.org/plospathogens/article?id=10.1371/journal.ppat.0020009>.

**121** Owino W., (2022). President William Ruto full speech at the UN General Assembly. In The Standard, October 2022, <https://www.standardmedia.co.ke/national/article/2001456275/president-william-ruto-full-speech-at-the-77th-session-of-the-un-general-assembly>

**122** <https://www.who.int/teams/social-determinants-of-health/declaration-of-alma-ata>.

**123** African countries currently have a mere 5.5% of voting rights, in the face of 25% membership, at the World Bank. Under-representation of African countries is equally appalling in the governance structures of the IMF, where they have a meagre 6.01% voting rights despite membership of 54 countries, which is 28.42% of the IMF’s total membership. See in this regard <https://www.afronomicslaw.org/category/african-sovereign-debt-justice-network-afsdjn/african-sovereign-debt-justice-networks-0>.



External debt service in middle- and low-income countries for 2021. IMF debt service is excluded from the 'Multilateral' taxonomy. Domestic debt service is not included due to lack of data.

According to the World Bank's estimates, an additional 75-95 million people are being pushed into extreme poverty by the end of 2022<sup>124</sup>, due to the unprecedented accumulation of financial pressures coming from the worsening debt crisis and the divergence in economic recovery plans from COVID-19. These circumstances are being compounded by the inflationary pressures of an unfolding global recession, spiking prices for food and energy, and exacerbating socio-political instability<sup>125</sup>. The human and social costs are more far-reaching than the immediate economic ones. In 2022, peacefulness has waned to lowest level in 15 years, a decline ignited by post COVID-19

economic uncertainties and the conflict in Ukraine<sup>126</sup>.

How can developing countries, in this context, fully exercise their diplomatic role at the WHO in the negotiation for a pandemic treaty? Pandemic PPR has several intricacies. For example, the COVID-19 crisis has resulted in attributing the IMF a new direct role in the health domain<sup>127</sup>, still insufficiently investigated. The IMF advocates for countries' additional investments in health system strengthening, but on the other hand it continues to unlock disbursement programs in exchange for evergreening conditionalities. To date, its extended austerity measures inhibit

<sup>124</sup> Mahler D.G., Yonzan N., Hill R., et al., (2022). Pandemic, Prices and Poverty. In World Bank Blogs, April 13th, 2022, <https://blogs.worldbank.org/opendata/pandemic-prices-and-poverty>

<sup>125</sup> <https://www.solaceglobal.com/report/political-instability-report-april-2022/>

<sup>126</sup> <https://reliefweb.int/report/world/global-peace-index-2022>

<sup>127</sup> <https://www.worldbank.org/en/news/statement/2021/06/03/world-bank-group-and-international-monetary-fund-call-to-action-on-covid-vaccine-access-for-developing-countries>.

governments to deep economic and policy reforms. The question is: how and where can affected governments confront the IMF, now that this financial institution oversees pandemic PPR? The voice of low and middle income countries should be at least valorized, enhanced, and protected. This isn't the case. So, the multilateral financial system remains totally unfit to address the debt emergency, which is ready to explode, while the nature of the multiple intersecting crises becomes more intricate and difficult to resolve.

What are the implications for global public health? There is enough evidence, including from past crises, to guide assessment on how the policy response to COVID-19 has affected public health in countries, at a time when health systems are receiving renewed attention, including in the context of the pandemic treaty negotiation<sup>128</sup>. An influx of funds into health systems has been seen during the pandemic and, as we know from high income countries, sustained public financing is fundamental for setting up and strengthening public health systems. Most developing countries bolstered public health spending during COVID-19, although the amount of extra financing was contingent on the income level of the different nations. Also, some of these funds were derived from additional foreign aid support, which increased slightly in 2020, but no way near to the amount required to compensate the declines in external private finance and trade volumes<sup>129</sup>.

The WHO has identified several building blocks for health systems<sup>130</sup>, including service delivery, the health workforce, innovation capacity and access to medicines. These elements require sustained public spending commitments. In a fiscal environment where debt, as well as the impending onset of austerity measures in many countries<sup>131</sup>, prolong the global South's dependency on shrinking foreign aid and multilateral assistance, the recent inflow of financial support into health systems may soon stall or reverse. Officials in charge of national health systems may shortly have compelling decisions to make on how best to allocate available finance. Already, the push from the World Bank and major donors like the Bill and Melinda Gates Foundation has been oriented to heavy investment in a global health security agenda – with a potential bias in setting indicators to quantify the degree of health emergency preparedness and in organizing knowledge to prevent future health crises<sup>132</sup>.

This agenda projects the narrative of a world at constant risk or vulnerable to emerging infectious diseases. By so doing, it prioritizes preparedness over prevention of potential threats. But health security concerns “form only a subset of global health issues and are heavily linked to the policy agendas of countries in the Global North – like the short-term containment of emerging pathogens – rather than long term priorities of countries in the Global South – like building up equitable and

**128** [https://apps.who.int/gb/COVID-19/pdf\\_files/2021/18\\_03/Item2.pdf](https://apps.who.int/gb/COVID-19/pdf_files/2021/18_03/Item2.pdf).

**129** OECD (2021). COVID-19 spending helped to lift foreign aid to an all-time high in 2020 but more efforts needed. OECD, Paris, 2021, <https://www.oecd.org/newsroom/covid-19-spending-helped-to-lift-foreign-aid-to-an-all-time-high-in-2020-but-more-effort-needed.htm>.

**130** <https://apps.who.int/iris/bitstream/handle/10665/258734/9789241564052-eng.pdf>

**131** Kentikelenis A., Stubbs T., (2021). Austerity Redux: The Post-pandemic Wave of Budget Cuts and the Future of Global Public Health. In *Global Policy*, 23rd November 2021, Volume 13, Issue 1, pp. 5-17, <https://onlinelibrary.wiley.com/doi/10.1111/1758-5899.13028>

**132** Kentikelenis A., Seabrook L., (2021). Organizing Knowledge to Prevent Global Health Crises: A comparative analysis of pandemic preparedness indicators. In *BMJ Global Health*, 24th August 2021, <https://gh.bmj.com/content/bmjgh/6/8/e006864.full.pdf>.

effective health systems that can cater to a broad range of health conditions”<sup>133</sup>. This means that global health security could produce relevant financial implications in debt-burdened countries. As already seen in conservation investments, these may be compelled to engage in innovative financial deals – such as pandemic debt swaps – to pay off their creditors. Instead of figuring out their health system capacity and effectiveness through sovereign policy orientations, indebted countries might end up having to make their pandemic PPR decisions friendly financial products, to incentivize clients in the global speculative market. These are subjects that WHO delegates cannot afford to ignore.

### The slow-burn debt crisis getting out of control

Research conducted on 41 countries by Debt Justice, shows that countries with highest debt payments will spend an average 3% less on essential public services in 2023 than in 2019, at the eve of the COVID-19 outbreak<sup>134</sup>. The UN Department of Economic and Social Affairs (UNDESA) also reports that Cameroon, Liberia and Mauritania in Africa, Myanmar and Nepal in Asia, and small island states such as Tonga and Samoa have already cut public spending<sup>135</sup>. Major health shocks like HIV/AIDS and Ebola hit several African countries before

the latest COVID-19 crisis, deepening their economic predicament.

In the case of Sierra Leone, for example, the debt uncertainty was triggered by the Ebola emergency<sup>136</sup>, but the country is still forced to prioritize debt payments today over increasing fiscal space to invest in the health sector.

It would be a mistake to think that debt problems are crippling only low-income countries, though<sup>137</sup>. The case of Sri Lanka’s debt default in early 2022 appears a somewhat paradigmatic example of the reality that several middle-income nations need to face, grappling just as hard to keep up payments on loans issued when interest rates were lower, and inflation was under control. Throughout year 2022, the Federal Reserve has announced several sharp hikes in the US interest rates to curb inflation<sup>138</sup>, increasing the cost of everything<sup>139</sup>. Since 90% of emerging economies’ debt is denominated in dollars, a stronger US currency makes repayments punitively expensive. Borrowing costs have also skyrocketed. What complicates the scenario is that much of the debt, particularly for middle-income countries, is owed to private sector creditors, gigantic investors such as Black Rock, in a totally unregulated financial market where national public debts become promising speculative terrains to operate with.

**133** Kentikelenis A., Stubbs T., (2021). Austerity Redux: The Post-pandemic Wave of Budget Cuts and the Future of Global Public Health. In *Global Policy*, 23rd November 2021, Volume 13, Issue 1, pp. 5-17, <https://onlinelibrary.wiley.com/doi/10.1111/1758-5899.13028>.

**134** [https://debtjustice.org.uk/wp-content/uploads/2022/05/Debt-and-public-spending\\_May-2022.pdf](https://debtjustice.org.uk/wp-content/uploads/2022/05/Debt-and-public-spending_May-2022.pdf)

**135** <https://www.un.org/development/desa/dpad/publication/un-desa-policy-brief-no-134-the-great-finance-divide/>

**136** 46% of Sierra Leone’s external debt payments are to the IMF, 35% to other multilateral institutions and 19% to other governments (Debt Justice, 2022).

**137** <https://unctad.org/news/debt-relief-and-productive-capacities-key-recovery-middle-income-countries>.

**138** Rushe D., Aratani L., (2022). Fed raises interest rates by 0.75 percent to rein in inflation. In *The Guardian*, 21st September 2022, <https://www.theguardian.com/business/2022/sep/21/fed-raises-interest-rates-third-increase-in-row>.

**139** One recent study carried out by Debt Justice found out that in the 27 countries covered in the research the dollar has increased in value by an average of 14% compared to local currencies. Because external debts tend to be owed in foreign currencies, mostly the dollar, the increase of interest rates immediately increases the relative size of debt payments in local currencies. Cfr. Debt Justice (2022), <https://debtjustice.org.uk/press-release/lower-income-country-borrowing-costs-rise-at-three-times-the-rate-of-the-us>.

In the meantime, debt repayment to wealthy lenders, private and public, unduly drags away resources that are vital for recovery, more so at such an unprecedented time of multiple crises.

We also need to consider that the pandemic has significantly reduced government revenues in both low- and middle-income countries. In sub-Saharan Africa, total government tax revenue declined by 15% in 2020 compared to 2019, a much greater decrease than during the global financial crisis in 2008-2009 and the subsequent Ebola outbreak in 2012<sup>140</sup>. In the meantime, the World Bank and the IMF continue to expand their lending, with no debt cancellation offer in sight. The IMF chief economist recently warned that “the worst has yet to come” when launching the latest World Economic Outlook<sup>141</sup>. It is a disheartening to see that these alarming diagnoses should remain dissociated from the concrete responses to the disruptions of the global economy.

### The G20 and international financial institutions responding with misshapen solutions

G20, the jurisdiction-less group that has delivered The Pandemic Fund, agreed to come up with some emergency solutions in the spring of 2020, to face what the Minister of Finance of Ghana then defined the “apocalyptic moment” of the COVID-19 outbreak’s early impact on health and societies. In April 2020, the G20 launched

the Debt Service Suspension Initiative (DSSI): a six-month agreement to grant a suspension of principal and interest payments on debt due between 1 May and 31 December 2020 by the developing countries to bilateral government lenders. DSSI was aimed to cover the 77 countries classified by the United Nations as Least Developed Countries, and the so-called “IDA-countries”, referring to those that are eligible to borrow from the World Bank’s International Development Association<sup>142</sup>. The scheme did not suspend private and multilateral debt service payments, and most middle-income countries were not eligible to participate. Besides, while the World Bank’s International Development Association boosted concessional and grant-based financing in response to the COVID-19 crisis well more than the? debt service repayments, most ineligible middle-income countries were those that had the highest external debt service – largely owed to the private sector, which is notably recalcitrant to the notion of restructuring or relieving debts.

As the name of the initiative indicates, the G20 scheme was not tailored to provide for cancellation of the debt service, albeit temporarily. DSSI simply meant a postponement of payment. Under the G20 initiative, all payments due to be made to bilateral official lenders by DSSI-eligible countries that requested participation in the initiative were postponed, and countries were given three years to repay their debt, following a one-year grace period. Diving into this G20

<sup>140</sup> <https://www.un.org/development/desa/dpad/publication/un-desa-policy-brief-no-137-ensuring-sdg-progress-amid-recurrent-crises/>

<sup>141</sup> Gold S., (2022). ‘The worst is yet to come’ for the global economy, IMF warns. In Devex, 11th October 2022, <https://www.devex.com/news/the-worst-is-yet-to-come-for-the-global-economy-imf-warns-104167>.

<sup>142</sup> To gain access to the DSSI, eligible countries had to make a formal request for debt service suspension to their bilateral creditors or had made a request for IMF financing, including emergency facilities (Rapid Financing Instrument/Rapid Credit Facility). The beneficiary

countries committed to “using the created fiscal space to increase social, health and/or economic spending in response to the crisis; disclose all public sector financial commitments; and must not contract any new non-concessional borrowing (other than agreements under the initiative or in compliance with limits agreed under the IMF Debt Limit Policy (DLP) or WBG policy on non-concessional borrowing)”: Fresnillo I., (2020). The G20 Debt Service Suspension Initiative: Draining the Titanic with a bucket? EURODAD Briefing Paper, October 2020, <https://d3n8a8pro7vnm.cloudfront.net/eurodad/pages/768/attachments/original/1610355046/DSSI-briefing-final.pdf?1610355046>

scheme is not our scope here. However, the DSSI has not only revealed a piecemeal approach dramatically unfit to the gravity of the crisis<sup>143</sup>, it has also fallen short of its originally intended purpose – helping countries with overwhelming debt in fighting the consequences of the coronavirus pandemic – notwithstanding its repeated six-month extensions<sup>144</sup>. Figures calculated from IMF and World Bank sources reveal that only 23% of lower income countries debt payments have been suspended. During the pandemic, the 46 lower income countries that applied for the scheme still paid out \$36.4 billion in debt payments, compared to \$10.3bn of debt payments that were suspended.

Such limitations must have become apparent also to the scheme’s designers, if the G20 decided to establish a new flagship debt relief program at the end of 2020:

the “Common Framework for Debt Treatments Beyond the DSSI”<sup>145</sup>. The idea here is to tackle the problem of unsustainable debts of many countries in the aftermath of COVID-19 and to restructure these debts on a case-by-case basis, following requests from eligible debtor countries. After more than two years, the G20 initiative has yet to deliver, and debt relief remains a rare accomplishment indeed. Only three governments – Zambia, Chad, and Ethiopia - have applied for assistance under the Common Framework and only one, Zambia, is getting anywhere close to a deal<sup>146</sup>. Zambia has cut health and social care spending by a fifth in the past two years to balance its budget, hit by record debt levels. Its debt plight has prevented people from getting access to healthcare, education, and other social protection services<sup>147</sup> –that frame the backbone of a society

### Debt restructuring in Zambia: a real benefit?

In its Debt Sustainability Assessment for Zambia, the IMF has demanded that US \$8.4 billion of debt payments needs to be cancelled by government and external private creditors between 2022 and 2025. Of Zambia’s external debt, 46% is owed to private lenders, 22% to China, 8% to other governments and 18% to multilateral institutions. Last September, the government started negotiating its debt with private creditors: BlackRock is the largest owner of Zambia’s bonds, holding US \$ 220 million, which could generate US \$ 180million for clients, mostly in its index-linked exchange-traded funds, if the debts were paid in full, according to the Jubilee Debt Campaign<sup>148</sup> – not an easy task for the African country.

<sup>143</sup> [https://www.eurodad.org/\\_a\\_debt\\_moratorium\\_but\\_for\\_whom](https://www.eurodad.org/_a_debt_moratorium_but_for_whom). Also, in this regard, Kaiser J. and Sudhoff C., (2020). A debt moratorium – but for whom? How, in 2020, debt relief is not helping those who need it most. Erlassjahr.de, Focus Paper 3, <https://erlassjahr.de/wordpress/wp-content/uploads/2020/12/Focus-Paper-3-Moratorium-for-whom-final.pdf>.

<sup>144</sup> [https://www.eurodad.org/spring\\_meetings\\_2021](https://www.eurodad.org/spring_meetings_2021).

<sup>145</sup> <https://www.un.org/development/desa/dpad/publication/>

<sup>146</sup> Elliott L., (2022). ‘Time may be running out’: global debt crisis reaches critical point. In The Guardian, 13th October

2022, <https://www.theguardian.com/business/2022/oct/13/time-may-be-running-out-chronicle-of-a-debt-crisis-foretold>.

<sup>147</sup> Inman P., (2021). BlackRock urged to delay debt repayments from crisis-torn Zambia. In The Guardian, 11th April 2022, <https://www.theguardian.com/world/2022/apr/11/blackrock-urged-to-delay-debt-repayments-from-crisis-torn-zambia>.

<sup>148</sup> <https://debtjustice.org.uk/press-release/over-100-experts-call-on-blackrock-to-cancel-zambias-debt>.

Following the bailout by the IMF, Zambia's social spending is projected to rise from 0.7 % of GDP in 2020 to 1.6 % in 2025, but this will result in a painful journey. As African experts highlight, the cancelling comes at the cost of Zambia's government eliminating fuel subsidy and cutting costs in farm subsidies. Since the country will have to reduce its deficit from 10% to 6%, the government will also have to impose wage and hiring freezes, as well as cutting back significantly on infrastructure projects already in the pipeline<sup>149</sup>.

On the contrary, the stakes are high for Chad. During the pandemic, Chad had benefited from the G20's Debt Service Suspension Initiative, which froze debt repayments until December 2021. While the scheme provided critical relief, it was only temporary. That is why in January 2022, Chad became the first country to officially request debt restructuring under the Common Framework. While progress in the negotiations has been glacial for some time, the group of creditors from the G20 announced last October that Chad would not be relieved of its debt burden<sup>150</sup>. The committee of official bilateral creditors – China, France,

India, Saudi Arabia – found that conditions to comply with the country's request do not exist, because Chad is benefitting from the oil price increase<sup>151</sup>.

For many developing countries, the scope of the debt treatments agreed by the G20 represent the difference between achieving a sustainable post Covid-19 recovery or yet another lost decade for development. UNCTAD has repeatedly pointed out<sup>152</sup> that the absence of their seat at the table and the lack of any access to G20 Finance Ministers' meetings keep debt crippled governments in the dark when it comes to decisions that will define their future.

<sup>149</sup> <https://www.afronomicslaw.org/index.php/category/african-sovereign-debt-justice-network-afsdjn/fiftieth-sovereign-debt-news-update-imf/>.

<sup>150</sup> <https://www.g20.org/indonesia-presidency-welcomes-the-statement-of-the-creditor-committee-for-chad/>

<sup>151</sup> Shalal A., Do Rosario J., (2022). Creditors say Chad does not need debt relief now given oil price surge. Reuters, 14th October 2022, <https://www.reuters.com/world/africa/exclusive-chad-creditors-issue-statement-contingent-debt-relief-deal-source-says-2022-10-13/>.

<sup>152</sup> [https://unctad.org/system/files/official-document/tdr2020\\_en.pdf](https://unctad.org/system/files/official-document/tdr2020_en.pdf). Back in 2004, UNCTAD already advocated to promote debt cancellation for Africa as a measure to help advance the Millennium Development Goals (MDGs): nobody had listened to the call (<https://unctad.org/press-material/cancelling-africas-debt-would-help-advance-millennium-development-goals>). In 2010, UNCTAD called for Haiti's debt cancellation to trigger the country's recovery after the catastrophic earthquake ([https://unctad.org/system/files/official-document/presspb20101\\_en.pdf](https://unctad.org/system/files/official-document/presspb20101_en.pdf)): the current security and humanitarian disaster in Haiti is ultimately the legacy of the international community's failure to ever consider these proposals for their real implementation.

## China cancels interest-free loans to African countries

The second-largest economy and the biggest bilateral creditor in the world, China is a dominant lender to many smaller, riskier developing nations. While it has traditionally kept a low profile, not only on lending conditions but also on how it renegotiates with borrowers in distress, China may have opportunistically responded to the pressure of the call urging creditors to help indebted countries. In August 2022, the Chinese government announced that it is forgiving 23 interest-free loans for 17 African nations that had matured by the end of 2021, while pledging to deepen its collaboration with the continent. This is in addition to China's cancellation of more than US\$ 3.4 billion in debt and restructuring of around US\$ 15 billion of debt in Africa between 2000 and 2019.

China has a repeated history of easing debt burdens, although details are often unclear. Critics have often accused China of practicing a "debt-trap diplomacy" in the global South, suggesting that Beijing deliberately lends to nations that it knows cannot repay the money, thereby increasing its geopolitical leverage. The narrative claims that such debt traps are designed on purpose to force indebted African states to vote with Beijing at the UN, support its positions on Taiwan or easily gain vulnerable real estates in Africa that can be then converted into military bases<sup>153</sup>. But while China vehemently rejects this argument, regarding it an aggressive cold-war discredit strategy pursued by the US government, the main contender in the quest for influence in Africa, it cannot be denied that the latest proclamation of debt cancellation appears very timely indeed, in view of the mounting sense of a global debt crisis<sup>154</sup> menacing particularly developing countries. Bilateral trade with? was worth about US\$ 10 billion in 2000, and by 2015 it exceeded US\$ 200 billion. China has become the continent's single-largest trading partner, and the dozens of infrastructure projects it has helped to fund or implement have massively expanded road connectivity, energy generation and flood-control capacity<sup>155</sup>.

But the African continent is seriously at risk. Combined private and public external debt of African states more than quintupled between 2000 and 2020. Chinese public and private lenders accounted<sup>156</sup> for 12% of the continent's US\$ 696 billion external debts in 2020. The continent's debt to GDP ratios had surpassed 50% on average, prior to the pandemic<sup>157</sup>. The most recent Africa Economic Outlook from the African Development Bank expects Africa's debt to GDP ratio to be reaching 70% in 2022<sup>158</sup>. As of February 2022, 23 African countries were either in debt distress or at risk of it. China's announcement did not specify the countries or the amount of loan forgive-

**153** Verhoeven H., (2022). Will China's debt cancellation make a difference?. In African Arguments, 1st September 2022, <https://africanarguments.org/2022/09/will-china-africa-debt-cancellations-make-a-difference/>.

**154** <https://sdgpulse.unctad.org/debt-sustainability/>.

**155** Lippolis N., Verhoeven H., (2022). Politics by Default: China and the Global Governance of Africa Debt. In Survival: Global Politics and Strategy, Volume 64, 2022, issue 3,

pages 153-178, <https://www.tandfonline.com/doi/full/10.1080/00396338.2022.2078054>.

**156** Savage R., (2022). African States' private debt three times that owed to China. In Reuters, 11th July 2022, <https://www.reuters.com/world/africa/african-states-private-debts-three-times-that-owed-china-2022-07-11/>.

**157** [https://www.brookings.edu/wp-content/uploads/2019/04/africa\\_sovereign\\_debt\\_sustainability.pdf](https://www.brookings.edu/wp-content/uploads/2019/04/africa_sovereign_debt_sustainability.pdf).

ness, but analysts say that since 2000, China has regularly forgiven loans that are nearing their end but have a small balance. Analysts observe that the amount of money involved in the 23 loans forgiven are likely to be modest. Moreover, if the public relations politics behind the debt cancellation gesture cannot be undervalued, China's move hardly impacts or alters Africa's growing indebtedness and its drivers<sup>159</sup>.

## Whose debt, really?

Addressing the taboo of debt cancellation is particularly relevant when discussing pandemic prevention preparedness and response. Lenders, both traditional creditor countries and private sector creditors, have accumulated a considerable ecological debt<sup>160</sup> towards nations in the global South, through centuries of extraction and consumption of natural resources that in many cases were acquired illegally or by force. This imbalance helps explain how the ecological equilibrium has been upset at the expense of so-called "developing nations" – taking more than their share of the goods while inflicting the costs of resource depletion and pollution on the poor<sup>161</sup>, well before COVID-19.

The concept of an ecological debt to be seeded in contradiction to developing countries' external debt, a call that was widespread during the momentous global

Jubilee 2000 campaign to drop the debt<sup>162</sup>, needs to be revived and asserted again as the global "polycrisis" calls for bold and fundamental reform<sup>163</sup>. According to recent research conducted by two Dartmouth College scientists, not only should wealthy industrialized countries pay the most to address climate change, but they should pay poor countries colossal reparations for the devastations provoked as historical emitters of greenhouse gases, causing US\$ 6 trillion in global economic losses through global warming from 1990 to 2014<sup>164</sup>. The US and Europe are responsible for more than half of global ecological destruction over the past 50 years, a recently published analysis of The Lancet Planetary Health found out<sup>165</sup>.

Back in 2008, the first systematic global study of the richest countries' ecological debt calculated the environmental damage caused to developing nations to be higher than the entire debt of developing

<sup>159</sup> Verhoeven H., (2022). Will China's debt cancellation make a difference?. In African Arguments, 1st September 2022, <https://africanarguments.org/2022/09/will-china-africa-debt-cancellations-make-a-difference/>.

<sup>160</sup> The first discussions on the ecological debt concept took place around 1990, largely thanks to inputs from Latin American NGOs, and then followed by Friends of the Earth International. In 1992, during the Rio Summit, the idea of a Debt Treaty was proposed, which introduced the notion of an ecological debt in contraposition to the external debt. See in this regard Simms A., (2009). Ecological Debt: Global Warming and the Wealth of Nations. Pluto Press, 2009, <https://doi.org/10.2307/j.ctt183p4mr>.

<sup>161</sup> <https://www.ohchr.org/en/press-releases/2019/06/un-expert-condemns-failure-address-impact-climate-change-poverty>.

<sup>162</sup> <https://www.advocacyinternational.co.uk/featured-project/jubilee-2000>. The record-breaking support of 21

million people signing on paper the global petition to drop the debt as the most potent form of slavery significantly enhanced global public understanding of the role of debt and of creditor institutions in the global financial system.

<sup>163</sup> [https://www.eurodad.org/world\\_bank\\_and\\_imf\\_failure\\_to\\_address\\_the\\_global\\_polycrisis\\_makes\\_systemic\\_reform\\_even\\_more\\_urgent](https://www.eurodad.org/world_bank_and_imf_failure_to_address_the_global_polycrisis_makes_systemic_reform_even_more_urgent).

<sup>164</sup> Hirsh D., (2022). Study Shows Economic Impacts of Greenhouses Gas Emissions. In Dartmouth Together, 12th July 2022, <https://home.dartmouth.edu/news/2022/07/study-shows-economic-impacts-greenhouse-gas-emissions>.

<sup>165</sup> Hickel J., O' Neill D.W, Fanning A.L., (2022). National responsibility for ecological breakdown: a fair-shares assessment of resource use 1970-2017. In The Lancet Planetary Health, Volume 6, Issue 4, E342-E349, APRIL 01, 2022, [https://www.thelancet.com/journals/lanph/article/PIIS2542-5196\(22\)00044-4/fulltext](https://www.thelancet.com/journals/lanph/article/PIIS2542-5196(22)00044-4/fulltext).

countries, then valued at US\$ 1.8 trillion<sup>166</sup>. The climate change emergency that we see today, 14 years after the publication of that pioneering research, is the incontrovertible legacy of that ecological debt. It is a huge injustice inflicted on populations, being impoverished by debt service payments still. With the West's living standards being maintained through the hugely unrecognized ecological debts built up with developing countries, creditors' ecological debt is as associated as ever with environmental stress and its health impacts<sup>167</sup>. This has become obvious through past zoonotic events and the predictions of future spill overs, as deforestation increases globally<sup>168</sup> and global ice loss catches up to worst-case scenario predictions<sup>169</sup>.

While these considerations remain off the beaten path in the global public health circles, and somewhat secluded in the powerful speeches of the few mentioning them<sup>170</sup>, their intimate connection with universal healthcare and health rights globally cannot be underestimated. Debt is a virus and has already led to a huge amount of human suffering, diseases, and increased poverty. IMF estimates from 2020 show how it has soared from 35% to 65% in

the last decade<sup>171</sup> and is doomed to grow still, bringing half of Africa on the brink of bankruptcy.

If instead of short-sighted steps in the wrong direction, the G20 and financial institutions had cancelled all external debts due in 2020 alone by the 76 lowest income countries, this initiative would have liberated US \$40 billion or US \$300 billion if the cancellation had included debt in 2021<sup>172</sup>. Releasing such colossal amounts – as a first U-turn initiative – would have been a global enabling investment in pandemic prevention, preparedness, and response. As governments from the global South are preparing to negotiate a zero draft for a WHO pandemic treaty, they must force the debt cancellation argument at the forefront of the diplomatic arena. World Bank President David Malpass recently declared that “a fifth wave of debt crisis is facing the developing world”<sup>173</sup>. Against this backdrop, the pandemic negotiation must demand fundamental reforms, challenging irresponsible financing and the very legitimacy of debts, while placing the vital needs and rights of people ahead the contemporary colonial slavery of debt servicing.

**166** Randersom J., (2008). Rich countries owe poor a huge environmental debt. In The Guardian, 21st January 2008, <https://www.theguardian.com/science/2008/jan/21/environmental.debt1>.

**167** <https://www.who.int/europe/news/item/01-07-2022-new-report-highlights-the-impact-of-changes-in-environment-on-one-health>.

**168** <https://www.globalforestwatch.org/blog/data-and-research/global-tree-cover-loss-data-2021/>

**169** [https://www.esa.int/Applications/Observing\\_the\\_Earth/FutureEO/CryoSat/Our\\_world\\_is\\_losing\\_ice\\_at\\_record\\_rate](https://www.esa.int/Applications/Observing_the_Earth/FutureEO/CryoSat/Our_world_is_losing_ice_at_record_rate)

**170** In several years of financing debates at the WHO, including debates on expanding fiscal space, the issue of debt has never really surfaced in the agency. Mia Mottley, the Prime Minister of Barbados, solely argued for “debt forgiveness” at the WHA74 in May 2020, while the pandemic was starting to wreak havoc. Later, the WHO Council on Economics for Health for All briefly surfaced on “debt relief” in one of its policy briefings, <https://cdn.who.int/media/docs/default-source/council-on-the-economics->

[of-health-for-all/who\\_council4a\\_councilbrieffinal-no2.pdf?sfvrsn=bd61dcfe\\_5&download=true](https://www.who.int/europe/news/item/01-07-2022-new-report-highlights-the-impact-of-changes-in-environment-on-one-health).

**171** <https://www.imf.org/Publications/fandd/issues/2020/09/debt-pandemic-reinhart-rogooff-bulow-trebesch>

**172** Oxfam (2020). G20 Must Cancel Debt to Stop Coronavirus “Third Wave” Devastating Developing Countries. Media Briefing for G20 Finance Ministers, April 2020, <https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/2020-04/Debt%20media%20briefing%20ahead%20of%20G20.pdf>. The figures are calculated by Jubilee Debt Campaign from the World Bank's International Debt Statistics. The US\$ 300 billion figure is for all low and middle income countries excluding China and Russia. If you include China and Russia, the total figure is over US\$ 400 billion. See also: ‘Dignity not Destitution’, Oxfam, 2020, <https://policy-practice.oxfam.org/resources/dignity-not-destitution-an-economic-rescue-plan-for-all-to-tackle-the-coronavir-620976/>.

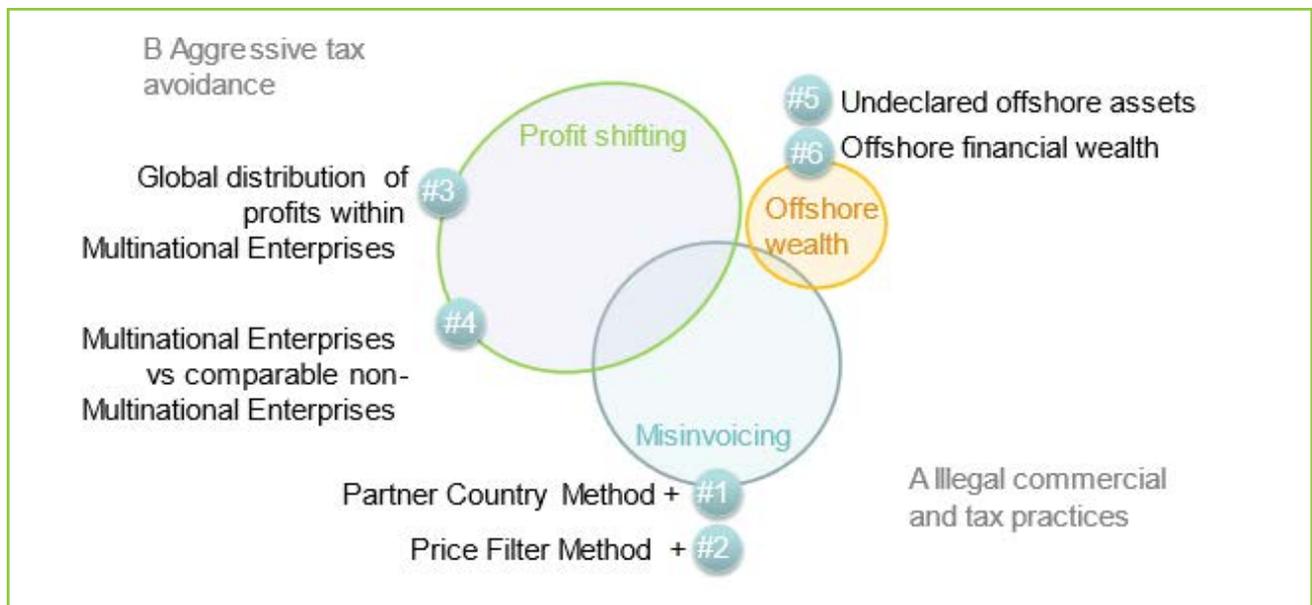
**173** [https://unctad.org/system/files/official-document/presspb2020d6\\_en.pdf](https://unctad.org/system/files/official-document/presspb2020d6_en.pdf).

## Stop the bleeding of illicit financial flows and global tax abuses

No modern economy can perform well without a well-functioning financial system that serves society. A major challenge to sustainable development of healthy societies around the world, particularly in developing countries, is represented by tax-related illicit practices which are at the origin or associated with illicit financial flows (IFFs). UNCTAD defines IFFs as movements of money and goods across borders that are illegal in source, transfer, or use. IFFs can include criminal activities, such as corruption or smuggling; commercial practices, such as the mis invoicing of trade shipments; or tax practices, such as the abusive use of transfer pricing. IFFs is a hidden phenomenon, and a very complex one in nature: either the illicit

origin of capital or the illicit nature of transactions undertaken is deliberately obscured<sup>174</sup>. In a book titled *Global Development Finance: Illicit Flows Report 2009*, Eurodad attempted to display over a hundred pages comprehensive official estimate of global illicit international financial flows. Each page of the report was blank, Eurodad's astute trick to visualize a crucial political message: the offshore world is the biggest force for moving wealth and power from poor to rich, yet its effects have long remained almost invisible<sup>175</sup>. And they still are. UNCTAD and the UN Office on Drugs and Crime (UNODC) – both custodians of the SDG indicator 16.4.1 8 (“total value of inward and outward IFFs”) have recently released a Conceptual Framework for the Statistical Measurement of Illicit Financial Flows to equip relevant authorities in countries with the methodology to collect information<sup>176</sup>.

### Suggested statistical methods for measuring tax and commercial illicit financial flows



Source: UNCTAD's statistics branch

<sup>174</sup> The most well-known classification of IFFs stems from Baker (2005), an American businessman who was so shocked by the degree of profit shifting by multinationals he encountered while working in several sub-Saharan African countries that he subsequently wrote a book, *Capitalism's Achilles Heel*, and established the NGO Global Financial Integrity (GFI) to challenge the abuses. In Baker's assessment, grand corruption accounted for just a few per cent of illicit flows and laundering of the proceeds of crime between a quarter and a third. The largest component by far was 'commercial tax evasion', through the manipulation of trade prices, accounting

for around two thirds of the problem. See in this regard Cobham A. and Jansky P., (2017). *Measurement of Illicit Financial Flows*. Background Paper prepared for UNCTAD, [https://www.unodc.org/documents/data-and-analysis/statistics/IFF/Background\\_paper\\_B\\_Measurement\\_of\\_Illicit\\_Financial\\_Flows\\_UNCTAD\\_web.pdf](https://www.unodc.org/documents/data-and-analysis/statistics/IFF/Background_paper_B_Measurement_of_Illicit_Financial_Flows_UNCTAD_web.pdf)

<sup>175</sup> *Ibidem*, pp. 28-29.

<sup>176</sup> <https://unctad.org/webflyer/conceptual-framework-statistical-measurement-illicit-financial-flows>.

The authors of a study released by the University of Massachusetts measured capital flight in 40 African countries and examined the linkages between the accumulated stock of capital flight and the total external debt of these countries and concluded that Africa was a net creditor to the rest of the world, with its net external assets vastly exceeding its debts<sup>177</sup>. Of course, there is a substantial difference between assets and liabilities, in that the subcontinent's private external assets belong to a narrow and relatively wealthy segment of the population, whereas public external debts are ultimately borne by most of the people through their governments. On such grounds, the legitimacy of parts of African debt was already challenged given that "a substantial proportion of the borrowed funds ended up in private assets through debt-fueled capital flight"<sup>178</sup>.

Playing all three corners of the triangle – source countries being drained of wealth, increasingly off-shore like economies receiving the wealth, the offshore conduits handling the passage – the story of this hemorrhagic continues. One group of African scholars<sup>179</sup> has recently articulated the systematic looting and channeling away of South African resources through illicit financial flows, cutting across all the key pillars of development, frustrating the betterment of peoples' lives in South Africa,

and shaping the very governance of the country. Evidence suggests that the Eastern and Southern African region lost a staggering US \$7.6 billion in tax revenue in 2017 alone, i.e. US \$124.7 per capita, due to only two sources of IFFS (base erosion and profit shifting to tax havens)<sup>180</sup>. It is the OECD countries, not the palm-fringed islands, that enable most of the tax abuse. The urgency for the UN to step in to negotiate profound modifications to the international tax rules is growing.

As defenseless to the offshore complexity and as they may be, low-income countries are not the only ones harmed by huge illicit financial flows. In fact, the global offshore system was one of the key drivers that set the scene for the financial and economic meltdown in 2007-2008<sup>181</sup>. In 2019, at the 74th United Nations General Assembly the Africa Group called for a UN Convention on Tax, stressing that such an instrument could tackle illicit financial flows, and a draft text proposal is already available to advance the process<sup>182</sup>. At the 77th UN General Assembly, in 2022, the Africa Group tabled a draft resolution calling for negotiations towards such a UN convention on tax cooperation building on the long-standing call by G77 and China to establish an intergovernmental process to address global tax abuse at the UN<sup>183</sup>.

**177** Ndikumana L., Boyce J., (2008). New Estimates of Capital Flight from Sub-Saharan African Countries: Linkages with External Borrowing and Policy Options. Working Paper Series, number 166, April 2008, [https://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1137&context=peri\\_workingpapers](https://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1137&context=peri_workingpapers).

**178** *Ibidem*, p.36.

**179** Kamga S.D., edited by (2021). *Illicit Financial Flows from South Africa: Decolonial Perspectives on Political Economy and Corruption*. Routledge London, 2021, <https://www.taylorfrancis.com/books/edit/10.4324/9781003197232/illicit-financial-flows-south-africa-serges-djoyou-kamga>

**180** Loewenson R., Mukumba C., (2022). Tax Justice for Universal Public Sector Health Systems in Eastern and Southern Africa. Equinet Discussion Paper 126. July 2022.

**181** Shaxson N., (2011). *Treasure Islands*, p.30.

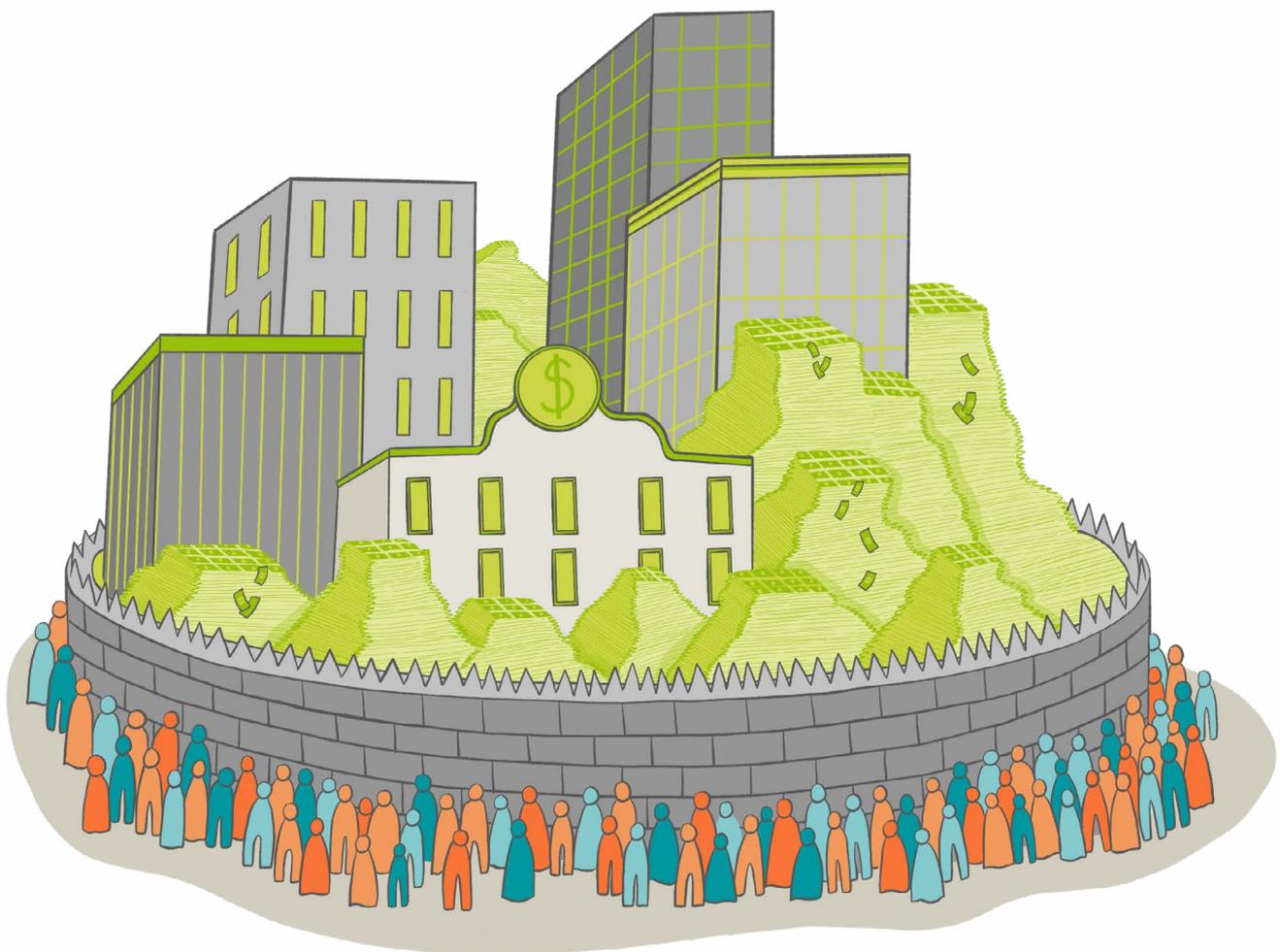
**182** <https://taxjustice.net/2022/03/10/a-draft-un-tax-convention-building-momentum/>

**183** <https://csoforffd.org/2021/10/27/database-governments-supporting-an-intergovernmental-un-tax-body-and-or-un-tax-convention/>.

This initiative should at least receive a strong indication of support in the context of the Intergovernmental Negotiating Body for the pandemic treaty at the WHO<sup>184</sup>, given its relevance for pursuing Health for All and for the purpose of pandemic PPR. We know the dimension of the bleeding: according to UNCTAD, countries with high IFFs spend on average 25% less on health and around 50% less on education<sup>185</sup>. Both are pillars for human dignity and sustainable development.

Moreover, the good news is that tax justice concerns have mounted globally in the years of COVID-19, including at the insti-

tutional level. The pandemic has laid bare the irreplaceable role of public services and public governance, in health and beyond health, while at the same time unveiling the brutal cost of unmitigated structural inequalities. The WHO Council on the Economics of Health for All has stated that “The COVID-19 crisis has opened a window for a radical redirection”<sup>186</sup> – the INB should follow in the footsteps of this radical redirection when preparing the arena for the pandemic treaty negotiations. It’s high time for democratically agreed global financial rules that put weight on human rights.



<sup>184</sup> <https://inb.who.int>

<sup>185</sup> <https://www.youtube.com/playlist?list=PLji49uujoC9rySbe6hNQ2ZXPomyFWctTS>

<sup>186</sup> [https://cdn.who.int/media/docs/default-source/council-on-the-economics-of-health-for-all/who\\_councilh4a\\_councilbrieffinal-no2.pdf?sfvrsn=bd61dcfe\\_5&download=true](https://cdn.who.int/media/docs/default-source/council-on-the-economics-of-health-for-all/who_councilh4a_councilbrieffinal-no2.pdf?sfvrsn=bd61dcfe_5&download=true)

# A WEALTH OF EVIDENCE NEVER MAKING ITS WAY AT THE WHO

When addressing short-term urgencies and long-term challenges, financial initiatives and mechanisms need – now more than ever - reassessing in the contexts that have emerged after the pandemic. The slippery road of austerity to crisis unpreparedness, along with the deepening of health and other socio-economic inequalities, must be stopped if governments and the international community are genuinely committed to pandemic PPR. Enhanced public funding for health, the environment, social services is needed. Not less. The world eagerly demands a financial system serving the global commons in times of systemic changes and financial justice is one essential ingredient to respond to the radical newness brought by the pandemic.

A significant body of evidence exists on how the unjust conformation of the current international financial system has wounded health rights globally. Key research questions driving our work have been the following:

- Why hasn't this wealth of literature ever become part of the WHO conversation on financing for health? And why has the WHO lost so many years in futile discussions about innovative financing mechanisms and the integration of the private sector in health?
- At this stage, after the unequivocal COVID-19 experience, can the WHO negotiation on the pandemic treaty spark the opportunity of challenging the mainstream narrative on health financing and advance the urgency for

new rules of the game, moving away from short-term GDP focused approaches, and fully recognizing the value of policies that promote and advance health?

In its technical work and publications on fiscal space for health<sup>187</sup>, the WHO increasingly calls on policymakers to pay more attention to the expenditure side of health, beyond the revenue side of it. This approach is grounded on economic growth, budget reprioritization and efficiency enhancement measures as the main drivers of fiscal space for health expansion. The evidence-based assumption is that increases in health budgets do not automatically lead to improvements in health outcomes. In addition, the WHO argues, when budget formulation and execution are in line with

<sup>187</sup> [https://apps.who.int/iris/bitstream/handle/10665/258893/fiscal\\_space\\_for\\_health.pdf?sequence=1&isAllowed=y](https://apps.who.int/iris/bitstream/handle/10665/258893/fiscal_space_for_health.pdf?sequence=1&isAllowed=y)

health policies and needs, health ministries can make a stronger case for enhancing budget allocations to the health sector.

However, this is one part of the story. Evidence also indicates that the main driver of increases in health budgets is an increase in overall public resources. It is therefore very surprising, and disappointing, that the WHO should present fiscal constraints on domestic resources in low-income countries as a given, a reality that health policy makers must understand and adjust to, without making any reference whatsoever to the multiple global financial injustices that limit – and often prevent – domestic resource mobilization.

The IMF's definition of fiscal space – “the room for undertaking discretionary fiscal policy relative to existing plans without endangering market access and debt sustainability”<sup>188</sup> – is used as the basis for assessing budgetary space for health in any given country. This definition only considers a nation's debt situation, its trends in economic growth, revenues, fiscal policies, contingent liabilities, access to capital funding, deficit rules and monetary policies. It simply ignores the fact that health, like education, is a strategic societal investment which profoundly impacts the socio-economic development of a country, as well as the quality of the social contract between any government and its people. The elements of the IMF doctrine are obviously not open

for questioning. They are presented as the macro-fiscal factors that health ministries need to understand, the playing field that must shape not only the public policies but also the roles and responsibilities of large – often transnational – healthcare corporations, ushered in as the most compatible solution to the fiscal space constraints. The implications for health, and for the Health for All vision, are simply incommensurable.

Hardly any mention is ever made in WHO technical work of key policy options for countries such as working on greater tax justice to increase tax revenue, considering debt cancellation, or curbing illicit financial flows in relation to access to healthcare, in a scenario where people are increasingly confronted with pandemic challenges (obesity, cancer, violence, mental disorders). This is concerning given WHO's constitutional mandate, and in sharp contradiction with the unequivocal messages emanating from evidence on the reality of Universal Health Coverage (UHC) that the WHO and others have contributed to building. UHC requires a long-term strategy of sufficient resources, and these resources need to be predominantly public. So, while improving public resource use in the health sector is a value, the WHO refrains from associating this need with a strong call for reforms to the international financial architecture, as requested by other UN agencies such as UNCTAD, the ILO, UN Women.

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**188** Haksar V., Moreno-Badia M., et al. (2018). Economic Preparedness: The Need for Fiscal Space. In IMF Blog, 27th June 2018, <https://www.imf.org/en/Blogs/Articles/2018/06/27/blog-economic-preparedness-the-need-for-fiscal-space>.

The omissions in WHO's technical work have ushered policy implications. WHO Member States no longer see the agency as the appropriate place where discussions on substantive re-direction of financing for health be feasible, given the organizational financial fragilities and beliefs. Hence, they do not dare request the WHO to address the widespread harm on health arising from the global financial architecture<sup>189</sup> - the only exception being the government of Barbados advocating for debt relief at the WHA in May 2020<sup>190</sup>. At the same time, at least until now, countries from the global South have not envisaged strategic alliances to assert the correlation between their unmet health needs and the multiple

structural dependencies they are bound to, largely associated to debt repayment. In the last two decades, the hybridization and hyper-fragmentation of the global health governance have gradually shifted health financing to the sphere of donor-driven interventions and - more recently - to the exclusive control of ministries of finance in high income countries. In this way, money spent on global health has been dutifully directed to specific diseases operations and to a disproportionate focus on technological solutions. Within this dominant framing of health as apolitical and technical, there is little room to interrogate power<sup>191</sup>.

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**189** Neither in the WHO resolutions concerning sustainable health financing and Universal Health Coverage, dating back to the years 2005 and 2011, nor in the resolution on "Preparation for the High-Level Meeting of the United Nations General Assembly on Universal Health Coverage" in 2019, can language on global financial justice be detected.

**190** Last September the Government of Barbados announced closing a landmark debt conversion deal aiming at marine conservation and a pandemic debt suspension clause. See in this regard: <https://cdn.who.int/media/>

[docs/default-source/council-on-the-economics-of-health-for-all/who\\_council\\_statement-barbados2022-ii.pdf?sfvrsn=165dd842\\_3&download=true](https://cdn.who.int/media/docs/default-source/council-on-the-economics-of-health-for-all/who_council_statement-barbados2022-ii.pdf?sfvrsn=165dd842_3&download=true).

**191** Kim H., (2021). The implicit ideological function of the global health field and its role in maintaining relations of power. In *BMJ Global Health* 2021; 6, <https://gh.bmj.com/content/6/4/e005620>.

# THE WHO PANDEMIC TREATY NEGOTIATION: TIME FOR TEARING THE VEIL?

G2H2 primary aspiration in weaving this report is twofold. Firstly, our purpose is to fill a significant political gap in the arena of health financing, reminding all engaged constituencies of the forces that have brought us to the iteration of false gods and fake solutions. Secondly, we want to recognize that this regime of deeply engrained financial injustice is still rampant, and health continues to pay the highest price, together with education and the environment. That is why it is so crucial to be aware of how political economies operate in Health for All. The global financial architecture is just not wired to allow countries space for positive action on health. Solutions like the newly born Pandemic Fund must be contextualized in this scenario of hegemonic financial violence.

Pandemic PPR now forces a new narrative, and perhaps a momentum that cannot be missed. Health is not an expenditure. Health is an investment in a free, equal and responsible society. Without that investment, or with that investment flown into vested interests' hands, societies risk more, die more. G2H2 hopes to ignite WHO governments' action towards ambitious plans.

Governments from the global South have a special interest in doing so, and they should cultivate this interest. They have experienced the vaccine apartheid during the pandemic time. They have come out of the pandemic with heavier socio-economic, health and ecological challenges, which are now compounded by the dire effects of the war in Ukraine.

## What can be done, then?

- The WHO process on the pandemic treaty must provide the appropriate space for Member States to reframe the conversation on financing for health in the context of the global common of pandemic prevention preparedness and response;
- WHO Member States – particularly from the global South - must come together to advocate for new essential instruments for financial justice, linking up PPR to the call for a UN Convention on Tax cooperation and on curbing illicit financial flows. This initiative should at least receive a strong indication of



support in the context of the Intergovernmental Negotiating Body for the WHO pandemic treaty<sup>192</sup>;

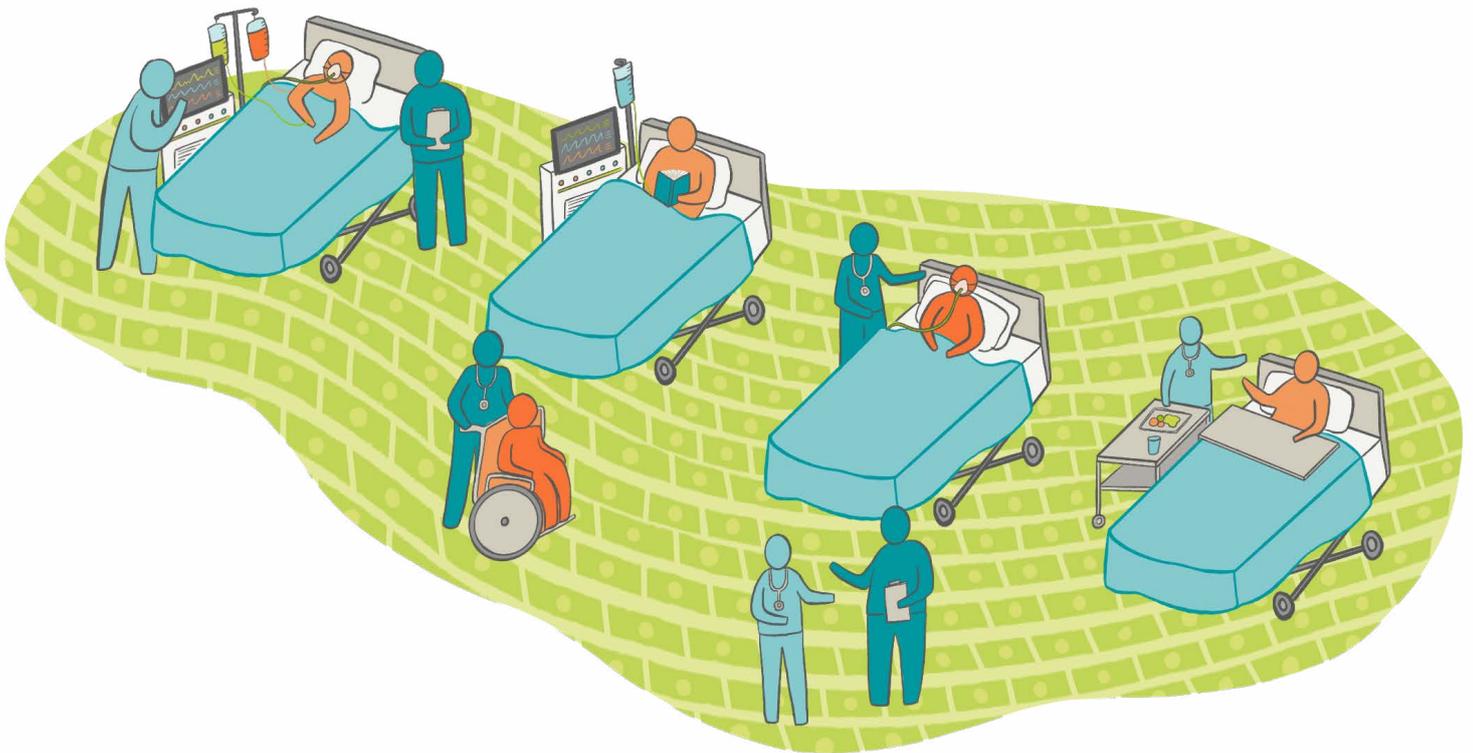
- As governments from the Global South are preparing to negotiate on a zero draft for a WHO pandemic accord, they should commit to decolonizing the diplomatic trajectory. Debt cancellation for example needs to be highly profiled in the PPR discourse, and proposals in this regard formulated;
- Governments must consider dissonant approaches, such as stop paying for a debt of questionable legitimacy. In light of climate change and global warming, it is creditor countries from the global North that must replay their ecological debt;
- Governments must ask the WHO to redefine the boundaries of its work on fiscal space and start work on bolder ideas for financial justice aligning itself to other UN bodies already working in this area;
- WHO Regions must also start addressing financial justice in the context of PPR as a matter of priority, taking stock of civil society experience and academic research in all regions of the developing world.

Radically redirecting the health financing discourse has much to do with the health scenarios we want to design for the future. Bold political initiatives at this stage are the sole condition for shaping the solutions that people in the world need to see, not only in the global South, in the face of this systemic crises. That is how the UN can recover its legitimacy and authority in global governance, and rescue multilateralism in the current fragmented geopolitical space.

The frontiers of financial responsibility in health must be redesigned aiming at the

global commons, to materialize a more equal distribution of public resources, and associated rights.

We can avoid being fatally captured by today's systemic injustice, as if it were a condition that cannot be repaired. The world needs a healthy financial system now. We encourage all the constituencies involved in the pandemic treaty at the WHO, and those involved in other fora, to join the financial justice call that comes from the very UN system that the WHO belongs to.



# ANNEX: INTERVIEWS BY PRITI PATNAIK

Owain Williams

Associate Professor in Global Political Economy and Health,  
Political Science and International Studies, University of Leeds

## [PP] Q1

Since the Report of the WHO Commission on Macroeconomics and health (2001) and the World Health Report 2010 on “Health systems financing”, there has been an emphasis on devising an “investment case” for health. Countries are expected to raise resources domestically or expected to support each other through more effective “aid”.

However, the issues of financial justice and related international obligations (financial flows, tax evasion, debt cancellation, terms of trade etc) are mostly discussed and explored in other international fora. These issues are not on the radar of the WHO and not addressed in WHO hosted processes such as the INB. Why is this so?

## [OW]

Let me just give you some of my thoughts on the first half of the question, which is about the investment case for health and the focus on financing. Now, I find this quite interesting. When people write in public health journals, as much as I love journals of Public Health and Global Health, they can be remarkably a-historical and lack often a historical grasp of the political economy of the institutions concerned. Let me give an example: I believe it was 2008, it was quite a radical World Health Report, and in it was

made a case for for Universal Health Coverage, again. But the report also made the case for primary health care and systems of public health based on social insurance for all. Now, by the time we get to 2011, the World Health Report starts to really focus on financing and almost exclusively on financing. And I find this a really remarkable historical shift within the World Health Organization itself.

And really, there is a form of unsaid détente between the World Health Organization and the World Bank, particularly, but also the other kind of McKinseyesque add-ons to the global health circus whereby: there is an exclusive focus on financing to the detriment of who actually provides health. And you start to see the rise and rise of these kind of glossy, almost shareholder-type brochures, with investment cases for health, best-buys in health and so on and so forth. And of course, both for the World Bank and less explicitly for the WHO, really, what they are talking about is using the private sector and markets to plug holes in investment gaps, in health, in global health, particularly in low, and middle income countries. And, you know, there is a kind of implicit assumption, and explicit on behalf of the World Bank and the International Finance Corporation that particularly plays a facilitating role in this process, that the private sector could rush in, provide efficiencies and supply health in

these settings.

And all that was left was for, to play around with, were different mixes of how to collect revenue for health and the state's role in that. Different mixes of financing are discussed. But crucially, the role of the public sector and the state in providing health in all forms, not just tertiary health, but also primary health is more or less abandoned. And I had talked to people who were involved in the 2008 report. Now, that might surprise you, or may not indeed surprise you at all, to know that quite a few of particularly the Belgian members of the Geneva HQ, were, you know, pretty much unreconstructed Marxist-Leninist. Wim Van Lerberghe, in particular, who was one of the key authors in 2008 report, was a Marxist. But what happens in the World Health Organization is really you get the rise and rise of basically the health economists, lots of them are trained in North America or in Europe and they are pro-market. And I think this is very rarely stated, the analysis of this shift. It is, how do we get to this position, when all that matters is financing.

The other part of your question is the massive outflows of debt and resources from countries in the global South. 66 countries are paying more to service debt than they are in terms of the public spending. And that's very true. But we also have to bear in mind that a lot of low and middle-income countries are very reluctant to spend adequately on health. You know, the average health spending as a portion of GDP in much of sub-Saharan Africa is about two or three percent, India hovers around 2%, Pakistan Bangladesh, aren't much better. And the only countries in the global South where we see any significant kind of commitments to spending on health as a proportion of GDP, which is a rough cut indicator after all, it's because that can come from private, out-of-pocket or government sources. But it

tells a story about the reluctance of many governments. We should bear in mind the Abuja declaration, which committed African countries to spending 15% percent of their GDP on health. Now, the best we got in Africa is South Africa, which spends about 8% percent of its GDP on health. With vast disparities in that country in terms of the income inequality and in the access to healthcare. So that is one part of the story.

But I also think this market solution is very convenient to a lot of elites in the global South and bodies such as the World Bank and bilateral, aid agencies, and the International Finance Corporation. These are very good in fluffing these elites and co-opting them into a narrative. In essence, if they open doors to private sector providers, problems will be solved and they don't have to worry about collecting revenues for health and how to spend them on public provision. So, all of it is, for me, a hegemony of the market and a blind faith in the market as a means of plugging gaps in health systems and not about answering the real problems.

The real problem is - and this is part of the blame game which we have to accept - in a lot of low and middle income countries, it's very difficult to collect revenues in terms of taxation, because the size of the informal economies is so large, people avoid taxes, and so on and so forth. But even there, there must be a solution in terms of taxation and more adequate state-based resources for financing health. Because at the moment we have a mixture of the market and philanthropy, of various faith-based organizations, and it's an incoherent mess. It's not a sustainable solution to health needs, aging populations, growing populations. The pandemic has proven this over and over again. I have written about the collapse of private tertiary health care in low and middle income countries. So that is where the shift lies, and I think it lies in

multiple channels. There's multiple interests, political and especially economic, in market-based solutions to health but they are not sustainable. They certainly are not pro-poor and they are not even efficient in their own terms.

**[PP]**

**So why are these issues not on the WHO radar?**

**[OW]**

The WHO is first and foremost a scientific and technical advisory organization and of course we know that it's member-driven. Two things about that: I think part of my answer to this is a lot of elites and governments in the global South don't raise this in the World Health Assembly or in other committees informally or formally, because they don't want to. Simply, it's not in their interests. Can you imagine Modi making the case for higher taxation for state-provided public health? He's probably never even uttered that once in his life. But I don't want to blame it all on the countries. Because there are structural reasons. There are strong discursive limitations on the way that we are allowed to think, see and do about public health. These are driven, I think, by neoliberal policies and practices. So it's not all about the governments.

But why the WHO? Well, I think because of pressure, in some ways, it has become a very deep politicized organization with respect to health systems. And I think that is part of a shift, whereby the mandate of Health For All via social insurance and publicly-provided health are being discreetly abandoned. And my question is, why? I don't know 100% of the answer to that because people like the current Director General have excellent track records in managing publicly provided health systems, and community health

workers, and good, public health, in their own countries. The current Director-General has an excellent track record of that. But unfortunately, what we get is a blame game. You can blame Western pressure, Western debts so on and so forth. But there's a lot of rhetoric about Health For All and Universal Health Coverage, but there ain't a great deal of action.

**[PP]**

**Do you think the INB is an opening to discuss these shifts in financing given the economic pressures faced by some countries now?**

**[OW]**

A part of my fear with the current negotiations is we just end up back where we were with the IHRs. And various other commitments, you know, and schemes over the years. Like One Health, where what we get is a lot of agreement and a lot of legal and technocratic and rule-driven arrangements. We get finessing, you know, do we allow travel in a pandemic; or how we prevent closing borders; are we allowed to monitor in-country; what are the implications for sovereignty, so on and so forth. And what this masks is two things for me: we have to start thinking about the resources, the financial resources to strengthen health systems. And we have to think about the resources annually, sustainably for low and middle income countries to fulfill their commitments to a pandemic treaty. At present, there were no signals that it's going to be adequately financed. And we are back to square one. So what we [would] get is another set of the IHRs that will be called something else, you know, pandemic treaty or IHRs Plus, or whatever, wherever we land. But the resources that are needed for health systems are not going to be there.

So, to answer your question, yes, this is liminal point. This is a point, an inflection point, where there could be a transition and I would hope that that would happen, but for factors that are both within the specialized sets of negotiations occurring at the moment, and for factors that are way outside of those, I don't think it will be impactful.

The IMF and the World Bank have been very busy in the pandemic. Debt is ratcheting up in the global South and it is not just the IMF and the World Bank, it is the regional development banks, Chinese bilateral lending. There is a huge new wave of conditionalities, being attached to IMF lending that aren't being monitored properly by anybody at the moment. And guess what? The conditionalities are pointing towards further wage capping in the public sector and further rounds of privatization, plus those debts will have to be serviced. The capacities and fiscal space for significant domestic reforms are shrinking. Look at what is happening in Sri-Lanka is a case in point. Sri-Lanka is ahead of the queue with a long line of people, of countries where debt is really becoming acute and problematic. And they are not just low income countries. Countries like Turkey are in real trouble. Debts in China is certainly one to watch. So fiscal space is shrinking, and I think we are entering into a new phase of, let's call it something like structural adjustment programs version 2.0

### [PP] Q2

**The G20 countries initiated the Financial Intermediary Fund for Pandemic Prevention, Preparedness and Response (the FIF). Some others joined and as of August 15, pledges amount to US\$1.29 billion (of the estimated annual US\$10 billion needed). Only after strong pressure, the proposed governing board of the FIF now foresees voting seats also for other (than**

**“founding donor”) sovereign states.**

**The amounts pledged so far fall far short of the estimated funding gap, and additionality to other financial resources for global health is not guaranteed. Decision-making has so far been dominated by those holding the money. How do you see the creation of this new global instrument? What are the chances, in your view, that this FIF will address priorities for pandemic prevention, preparedness and response in the global South?**

### [OW]

The short answer to that is no. I mean FIF doesn't have a snowball-chance at succeeding. Really it is huge amounts of debts, not just in the global south. I mean a lot of European, certainly North American countries have spent a fortune in the pandemic. And you know, I don't see us entering into a period of great largesse in terms of financing pandemic capacities or even global health or National Health Systems or Public Health Systems to withstand, or mitigate potential pandemic threats. So, I don't think it's going to be happening.

So far we've only started out with the focus on the World Health Organization and I think that's natural. But so much governance of health in terms of how we finance it, in terms of how we produce medicines, in terms of investment..... so much of this is done outside the World Health Organization. Governance of health, if we think of the WTO TRIPS, for example, or the WTO service agreements or the role of the World Bank, post-SAPS [Structural Adjustment Programs] from the 1990s onwards is about rolling out marketing in health. The IMF was lost in the wilderness and in much of the 2000s and then the global financial crisis happened in 2008. And now we have got the pandemic and suddenly they are back

in pole position in terms of their ability to, I was going to use their terminology – “to inject credit and currency stability into national markets”. But really, you know, the governance role is, again, about using fiscal discipline and debt discipline to reinforce the logic of markets in health.

[We need] to forensically look at the World Bank and the IMF COVID-19 lending. I think it’s really urgent. They were quick of the block, getting money out, and quite a lot of it, not enough in terms of the scale of need, but, for the IMF, and these are loans. This isn’t aid, this is a loan. And I’m really scared of history repeating itself and whether it’s already repeating itself because they could be soft conditionalities, you know, they could be like, you know, cap public sector wages for the next five years. I know the loan repayment periods are pretty brutal, you know, they are not like 10 or 15 years. These are like three or four, three or five year timeline to service the debt.

### [PP] Q3

**Every year, countries are losing a total of USD \$483 billion in tax to global tax abuse committed by multinational corporations and wealthy individuals. Every year, multinational corporations are shifting US\$1.19 trillion worth of profit into tax havens, causing governments around the world to lose USD \$312 billion annually in direct tax revenue. It is the OECD countries, not the palm-fringed islands, that enable most of the tax abuse.**

**Why don’t these trends, for which there is massive evidence and which global South governments know particularly well, ever get featured in the WHO discussions about financing for public health? Do you think these will be discussed in the context of financing the pandemic**

**preparedness and response? Why or why not?**

**Also, tackling illicit financial flows is also indispensable. The 2021 report of the High Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda called for strong measures to curb illicit financial flows, which could feed public budgets to respond to health crises, including pandemic prevention and surveillance.**

**Wouldn’t that work better than any newly designed instrument at the World Bank?**

### [OW]

I don’t think WHO is the place for this. I think it could have agency in this, but this is a wider problem of tax and tax avoidance. There is a fantastic book [called] The Hidden Wealth of Nations that came out a couple of years ago and the work by Stephanie Kelton and Mariana Mazzucato and all the heterodox economists including Piketty. This long-standing problem of the conveyor belt of money. Largely, a lot of it around the place of global south countries in global value chains, but also in terms of extractivism, you know, oil and so on and so forth. And this money, the conveyor belt leads to Jersey, Isle of Man, Cayman Islands... And, of course there was that moment, where we had at the G20, the commitment to our Baseline Corporation Tax of 15%. A lot of people on the Left were like: “15%? What’s that?”. But at least it was something. It was an important moment.

I mean, in the U.S. today, you know, this isn’t just a global south problem, this is a Global North problem. This is not only about wealth and tax hidden and offshored, it is about corporation tax. In the U.S. now, corporation taxes, hovers around 22%, in

the 1970s [it was] something like 70%. But clearly, we are not taxing corporations and the wealthy enough. You know, so has to be some agency around this.

We need to consider whether we start again with the G20 which is very elitist globally, or bodies such as the African Union, ASEAN, really need to start at tackling offshoring and corporation tax. I'm not sure what the right forum is, I mean, maybe it's UNGA, you know, maybe this is something that needs to come from the UN to be genuinely a collective issue.

If we had leadership on this, political leadership from the G7, G77, or the WHO, or the Africa group, and the WTO, whatever the constellation of forces is, this needs to be a top issue in global health. But not just global health in terms of the sustainable development goals, how are we going to get proper settlement globally, if wealth is so concentrated and hidden as it is at present? So in a way the answer is I really don't care what the agency or forum is where this is this is thrashed out or pressure is put on at least, but I don't think the WHO is the appropriate one.

#### [PP] Q4

**There is a constant overlap between fragile or non-existent public healthcare systems and debt in low-and-middle income countries. 64 countries spend more on external debt payments than on public healthcare. Cancelling all external debt payments due in 2020 alone by the 76 lowest income countries would liberate USD \$40 billion, USD \$300 billion if cancellation included 2021. Releasing such gigantic amounts would be in itself much more than the FIF financial availability to enable investments in pandemic preparedness and response.**

**Why don't countries demand such a cancellation at the WHO?**

**What, in your view, needs to be done for countries to politically orchestrate such a request, which would produce an immense impact on health systems and health sovereignty?**

#### [OW]

Well, they can. We have been here before. I mean this is how Jubilee started. We had a huge crisis at the time and I don't want to minimize it, we had the Ethiopian Famine in the mid-80s. And on the back of that, it was huge pressure to cancel debt and then you had the G8 Gleneagles Summit [in 2005], I believe it was, where, there was a lot of debt forgiveness and, the IMF and the World Bank had their road to Damascus, moments after deeply unpopular period of structural adjustment and suddenly debt was on the table. So, it can be done and it should be done. As Stephanie Kelton and others have argued, debt cancellation, really, can be done by a press of a key. It's artificial. And we are very good at absorbing debt in the global north if it is banks, or if it's War, if it's market failure, we socialize the damage. If it's public policy and public provision, or debt, we don't socialize it and we make poor people pay. So, it can be done and it has been done. Some have criticized it for being, marginal and just a brief window. But, it happened at least.

The WHO is just one of a number of channels where this could be advocated for. I wouldn't just do it all in the WHO, it doesn't make any sense to me to do it. This should be a trans-multilateral action. The pressure is going to mount, because, it's not just low income and lower middle income countries that are feeling the pinch of the moment, it's upper middle income countries like Turkey. A whole range of countries are in real

trouble. The other route out of this is debt cancellation by the countries themselves. Now, historically that's always been, for the country concerned, it is a nuclear option, because they lose all ability to raise money on capital markets. And the damage can be significant.

### [PP] Q5

**We have been talking about national sovereignty and international obligations. What specific policy options would in your view make a difference in achieving real solidarity and financial justice?**

### [OW]

For me, one of the solutions is global common goods for health. The work coming out of Duke [University] led by Gavin Yamey is significant. I'm increasingly convinced that architectures, both financial and crucially public health, in terms of surveillance, but also tertiary capacity and emergency response capacity and R&D capacities need to be regional and particularly in the global south.

I think there's a big opportunity here politically for regional groupings of states to come together and start to put the screws on capital movement, offshoring, corporation tax, solidarity taxes, regionally, on things like aviation, flights and other solidarity taxes, in terms of financial transactions or foreign direct investment [FDI] to create regional architectures, which are better capable of responding to pandemic threats, epidemic outbreaks but also quotidian health needs and resource needs. And I think this is the interesting thing with the Africa CDC and a lot of African countries

experienced COVAX and finding themselves at the back of the queue. Being blocked out in terms of technology transfer associated with the main vaccines from the global north, not so much from China or India, but really about taking matters into your own hands. And I think that's a reality. We tend to really focus on the multilateral, naturally I think, after the Bretton Woods era. The focus and resurgence of multilateral governance are from the 1990s onwards after the collapse of the Soviet Union. Multilateral organizations suddenly blossom again, a key example being the World Trade Organization. And governance becomes, especially with the wicked trans-border problems, like climate change or pandemics, becomes a multilateral thing. But I see the best hope, personally, for just transitions in terms of financing, taxation planning and policy as becoming regional.

Consistently the global South is let down by the global North with regards to health; issues of access, finance, debts, intellectual property rights, investor-state dispute settlement. The whole governance architecture and the outcomes, the policy direction, consistently puts the global south at the back of the queue or disciplines the global south. And the best way forward is regional, well, preferably global solidarity but at least regional solidarity would have practical utility in terms of services and pandemic related services. But also, you know, disaster response, resilience, technology sharing. There is a whole list of things that we would benefit from, the global south would benefit from and in solidarity, regional or global or otherwise, these are the types of platforms, that are needed then to execute influence in the multilateral forum.

## Interview with Member State delegate from the global South

### [PP] Q1

Since the Report of the WHO Commission on Macroeconomics and health (2001) and the World Health Report 2010 on “Health systems financing”, there has been an emphasis on devising an “investment case” for health. Countries are expected to raise resources domestically or expected to support each other through more effective “aid”.

However, the issues of financial justice and related international obligations (financial flows, tax evasion, debt cancellation, terms of trade, etc. ) are mostly discussed and explored in other international fora. These issues are not on the radar of the WHO and not addressed in WHO hosted processes such as the INB. Why is this so?

### [MS]

I have been working here for a year and I must tell you, I am very disappointed with the way things work here in Geneva.... the WHO, the UN system. We can always say: “well, perhaps they are not doing a great job, but the world would be much worse without them”. That is probably true, but the fact is that for the WHO, like for many international organizations, [it depends] on who runs the show, who has got power. There are a lot of vested interests concerning the Secretariat, those who are at the top of WHO... there is a lot of interest by donor countries as well. So, it is a political organization. There is a strong political context in which things happen.

Everybody talks about health, but how do

you protect and improve health in countries on a daily basis? The questions become more complicated when you must make choices. The point is you raised is very valid and very important. But honestly, I don't see it coming up in forums like the Intergovernmental Negotiating Body. People at the INB are mostly diplomats, people from health ministries and the organization.

So, if you are talking about debt cancellation, about tax evasion, you need a much broader discussion involving many more actors, both nationally and internationally. Then things become more complicated. It is not that it is not feasible. But you have to think: how do you involve others in this? And then have an honest, and cross-cutting discussion. And I don't see this happening.

Everybody is interested in taking their own portfolio, what they must do. The WHO does its own thing. If you tell WHO, we need to involve people from the economy ministry, or the Global Fund, or other venues, they would say no, “let's not, let us just look at this agreement here that we are trying to negotiate here.” I think these are very important points. But I don't believe they would come up.

### [PP]

**Are you suggesting that at the level of the member states, for example, some of the key donors, that there is no political commitment to talk about this? Some big countries are also centres of tax evasion. Why not fix illicit financial flows to generate resources for health?**

[MS]

I think it is complicated for them because these financial flows, they involve other actors, other interests. So, it is much easier for them to talk in terms of the health ministry. "I have this amount of money that I have to donate the WHO." So, you have to kind of question the way these governments work and function. It is complicated. They [would] say, no, this has nothing to do with us, let us not mix things. That is part of the problem of dealing with the UN bureaucracy [for example], because of course their leaders say: we have a commitment. We even believe that they have the commitment. But how to make this commitment real. You face a lot of bureaucratic difficulties and other interests. So, it is easier to talk, fine let us donate this amount of money.

[PP] Q2

**The G20 countries initiated the Financial Intermediary Fund for Pandemic Prevention, Preparedness and Response (the FIF). Some others joined and as of August 15, pledges amount to US\$1.29 billion (of the estimated annual US\$10 billion needed). Only after strong pressure, the proposed governing board of the FIF now foresees voting seats also for other (than "founding donor") sovereign states. The amounts pledged so far fall far short of the estimated funding gap, and additionality to other financial resources for global health is not guaranteed. Decision-making has so far been dominated by those holding the money. How do you see the creation of this new global instrument? What are the chances, in your view, that this FIF will address priorities for pandemic prevention, preparedness and response in the global South?**

[MS]

We are not part of it. We have been invited. We considered it and we have decided not to join [the FIF]. Like other similar initiatives this has political visibility and it shows the world that something is being done. So, I guess that is part of the equation, too. you have to have something that's mediatic. You can grab the headlines. You open the New York Times And the Washington Post and it is there. There is always the issue of who controls this money. Because if it is a fund, created by some countries, then they are really running the show. It is easier to understand why they support it.

One of the problems we had with this initiative is that we have little capacity to influence how decisions would be made and that's a problem for us. The other thing is that, if you say I'm going to cancel the debt of X countries and liberate a lot of money to be invested in health...but that doesn't create any immediate effect. If you have a fund, then you can think: how we are going to fund this from here.

Also consider the lessons from Gavi, the ACT Accelerator, these initiatives during the pandemic, it led to a lot of money being invested in the pharmaceutical companies. So, if you have a huge power and a big fund, the so-called donor countries can also use part of this money, to fund their own initiatives. It is also a way for these countries to subsidize their own projects. But if you simply liberate an African country from debt, for example, you tell them you don't have to pay x million dollars for a year. There has no immediate effect and then you are not funding anyone. So, I think there is also this element.

**[PP]**

**But the WHO is a technical lead in the FIF. Can WHO Member States not influence the FIF then?**

**[MS]**

My experience with influence the WHO is that it is very independent. I am not saying that's something that it is impossible [to influence] but it is not clear. I don't think developing countries are in a position to strongly influence how the WHO works. On a few issues, maybe. Everyday we are confronted with new initiatives that the WHO is pushing for, that we have not asked for. So, we have a lot of doubts.

**[PP] Q3.**

**Every year, countries are losing a total of USD \$483 billion in tax to global tax abuse committed by multinational corporations and wealthy individuals. Every year, multinational corporations are shifting US\$1.19 trillion worth of profit into tax havens, causing governments around the world to lose USD \$312 billion annually in direct tax revenue. It is the OECD countries, not the palm-fringed islands, that enable most of the tax abuse.**

**Why don't these trends, for which there is massive evidence and which global South governments know particularly well, ever get featured in the WHO discussions about financing for public health? Do you think these will be discussed in the context of financing the pandemic preparedness and response? Why or why not?**

**[MS]**

I think it is not simple. If the idea is to get some kind of commitment, it is not simple. I'm not saying it is impossible but it is a long shot. Even to mobilize African countries, it is not simple. It is possible. But I think it requires a lot of work and I'm not sure it is going to be easy for them. They are recipients of health aid. So, it is easier for them to say, "let us not mix things." Because they will continue to benefit from some of the programs from donors. So, they may not want to disturb that.

**[PP]**

**So in the sense that even if in the long run, that might be advantageous to them because I think there are serious implications of what kind of debt, some of the countries will accrue now.**

**[PP] Q4.**

**There is a constant overlap between fragile or non-existent public healthcare systems and debt in low-and-middle income countries. 64 countries spend more on external debt payments than on public healthcare. Cancelling all external debt payments due in 2020 alone by the 76 lowest income countries would liberate USD \$40 billion, USD \$300 billion if cancellation included 2021. Releasing such gigantic amounts would be in itself much more than the FIF financial availability to enable investments in pandemic preparedness and response. Why don't countries demand such a cancellation at the WHO?**

**What, in your view, needs to be done for countries to politically orchestrate such a request, which would produce an immense impact on health systems and health sovereignty?**

[MS]

I think the immediate problem here is that for some of these countries, one of the positive sides of this Fund is that they are hoping to receive cash flows for investing in health systems. I don't know how that will materialize, but that is one of the important considerations. Then if you mix this thing with the debt issue, that might complicate it.

[PP] Q5.

**Tackling illicit financial flows is also indispensable. The 2021 report of the High-Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda called for strong measures to curb illicit financial flows, which could feed public budgets to respond to health crises, including pandemic prevention and surveillance.**

Wouldn't that work better than any newly designed instrument at the World Bank?

**What is the alternative financing arrangement for addressing this question of international financial support for countries.**

[MS]

Of course, money always helps. There is no question about that. But I think the first point is that: what exactly do you want to fund? Are we talking about strong national health systems? What does it mean? People talk about preparedness all the time, but it is not clear what it means in practice. What are we lacking money for. So, I think that is the first thing.

And then, then you see who needs that the most. Because, ultimately, I think there is a lot of money circulating. The problem is where is this money going to? I believe that there are many projects by donor countries,

but I am not sure how much of that really goes to preparedness. Maybe you don't need more money. You just need to reconsider priorities. That's the impression I have. This is one of the difficulties with WHO, there is no clarity about where exactly the money goes. Because the budget is a complete mess, and it is not enough transparent. So as member countries, we know very little of how the money is spent.

I feel that there is a lot of money going to certain initiatives and not enough money going to others. I don't know how much they do in terms of technical assistance to help countries, for instance, in Africa, to build, strong health systems. Or how much they really invest in basic infrastructure to take care of some of the most basic health problems.

It is strange, because we are also talking about some very advanced initiatives such as antimicrobial resistance that are very specific to the most developed countries in the world and at the same time, there is very little discussion about the basic problems in some of the poorest countries in the world, May be more money is going to antimicrobial resistance than to eradicate basic diseases in Africa, for instance.

[PP]

**That means that the INB is a great opportunity for countries to actually analyze and basically make this assessment: where does the money go to? There is some resistance on including health systems strengthening in the new instrument.**

[MS]

The INB is not the forum to look into details about the budget. There is a separate track for that. And if we said let us stop everything until we have a clear picture of the budget, it will not fly.

[PP]

**To some extent, financing discussions are happening in parallel.**

[MS]

Yes, but there it is a different game. I think not all countries bother very much about how finances are being run. Some countries like Brazil, China, Australia, the US, Russia, Canada, have shown interest. The Europeans do not care much. But I think what's important for them is that they donate and earmark a lot of resources for some projects that they consider important and they don't care about the rest. The Secretariat is not transparent. So, it is not easy.

[PP]

**But there are also discussions in the INB about incentivizing compliance. I think the question of financing has not been seriously addressed so far in any of these discussions.**

[MS]

I have to say that we are at a very preliminary stage. We talk about compliance, but we don't even know compliance of what. So, I think there is a question of having more clarity about what the future instrument will

say. In terms of obligations, you can have a clear picture of what it would be to comply and what resources are needed. Tight now it is difficult because it is not clear what we are talking about. So, we are not negotiating yet.

We talked a lot about resources, funding, etc, but only in abstract terms. We also heard developed countries already saying that we have the FIF, let us not talk about finances here.

[PP]

**So that is indeed resulting in fragmentation of this whole decision-making process.**

[MS]

Yes. We heard quite a few countries saying that there are enough initiatives outside the WHO in other places. So let us not complicate our job.

Attiya Waris

UN Independent Expert on foreign debt, other international financial obligations, and human rights

### [PP] Q1

Since the Report of the WHO Commission on Macroeconomics and health (2001) and the World Health Report 2010 on “Health systems financing”, there has been an emphasis on devising an “investment case” for health. Countries are expected to raise resources domestically or expected to support each other through more effective “aid”. However, the issues of financial justice and related international obligations (financial flows, tax evasion, debt cancellation, terms of trade etc) are mostly discussed and explored in other international fora. These issues are not on the radar of the WHO and not addressed in WHO hosted processes such as the INB. Why is this so?

### [AW]

I love the question because it's a really interesting approach, I think. Health system financing is probably much further along than other areas, such as education financing or social services financing. But I know that the WHO is looking at it to a certain extent. Recently, we published an article where we talked about the financial structure of the WHO, but I think that these separate fields became silosed. The whole question around things that are technical or complicated, you have to actually make a connection. Things became so overwhelming at a philosophical level, that I think people just made a decision and said it wasn't their area. I mean, and I heard that [from many people] saying it is not an area of expertise, 'I don't really understand these spaces'. This has given people a lack of

understanding. [As a result] then it is left to the technical spaces. But the problem is, the moment you leave that space to the technical spaces, it then becomes a technical issue. And yet we haven't dealt with the philosophical issue or the underpinning thinking that should come around it. This is also because of how people are trained on issues of financing.

Financing for health almost naturally took the course of a business case, because that is the training. The training in fiscal circles is about “the business case”. And unfortunately, the repercussion is that you have two spaces at work; one that is working on the spending of finances and the improvement of lifestyles and living standards. At the other side you have: how do we collect it? Whom are we collecting from? And they don't always talk to each other. So this meant that the automatic pick was the one of the investment case.

I mean, it's not a bad choice to use an investment case. But the problem with doing so when you don't make the connection to the achievement of the rights, and then the effect it has on the living standards of that person whose health is improved upon and how they then contribute to the economy which is also part of the investment case.. there is no direct link. This means that you then actually end up losing out on the whole purpose of financing. From my perspective, I always say rights require resources, but resources require rights as well. The rights are there and they need the finance. But even when you are collecting the finance, it cannot be in a vacuum. It has to be there for that reason. The two-way street for me becomes very important and I think

sometimes the investment case hasn't yet been developed enough to be inclusive and so I think it's not getting quite yet to the right direction.

So financing and health, these disciplines just have developed separately. Unfortunately.

### [PP] Q2.

**The G20 countries initiated the Financial Intermediary Fund for Pandemic Prevention, Preparedness and Response (the FIF). Some others joined and as of August 15, pledges amount to US\$1.29 billion (of the estimated annual US\$10 billion needed). Only after strong pressure, the proposed governing board of the FIF now foresees voting seats also for other (than "founding donor") sovereign states. The amounts pledged so far fall far short of the estimated funding gap, and additionality to other financial resources for global health is not guaranteed. Decision-making has so far been dominated by those holding the money. How do you see the creation of this new global instrument? What are the chances, in your view, that this FIF will address priorities for pandemic prevention, preparedness and response in the global South?**

### [AW]

Finances have been such a challenge in improving health and improving standards of living. They have been such a challenge that I think any mechanism that can get money to people who are poverty-stricken, who are unable to finance their own health, is a good thing. So, in principle, I believe FIF is a very good fund. The problem becomes when you now try to roll it out. It's a great idea, but how do we now roll it out, and how do we enforce, it and how do we structure it? And from a financial perspective, we have always put the people who give the

money are the ones who call the shots. He who pays the piper calls the tune.

And unfortunately, if you look even at a domestic tax system, if you give that same power at a domestic level to the highest paying tax payer, for example, or the debtor who has given you the largest amount of debt, which happens very often. Then it is the priority of that taxpayer that comes through the system, that high-end taxpayer, it'll be the priority of the donor that comes through the system. So, now you have a fund that has a clear altruistic purpose of pandemic prevention, preparedness and response. But even in prevention, preparedness and response, policy priorities can get influenced by those that provide the finance. And the problem is that if you do that, then you lose out on the value. Of the people that understand the problem on the ground. So, for me, the struggle should not be mostly about the person who gives the most, I mean and bless them for it, because we are grateful, but it should be about the person who understands the problem the most and who understands where we have to go to improve that position.

The UN declaration [on Human Rights] talks about raising of living standards, right? So, if we look at pandemic prevention, preparedness and response, it has been part of the raising of living standards, it is also about maintaining the living standard on that health issue. It is also about making sure it doesn't go backwards. And then it is about trying to push it upwards. The person that gives the money, doesn't always know where the living standard position is. That's not the person who necessarily knows how badly off an indigenous person living in the Amazon is or who the most vulnerable person in the world is, on that particular issue. And this is where we have to find a balance between the politics and the lobbying, and the technical expertise. And the importance

of allowing that specialist, who isn't me, it is going to be that COVID or pandemic specialist, for example, in actually allowing their visions to come true, because I think that there is a need. The world is moving toward multidisciplinary and the world is moving to go interchanges across disciplines. But even while we are recognizing it, we need to give priority to the specialist in that field, and I think we are not always, always hitting that mark quite right.

### [PP] Q3.

**There seems to be a lot of distrust with the World Bank' fund.**

### [AW]

These are the problems that we inherit when we use existing institutions. And unfortunately, each institution and stakeholder come with their reputation, whatever it is, whether it is a real reputation or it's a perception. It comes also with its mandate and I think that because many things had to do with the pandemic and were emergency responses, in the creation of some of the funds there should always be time. I think we have time now, to really reflect on that positioning of stakeholders and where institutions are being housed. I think it is important to reflect because of the criticism. When you get criticism of this nature, the reflection process also helps validate if you continue to house the space. I see this happening very often, for example, about the United Nations and its ability to do things. At the end of the day, it is like the most globally democratic space that you can find. It has its problems. It's not perfect, but it's democratic, and it's open and all countries have access to it.

And for me, spaces like that are becoming more and more relevant, and important, because we have to move away from the power dynamic of wealth calling the shots.

And we have to move away from the power dynamics of predetermined global leadership on issues, because many countries around the world are becoming more and more empowered and people around the world are more and more empowered. I think that's the other part of the problem is big names are what are trusted, but often big names are not what will get the job done. So, finding that balance is important. I think reflection is never a bad thing. For any entity is something we should do on a fairly regular basis strategically. Anyway, every couple of years re-reflection even in-built

### [PP] Q4.

**Every year, countries are losing a total of USD \$483 billion in tax to global tax abuse committed by multinational corporations and wealthy individuals. Every year, multinational corporations are shifting US\$1.19 trillion worth of profit into tax havens, causing governments around the world to lose USD \$312 billion annually in direct tax revenue. It is the OECD countries, not the palm-fringed islands, that enable most of the tax abuse.**

**Why don't these trends, for which there is massive evidence and which global South governments know particularly well, ever get featured in the WHO discussions about financing for public health? Do you think these will be discussed in the context of financing the pandemic preparedness and response? Why or why not?**

### [AW]

Those are many big questions. So let's start with the first one. There is a very famous phrase, I don't know who said it first, it is: "Never waste a good crisis". And I think it's for us in fiscal circles, it resonates with us. Because during COVID, you suddenly

you had a scenario, where privatization of healthcare became quite important, but also strengthening of the Public Health Care System became incredibly critical. And when people were reflecting on it, there was this understanding that there was a need to make sure that these systems were in place, that they were strengthened.

There are some countries, like Argentina, that implemented or tried to implement taxation on the wealthy during COVID in order to fund a lot of their healthcare activities as well, which was fantastic. There was solidarity funds being popping up, there were solidarity taxes popping up. And these were important, but these were new. Nobody worked on who is already evading and avoiding taxes and how to control that. So the emergency got reactions from a fiscal perspective. These were good reactions. But when you are now going to look at issues around pandemic preparedness, this is now a long-term strategy we are looking at, we cannot rely on emergency bonds, emergency taxes, solidarity funds. So what do you do?

The best place to start is actually to make sure that your fiscal system is robust, that you have enough in place now to cater for that emergency should it come again. And that you actually protect the financing in those phases for the emergency and don't misuse it. It is a lot about making sure your systems are fiscally legitimate. For me, fiscal legitimacy means that you have robust, transparent, responsible and accountable systems that are also efficient and effective, but our fair and just, that are inclusive.

COVID also showed us that this is justice not just for poor people, but also for rich people, because with the pandemic it didn't matter if you were wealthy or not. If your country couldn't get vaccines, it didn't matter how much money you had,. So, joining and uniting people in understanding what that

bare minimum is and then say "well, if you don't pay your taxes, like this is where we're going to lose out". That reality I think is a very important one.

And I think we shouldn't waste the good crisis. We need to remind our populations on that domestically. So that they continue to make sure that people do get through this. It would be remiss of me not to mention the fact that in many parts of Africa, where I live, vaccination is not gone beyond 10 or 15%. And it's not because people don't want vaccines, because we don't have access to vaccines. This is heartbreaking. So in some parts of the world they are saying we are beyond the COVID conversation and in others, we are still neck-deep in it.

### [PP] Q5

**There is a constant overlap between fragile or non-existent public healthcare systems and debt in low-and-middle income countries. 64 countries spend more on external debt payments than on public healthcare. Cancelling all external debt payments due in 2020 alone by the 76 lowest income countries would liberate USD \$40 billion, USD \$300 billion if cancellation included 2021. Releasing such gigantic amounts would be in itself much more than the FIF financial availability to enable investments in pandemic preparedness and response. Why don't countries demand such a cancellation at the WHO?**

**What, in your view, needs to be done for countries to politically orchestrate such a request, which would produce an immense impact on health systems and health sovereignty?**

### [AW]

So, later this month, I will be speaking at the General Assembly third committee

about the need to create a global tax body as well as a global multilateral tax treaty. And my report, coincidentally came out nearly a month before the Secretary General's report came out saying, pretty much the same thing. What I think is super important is that at the point where we are right now, there is no global space where people can talk about fiscal issues that are of a shared concern. Illicit financial flows are of shared concern, digital taxes are of shared concern, cross-border systems fiscally are of shared concern, debt is now becoming also of shared concern. And government business is also going to become of shared concern, because government business is also becoming multinational. Now, these spaces of shared concern, of state assets, they need to have a place where we discuss them and they need to have a place that isn't being power-brokered by those that have more, but rather be driven by a fair and just perspective. A place where our focus on these global finances that are not being properly redistributed, are now put through our distribution process, which frankly targets the poorest and most vulnerable human being in the world.

I always ask people two questions, when I'm talking about fiscal issues. I always ask them who is the poorest person in your country and then I ask them and who is the common person in your country. Because when we talk about being prepared in emergencies, the person we should be looking for is the most vulnerable person. Of course, there are issues of COVID and super spreaders, but most vulnerable can be different, can be the teacher in the school, of course as much as it can be the homeless person, who is moving around a lot.

So we need to define that vulnerability and then we need to ask ourselves, so who is the common person in that space and then move that most vulnerable as close to that

common person. And at the same time, look at the people who are least vulnerable and make sure, that they are also aware of the space that they are in the bubble in which they are protected and show them how we need to, sort of almost like a pressure ball, we need to sort of push it closer together. It is a constant tension all the time. But for me, those are the two things that are key in being prepared in a pandemic, but also in generally getting people out of the bottom.

I just came back from Argentina and *mafalda* is a very famous cartoon in Argentina and one of *mafalda's* quotes that really struck me, was what she says. She is a tiny little girl and she says that, you know, oh my god, like I'm so poor, my purchasing power is so bad, all I can afford is to buy mud or earth. And you know that you can just pick that up off the ground. That is vulnerability. It really resonated with me while I was there. So, for me, that is the focus that I really think many of these international institutions need to keep, you know, front and center in their conversations and I don't see it very often, unfortunately.

## [PP] Q6

**Tackling illicit financial flows is also indispensable. The 2021 report of the High Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda called for strong measures to curb illicit financial flows, which could feed public budgets to respond to health crises, including pandemic prevention and surveillance.**

**Wouldn't that work better than any newly designed instrument at the World Bank?**

**[AW]**

So yes, you're absolutely right. So that the thing about a fund, is that people put money into it. The thing about illicit financial flows is, we are picking up what has been lost and we are regaining it. There are many reasons why it is difficult to tap into illicit financial flows. And I think the first one is probably that there is a global rule that tax is a domestic issue and that they cannot be any cross border enforcement of tax responsibilities. But tax is not actually a domestic issue. And the result of that is that we have the whole tax treaty network in place, but many countries don't. There are countries in the world today that have one treaty and probably with their former colonial power, their imperial state, when they were colonized or none at all. And then you have others that have whole networks of hundreds of treaties.

Taxation should be a concern for everybody across the world and the same way, financial flows. When the phrase was coined, it became very controversial, because there wasn't a second definition of it. So, it includes tax evasion, but based on the high-level panel at the African Union and UNECA, the African States took a position that illicit financial flows didn't just include the criminal element, but also included the unethical or immoral element where you have loopholes in tax systems. And I think that is part of the problem, if the world doesn't just come to terms with the fact that there are countries with weaker laws and systems. But we have to focus on the goal, which is to make sure that countries have enough money to survive and to be able to develop themselves. Then we should at a certain point politically be able to overlook weaknesses in legal structures. In order to not be killed by the technicality. We need at a global level for countries to think about

that, to say that it's not about a technicality and whether or not you have enforced foreign jurisdiction judgments, so you are getting the money back. It is about the substance of the issue. That your president illegally or your leaders illegally transferred money, and that is not okay. So, we need to send it back. That's one part of it.

But the other part of it is the global banking system, for example. So there are two parts to this with respect to financial flows. There is the formal system and then there is the informal system. Now the informal systems run, because the formal systems have problems in them. And in formal systems they run because they run on relationships. And they also run on a lack of trust in the government. Amongst other issues, of course, but these are the two issues that have to be bolstered domestically in order to formalize more and more because the criminal elements that are also using it. So, we need informality to be reduced. But formality can take years. And the reason that people don't engage in the formalities is because you can't get it back anyway. So, the formality of the system shoots itself in the foot, because the laws and the regulations, do not have that humanity recognized within them on the substantive issues that countries are facing.

So if I give you like a simple example; "A president transfers money out of his treasury or her treasury into a bank somewhere in the world. That transaction is supposed to have a know-your-banker-client-relationship. You have to know your client, right? So if it's two billion dollars being pushed, you know, that this is not possible, that there's no way this human being has this kind of money, but the transaction is always allowed and then they freeze it. And then the arguments that is used later, is that, okay, but we have frozen it. But now the legal system kicks into

action, takes 10 to 20 years to get the money back. In the meantime that other country is benefiting from the money in their economy and they are using it to give loans, they are using it to build infrastructure. I mean, that is the reality on the ground. And one of the things that I argue, which I will be saying in my report as well is, block the transaction and send the money back. Because suddenly the power shifts to the other country that turns around and says, "oh, you have poor institution systems, we don't think you are going to use your money right."

But hold on a minute! You took our money, which you shouldn't have done in the first place, because you should know your client and nobody is questioning that part of the relationship. And they are using the argument that by keeping the money in their safe country while you are at war, controls the war. But actually what it does, is it incapacitates that country from actually even ending the war earlier, because whoever is in control could probably have used the money and won the war faster. I am being very practical about it.

I am not thinking they are necessarily popular or make people happy, but money is what's used to buy bullets, that then sorts out the problem. So it is a decision that, that country gets to make and it may be a bad decision, but it is not my country, right? So, why am I making decisions for [another] country and crippling it financially. And

then, allowing my country to actually thrive. And I think there is something to be said about the citizens in that country actually allowing this to continue. It is participating by silence, you know.

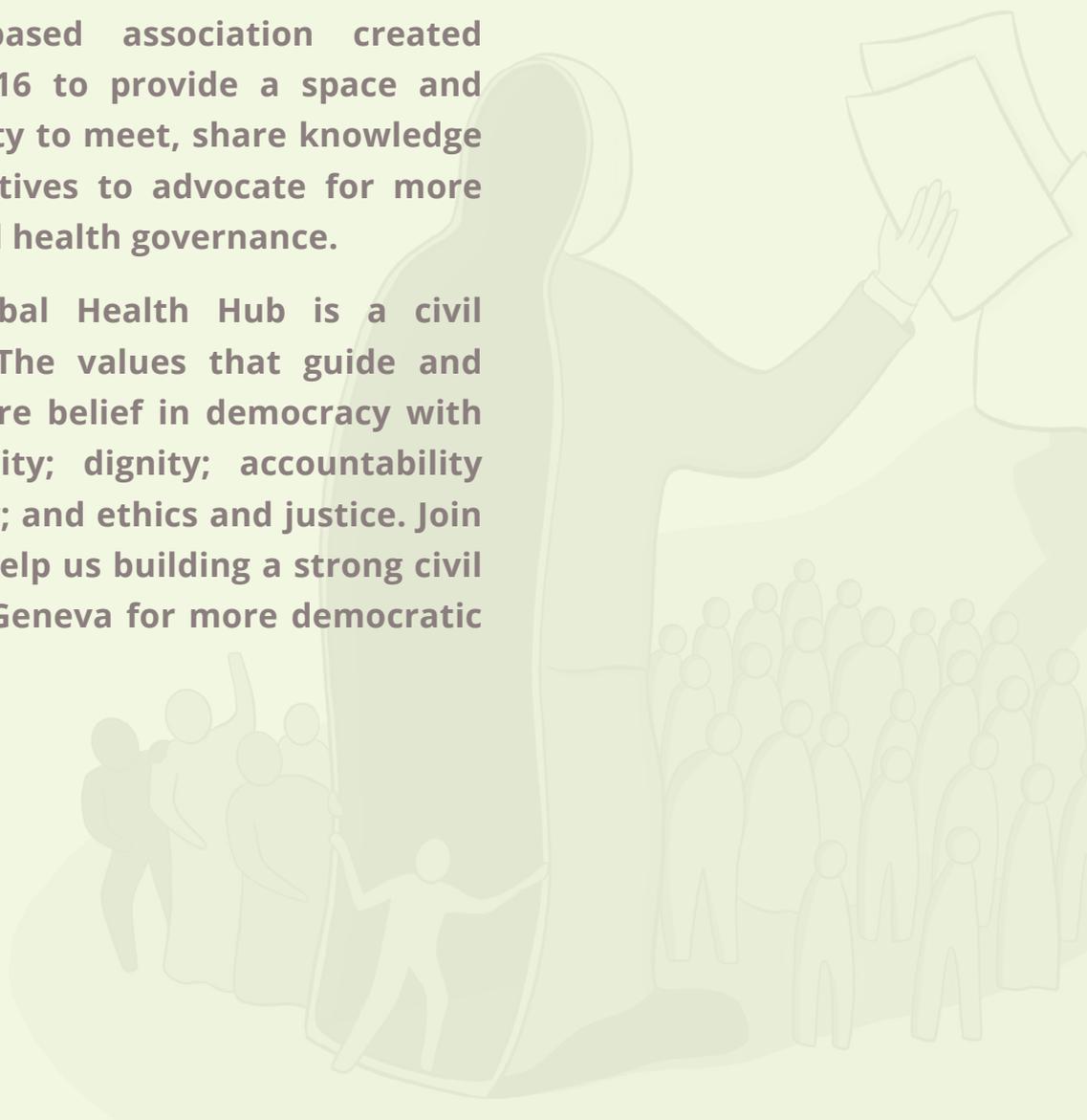
So these are issues, I think, around illicit financial flows, where the only solution can be at a global level. Because if you come back to the domestic spaces, the wealthy elites in those domestic spaces are going to make the same argument, they are going to say no, please don't put a tax on this or please allow me to move my money freely. This being done. So it is going to be an international cooperation and assistance process, where we are all part of the process. And we all understand that it takes the world to do it. If not the whole world, it is going to take geographical blocks and regions. Because I think for me, before you can get to the global space, I think that, you know, the whole of Latin America needs to come together, Africa needs to come together. The laws are so diverse, so we need regional efforts and then global efforts.

Going forward, for me, it is forming parts of these building blocks towards a global fiscal architecture on issues that cannot be dealt with or resolved at the domestic level. And I think, there are regional solutions. But there are global solutions, but it requires people to be humane.

## ABOUT G2H2

The Geneva Global Health Hub (G2H2) is a membership-based association created in Geneva in 2016 to provide a space and enable civil society to meet, share knowledge and create initiatives to advocate for more democratic global health governance.

The Geneva Global Health Hub is a civil society project. The values that guide and drive our work are belief in democracy with equity in diversity; dignity; accountability and transparency; and ethics and justice. Join us, engage, and help us building a strong civil society space in Geneva for more democratic global health.



### Geneva Global Health Hub

Route de Ferney 150, CP 2100  
1211 Geneva 2, Switzerland  
info@g2h2.org  
g2h2.org

### Contact for enquiries

**G2H2 research and advocacy project:**  
Nicoletta Dentico, G2H2 co-president,  
ndentico@sidint.org

**General enquiries about G2H2:**  
Thomas Schwarz, G2H2 secretariat,  
info@g2h2.org

**Media enquiries:**  
Neha Gupta, Society for International  
Development (SID), nehag@sidint.org