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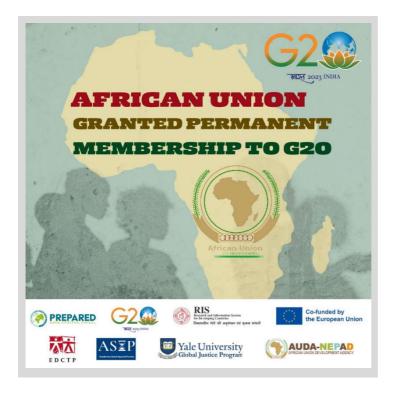
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Letter

## The African Union - Rising

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Founded in 1999, the G20 is a self-constituted elite group of powerful governments meant to set directions for the structuring and maintenance of the world economy. Its founding members are the main Western economies (U.S., Canada, Australia, UK, Germany, France, Italy, and the European Union) and the major economies in the rest of the world (Japan, China, India, Indonesia, South Korea, Brazil, Mexico, Argentina, Russia, Turkey, Saudi Arabia, and South Africa).

Chaired by India in 2023 and holding its 18th summit in New Delhi, the G20 resolved to invite the African Union (AU) to join as a full 21st member. Such inclusion had been deemed unfitting in earlier years because the GDP of all 55 African Union members taken together amounts to no

more than the GDP of the UK and because South Africa's inclusion as the weakest member already secured a token presence for the continent.

The late inclusion of the AU reflects the ascendancy of a conception of importance other than economic might: the AU represents nearly 1.5 billion people, 18% of humanity; and it represents nearly 40% of the world's undernourished and food-insecure people (FAO, IFAD, UNICEF, WFP, and WHO, 2023) — the most impoverished human beings whom the world economy is failing most dramatically. While average life expectancy is 80 in the European Union (INED, 2023), it is only 60 in sub-Saharan Africa (Statista, 2023).

We have worked hard in the T20¹ to support on these grounds the AU's inclusion — defending the proposal at several meetings preceding the summit and in a well-publicized policy brief.² But we must realize that the real work begins only now. G20 membership is a great opportunity for Africa and the AU. But this opportunity will be realized only insofar as Africa can overcome its key weakness of disunity, can come to present the thoughts, needs, and interests of Africans with a strong united voice. G20 membership provides a powerful incentive in this direction; it is an opportunity to transform the AU as much as it is an opportunity to transform the G20. If African leaders fail to seize this chance, the AU's new seat in this powerful organization will yield little more than a few nice meals and frequent flier miles for African officials.

The real work now beginning is that of selecting and developing a few key ideas that the AU might set forth as demands or proposals that Africans can rally around and that the AU can vigorously advance in the G20 and other international forums. Ideally something new, distinctive, memorable, morally compelling, and winnable — something that can refresh the newly gained momentum with real tangible results for African populations.

The quest for ideas can start from the *status quo*: Africans are most severely affected by global heating and by the grave injustices in the world economy and global governance. In 2015, the world's governments announced the Sustainable Development Goals — with principal goals #1: "end poverty in all its forms everywhere" and #2: "end hunger, achieve food security and improved nutrition and promote sustainable agriculture." At that time, 545 million Africans were counted as food-insecure; since then, this number has risen every single year, reaching 868 million in 2022, a 59% increase (FAO, IFAD, UNICEF, WFP, and WHO, 2023). If this trend persists, more than a billion Africans will be food-insecure in 2030 rather than zero as solemnly promised. Every one child going hungry despite her parents' best efforts shames us all.

What might the G20 do to reverse this abysmal trend? One great headwind against Africa is the massive drain through illicit financial flows facilitated by a vast global network of tax havens, secrecy jurisdictions, letterbox companies, fake trusts, and anonymous accounts, along with an army of shady lawyers, accountants, lobbyists, and financial advisors. Partly exposed through a series of whistleblower data releases (including the 2014 LuxLeaks, the 2015 Panama Papers, the 2016 Bahamas List, the 2017 Paradise Papers, and the 2021 Pandora Papers), this sophisticated infrastructure facilitates not only massive tax abuse, but also crimes of many other

<sup>&</sup>lt;sup>1</sup> Consisting of leading think tanks and research centers from around the world, Think20 (T20) is the official engagement group of the G20. It provides ideas to the G20 leaders as well as research-based assessments and recommendations regarding their institutional-design and policy options.

<sup>&</sup>lt;sup>2</sup> For the policy brief, see <a href="https://ris.org.in/Others/policy-brief/G21-policy-brief.pdf">https://ris.org.in/Others/policy-brief/G21-policy-brief.pdf</a>. It is discussed, for example, in *Nature* (Padma, 2023). The policy brief was jointly authored by Sachin Chaturvedi, Pamla Gopaul, Stephan Klingebiel, Klaus Leisinger, Michael Makanga, Thomas Pogge, Riatu Qibthiyyah, Jeffrey Sachs, Doris Schroeder, Elizabeth Sidiropoulos, and Peter Singer. Much of its real impact is owed to Yale Global Justice Fellow Sachin Chaturvedi who, as Director General of RIS (a think tank within India's Ministry of External Affairs) played a key role in India's chairing of the G20 and T20 proceedings.

kinds such as illegal trade in persons, drugs, and weapons, international terrorism, subverting democracy, bribery, embezzlement, and the money laundering associated with all such activities. Regarding Africa, this network is essential for kleptocrats looting their country's treasuries and often used for corrupting public officials. Multinational corporations (MNCs) also routinely use it to shift their profits out of African countries through fictitious or mispriced transactions with affiliates located in low-tax or no-tax jurisdictions. Such highly professionalized practices deprive African countries of a fair return for their exports of natural resources. And they also stifle the development of African companies which are forced to compete at a heavy disadvantage against MNCs that field various tax haven subsidiaries for purposes of tax avoidance. In short, the global haven industry massively aggravates national and global inequalities and greatly impedes progress in the less developed countries by enabling multinational corporations, autocrats, corrupt officials, millionaires, and criminals to drain them of capital and tax revenues.

Experts have clear ideas for how these abuses can be curtailed, and the OECD has put itself in charge of specifying and implementing appropriate reforms. But the wealthy countries have been dragging their feet. This is not surprising because, even while they also lose revenues to tax abuse by corporations and rich individuals, they also benefit from the enhanced profits of their MNCs and from invisible pathways for bribing and blackmailing officials in the global South. With participation of its new member, the G20 could bring new movement into ongoing efforts to reform the netherworld of offshore finance.

Another way in which Africa's development is stymied is through intellectual property rights, especially patents, whose exclusivity features enable patent holders to collect monopoly rents from users of modern technologies and to deny access to such technologies to those who cannot pay. Millions have died because they could not afford patented medicines that generic manufacturers would be willing and able to supply at very low prices — in 2013, sofosbuvir, an effective cure for hepatitis C, entered the U.S. market at \$84,000 per course of treatment, roughly 3000 times manufacturing cost (Barber et al., 2020). Millions are dying from air pollution and millions more will die from the effects of global heating because the uptake of green technologies is severely impeded by monopoly rents — aggravated by \$7 trillion in annual subsidies for the production and consumption of fossil fuels (Black et al., 2023).

The defenders of patents point out that we need strong innovation rewards to incentivize investment in R&D. This is completely correct. But such rewards need not take the form of patents. We should institute *stronger* incentives that also reward benefits to poor people as well as indirect benefits that go beyond the buyers and users of an innovation. Such stronger incentives might be provided through publicly funded sector-specific impact funds that would enable innovators to get rewarded according to the social benefit achieved with their innovation made available at a non-profit price.<sup>3</sup> Of course, impact rewards should replace patents neither everywhere nor all at once. Rather, the transition should be confined to domains where the exclusion of poor people or the disregard for third-party benefits really matters morally. Confined to Africa, the Ubuntu Health Impact Fund pilot we have proposed within the T20/G20 process is a plausible first step, involving at-cost provision throughout Africa of a handful of important medicines that are being newly manufactured in Africa (Chilufya et al., 2023). Should it go well, this pilot can be smoothly scaled up by enlarging annual disbursements and geographical scope — and perhaps by establishing additional impact funds for green

<sup>&</sup>lt;sup>3</sup> For a detailed statement of this proposal for the pharmaceutical and green-technology sectors, respectively, see my "Just Rules for Innovative Pharmaceuticals" (Pogge, 2022), and "An Ecological Impact Fund" (Pogge, 2023).

technologies and agricultural or educational innovation. In all cases, innovator reluctance and possible political resistance should be minimized by leaving originators the choice between the two reward systems: innovators remain free to exploit their patent privileges but gain the option to exchange them — possibly just for a specific geographical region — for participation in the annual disbursements of a relevant impact fund.

Whether these ideas or others are the best for the AU to take forward is for Africans to decide. The crucial point here is: if the AU can transform itself into a critical discussion forum and launch pad for strong global reform ideas of special relevance to Africa, then it will be able to demand and achieve justice for Africans like no one else can. This opportunity comes with a great responsibility. Foreign scholars, practitioners, politicians, and citizens can and should lend support. But Africans must lead this effort to end exploitation of Africans through odious debts, kleptocrats, illicit capital outflows, tax avoidance, arms sales, brain drain, patent monopoly rents, uncompensated ecological destruction, and inequitable natural resource sales. Far too long have Africa's impoverished been struggling, and waiting in vain, for basic justice!

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