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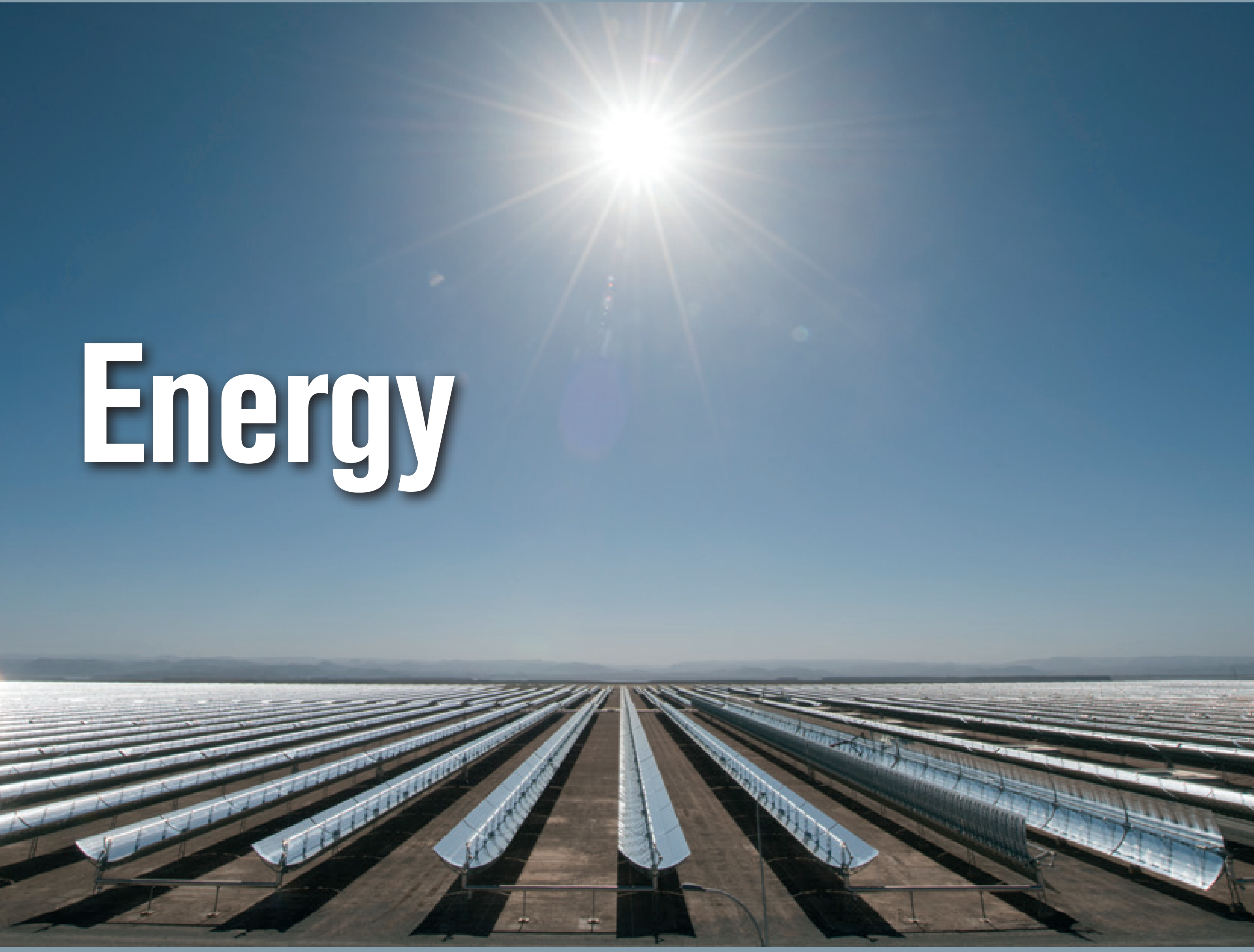
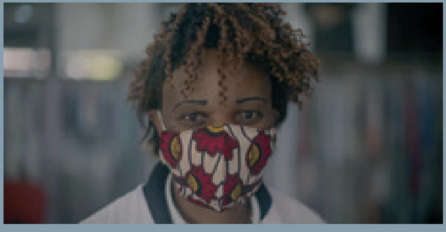


Energy



Our Covid-19 diary starts on page 23

In German E+Z
Entwicklung und Zusammenarbeit.
Both language versions
at www.DandC.eu

Title: The world´s biggest Concentrated Solar Power (CSP) plant in Ouarzazate, Morocco.
Photo: picture-alliance/dpa

Energy

African worries

Most Ugandan households are not linked to the national power grid, writes Gloria Laker Aciro Adiiki, a journalist. In Zambia, drought is making hydropower ever less reliable, Derrick Silimina, another journalist, reports. Petrol smuggle has made Benin's relations with Nigeria tense, according to media scholar Karim Okanla.
PAGES 10, 11, 13

OPEC's time is up

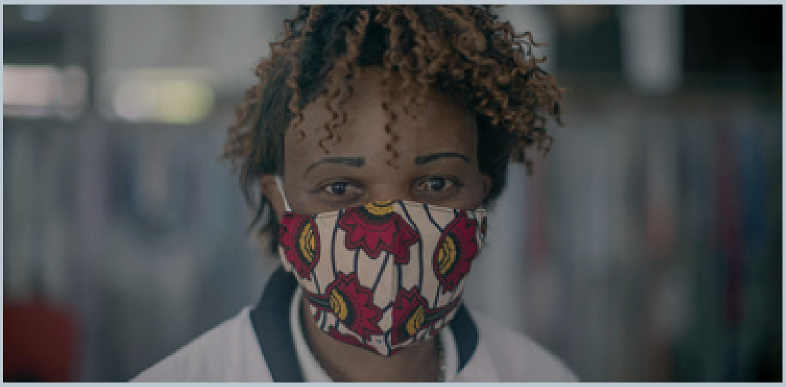
The oil price has fallen dramatically, and oil-producing countries look less influential than ever. Aviva Freudman, a business journalist who regularly supports the editorial team of D+C/E+C, assesses the situation. **PAGE 14**

Asian giants' contradictions

Chinese financiers are investing in coal-based infrastructure, especially abroad. That is not in line with efforts to boost renewables. Nora Sausmikat and Quirin Jetschke of urgewald, an environmental NGO, point out the contradictions of official policy. Indian journalist Aditi Roy Ghatak explains why her country is set to miss important climate targets. **PAGES 17, 20**

Storage and smarter grids

The transition to renewable energy cannot succeed without additional power-storage capacities and more flexible, smarter grids. On behalf of KfW Development Bank, Friederike Bauer and Achim Neumann elaborate the options. The challenges are not trivial, but there are ways to tackle them successfully. **PAGE 21**



In view of the coronavirus pandemic, policymakers must rise to a double challenge: protecting human health whilst stabilising the economy. The entries in our diary show how different countries and different sectors are tackling this unprecedented crisis. The diary starts with a contents page on p. 23.

All Covid-19 diary entries are also included in a briefing on our website, and we will add more as the crisis unfolds: www.dandc.eu/en/briefings/coronavirus-pandemic-affecting-societies-and-economies-around-globe

The opportunity of crisis

The coronavirus pandemic is affecting the entire world. Factories are not operating, goods are not being delivered, people are staying at home. Many industries are hit hard, and masses of people are suffering hardship. The crisis is exacerbating the poverty of people who need their daily incomes to buy food.

On the other hand, the air in major agglomerations from Wuhan to Los Angeles has not been as clean as it is now a very long time. Many affluent people are forced to slow down. Many notice that things can be different. Less travel, more digital work from home and focusing on basic needs could thus become trends beyond Covid-19. Any long-term reduction of energy consumption would obviously serve climate protection.

A crucial issue is to produce goods close to where the market is. This crisis reveals shortcomings of globalisation. Serious bottlenecks make us question whether it is wise to procure pharmaceuticals, protective equipment and medical instruments on the other side of the globe only because that makes them a little bit cheaper. The same question applies to many other goods. We must not forget that the price advantages only arise because transportation costs are excessively low, which in turn results from harmful subsidies. Fuel used in air and maritime transport should not be tax-exempt.

Distorted subsidies are slowing down transition to clean energy. They must urgently be reconsidered, and the current crisis provides an opportunity to do so. It would also make sense to use the huge stimulus programmes of high-income countries to fund decarbonisation. Fatih Birol, who heads the International Energy Agency, foresees a double impact of reviving economies and promoting change in the energy sector at once. Least-developed countries must act too, but without considerable financial support, they will lack the means to do so. What they need is a mere fraction of the trillion-dollar programmes adopted in Europe and North America.

If things go well, this crisis will accelerate the European Green Deal. Alas, there is also a risk of setbacks. Oil is currently cheaper than it has been in a very long time. Low prices are obviously not an incentive to use a resource sparingly, and even less to phase it out. European car manufacturers now want emission rules to be loosened, and the US administration has already done so. That step is considered to be very destructive because the transport sector is the greatest carbon emitter.

Another risk is that the pandemic will claim policymakers' attention to an extent that all other issues are postponed long-term. Leaders are unlikely to prioritise climate protection during a global downturn of historic proportions. However, neglecting the climate crisis now would amount to fatal failure. Global warming has not stopped; it is only getting worse.

In the Covid-19 crisis many governments have shown that they are able to interfere in markets as well as people's daily lives. They have also shown that they are willing to follow scientists' advice. In high-income countries, they have also proven that they can mobilise huge amounts of money to prevent and reduce dreadful harm. After the pandemic, it will be harder than before to ignore the climate crisis – and that may prove to be another opportunity.

You'll find all contributions of our focus section plus related ones on our website – they'll be compiled in next month's briefing section.

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Monitor

Migration makes a difference

The world population is growing and ageing at once. How an individual country's population develops depends on migration, however. Sarah Josef of Engagement Global summarises insights from a UN publication on demographic trends around the world. **PAGE 4**

Debate

Unaccomplished mission

Fast withdrawal of US troops from Afghanistan is likely to result in the same kind of mess as Soviet troops left behind in 1989. The so-called "peace treaty" the USA agreed with the Taliban is likely to undermine Afghanistan's fragile constitutional order, writes Nawid Paigham, an independent analyst. **PAGE 6**

Public works programmes needed

Left to themselves, market forces will not create the masses of jobs Africa urgently needs. Accordingly, governments should resort to public works programmes. Well-designed and well-implemented, such action will alleviate poverty, build infrastructure and increase people's opportunities. Joachim von Braun and Tekalign Sakketa of Bonn University spell out the reasons. **PAGE 7**

Photos: Bianchi/picture-alliance/AP Images; picture-alliance/Photo12/Ann Ronan Picture Library

Without immigration, Italy's population would have dwindled: Pope Francis visiting a regional migration centre in Bologna in 2017.

UN FORECAST

55 countries will see their population shrink by 2050

The world population is still growing, but ageing at the same time. That is evident in the UN report World Population Prospects 2019. Birth rates are falling and life expectancies are increasing. Migration also has an impact on how individual countries' populations develop.

By Sarah Josef

In 2050, the average global life expectancy will be 77.1 years – 4.5 years more than today. That is the assessment of the UN Department for Economic and Social Affairs (UN DESA), which launched the report. The authors note, however, that the average life expectancy in prosperous world regions exceeds the one of disadvantaged countries by more than seven years today.

The data show that nine countries will account for about half of the global population growth: the DR Congo, Egypt, Ethiopia, India, Indonesia, Nigeria, Pakistan, Tanzania and the USA. On the other hand, the populations of 55 countries are forecast to shrink by at least one percent by 2050. The UN even expect reductions of 20 % and more in some countries, including Bulgaria, Latvia, Lithuania and Ukraine.

There are typically two reasons that make a country's population dwindle, according to the UN: fewer births and outward migration. Bangladesh and Nepal are listed among the ten countries said to be most affected by emigration because people hope to find better livelihoods elsewhere. Syria and Myanmar are included too, the reason is that people flee civil strife.

The statistics reveal that 36 countries took in more than 200,000 people from 2010 to 2020. These figures include temporary migration in search of livelihoods. In nine countries where population ageing has already advanced considerably, the number of immigrants exceeded those of emigrants, cushioning the population decrease. According to the UN, the populations of Germany and Italy actually increased due to immigration.

The UN experts generally consider migration to be good because it allows millions of people to escape poverty. As they point out, safe and regulated migration is necessary to best tap the potential.

On the other hand, the authors warn that demographic trends will make it harder to achieve the Sustainable Development Goals (SDGs) as planned by 2030. They stress that countries with comparatively young populations, where many young girls are not yet of childbearing age, will still see the numbers of births increasing for some time. The same countries have comparatively high rates of maternal mortality and the greatest unmet need for contraceptives and family-planning information (see Mahwish Gul in Focus section of D+C/E+Z e-Paper 2020/04). The report points out that they must prepare for many more children, especially in the health and education sectors.

At the global level, however, the age group of those over 65 is the fastest growing cohort. In 2018, it included more members for the first time than the age group under five, according to the UN. By 2050, there will be more than twice as many people over 65 as under five. To ensure elderly people's welfare, their access to health care must be guaranteed, and pension systems must improve, the authors demand.

LINK

World Population Prospects 2019, Highlights:
https://population.un.org/wpp/Publications/Files/WPP2019_Highlights.pdf

Photo: Bianchi/picture-alliance/AP Images

A boost for women

The words "women" and "leadership" are not often heard together in Guatemala. But one pioneering project in San Marcos, a city of about 47,000 people in western Guatemala, aims to change that.

In February this year, a private start-up school called Unidas Escuela de Liderazgo para Mujeres (Unity School of Leadership for Women) has started offering courses to girls and women aimed at equipping them to advance personally, economically and professionally. The school focuses on life skills more than on traditional academic subjects. Among the course offerings: personal finance, project management, curriculum vitae design, leadership and self-esteem.

When it is fully operational, the school will offer two courses and four workshops per month. Each course will have between 25 and 30 students and each workshop up to 50 students. In addition to three classrooms, the school has a library, a computer lab and a green space.

The project is the brainchild of María Alejandra Menaldo, 27, a native of the region who also headed the Ibero-American Youth Network, which advocates democratisation. Menaldo founded the school in relatively remote San Marcos as a way to bring more opportunities to women and girls outside the major cities. "I have always had a passion for gender equality and female empowerment," she says.

As the project gets under way, students are being recruited through announcements in social media. Menaldo has recruited instructors from international organisations and will also ask representatives of local organisations to teach classes. Students pay a small fee to attend. Most of the school's costs are covered by donations, particularly from human-rights groups and individuals.

For this impoverished town near Mexico's southern border, which became known in the late 1990s as a centre for drug trafficking, a project aiming to empower women through professional training is nothing short of revolutionary. "In most of the Mayan territories public services are absent", says Dorotea Gómez Grijalva, an activist for Mayan rights and author of "Mi cuerpo es un territorio politico" ("My body is a political territory"). "Educational services are overdue, particularly for Mayan, poor and rural women."

Statistics on educational attainment support her claim. Guatemala's 2018 census shows that 58 % of women nationwide had zero years of education, compared to 42 % of men. Across the country, the percentage of women who are illiterate is higher than the percentage of men. The census analysis finds that girls and women often leave school (or never attend) in order to do housework and care for children. Poor educational attainment for women translates into lower earning potential. According to the World Economic Forum's 2018 Global Gender Gap Index , Guatemala ranks 107 out of 149 countries.

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AFGHANISTAN

Unfinished business

The hasty and unilateral withdrawal of US troops from Afghanistan is likely to result in a similar mess as the hasty exit of Soviet troops from the country did in 1989. The so-called "peace deal" with the Taliban looks anything but peaceful.

By Nawid Paigham

In late February, the superpower USA signed an agreement with the insurgent Taliban militants after almost two decades of bloodshed. This seemingly endless war was very expensive. It was a result of the 9/11 terror attacks on New York and Washington in 2001.

just to topple the Islamists. Human rights, women's emancipation, freedom of speech and the protection of minorities were high on the agenda. None of that seems to matter to Washington anymore. What the White House wants is simply to bring the troops back home. US President Donald Trump promised to do so in the 2016 campaign.

Politicians' promises are often excessively simple. The truth is that the USA has been deeply involved in Afghanistan's fate at least since the Soviet invasion of the country in 1980. Washington supported militias that fought the Red Army, and the Taliban emerged from those groups.

US soldiers boarding a helicopter in Afghanistan in late 2001.

Only a few weeks later, US troops toppled the Taliban who were running a theocratic dictatorship in Afghanistan. They were Islamist extremists who had provided a haven to Al-Qaida, the terrorist organisation.

From the perspective of ordinary Afghans, the US invasion was a unique opportunity for the reconstruction and democratisation of the country. For the first time in history, Afghanistan held free and fair elections. Despite a tense security situation, a new sense of freedom was palpable. Women and girls were enabled to study and work, for example.

When the US invaded Afghanistan more than 18 years ago, the promise was not

As it did when the war began, the USA is again acting on its own. Back then, it soon got support from allies, including NATO. The international community endorsed the new start. However, no ally or multilateral institution was involved in the peace talks. It is even more depressing, that no one from Afghanistan's government took part. Neither civil-society organisations nor any other institution had a say.

The agreement now essentially spells out that the Taliban will not fight the USA, nor support any organisation that poses a threat to the USA. In return, the Trump administration will no longer consider the Taliban to be terrorists. Their leaders will be taken off the US blacklist, and prisoners are to be released.

The White House now seems to believe that the Taliban will somehow become a normal political party and peacefully participate in Afghanistan's current political order. That is wishful thinking. The Taliban's track record shows that they want to return to power without restraints. The depressing reality, moreover, is that the international community has not been able to foster the development of a strong and self-supporting constitutional order in Afghanistan. The elected government is haunted by internal divisions and corruption.

Things could have been different had Washington also prioritised institution building beside hunting down terrorists. There was so much "collateral damage" that far too many people began to see the international troops not as foreign liberators, but as violent oppressors. Adding to the problems, opium continued to be the most important export good. A peaceful constitutional order is improbable in any country where an illegal industry dominates the economy. The international community, led by the USA, failed to tackle this issue in any serious way.

The ethnic composition of Afghanistan, moreover, also makes the current peace deal problematic. To the outside world, the Taliban may look like a group of religious extremists. To Afghan eyes, however, they are a Pashtun outfit with a long history of fighting other ethnically defined groups. When the US invaded Afghanistan, the Northern Alliance, which is based on specific ethnic groups, was its ally. Some Northern Alliance leaders are now in the government. They have reason to feel betrayed by Trump.

In 1989, the hasty exit of Soviet troops left behind a huge mess. That is exactly what the hasty withdrawal of US troops will most likely result in now. There is a serious risk of renewed civil war, with the Taliban on one side and the Northern Alliance on the other. Sooner or later, the US or other foreign powers would be drawn into the conflict once more.

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EMPLOYMENT

Public works programmes matter

Market dynamics on their own will not generate the employment Africa needs. Well-designed public works programmes (PWPs) are needed to create jobs, improve infrastructure and empower poor people, including women and youth.

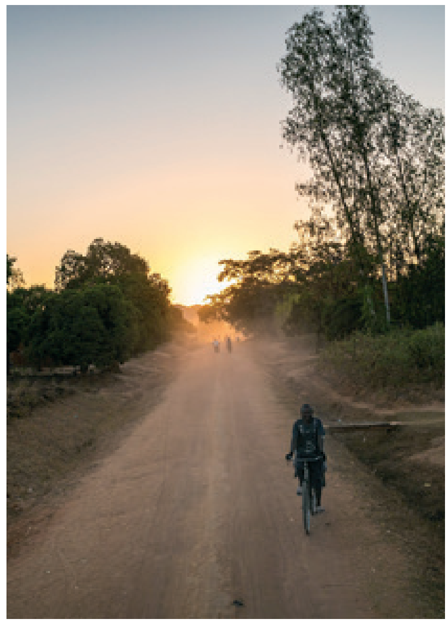
By Joachim von Braun and Tekalign Sakketa

Africa needs about 20 million additional jobs every year. Even successful growth-oriented policies will hardly generate so many jobs. Without those jobs, however, Africa's young population will become ever more frustrated and alienated. Governments must rise to the challenge (see Hans Dembowski in Focus section of D+C/E+Z e-Paper 2020/04). Revitalising African economies after the coronavirus crisis will require even more attention to jobs.

In China, labour-intensive PWPs were drivers of rural development in the 1980s. These schemes built local infrastructure and employed masses of people. A similar approach has proven useful in India in the past ten years. A national rural employment guarantee was introduced in 2005. Its promise is that one person from every poor rural household gets 100 days of employment at the national minimum wage in infrastructure construction. The share of participating women is high.

African policymakers have taken note, and the idea is not just to alleviate the poverty of disadvantaged communities. The point is that PWPs help to promote productivity and economic growth, especially in rural areas. For these reasons, PWPs are back on Africa's agenda and have expanded fast across the continent. Their number increased from only a handful in 2005 to about 50 in 2015, according to the World Bank. No other kind of social-assistance programme has expanded this fast.

Nonetheless, national budgets still only allocate rather small sums to PWPs. It would make sense to extend coverage and improve quality. So far, African PWPs have focused on improving agriculture-related infrastructure. Activities typically relate to



Rural road in Malawi: local people would benefit from better infrastructure.

irrigation, reforestation, soil conservation as well as rural road construction and maintenance. More recently, PWPs have also been designed to benefit young people and informal businesses in urban areas. The expectation is that the schemes will not only employ disadvantaged people immediately, but also improve their opportunities in the long run.

PWPs potentially have a triple impact:

- they directly benefit the people they employ,
- they change labour-market demand and can thus lead to higher wages in general, and
- the public goods they deliver improve the business environment.

Of course, the impacts vary across countries and contexts. There is clear evidence, however, of PWPs improving poor people's lifes. In particular, they can empower women and youth.

PWP success obviously depends on prudent design and good implementation. Objectives must be defined clearly. Wage levels must be considered well, so they do not disrupt other businesses. Construction work must be scheduled at times when underemployment is especially pronounced.

African state capacities tend to be weak. Well-designed PWPs, however, can boost state capacities and thus enhance governments' scope for achieving development goals. It is important to learn from experience within Africa and to take into account China's and India's success stories.

Success is not only possible – it is evident in many places. In rural Ethiopia, for example, the Productive Safety Net Programme (PSNP) combines a PWP with other agriculture-related measures and food-security activities. As research has shown, livestock holdings have increased as a result, and the hunger season was shortened. Private investments and transfers were not hampered.

Policymakers should heed the following messages:

- PWPs are a key strategy to address poverty and unemployment among low-skilled people in Africa. The time to act is now.
- PWPs need to be implemented with complementary interventions, with particular attention paid to facilitating agricultural development.
- PWP impacts improve when gender issues are taken into account.
- PWPs need to be monitored and evaluated so lessons are learned.

As always, policies must be designed and implemented well – and PWPs are a good area for governments to shore up their act.

LINK

Sakketa, T. G., and von Braun, J., 2019: Labour-intensive public works programs in sub-Saharan Africa: Experiences and implications for employment policies. ZEF Working Paper 180.
https://www.zef.de/fileadmin/user_upload/ZEF_WP_180.pdf

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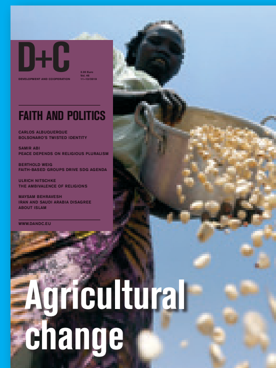

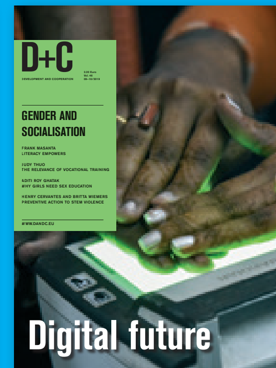

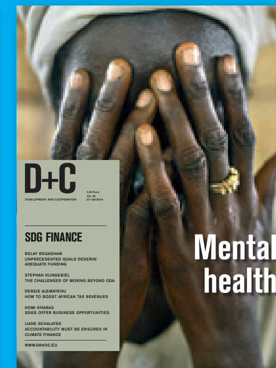

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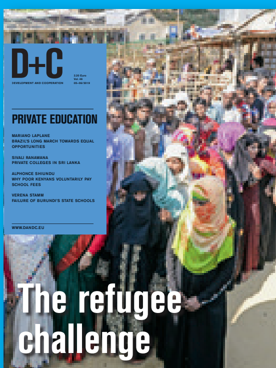

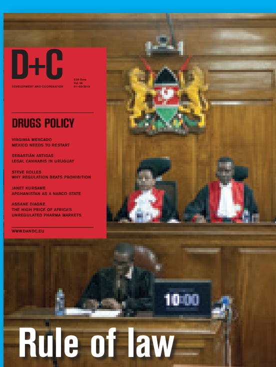

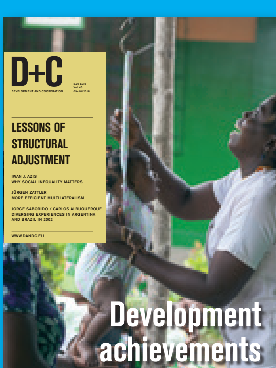

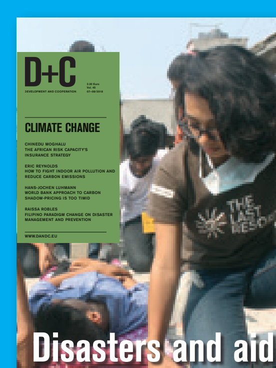

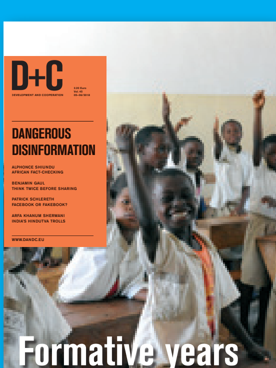

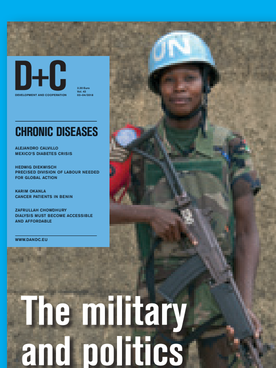

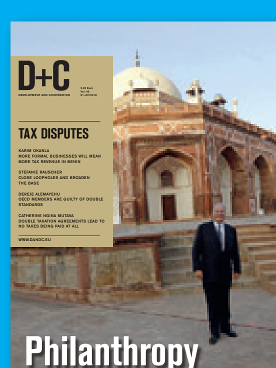

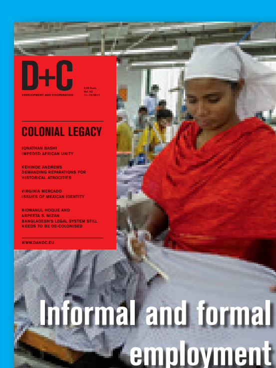

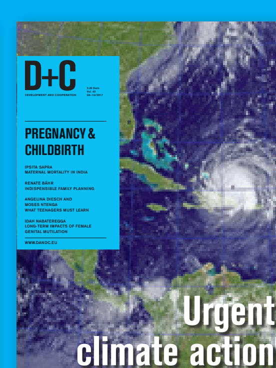

Worker on an oil field north of Basra in Iraq.

Photo: picture-alliance/AP Photo

Energy

The coronavirus pandemic is reducing energy consumption worldwide because production facilities have been shut down, goods are not being delivered and people are staying at home. However, the current crisis must not distract us from the fact that energy consumption has kept rising before the pandemic. To protect the climate, humanity urgently needs a global transition to renewable energy. The current crisis offers the opportunity to design stimulus programmes worth trillions of euros in a way that drives this change.

This focus section directly relates to the UN's 7th Sustainable Development Goal (SDG): affordable and clean energy. It also has a bearing on the other SDGs.

INFRASTRUCTURE

Destructive biomass demand

As is the case in many African countries, many people in Uganda rely on traditional biomass for energy purposes. Too many people do not have access to the national power grid.

By Gloria Laker Aciro Adiiki

According to official data, biomass accounts for about 90 % of energy consumption. Firewood accounts for not quite 80 %. Charcoal and crop residues make up another 10 %. Electric power, by contrast, only accounts for 1.4 % of the national energy balance. The UN's 7th Sustainable Development Goal (SDG) is to "ensure access to affordable, reliable, sustainable and modern energy to all". Uganda still has some way to go.

Uganda's rural families traditionally collect firewood and store it in the dry season. Typically, women and girls do this work. To an increasing extent, however, trees are cut down to get more firewood, and a considerable share is transported to urban markets and sold there.

Adding to the pressure, rural people want more arable land in view of population growth. Combined with the demand for firewood, this trend is causing considerable environmental damage and threatening the sustainability of forests. According to government data, the forested area decreased from almost 50,000 square kilometres to not quite 30,000 square kilometres in the two decades from 1990 to 2010. That trend has not been reversed. The government reckons that a further 900 square kilometres is cleared every year.

One consequence is that fuel wood is becoming scarce, so prices are rising, and yet more forest is cut down. Another consequence is that rural women and girls walk ever longer distances to collect wood. The adults spend less time doing agriculture or running their businesses, while many girls miss school (also see Dagmar Wolf in D+C/E+Z e-Paper 2020/04, Monitor section).

Most rural communities still lack access to electricity. Indoor fumes – whether from wood fires or kerosene stoves – are a health hazard, but many people have no choice. Even those who are linked to the grid (a bit more than 20 % of the population) often experience power failures. In spite of masses of people not being connected, electricity demand often exceeds supply.

Sometimes, midwives delivering babies must rely on the light of their mobile phones to do their work. Of course, insufficient power supply does not only hamper social services, but economic development as well (see Derrick Silimina, page 11).

The government is promoting solar power. Indeed, solar panels serve to light homes or charge phones. Even people with low incomes can afford this kind of application. It is estimated that about 20 % of the households now rely on this technology.

In economic terms, the energy sector is of vital importance. Fuel taxes, the value added tax (VAT) on electric power and the export of electric power contribute considerably to government revenues. The power sector is attracting a large share of private investments. Energy is not only an important input for all kinds of industries, but the sector also provides employment. The government hopes that the recently discovered oil resources will improve Uganda's outlook in the long term, but so far it has not made a difference.

Internationally, the oil price has recently been quite volatile (see Aviva Freudmann, page 14). Low prices are good for Uganda, whereas price rises mean fast inflation. Uganda is a net importer of oil products, including diesel, petrol and kerosene. Government statistics showed that Ugandan fuel imports were expected to be worth $1.2 billion next year. Current price volatility means predictions of this kind may easily prove wrong, of course.

Environmentalists point out that fossil fuels must be phased out in view of the climate crisis, but it is obvious why the government hopes that domestic production will reduce the need to import oil products. In principle, Uganda is endowed with abundant energy resources. To achieve SDG 7, all opportunities must be grasped. The nation's development depends on success. The scope for using renewables – especially solar energy – is huge, and it should be prioritised.

Marketing charcoal in rural Uganda.

Photo: Jorgen Schytte/Lineair

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Hydroelectric power station on Lake Tanganyika in Zambia.

ENERGY POLICY

Water over the dam

Zambia is reconsidering its long-time dependence on hydropower, as chronic droughts cut production at its massive hydro dams. The country is diversifying into solar and wind instead.

By Derrick Silimina

At first glance, hydropower seems a natural for Zambia. The country benefits from the water flows of the mighty Zambezi and Kafue Rivers, and hydropower is a clean and renewable fuel source. With this in mind, Zambia built major hydropower plants to supply nearly all its electricity needs.

But hydropower has a fatal flaw: Chronic drought lowers water levels to the point where power production is severely curtailed. Droughts in recent years have produced electricity shortages estimated at nearly one-third of Zambia's total installed hydroelectric capacity of 2,380 megawatts.

In 2019, water levels in the Kariba dam plunged to their lowest level since 1996, falling to 10 % of usable storage. "This is probably the worst drought that has ever hit Zambia since independence" in 1964, Energy Minister Matthew Nkhuwa told parliament.

Drought caused by climate change is not the only flaw in Zambia's energy policy, however. Chronic under-investment in hydro projects has also caused problems. Even when enough rain falls, power supply cannot keep up with demand from the mining, manufacturing and agriculture industries.

But the biggest problem is that Zambia is over-dependent on hydro energy, a fuel source that is subject to the unpredictability of the weather. According to the US Agency for International Development (USAID), the country draws 85 % of its power from hydro projects.

As droughts cause chronic and prolonged blackouts, Zambia is looking to reduce its dependence on hydropower by developing other renewable fuel sources, such as solar and wind. These fuel sources are as clean as hydropower and can help reduce Zambia's dependence on rainfall for its electricity.

Solar and wind projects have another key advantage: these power plants can be smaller and more decentralised than most hydro dams, and can be connected to micro-grids supplying under-served communities. That is important in Zambia, where the countryside lacks access to power. According to USAID, only four percent of the rural population in Zambia has access to electricity.

ENTER PRIVATE INVESTORS

The vast majority of Zambia's power is produced and distributed by Zesco, the state-owned utility. But in an effort to diversify both its fuel sources and its financial resources, Zambia is entering agreements

with corporations looking to invest in its energy sector.

For example, in 2019 the Zambezi River Authority awarded a contract to a consortium led by General Electric and Power China to build a $4 billion hydropower project at Batoka Gorge.

Zambia also signed an agreement with the World Banks' International Finance Corporation (IFC) to develop two large-scale solar projects. A competitive auction through the IFC's "Scaling Solar" programme attracted bids from competing solar developers. Both solar plants started operation in 2019; according to the IFC, the projects offer the lowest solar-power prices in Africa to date.

Wind energy is relatively underdeveloped but several promising projects are under way. Last November the energy minister initiated a 200 MW wind-power project in Katete, Eastern Province. The government expects construction to start in 2021. This is the first phase of the larger Unika 1 wind project, which is to be financed by private investors.

These projects are badly needed and long overdue. Rolling power blackouts have damaged Zambia's already fragile economy. The chronic electricity shortages have affected everyone, from individuals to small businesses and large mining corporations (see box below).

Adding generating capacity from diversified supply sources could also ease a price crunch for energy consumers. As Zesco's condition has worsened, it was forced to raise tariffs by as much as 200 % in late 2019, in part to pay for power imports from South Africa.

In the short term, rate-payers facing a combination of rolling blackouts and higher prices are upset. "My business is down due to lack of electricity," says Lucy Mbewe, 32, operator of a hair salon in Lusaka, the capital. "The government should invest in [other] renewable energies instead of always depending on the Kariba dam for power generation, year in and year out."

SOURCE

USAID Zambia power Africa fact sheet:
https://www.usaid.gov/powerafrica/zambia

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When the lights go out

When water levels in hydroelectric dams get low enough, the power utility cuts power to customers – sometimes for 20 hours per day. This has hit the economy hard across all sectors, including metal fabricators, hair salons, butchery shops and almost everyone else.

Teddy Mugala, owner of a butchery shop in Lusaka's sprawling Soweto market, sees the impact immediately in his refrigerators. "My meat products go bad every time the power is shut down," he says.

Zesco, the state-owned power company that supplies almost all the country's electricity, publishes notices telling customers when and where to expect blackouts. In some areas power is cut from early morning until late in the evening. To ease the situation, the government is trying to import 330 MW from South Africa at a cost of $27 million.

But business owners want faster solutions. "My business depends on a constant power supply," says David Munyinda, a metal fabricator in Kalingalinga township near Lusaka. "The power comes on at 5 am for just two hours and then goes out again. How can I work like this?" ds

Shop owners and other businesses suffer unreliable power supply.

Photo: Veeser/picture-alliance/imageBROKER

FUEL PRICES

Strained relations

Petrol smuggling has had a negative impact on Benin's relations with its giant neighbour Nigeria. The border between these ECOWAS members has been closed for months.

By Karim Okanla

In August 2019, Nigeria closed the land border. Nigeria's federal government stated it had to respond to the smuggling of petrol, small arms and imported food items (rice from Asia). It accused authorities in Benin of collusion with the criminals. Nigerian business leaders including Aliko Dangote, the prominent billionaire, have endorsed the stance of their government. Nigerian security forces even staged several incursions into Benin's territory.

Petrol smuggling has a long history, and it is continuing at a significantly reduced scale. To make the 700 kilometer border less porous, Nigeria has deployed additional patrol troops. Moreover, gas stations close to the border have been closed. Security has been tightened, moreover, to reduce the amount of petrol stolen from the storage facilities of the NNPC (Nigerian National Petroleum Corporation).

Vodounou is an energetic 30-years old young man whose family's livelihood depends on petrol smuggling. He seldom spends an entire night at home with his wife and kids. He sneaks through the bush on his moped and illegally crosses over into Nigeria, where he fills jerry cans with fuel. He then returns home the same night. In the daytime, his wife Sé sells the fuel to moped riders and car drivers on the roadside of the Cotonou-Porot-Novo expressway.

Vodounou says that his illegal business has become more difficult. Petrol is no longer easily available on the other side of the border. He used to be able to smuggle 400 litres in a single shuttle. Now he feels lucky if he gets 100 litres.

People say that smuggling is controlled by powerful Mafia organisations with links to influential politicians and bureaucrats. In the past, officialdom tended to simply look away, and in Benin, that is mostly still the case.

The background is that Nigeria is an oil-producing country, and the federal government subsidises fuel. This is the most important social benefit it provides to its people. At official gas stations in Nigeria, petrol thus only costs about half of what customers pay in other West African countries. The price difference means people in Benin prefer smuggled fuel even though it is often of lower quality due to adulteration.

Selling smuggled petrol on the roadside.

According to the NNPC, smuggling cost the government about a daily 2 billion Naira (about $5 million) before the border closure. As smuggling has since become harder, the price of contraband fuel has spiked in Benin. A litre now costs only one percent less than petrol sold by officially registered filling stations.

The relations between the two countries have deteriorated significantly. Though Aurélien Agbénonci, Benin's minister of foreign affairs, insists that communication is good, influential persons in Nigeria are expressing harsh criticism of Benin's President Patrice Talon. It is no secret that Nigeria's government similarly thinks that Benin has willingly watched its own people benefiting from the neighbouring country's subsidies, well aware of those subsidies being meant to ensure social peace and political stability in Nigeria.

The closed border, moreover, does not only hurt the smuggling networks. Legitimate trade is suffering too. People who commute between the two countries are affected badly.

This scenario cannot go on forever. Both countries belong to the Economic Community of West African States (ECOWAS). To show solidarity, a crisis committee has been set up. Several meetings have been held, but so far, they have not managed to broker a better understanding between Benin and Nigeria. ECOWAS is supposed to promote exchanges between member countries to mutual benefit. Inner-African trade, moreover, should be a driver of development. On the other hand, many African businesses remain informal so far, and that means that laws are hard to enforce. That is true on both sides of the border.

When these lines were written in April, Covid-19 was the overarching issue that occupied policymakers' minds. Other issues were less pressing. Nonetheless, people in Benin as well as Nigeria wonder when the border will be opened again and what rules will then be enforced.

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Photo: Catherine Leblanc/Godong/Lineair


Tense relationship: Russian President Vladimir Putin and Saudi King Salman in Riyadh in October 2019.

TUMBLING OIL PRICE

End of an era

In April, the news for the members of OPEC, the Organization of Petroleum Exporting Countries, went from bad to worse. The oil price seemed to be in free fall.

By Aviva Freudmann

In late April, the price for a barrel of a key benchmark oil – West Texas Intermediate (WTI) – temporarily fell below zero for oil to be delivered in May. There was such a surplus on world markets that producers lacked storage space and were willing to pay customers to take delivery.

What made this news particularly grim for the members of OPEC was that it occurred after, not before Russia and Saudi Arabia ended a price war. They agreed to a 10 million barrel per day production cut, with Russia and Saudi Arabia contributing half of that amount. The decision did not make much of a difference.

Cartels are often weaker than they appear to be. They try to control prices by agreeing either on a common, above-market price or on a reduction in supply. If they control most of the supply, both measures amount to the same thing. However, all cartels run into the same problem: Each member has a built-in incentive to cheat by undercutting the others. They either charge some buyers less than agreed with the cartel – or produce more oil.

This problem has long plagued OPEC. Despite regular cheating over the decades, the cartel stuck together so far. But the signs are increasing that its time is up. The global oil market has changed to the point where OPEC can no longer manipulate the market. It is worth pointing out that US President Donald Trump proudly claimed that he had helped Russia and Saudi Arabia to cooperate again. His policy is to prop up global oil prices for all producers, which also helps American producers. Even with Washington's help, however, OPEC no longer has the clout it used to have.

On 27 April, the Financial Times reported that the price of a barrel of WTI oil to be delivered in June was a mere $12.27, far below the range of $20 to $30 OPEC had hoped to safeguard. One year ago, the price was in the range of $70 to $80, and that is what OPEC would need to revive its fortunes.

With oil prices in freefall and competition from non-cartel producers intensifying, OPEC's days of calling the shots are over. Of course, the Covid-19 pandemic is a major cause of the cartel's problems. The global demand for fuel has decreased by one-third because of lockdowns in many countries. With demand at record lows, prices are unlikely to recover anytime soon. The current crisis, however, is only exacerbating OPEC's inherent weakness.

One reason for OPEC's waning influence is simply the built-in instability of cartels. As market conditions for cartel members have worsened steadily, the incentives have grown for individual countries to make secret side-deals to get their own oil to market any way they can.

A second reason is tensions within OPEC and the countries that cooperate with it. OPEC has had the benefit of Russia, a non- member, mostly acting as an ally. This partnership is called OPEC+. As the recent price war showed, however, this alliance is quite fragile. The failure to stabilise prices as intended means that tensions will grow further.

A third reason is competition from producers outside the OPEC-plus orbit, in particular the United States. The production of shale oil has made it a net energy exporter. Other countries are producing oil too, so OPEC now controls only about one-third of global supply. There is simply too much oil out there for its decisions to make a difference.

A fourth reason is efforts to improve energy efficiency as well as to build renewable-energy infrastructure. Environmental awareness is reducing oil demand to the detriment of OPEC.

OPEC members need money, moreover, which they get mainly by selling oil. The International Monetary Fund estimates that the Gulf Cooperation Council (GCC) countries – which account for one-fifth of the world's oil production – will run out of money by 2034 if fiscal trends continue as they were before Covid-19.

All of that casts a cloud over any further attempts by OPEC to control world oil prices. Don't cry too hard for OPEC, however: It had a good run for nearly 60 years (see my essay "How the mighty have fallen" on next page). As nearly all cartels do eventually, it is now facing the end of its run.

Photo: picture-alliance/Mikhail Metzel/TASS/dpa

OIL MARKETS

How the mighty have fallen

In the 1970s, Middle East oil kingdoms and other oil producers were able to send shock waves through the global economy by shutting off the oil spigot. Those days are gone.

By Aviva Freudmann

Global oil prices have dropped dramatically in recent months. The long-term reasons are increased US shale oil production and greater use of renewable fuels around the world. More recently, the coronavirus crisis has made prices drop even lower. The Organization of Petroleum Exporting Countries (OPEC) has been trying to cut production to prop up prices, but the effort is increasingly difficult (see my comment on page p. 14).

In April 2019, the price for a barrel of OPEC oil (a weighted average of OPEC member states) was about $70. One year later, the price had dropped to below $20 and was responding to daily headlines. According to Hydrocarbon Engineering, a website, global demand in the first three months of 2020 was estimated to be 3.8 million barrels per day (bpd) below the respective figure for 2019. The website stated: "This represents a downward revision of 4.5 million bpd from previous estimates prior to the COVID-19 outbreak. Never before has such a quarterly drop been recorded."

Increased competition from non-cartel producers, including Russia, Norway and the USA, has reduced OPEC's clout. Today, the cartel has about a one-third share of the world oil market; that is hardly a dominant position. As OPEC cuts output, other countries step in and make up the difference. OPEC members include the Middle Eastern oil kingdoms Saudi Arabia, Kuwait and the United Arab Emirates, as well as Iran, Iraq, Libya and Algeria. Five African countries and Venezuela also belong to the club. Russia, to some extent, cooperates with OPEC.

The Middle Eastern members dominate OPEC, and the drop in world oil prices hit them as they were accelerating efforts to diversify their economies. They want to reduce their dependence on oil exports. However, diversification requires costly investments which the steep fall in oil revenues makes harder to finance.

The Gulf Cooperation Council (GCC: Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Bahrain and Oman) still account about for one-fifth of the world's oil production. Their fortunes are closely tied to those of OPEC. The outlook is currently bleak.

The fiscal impact of reduced oil revenues "could be both larger and more urgent than implied by the GCC countries' existing plans", the International Monetary Fund (IMF) warned in a report entitled "The future of oil and fiscal sustainability in the GCC region" earlier this year. One message was: "At the current fiscal stance, the region's financial wealth could be depleted by 2034."

Iraq's economy depends on oil.

Photo: Khalid Mohammed/picture-alliance/AP Photo

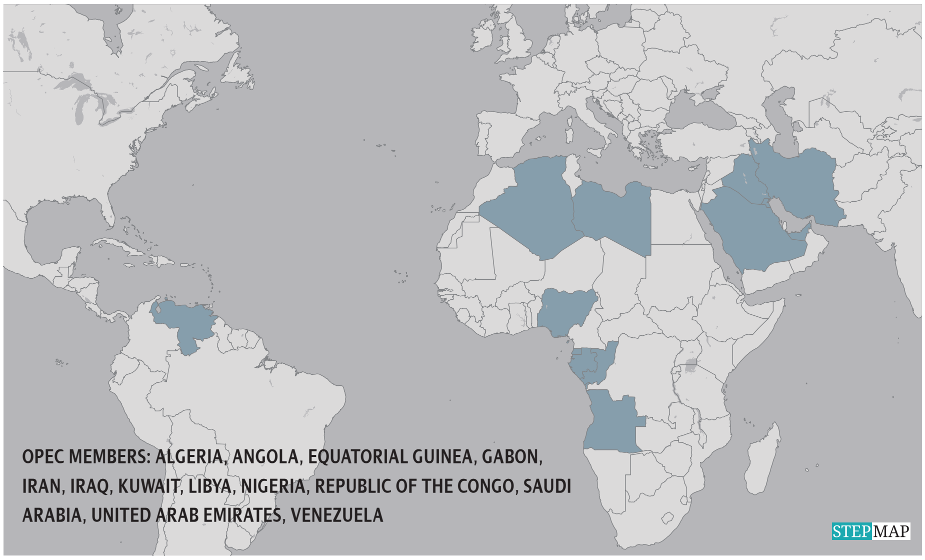
ATTRACTING INVESTORS

The slowdown associated with both the long term oil-price drop and the coronavirus pandemic have also damped foreign interest in investing in non-oil industries in the Middle East. The oil monarchies want to attract investments in technology-based exporting industries and develop new export markets. Accordingly they are keen on foreign-direct investments and international joint ventures in manufacturing.

In investors' eyes, the region's darkening outlook is a disincentive. Jihad Azour, an analyst, made that point in an IMF blog in late March: "Lower export receipts will weaken external positions and reduce revenue, putting pressures on government budgets and spilling over to the rest of the economy." The author wrote that "sharp spikes in global risk aversion and the flight of capital to safe assets have led to a decline in portfolio flows to the region by near $2 billion since mid-February".

OPEC member Iran has a particularly difficult outlook. It is struggling under the impact of US-imposed sanctions. Among other things, the sanctions block foreign investments in the country's energy sector. Iran's government forecasts that oil revenues will be reduced by 70 % in the next fiscal year. The country's economic growth is forecast to be zero in 2020. The country's considerable hydrocarbon reserves are not a useful resource at this point.

The one ray of hope for Middle Eastern oil producers is that a drop in the world oil price must hurt US-based oil producers. The shale-oil revolution has made the USA a net oil exporter. President Donald Trump has praised the domestic industry for reducing US dependence on foreign oil, generat-



OPEC MEMBERS: ALGERIA, ANGOLA, EQUATORIAL GUINEA, GABON, IRAN, IRAQ, KUWAIT, LIBYA, NIGERIA, REPUBLIC OF THE CONGO, SAUDI ARABIA, UNITED ARAB EMIRATES, VENEZUELA

ing high-paying jobs and increasing tax revenues. Prices below a certain level, however, mean that US companies can no longer produce shale oil profitably. Many may have to go out of business.

Once the oil price rises again, new investors would certainly start exploiting shale oil again. For OPEC, this situation is uncomfortable. If members reduce production, prices are stabilised – to the benefit of OPEC competitors. If members increase production, those competitors suffer, but members' own revenues dwindle too. Using low prices to drive competitors out of business and regain something like a monopoly, is impossible, since rising prices are likely to trigger renewed competition. The common knowledge that the use of fossil fuels is the main cause of the climate crisis, adds to the pressure. Multinational oil companies are under pressure too (see box below).

The situation is very different from 1973, when the Organization of Arab Petroleum Exporting Countries (OAPEC) proclaimed an oil embargo, quadrupling the price of oil within six months and sending the world economy into a tailspin. A second oil crisis followed in 1979, with equally dire consequences. Now, the shocks are being delivered from the consumers' side of the market, with an assist from competing, non-OPEC producers. How the mighty have fallen.

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Oil majors feel the shock

On the front lines of the oil-price shocks are multinational corporations such as ExxonMobile or BP. Oil majors' stock prices have been plummeting in the past years, and valuations were cut in half again in the three months of 2020. Investors have thus been hit hard. Oil and gas stocks have vastly underperformed the broader market, which, of course, has seen a downturn due to COVID-19 too.

The oil and gas industry has shed tens of thousands of jobs this year. Annual investments are being cut too. A report headline in the British newspaper The Guardian read: "Will the coronavirus kill the oil industry and help save the climate?"

Oil companies have a pattern of putting investment projects on hold whenever world prices fall. The reason is that lower prices mean that fewer projects will be profitable. Slashed spending then affects business along the entire value chain, including pipeline companies and refineries.

In Saudi Arabia, state-owned oil giant Aramco hopes to raise $25.6 billion from the sale of a 1.5% stake in the company. Observers doubt that will be possible. Investors are aware of the sector's growing risks. For example, central banks are increasingly working on assessing climate-related risks the financial sector runs in order to create disincentives, such as ensuring they pay higher interest rates (see Hans Dembowski in Monitor section of D+C/E+Z e-Paper 2020/03). Governments around the world have promised to reduce fossil-fuel use in the Paris Agreement on Climate Change moreover. That may not happen as fast as environmentalists hope, but it still means that investments in oil are no longer the safe bet they used to be.

As for Saudi Aramco, investors also wonder to what extent the company management is guided by political concerns. After all, the Saudi government sets Aramco's production levels.

It is obvious, however, why the Saudis want to sell Aramco stock to private and institutional investors. They need money to invest in the diversification of their economy. The low oil price, of course, makes Aramco shares harder to sell. af

Protest against a coal plant that Kenya wants to build with funding from China in the port city of Lamu.

Photo: Ben Curtis/picture-alliance/AP Photo

FOSSIL FUEL INDUSTRY

China continues to finance coal power around the world

Chinese banks and companies are investing heavily in the construction of new coal-fired power plants, particularly abroad. In doing so, they are bucking the global trend and the policies of their own government, which has made promoting renewable energies a top priority.

By Nora Sausmikat and Quirin Jetschke

China is a country full of contradictions. On the one hand, it leads the world in the field of renewable energy. On the other, Chinese companies are playing a major role in the construction of new coal-fired power plants around the world. They have financed 54 gigawatts (GW) of coal-fired capacity in 20 countries, according to the Global Coal Exit List, which was compiled by urgewald, the international non-governmental organisation we work respectively worked for. But China is not alone: most of the loans for the construction of these plants worldwide were handed out by Japanese and European banks.

China's economic miracle is based on coal production. Around half of all coal used internationally is mined in the People's Republic and burned there. China is the largest coal producer. But while China is first when it comes to hard coal production, Germany is the lignite world leader in terms of both production (17% of the global volume) and consumption (14%), according to Germany's Federal Institute for Geosciences and Natural Resources. China's hunger for energy has a global dimension, moreover, since companies from all over the world rely on Chinese manufacturing and thus drive China's consumption of natural resources. Germany too, of course, exports more goods than it imports.

In 2004, China began to redraft domestic and industrial policies. Mai Kai, who was the head of the National Development and Reform Commission (NDRC), the top planning authority, called for a new commodities policy that would gear the country's development to sustainability. Foreign-direct investment was promoted at the same time.

The shift towards sustainability was, in large part, motivated by never-ending protests because of massive air pollution. Media criticism of the wretched social conditions of coal miners mattered too. Chinese mines have since been modernised, and in 2014, guidelines on mining companies' social responsibilities were published. Lignite production declined for the first time since 1970.

Gas is now supposed to replace coal as a source of energy. That transformation process is well underway. The government has taken drastic measures to reduce coal consumption: in 2017, the operations of the last coal-fired plant in Beijing were stopped, and in September 2019, the main regulatory authority, the National Energy Administration (NEA), demanded that all regions and provinces close any small coal-based plants with under 50,000 kilowatt capacity. Furthermore, over 2 million households in industrial centres with heavy air pollution will now get heat from liquefied natural gas (LNG). This resource will be imported on a much larger scale in the near future.

But in the larger scheme of things, these measures just amount to a drop in the bucket. According to the news agency Reuters, the projected coal savings of 8.7 GW make up less than one percent of China's total capacity. Although the share of coal in China's energy mix dropped from 68 % in 2012 to 59 % in 2019, coal consumption is still increasing in absolute terms. Indeed, China is currently building new coal-fired power plants that will exceed the entire capacity of the EU. The coal-to-gas strategy, moreover, does not take into account that LNG is a fossil fuel too.

CONTRADICTORY POLICIES

China is the world's largest investor in renewable energies. Forty-five percent of the total serves domestic needs. Beyond its own borders, however, the People's Republic keeps investing heavily in coal (see Katja Dombrowski, Monitor section, D+C/E+Z 2018/01). Since the country joined the World Trade Organization (WTO) and launched its so-called "Go Global" strategy in 2001, Chinese companies have made massive investments in energy infrastructure abroad, enjoying support from governmental foreign-trade initiatives. At the time, the domestic coal market was saturated, so coal companies started looking for new markets, which they found primarily in South and Southeast Asia.

In 2010, Chinese investments in coal-fired power plants reached a peak. In that year alone, Chinese companies and investors concluded agreements with other countries regarding 50 GW of additional coal power. The years 2010 to 2013 were then characterised by stagnation. Some projects were cancelled and Chinese investors became more careful in view of low growth rates in Asia and changes to guidelines in India. India was – and still is – the largest recipient of Chinese coal investments.

In 2013, the government placed foreign investments under the umbrella of the One Belt One Road Initiative (see Katja Dombrowski, Monitor section, D+C/E+Z e-Paper 2017/10). As part of a new development strategy, the promotion of regenerative energy was declared to be a "top priority". Nonetheless, three-fourths of Chinese external trade initiatives in the energy sector were geared to fossil-fuel projects. Projects amounting to 221 GW are planned. That is slightly more than Germany's current capacity of 220 GW and more than India currently intends to install.

In 2019, according to our Global Coal Exit List, 744 coal-fired power plants and coal mines accounted for 89 % of global thermal coal production (the other 11 % was not included on the list because the responsible plants were small or didn't meet the criteria for other reasons). Four hundred of these facilities were planning extensions, and a quarter of them were Chinese.

Many of the countries that Chinese investors are targeting face the challenges of growing populations and fast rising energy needs, not least due to industrialisation. Large-scale investments in coal, with plants that have an average service life of over 40 years, will hurt these countries' development over the long term. After all, coal is the dirtiest source of energy, and many facilities may have to be discontinued much earlier than forecast in the plans.

According to a report by the Ohio-based Institute for Energy Economics and Financial Analysis (IEEFA, 2019), Chinese lenders are stepping in where others are withdrawing funding. The report is based on data from the Global Coal Plant Tracker.

Bangladesh's coal boom

Bangladesh currently produces around a third more energy than it needs. Nevertheless, the country is planning to build 17 new coal-fired power plants with a total capacity of 20 gigawatts. The idea is to increase the share of coal in the energy mix from five percent to 40 or even 50 %.

Thirteen of the planned plants are funded by Chinese state-owned and private companies, and five are under construction. All projects are associated with people losing their land and threats to biodiversity. One of the plants is being financed by the Chinese-dominated multilateral Asian Infrastructure Investment Bank (AIIB), which Germany is also a party to and which prides itself on being a "lean, clean and green" investor. Nonetheless, environmental requirements have been ignored, and so has compensation for land owners.

German companies are also involved in funding Bangladesh's unsustainable coal development: the company Fichtner is the head engineering firm in the construction of a power plant in Rampal with a capacity of 1300 megawatts. This plant could permanently destroy the Sundarbans, the world's largest mangrove forests. Mangroves, of course, are important carbon sinks.

At the same time, Bangladesh has an enormous potential for solar and wind capacity. By coordinating international, supranational and national actors, it could become one of the first countries to establish a decentralised, green energy system.

ns/qj

Photo: Sony Ramany/picture-alliance/NurPhoto

Workers unload coal from a ship in Bangladesh's capital of Dhaka.

It reveals that Chinese development banks, state-owned banks and companies are financing more than a quarter of all planned coal capacities outside China (102 out of 399 GW). The figure includes investments in coal exports, coal-fired power plants and related infrastructure.

As urgewald's data show, Chinese banks have assumed the dominant role in financing coal plants around the world. They have underwritten 69 % of global coal investments and will want to ensure that those investments pay off. The people who live in the target countries will benefit less. Many places concerned lack, but urgently need environmental protection rules. Others are relaxing such rules against the backdrop of Chinese investment (see the example of Bangladesh in the box on previous page).

On the one hand, China's current policies on energy and industry make a considerable contribution to climate protection, but on the other hand, Chinese banks and companies are leading the expansion of coal investments. Around the world, financial institutions are increasingly backing off from coal, and UN Secretary-General António Guterrez has even called for a ban on new coal plants starting this year. But none of this will be effective if China does not renounce its role as a major financiers of coal power. The Chinese firm Ping An, one of the largest coal insurers in the world, has now taken the first step and outlined a coal exit strategy. The move provides a glimmer of hope. For the sake of the climate, coal must not stay profitable.

Things may turn out differently. A new Carbon-Tracker report points out that China intends to stimulate the economy after the Corona crisis by building new coal-based power plants. From 1 March to 18 March, a generating capacity for 8 GW was approved. Authorities indicate coal regulations may be loosened. There are plans to invest the equivalent of an additional € 158 billion in coal-related facilities.

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GREEN POWER

Behind schedule

Countries have spelled out nationally determined contributions in the context of the Paris Agreement on climate change. India has promised that 40% of its installed power-generation capacity will be based on renewables by 2030. At current trends, that pledge is unlikely to be met.

By Aditi Roy Ghatak

Over March and April, the Covid-19 crisis held the country in its grip. Even before, things were not going smoothly though. One of India's promising solar-power producers was gasping for breath. The management explained its plight with "a slowing economy, inconsistent policy implementations, unfavourable trade policies and liquidity crises".

India's decarbonisation goals indeed seem distant now. The Ohio-based Institute for Energy Economics and Financial Analysis (IEEFA) has described progress as "non-linear – two steps forward, one step back".

A fast transition to the kind of green infrastructure that would protect human health, safeguard ecological sustainability and drive economic growth, however, requires a predictable investment environment. Investors want to be able to calculate risks.

Solar panel in a village in Jharkand state.

Photo: Nectoy/Lineair

Today, coal remains the centrepiece of India's energy supply. It accounts for about 60% of electricity generation and other fossil fuels for another 20%. A the same time, Indians emit about 80% less carbon per capita than Germans, showing that they consume much less energy.

Solar power was meant to illuminate India's route to clean-energy self-sufficiency with a generation capacity of 100 gigawatts (GW) by 2022. That would have required $100 billion worth of investments. That has not quite materialised. The current solar capacity is a mere 32 GW. Multiplication by the factor three is not feasible within two years. One target for 2022 is 40,000 GW of solar roof-top capacity, but India is two to four years behind schedule, according to the IEEFA.

Nobody questions India's enormous potential, but making grand promises is easier than keeping them. The administrative and financial constraints are worrisome. Trade duties on solar panels from China have slowed down implementation, but they proved ineffective in terms of protecting domestic producers. The introduction of the new goods and services tax was disruptive too. It is basically a value-added tax (VAT) with six different brackets. As far as renewables are concerned, a major problem is that different brackets apply to different components. Intellectual-property rights and access to technology are other hurdles.

Various delays triggered a downward spiral. Tim Buckley from IEEFA says the lost momentum most likely puts the 2022 targets out of reach. Apart from 100 GW capacity for solar power, they include 60 GW for wind power, ten GW for biomass power and five GW for hydro power from small dams.

The target for the financial year 2029/30 is 450 GW of renewable generation capacity for the national grid. In principle, that is feasible. Experts see a potential for generating 300 GW of wind power alone at 100 meters above ground level. Late last year, not even 37 GW had been installed.

The IEEFA points out that suppliers who feed renewable power into the national grid get 2.43 rupees to three rupees per kilowatt hour. That is 25% to 33% below the tariff for coal-based power. The financial incentives are thus not set in a way that would accelerate investment in renewables, though those responsible for grid-related expenditure certainly appreciate cheaper power.

Another critical aspect is energy storage. The sun does not always shine and the wind does not always blow. For the nation to rely on renewables, energy storage will be key. There are emerging options, and costs are declining. However, where there should have been fast-paced action, there is hesitation and even lethargy. Even the national parliament's energy committee has expressed grave concern because targets are not being met. Covid-19 can only worsen the delay.

For several reasons, India must not mess up the energy transition. With the world's third largest economy (measured in purchasing power parities) and a population of soon 1.4 billion people, its success is of global relevance. According to the BP Energy Outlook 2018, India will overtake China as the largest growth market for energy in the course of this decade. India needs energy – and solutions must be sustainable.

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RENEWABLES

Networks and storage needed

Renewable sources play an increasingly important role in the generation of electric power all over the world. To push development further, networks and storage facilities are now needed. They are essential for the next stage of the transition to sustainability. Otherwise, the energy revolution will not succeed and international climate targets will be missed.

By Friederike Bauer and Achim Neumann

In view of the climate crisis, the pace of transitioning to sustainable energy needs to accelerate. That said, progress in the energy sector is comparatively strong. It is transforming faster than other climate-relevant sectors, including transport, agriculture or manufacturing.

Renewable energy now accounts for around a third of the global power capacity. In 2018 alone, its share of electricity generation increased by seven percent. For the fourth year in a row, the growth of renewable power generation worldwide has outstripped the growth of fossil and nuclear energy combined.

The EU is also embracing reform and has recently announced a European Green Deal to become climate-neutral by 2050 (see box in Saleemul Huq's contribution in the Tribune section of D+C/E+Z e-Paper 2020/01). Decarbonising the energy sector is crucial in this context. Countries such as Sweden even want to make all electricity renewable by 2040. International pioneers like Costa Rica already meet 98 % of their electricity requirements from renewable sources and have sights set on reaching 100 % soon.

The main factor driving the fast growth of renewables has been the significant fall in costs. Wind turbines and solar installations have become much cheaper. Since 2010, solar power has become about 90 % less expensive and onshore wind power by around 35 % (see chart). This trend is encouraging ever stronger private sector investment. Falling prices make it feasible for business to engage in renewables-based power-plant planning, finance and operation.

FLEXIBLE MODERN NETWORKS

However, one aspect of the energy revolution is still underestimated: the switch from fossil to renewable sources changes the "character" of electricity supply. Once dominated by large, centralised power plants with a transmission infrastructure that had developed over time, the infrastructure now increasingly features small and decentralised power-generation facilities. Some are in remote areas.

As the sun does not always shine and the wind does not always blow, renewable energy is much more variable than the conventional power supply. Therefore grid management is becoming ever more challenging, including the need for specialised digital systems. In other words, power grids have to become more flexible so they fit the new circumstances.

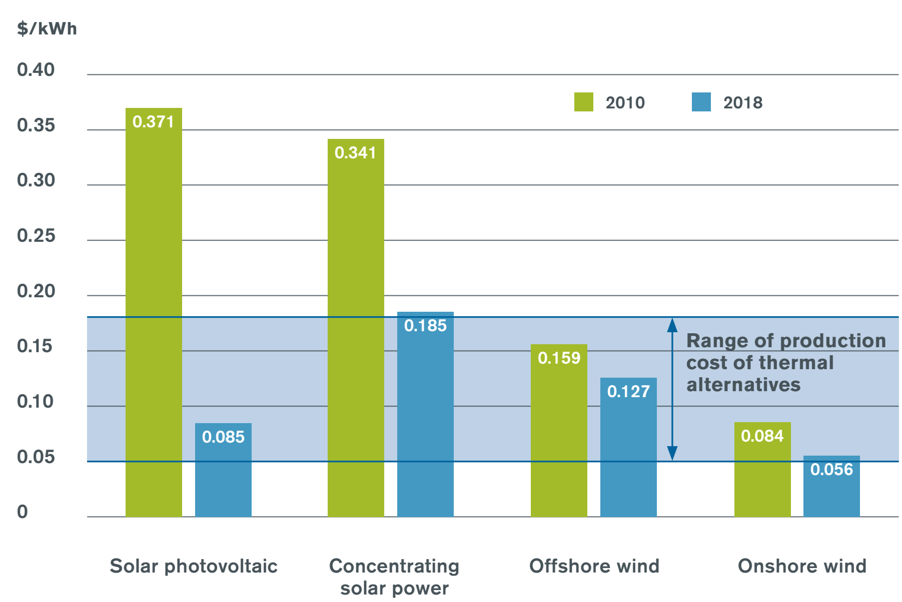
To achieve that, up-to-date grids and storage facilities are needed. Greater distances must be bridged, and provisions must be made for periods of reduced availability. Both tends to be lacking in many places. That is particularly true for developing countries.

The case of China shows what can happen when grids fail to grow in step with power capacity from renewables. The country is one of the leaders in renewable energy, especially wind energy. Wind turbines are being installed at the rate of one an hour. However, entire wind farms must sometimes be taken off grid due to insufficient transmission capacity. As elsewhere, wind farms in China are often in remote areas like mountain ridges, far from the centres of consumption. The result is absurd. A lot of electricity is generated sustainably – but not used.

Electricity storage matters too. The classic solution is to use excess power to pump water into high-level reservoirs which can then drive turbines at a later point in time. In many places, however, it does not work. The reasons include high costs, long planning cycles and topographical conditions. Batteries are thus an increasingly important short-term option.

Hydrogen is another option. Produced by sustainable means, it permits environ-

Power generation costs from renewable sources



Source: IRENA, chart KfW Bankengruppe

mentally friendly long-term energy storage. It contains energy that can be used to generate electricity at any time, including seasons with comparatively little wind or sunshine. Hydrogen, moreover, can power fuel cells, for example in transport. Some have suggested that sun-rich developing countries could one day supply large quantities of green hydrogen to the global north. At present, this is still a distant vision – but it would offer huge opportunities for all parties involved.

ENERGY EFFICIENCY THE "CINDERELLA OF THE ENERGY TRANSITION"

Energy efficiency is relevant too. Its potential is far from exhausted. Dubbed the "Cinderella of the energy transition", the International Energy Agency (IEA) actually considers it the "world's first fuel": the reason is that it can be tapped in every single country. It is the most cost-effective way to boost energy security and reduce carbon emissions at the same time. The IEA particularly sees scope for improvement in the heating and cooling systems of buildings and transport.

KfW Developing Bank is involved in the construction of energy-efficient buildings in places like Mexico and Montenegro. The Balkan country plans to equip all of its 2,500 public buildings with up-to-date energy-management systems. "Smart meters" will automatically monitor consumption and feed the readings into a database. They will be combined with better insulation as well as photovoltaic panels for onsite electricity generation and solar thermal systems for heat generation. This way energy consumption can be reduced by 25 % to 80 %. The amount of KfW Development Bank commitments for energy efficiency has increased last year. Plenty potential to support many more meaningful products remains.

Over time, the funding of KfW Development Bank is gradually shifting – away from investing in power-generation capacities towards projects that improve energy systems in a more holistic way. Additional generation capacities will still be needed, of course, but the main goal is to develop markets and mobilise private funding for energy efficiency and reliable infrastructure based on renewables.

As for mobility, the transition to sustainability is only just beginning. What is lacking at present are comprehensive concepts, market-ready technologies, support infrastructure and the will to make it all happen. One thing is obvious nonetheless: transport transition is inseparably linked to energy transition. Only if both are completed, will the greatest transformation since the industrial revolution be achieved.

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Investing in better networks

For a long time, the development of renewable energy has not been confined to industrialised countries anymore. Today, the lion's share of growth is happening in the developing world, but it is not spread evenly. The top countries generating electric power from renewable sources include Brazil, India, Turkey, Mexico, the Philippines and Costa Rica. On behalf of Germany's Federal Government, KfW Development Bank has supported this trend in countries concerned.

For example, it made the largest single contribution to financing Africa's most powerful solar complex. The facility is currently under construction in Morocco at Ouarzazate. It will soon produce eco-friendly electricity for 1.3 million people. KfW is also financing windpower plants in Egypt as well as geothermal power plants in Kenya and Indonesia.

The development bank is increasingly focusing on investing in networks and storage facilities. In Tunisia, for example, the bank is funding North Africa's first grid-connected battery-storage facility near the city of Tozeur in conjunction with two solar parks. KfW is also engaged in India. The country's formerly largest solar power plant came on stream in 2013 in Sakri. That event marked the breakthrough for photovoltaics in India. Today, thanks to the fall in costs, development of this technology is driven by the private sector.

Sakri triggered the development of "green energy corridors". More than 7,500 kilometres of power lines have been installed to carry electricity to the country's high-consumption areas. KfW is supporting such measures to the tune of €1.4 billion on behalf of Germany's Federal Ministry for Economic Cooperation and Development (BMZ).

In West Africa, too, there is considerable potential for low-cost electricity from wind, solar and hydro power, although it is unevenly distributed across the region. Therefore, the Economic Community of West African States (ECOWAS) has set up the West African Power Pool (WAPP). Its mission is to build a regional power distribution network. On behalf of Germany's Federal Government, KfW is financing a number of transnational lines for the network, linking Togo to Benin, for example, and Senegal to Gambia. The development bank is also supporting the development of various renewables-based power plants.

German assistance is also flowing into a transmission network under gradual construction in the Balkans. The infrastructure project is deemed to boost the use of renewable energy by permitting the exchange of electricity between Albania on the one and Montenegro, Kosovo and North Macedonia on the other hand.

fb/an

Covid-19 diary

Authors and correspondents from Germany and abroad have contributed to our diary. Their articles do not necessarily reflect the current state of affairs. The relevant date is the indicated day of publication on our website.

Photo: Elshamy/picture-alliance/AP Photo

29 APRIL 2020

Two daily meals of porridge

Uganda's poor are struggling with the Covid-19 lockdown. The government has begun to distribute food to vulnerable people.

By Gloria Laker Aciro Adiiki

Rachel Namaganda is an unemployed mother of five. Her children are four to 13 years old. The family lives in Wakiso District, which surrounds the capital city, Kampala. Rachel says she is finding it hard to feed her kids: "Every sunrise, I am not sure what my children will eat." They currently eat two meals per day – and both consist of porridge. Many people share that fate.

According to Hillary Onek, Uganda's minister for relief and refugees, 30 % of the urban population currently need humanitarian aid. The background is the lockdown. President Yoweri Museveni first ordered schools and places of worship to close. Social gatherings have been forbidden. Later, public transport was stopped and non-essential workers told to stay at home. Moreover, a night curfew is in force. The lockdown will go on until 5 May. The country seems to be paralised. The lockdown caught many Ugandans unprepared and without food.

Food prices are rising fast. In some places, a kilogramme of beans now costs 6000 Ugandan shillings. That is twice the price of February. The government has warned against hiking prices, and some traders have been arrested. Need and desperation are driving prices nonetheless. Not getting enough to eat is especially tough for sick people. It reduces their recovery chances.

On the upside, Uganda's government began to distribute food items like maize flour, beans and salt to vulnerable people in Kampala and its suburban areas. Sick people receive extra food including sugar and powdered milk. The efforts are good, but do not reach everybody in need.

Apart from food scarcity, there are other worries. A Congolese refugee who rents a room in Wakisa District reports that she is sharing a washroom with 12 other neighbours. It is a "nightmare", she says: "Imagine the risk of touching a door handle infected with coronavirus; I am more scared of catching coronavirus than hunger."

People are tense, moreover, and domestic abuse is increasing. The Federation of Women Lawyers is registering more cases than it normally does. Lillian Adriko, the organisation's chief executive, says, it recently got 29 calls in a single week with women reporting domestic violence related to the economic situation. This is a high number, since this kind of violence, which is often linked to men's excessive alcohol consumption, is normally hushed up. Now, however, fighting often seems to erupt about who in the family gets how much to eat. The organisation is appealing to local leaders to try to resolve some of the cases at the community level.

On Monday 27 April, the media informed that 79 Covid-19 cases had been reported in Uganda. So far, no one has died of the disease.

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Soldiers delivering maize flour to needy people in a Kampala suburb.

Photo: Kabuubi/picture-alliance/AP Photo

Markets such as this one will soon be closed in Malawi.

Photo: Michael Runkel/picture-alliance/robertharding

23 APRIL 2020

Malawi judge blocks lockdown

Malawi's government wanted to issue strict lockdown measures to slow down the spread of the novel coronavirus from 18 April on. However, a High Court judge blocked implementation on 17 April. On 23 April the government indicated it would not challenge that injunction. Citizens are now asked, not ordered, to act in ways to prevent the spread of Covid-19.

By Raphael Mweninguwe

The government wanted to close all markets where people usually buy their daily food as well as all fast food stalls and restaurants. Nobody would have been allowed to go out without a permission from the responsible district council. During the lockdown, the police and the army were expected to enforce the rules. The duration was planned to be 21 days.

Most people in Malawi found the lockdown outlook more terrifying than the disease, though they acknowledged that Covid-19 is a serious challenge. Mary Nabanda, a 32-year old vegetable seller in Lilongwe, says: "The majority of Malawians are living from hand to mouth, and with this lockdown, life will be worse than the virus itself."

In some places, vendors organised rallies against the lockdown. They normally survive on selling small merchandise on the streets and in the markets. They were joined by labourers from bus depots who also fear to lose their income. An estimated 53 % of the 17.6 million people in Malawi live in abject poverty, according to official statistics. Millions of people suffer hunger already due to the drought that hit the country hard in the past growing season.

In view of this reality, the Human Rights Defenders Coalition, a civil-society group, turned to the High Court. It insisted that appropriate measures be taken to ensure people's food security was not put at risk, but also pointed out it did not oppose containing the disease.

The High Court suspended the lockdown for seven days in order to hear parties and thoroughly assess the matter. On 23 April, however, the attorney general indicated that the government would not challenge the court's injunction.

At the time of the court decision, Malawi had recorded 17 cases of Covid-19 infections and two related deaths, according to media reports. Another death has occurred since.

Saulos Chilima, Malawi's vice president, has criticised President Peter Mutharika's administration for planning a lockdown without properly considering the impacts on the poor. The vice president belongs to an opposition party and was reinstalled in office by the Supreme Court when, in a spectacular decision in May, it also annulled last year's election (see my comment in Opinion section of D+C/E+Z e-Paper 2020/03). That judgment made clear for all to see that Malawi's judiciary is a force to be reckoned with.

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23 APRIL

Debt swaps make sense

Donor governments must not let Covid-19 undo the development success of past decades, for example in regard to life expectancy.

By Christoph Hoffmann

Globalisation has led to rising incomes and higher life expectancies around the world. According to UN data, the global average life expectancy has doubled to 73 years since the beginning of the 19th century. Even in least developed countries, it has continuously been moving up towards the global average. Indeed, the global gap between rich and poor countries has been narrowing. One can attribute this success to economic development, which was supported by the UN as well as western countries, including Germany and France.

Not much scope for social distancing: a soldier enforcing South Africa's lockdown in a township.

Economic growth, however, is not the only determinant that explains longer life spans. Even more important are the expansion and reinforcement of health-care systems. Statistics show that the correlation between health-care spending and life expectancies is particularly close.

The pandemic-related shutdown of global supply chains puts such progress at risk. The recession may even reverse it. In this context, my rather provocative conclusion is that the current economic downturn is a worse disaster than the immediate health problems the coronavirus is causing. The reason is that weaker economies are likely to translate into lower public-health spending, and that would cause many millions of casualties.

In countries like India or Brazil, social-distancing measures will only be possible in well-organised production facilities and middle-class housing with ample space. Many millions of day labourers work in informal settings in the slums of Mumbai, in Rio de Janeiro's Favelas and in African shanty towns. The virus will spread exponentially, killing the weak and the sick. As even informal businesses shut down, incomes are disappearing, exacerbating food insecurity.

The international community must not let the health-care systems and economies of developing countries and emerging markets collapse because that would cause thousands of fatalities. The countries concerned need liquidity – and fast. In this setting, all official development assistance (ODA) should now be disbursed in the form of grants. Right now, we must not make the debt of the most vulnerable countries grow further. Germany's Federal Government, therefore, should fast implement the promise made by the G20 to suspend least-developed countries' servicing of bilateral debt. That step will increase partner countries' fiscal space for fighting the pandemic and boosting health care.

In the medium term, Germany's Federal Government must make use of debt swaps more regularly. It must use all respective earmarks in the national budget. The Federal Ministry for Economic Cooperation and Development (BMZ) should deliver on Minister Gerd Müller's statement according to which "now is the moment of the United Nations". The BMZ could now mobilise an additional €500 million in support of the UN and channel that funding to health care in developing countries.

German policymakers cannot only consider domestic infection figures and death rates. We must think long term and take into account the global impacts of shutting down our economy and private lives. The longer the lockdown lasts, the more global life expectancies will be reduced. The faster we escape the deadlock, the fewer casualties we will see. We must use all available means to restart the economy responsibly – at home and internationally.

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Photo: Yeshiel/picture-alliance/Xinhua; Fuchs

19 APRIL 2020

Why lockdowns may prove deadly

In countries with low and middle incomes, a large share of the urban poor depends on their daily incomes from informal work for their survival. Lockdown policies do not take that into account.

By Axel and Katharina Michaelowa

To slow down the spread of coronavirus, many developing countries are following the example set by industrialised countries by imposing strict lockdowns. They require people to stay at home and refrain from economic activities. However, governments tend to severely underestimate the impact on the poor.

Nigerian police officer arresting man for disobeying lockdown

On 12 April, Tedros Adhanom Ghebreyesus, the director general of the WHO stated clearly: "In countries with large poor populations, the stay-at-home orders and other restrictions used in some high-income countries may not be practical. Many poor people, migrants and refugees are already living in overcrowded conditions with few resources and little access to health care. How do you survive a lockdown when you depend on your daily labor to eat?"

While governments claim they will be able to feed the poor masses, information emerging from key countries like India suggests that such assistance is patchy and does not replace the daily earnings. Moreover, in cramped urban slum conditions, any social distancing is illusory.

Coronavirus is deadly mostly in age groups beyond 60 years. Thus, the impacts of a coronavirus epidemic on a predominantly young population – as is typical of developing countries – are likely to be relatively limited. Furthermore, lockdown policies themselves cost lives in poor countries. This is not just due to brutality exerted by police officers enforcing the rules. In Nigeria, the police have reportedly already killed more violators of the lockdown than people have died from the virus. The main impact on lives is indirect: poor people cannot eat unless they earn money. Therefore, one does not even need to recur to a potentially morally questionable balancing between economic cost and the value of lives to get to the conclusion that a strict lockdown may be the wrong policy in poor countries. More, rather than less people may die.

There is one major caveat: no robust information is available regarding how coronavirus strikes in malnourished populations, especially if they also suffer indoor and outdoor air pollution. First quantitative research from the US suggests a significant link between air pollution and coronavirus mortality. Given the high incidence of indoor and outdoor air pollution in poor developing countries, this is alarming. We lack robust knowledge, so a dedicated research effort on coronavirus mortality given the multiple potentially relevant and reinforcing vulnerabilities of the poor (malnutrition, air pollution, other morbidities) is needed. To target policy responses effectively, we must urgently understand how the "cocktail" of mortality risks works.

Any lockdown lifting, moreover, should go along with systematic protection and isolation of highly vulnerable groups as far as possible. For example, the elderly and their caregivers would ideally be quarantined until a vaccine or a good treatment becomes available.

This is a huge challenge of course. No country so far has undertaken such an isolation strategy successfully. Historical experience from the 1918 influenza pandemics shows, however, that creating such "escape communities" can work. National governments in the global south must consider the related questions seriously, and they deserve massive support from bilateral and multilateral agencies.

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Photo: Olukayode Jaiyeola/picture-alliance/NurPhoto

17 APRIL 2020

Support Africa's private sector

The impact of Covid-19 on African countries will be harsh. A new research paper reckons that 19 million to 22 million jobs will be lost. Moreover, trade restrictions mean there are risks of limited access to health equipment. Food insecurity is set to get worse. Tourism, manufacturing and other sectors are contracting substantially. The study shows that support is needed urgently.

By Bruno Wenn

The research paper was prepared by scholars from leading think tanks as well as the UN Economic Commission for Africa on behalf of the Association of European Development Finance Institutions (EDFI). Among other things, EDFI wanted to know how its member organisations can – and should – support recovery. Put simply, the development finance institutions (DFIs) are government agencies that function like investment funds and have the mandate of supporting the private sector.

The report finds that the pandemic impacts already are profound and will get worse. A core problem is that African governments lack the financial resources to respond effectively. To date, international donors are focusing primarily on supporting the public sector. The authors insist that the private sector will require aid too. Job losses must be minimised, and livelihoods must be preserved. According to the research paper, EDFI members are well positioned to channel relevant support to businesses in crises, provided they are themselves supported generously by their governments and donors.

Work must go on – a carpenter in Benin in better times.

Photo: Jorgen Schytte/Lineair

The report points out that European governments have made large-scale financial commitments to support their own markets, but that many African governments lack the resources necessary to do anything similar. The international community has begun to respond to that need, but it has not been paying attention to the private sector.

On 15 April, for example, the G20 decided to allow low-income countries to suspend the servicing of bilateral debts from May to the end of this year. That was a good step, but more will be necessary. Moreover, it will not really ease the plight of private-sector companies in least-developed countries.

Development finance institutions have a history of acting as economic first responders. Their established presence in Africa means that they can act fast. According to the report, EDFI members directly and indirectly employ 5.4 million people in the poorest economies. They are ready to channel liquidity into African businesses.

Because the scale of the crisis is so great, however, DFIs will need considerable financial support themselves to intervene effectively. The research paper therefore recommends that some existing aid financing be redirected to DFIs. Moreover, the authors want credit criteria to be loosened for DFIs to take on more risk and commit more funding. The hope is that steps of this kind, if taken quickly, will prevent the economic contraction from becoming a major development failure.

The economic impacts of Covid-19 will persist beyond the immediate lockdowns. We must not only address the public health crisis, but also have to support private businesses. And we must act now.

LINK

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16 APRIL 2020

Pandemic apartheid

In India, Hindu-supremacists are now using Covid-19 to hound the Muslim minority.

By Arfa Khanum Sherwani

"Covid Jihad" is a slogan that has become popular among India's right-wing populists. They blame the novel coronavirus epidemic on Muslims. They do so on private TV networks and social-media platforms.

Muslims are regularly made scapegoats in today's India (see my essay in Tribune of D+C/E+Z e-Paper 2020/03). According to the hate mongers most recent poisonous narrative, Muslims are intentionally spreading the disease. As a result, Muslim vegetable vendors or cabdrivers have been attacked. In view of the pogrom that rocked Delhi in February (see Blog post by Hans Dembowski on our D+C/E+Z website), many Muslims fear the ongoing hate campaign may lead to violence against them. As they tend to belong to the poorest sections of society, many feel helpless.

The hate rhetoric escalated in March after the Tablighi Jamat, an Islamic missionary outfit based in Delhi, held a meeting with few thousand people at its headquarters. It is an orthodox Sunni organisation, but certainly not extremist. Its network has a presence in more than 100 countries around the world.

Many infections in India can indeed be tracked to this meeting, which began before Prime Minister Narendra Modi's national lockdown started on 25 March. The Tablighi Jamat claims that it did not organise any congregation, and that it functions as a residential complex for Indian and international Jamatis all around the year. While it certainly should have acted more responsibly, the accusation that it intended to infect participants in order to spread the disease is obviously absurd. Hindu-supremacists want people to believe that, what obviously was a tragedy, was an evil conspiracy.

At the same time, many Hindu festivities went on, all too often with the involvement of politicians from the ruling party, the BJP. It often turns a blind eye when its members breach rules, but its spokespersons on TV and trolls on social media hold every Muslim in the country accountable for any failing by any Muslim. If this anti-Muslim hate propaganda is not contained fast, we may soon face nothing short of "pandemic apartheid" - at least in some pockets of Indian society.

Since Modi's re-election in May last year, there has been an increasing tendency for anyone who challenges the dominant narrative to be attacked. One example is Siddharth Varadarajan, founding editor of the website The Wire, which I work for. He published a fact-based account of a Hindu religious event in which Yogi Adityanath, one of the most aggressive BJP leaders, participated in – in contravention of the national lockdown. He publicly corrected an irrelevant inaccuracy in the original story, but it became the pretext for police action.

Adityanath is the chief minister of Uttar Pradesh (UP), India's most populous state. Because of the article, the UP police registered two criminal cases against the editor. The police also demanded that he travel 690 km to eastern UP to answer questions during the lockdown. Following a public outcry, the police back-tracked a little and said he could testify via email. Nonetheless, the action against him is an attack on press freedom. It is designed to intimidate not just media workers, but anyone who dares to speak up against Hindu-supremacism.

Yogi Adityanath, a BJP leader, observing a religious ceremony, not lockdown, on 25 March.

Photo: Amar Kumar/picture-alliance/AP Photo

LINK

"Editors Guild criticises U.P. govt.", report in The Hindu, a daily newspaper:
https://www.thehindu.com/news/national/editors-guild-criticises-up-govt/article31322888.ece

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15 APRIL 2020

A World Bank perspective

Humanity needs a united response to the novel coronavirus. In a brief essay, Jürgen Zattler has spelled out his personal views concerning the matter. He represents Germany on the Bank's executive board. The complete essay was published by the Center for Global Development, a Washington-based think tank, to coincide with this year's virtual spring meetings of World Bank and IMF (14 April to 17 April). The meetings are taking place in a digital format. Here are some of Zattler's important insights.

By Hans Dembowski

The global Covid-19 crisis teaches us several lessons. According to Zattler, they include that "human and animal health are interdependent and bound to the health of the ecosystems in which they exist" and that "a weak health system in one country can threaten the entire world, and pockets of poverty can foster the uncontrolled spread – even in high-income countries'." That means that "we are all in this together" and that "strong public institutions" are essential, both at national and supranational levels.

Most economists expect the global downturn now to prove more devastating than the one that started in 2008 after the collapse of Lehman Brothers, the investment bank. The impacts on developing countries will most likely be particularly hard, with remittances falling, commodity prices dropping and capital outflows reaching record levels. Zattler warns of "looming food crisis". Governments' emergency programmes to reduce the economic impact and stimulate business are important, but they should also serve the achievement of long-term goals, he demands:

"If companies are not liquidated, workers not fired and business relationships not cut off, the recovery will be stronger after a period of forced "hibernation". But this should not be an unconditional life-line. It is important to ensure that this stimulus is "future-fit" and supports the structural transformation of our economies. As the UN secretary-general put it: 'recover better' – with more inclusive and sustainable models of development, such as tax incentives for green investments (e.g. in energy efficiency) or extending public 'green' infrastructure, as well as supporting local entrepreneurs to pilot innovative ideas."

The World Bank's current action, according to Zattler, is organised along "three lines of defence":

- The first is to boost health care in partner countries.
- The second is economic stabilisation, expanding partner countries' fiscal space, including for social-protection transfers without which the development gains of recent decades may be lost.
- The third is to keep private-sector businesses viable.

The board member acknowledges in passing that debt problems are making it harder for many governments to respond to the crisis.

Zattler regrets that an internationally-coordinated global response to the global Covid-19 crisis is made more difficult by weaknesses of the multilateral system: "Unlike in the security sector with the UN Security Council on top, there is no overarching international governance structure that deals with economic risks."

A global panel assessing risks the way the Intergovernmental Panel on Climate Change does, would be helpful, Zattler writes. It would also make sense to establish something like a World Crisis Committee led by the UN secretary-general. That proposal was made by Gerd Müller, Germany's Federal Minister for Economic Cooperation and Development, to whom Zattler reports.

A core challenge is that national governments show inadequate interest in making efforts related to global public goods (GPG). For obvious reasons, they want others to take care of these issues. However, the current multilateral system also has only limited incentives to invest in GPG and crisis prevention, Zattler laments. That is true even of the World Bank.

"The World Bank's business model is based on country programmes and demand from member countries. This is a big strength and should not be changed. However, when crises, as the current one, have spill-over effects – the model of GPG, including crises prevention and reaction, gets challenged."

Zattler insists that humanity needs a stronger multilateral architecture:

"We can be certain that this will not be the last global crisis – with other pandemics looming, climate change accelerating, and biodiversity vanishing; not to speak about local and regional crises such as expanding bushfires and the current locust invasion in East Africa. Just as with coronavirus – there are several other, potentially more disastrous 'curves'' that ought to be 'flattened' – in and beyond our lifetime."

Copper smelting in Zambia: commodity prices have plummeted because of Covid-19.

Photo: Damian Gillie/Construction Photography/picture-alliance/Photoshot

LINK

Zattler, J., 2020: "Never let a crisis go to waste!"
https://www.cgdev.org/blog/never-let-crisis-go-waste

7 APRIL 2020

Science-based protection

Before spreading in Africa, Covid-19 affected Asia, Europe and North America. In early April, Africa only had comparatively few cases. There are reasons to worry that the scenario may deteriorate fast. Authorities must contain the disease by implementing evidence-based and context-specific measures.

By Benjamin M. Kagina

The experience of other continents shows that the strategies to contain the new coronavirus are:

- to detect infected individuals as early as possible by testing,
- then quarantining positive cases and treating the severe ones,
- tracing, tracking and testing people who had been in contact with individuals,
- social distancing in society, whether one is positive or not,
- hygienic practices such as correctly washing hands with soap or effective sanitising agents and
- wearing protective gear, including masks and gloves, if infected or caring for infected patients.

It is obvious, moreover that successful implementation hinges on:

- community participation,
- strong national health-care systems and
- the political commitment and effectiveness of national leadership as well as,
- effective cooperation at national, regional and global levels.

The point is that messaging has to be coherent and convincing. Moreover, people need to see that systems are working to protect them.

Africa's health-care systems are generally weak. Typically, they lack sufficient funding and staff. Moreover, institutions in general tend to be weak. Against this background, Covid-19 is likely to prove more devastating than in prosperous nations. On the upside, global, regional and national collaboration has already yielded significant gains. At first, only two African countries had SARS-CoV-2 testing capacities. By 7 April, that number had risen to 47. Testing capacity was continuously improving.

Informal urban settlements cause concern nonetheless. They are characterised by overcrowding, endemicity of tuberculosis (TB) and HIV, as well as limited access to water and basic services. All of this will likely fuel the spread of Covid-19. Some 200 million to 300 million people live in such conditions. Their neighbourhoods are too densely populated for stringent social distancing. Harsh measures to enforce a lockdown, however, cannot work in places where people depend on daily wages for their livelihoods. Ultimately, evidence-based and context-specific measures will ultimately determine success. Otherwise, the pandemic is likely to take a massive toll on human life.

African governments have closed borders, declared states of disaster or emergency, imposed curfews or even imposed a complete lockdown. They are investing in health-care systems. Their public awareness campaigns rely on mainstream media as well as social media. Hotline numbers allow people to contact relevant government offices.

Most likely, additional response measures will be developed and implemented. Mobile phones are common, and Africa has come up with valuable digital innovations in recent years. Creative solutions are needed now, especially in health care.

Globally and in Africa, the economic consequences of the Covid-19 pandemic are already obvious. Many businesses are at risk of collapsing and this is already resulting in the loss of jobs. Supply chains of essential goods and services are threatened. So far, it is hard to see how African governments can limit the economic damage. They do not have the financial resources to pass rescue packages of the kind seen in the EU or the USA.

The pandemic will amplify food insecurity in Africa, already a major concern as millions of people suffer from starvation and under- and malnutrition. The negative impacts on the immune systems of the people concerned make them more susceptible to infections. No doubt, African countries now require global solidarity.

The pandemic also creates opportunities in the longer run. Authorities will better understand the connection between health and economy, and that should catalyse the strengthening of health-care systems. Strong regional cooperation established now can create a framework for better coordination in the future.

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Testing capacities are improving fast: Kenyan lab assistant attending to a patient before a test.

Photo: Brian Inganga/picture-alliance/AP Photo

7 APRIL 2020

Fear, anxiety and panic

Zambia's government has moved fast to contain the Covid-19 pandemic. Nonetheless, this least-developed country is ill-prepared to cope with the impacts. Masses of poor people cannot observe the two-week lockdown that started in March.

By Frank Masanta Jr.

Early on, the World Health Organization (WHO) listed Zambia as one of the 13 African countries at high risk of importing the deadly Coronavirus. On 18 March, Zambia confirmed its first cases, involving a couple who had travelled to France. By 6 April, the number had risen to 39, and one patient had died. According to the government, Lusaka, the capital city, is the epicentre.

Fear, anxiety and panic are spreading among Zambian citizens. The government put in place some interventions to help contain the virus. An emergency fund was set up to provide resources for surveillance, response and preparedness. Citizens can reach a call centre toll-free by phone. Isolation centres have been established at district level across the country. State agencies are procuring disinfectants and personal protective equipment including gloves, face masks et cetera. Health-care workers and government officials, including immigration and customs officers, get special training. However, Zambia is a least-developed country with weak capacities, so bottlenecks and implementation deficits are to be expected.

In a national address in late March, President Edgar Lungu suspended all international flights – except those landing and departing from the Kenneth Kaunda International Airport in the capital Lusaka. He ordered gyms, bars, casinos and night clubs to be closed. Restaurants may only sell takeaway food. Social gatherings have been restricted to 50 people. Schools have been closed indefinitely.

People are afraid of two things: falling sick and suffering hunger. The economy is slowing down and especially people who depend on daily wages are dropping into desperate deprivation. Adding to the problems, misunderstandings, misinformation and myths concerning Covid-19 affect many people. Where I live, some people think that drinking strong alcoholic beverages prevent infections. Others believe that the novel coronavirus was created as a biological weapon for World War III. It would be helpful if people understood the science of infections mostly being caused by droplets infected people produce when they cough, sneeze or speak.

Coronavirus has the potential to become a big problem in Zambia. The economy is weak and so is the health-care system. Poor people will not be able to observe the lockdown. Government resources for cushioning impacts on disadvantaged communities are limited. Public transportation is still operational in spite of warnings that it may spread infections. It is the main means of moving about. Water and sanitation are challenges even in the best times – and now it seems we are heading for the worst.

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3 APRIL 2020

Global responsibility

Global action is more important than ever in a pandemic. This is shown by the way we tackled an epidemic that at first glance did not affect us at all: Ebola.

By Anne Jung

Germany's Federal Government has launched a €122 billion rescue package to ease the burden on the self-employed, small businesses and mini-companies in the Corona crisis. Basic income support has also been promised. This is unique and unprecedented action.

Another intervention made fewer headlines. Almost at the same time as the debate was going on in the Bundestag, the UN announced it would provide $2 billion for a "global humanitarian response". The idea is to fight Covid-19 across South America, Africa, the Middle East and Asia. That is less emergency funding than earmarked for Lower Saxony, a West German state.

In view of the Covid-19 emergency, people are focusing on national perspectives. Europeans, however, must not lose sight of our responsibility for globalisation and its impacts. The pandemic is causing a global economic crisis which will deepen inequalities, reveal gaps in national health services and intensify other social and environmental problems. The poorer world regions must not be left to themselves.

Depressingly, the international community did not heed the lessons of the West African Ebola outbreak 2014 to 2016. We should have. We would then be in a very

The world should have learned lessons from the Ebola epidemic in West Africa: Health workers in Liberia in January 2015.

different position today. Important lessons include that health systems need to be under public control (see Andreas Wulf in Focus section of D+C/E+Z e-Paper 2020/03). Everybody, regardless of income, must have access. Otherwise, epidemics spread fast.

During the West African Ebola outbreak, some 20,000 people were infected. Almost half of them died. The virus found perfect conditions for spreading in the three countries concerned. The health systems of Guinea, Liberia and Sierra Leone still are among the world's weakest. Due to the epidemic, general health care deteriorated. The number of malaria deaths doubled, maternal mortality went up again and new cases of measles infection increased.

For a long time, the world looked on and did nothing. The quarantine policy that followed was so radical that exports of the three countries slowed down dramatically. People continued to suffer the consequences long after the epidemic was over (see Shecku Mansaray in Focus section of D+C/E+Z e-Paper 2020/03).

At first, communities at the grassroot level and their leaders were not involved in the Ebola response. Accordingly, health workers in white protective clothing met massive mistrust. Life-saving information campaigns only became effective once all relevant social forces were systematically involved. In the Ebola crisis, the people of West Africa physically experienced both the absence of their respective nation states and the failure of the international community. The societies concerned lacked the health and education infrastructure they desperately needed. Thousands paid the price with their lives. To some extent, natural resources, including bauxite, coltan, cobalt and many more, were still exported to the global north, but that did not result in any funding for building infrastructure for social services.

A vaccine against Ebola was developed and proved helpful. Once the virus was contained, however, attention shifted away from how important good health systems with universal access are. Today, Sierra Leone, a country with at least 7 million people, still has fewer doctors than Frankfurt's University Hospital. Frankfurt has about 700,000 inhabitants and several other hospitals plus many clinics and general practitioners.

The next outbreak of Ebola, in the Democratic Republic of Congo in 2018, got hardly any international attention. It was not perceived to be a global threat.

For years, the World Bank has been urging countries in the global south to seek private finance to tackle health issues and create emergency programmes based on credit. The problem is that profit-driven health care cannot create the conditions nations need to rise to current and future challenges. The truth is that privatisation has led to devastating underfunding of health care around the globe.

Humanity needs a better approach. Immediate debt relief is needed for the poorest countries. Moreover, international funding mechanism must make good health care feasible around the world. Otherwise, even the most obvious lessons of the Covid-19 pandemic will be forgotten fast once it is over – and the world would sleep-walk into the next disaster.

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https://www.medico.de/en/

Photo: picture-alliance/AP Photo

A woman washing her hands before entering a bus ticket office in Kigali, Rwanda.

31 MARCH 2020

African responses

Sub-Saharan health-care systems tend to be weak. Accordingly, it is essential to slow down the spread of the novel coronavirus. Governments have been responding fast, but the continent may nonetheless be overwhelmed rapidly. Compounding the problems, African nations lack the resources to stabilise markets and stimulate economies.

By Hans-Joachim Preuss

This time the virus did not come from the bush. The starting point of the coronavirus pandemic that is currently spreading in Africa was the airports.

By the end of January 2020, some of the 5,000 African students enrolled in universities in Wuhan, China, had already returned to the continent and were isolated as a precautionary measure due to flu-like symptoms. Two weeks later, Egypt confirmed the first Covid-19 case.

By the end of March 2020, 46 out of 55 countries on the continent were affected. On 30 March, the front-runner was South Africa with 1187 cases, followed by the North African countries with respectively more or less 500 cases. It is no longer only travelers and returnees from Asia, Europe and North America who are spreading the virus. Many others are infected as well.

It can be assumed that the infection rates will continue to rise for some time. At the moment, the numbers are developing dynamically, but also very differently from country to country. Despite the rapidly increasing availability of diagnostic tools, many infections probably still go unnoticed. Tests are not available in the major cities, and not even in sufficient numbers there.

Jack Ma, the Chinese internet billionaire, donated one million test sets to the African Union (AU), and Ethiopian Airlines delivered them to affected countries. More testing will lead to more diagnosed cases. It is, however, not always clear whether published figures correspond to reality or are glossed over by governments.

Compared with other world regions, Africa is poorly equipped to treat the disease. Only a few countries, including Kenya, Nigeria and South Africa operate functioning isolation wards and, in normal times, have sufficient facilities for intensive care. That is true of North Africa too. In most African countries, however, health-care systems are always overburdened. These countries are in no way prepared for a mass outbreak of Covid-19 with rapidly increasing patient numbers.

ONLY TWO DOCTORS PER 10,000 INHABITANTS

About two thirds of African countries have less than two doctors per 10,000 inhabitants. For comparison: Italy, which is currently completely overloaded, has 41 per

Photo: picture-alliance/XinHua

10,000. Italy has about three hospital beds per 1,000 people. Most African countries have less than one.

Hoping for substantial foreign aid through medical teams in the short term is probably a risky assumption. It is true that a medical corps was established at European level under the impression of the Ebola epidemic that hit West and Central Africa in 2014. France, Italy and Germany, among others, agreed to send medical teams to developing countries affected by medical emergencies. However, it is precisely these three countries that are currently hardest hit and need most of their capacities to cope with their own coronavirus crisis. It should be noted, moreover, that foreign helpers initially represent an infection that should be controlled by two-week quarantines.

Africa must slow the spread of the disease if it cannot be completely stopped. Initially, responses to the pandemic aimed to prevent the virus from entering the country. Experience shows that it is essential to fast restrict infected persons' mobility and physical contact with others. It makes sense to close shopping malls, centres of entertainment and other places where people tend to gather.

Almost all African countries initially closed their airports to commercial intercontinental flights. More than a third also closed their terrestrial borders. Those who arrived before the closure were usually told to go into self-quarantine at home or were isolated by the government in rented hotels. Government members cancelled their trips abroad. Governments closed also schools and universities. In late March, curfews were still rare, and so was the declaration of national emergencies.

Some countries, for instance Burkina Faso, have banned large gatherings of people. The country's trade unions postponed protest marches.

Faith leaders have taken action too. The Archbishop of Lagos has banned the use of holy water and recommends disinfectants instead. The High Islamic Council of Algeria has welcomed Saudi Arabia's closure of holy sites and cancelled pilgrimages to Mecca. After consulting their oracle, the Fâ, the priests of Vodun in Benin, recommend that trips to the hinterland should be avoided if possible.

Rwanda, innovative as usual, has installed mobile washbasins at bus stations and is telling passengers to wash their hands before boarding. Taxi drivers in Togo have been asked to equip themselves and their passengers with protective masks, which are hard to get however. They have also been admonished to keep passengers at a sufficient distance – on the back seat for example. The lists of regulations and guidelines are as varied as the countries of the continent. So far, there is no coordinated approach at continental or regional level.

Overall, however, African governments have responded fast. The continent has experience with Ebola, Lassa fever and HIV/AIDS, so people are in principle prepared to accept temporary limitations. Many people understand that handshakes and hugs should now be avoided. At the same time, there is a huge gap between the pithy decisions at the top and their implementation by inadequately equipped and insufficiently prepared agencies.

LIMITED SCOPE FOR SOCIAL DISTANCING

Moreover, some rules are hard to follow. In far too many places, access to water and sanitation are limited. People depend on crowded minibuses. Motorcycle taxis sometimes carry up to four passengers. Informal workers – more than 90 % of the labour force in most countries – need their daily wages and cannot afford to stay at home because of mild flu symptoms. People on low incomes are unable to stock up on supplies. They must buy daily essentials in crowded markets. Citizens without health insurance only visit health facilities when they have serious health problems.

What impact the pandemic will have on Africa is impossible to say. On the upside, Africa has many young people and only a small share of aged people, who are especially affected by Covid-19. On the downside, other parameters of co-mortality are worrying. They include the prevalence of infectious diseases such as tuberculosis, which affects 2.5 million Africans each year and kills half a million.

The economic damage this global crisis will cause in Africa will be of a magnitude that can only be described in broad terms at present. The currently introduced measures to contain Covid-19 alone are estimated to amount to around $10 billion. Export revenues will drop, as commodity demand is reduced. Not only oil suppliers such as Nigeria, Angola and Algeria will experience falling foreign exchange earnings. Countries that export mineral and agricultural raw materials will be hit too, though gold and diamonds will prove exceptions. The AU estimates that average growth in Africa will halve to 1.8 % in 2020. That would be less than the population growth.

Sectors that have a major impact on the income and employment of poorer population groups will also suffer. Tourism has collapsed, and so has the trade in cut flowers and tropical fruits. Border closures reduce intra-regional trade. Transfer payments from migrants on whom entire families depend will fall significantly.

The United Nations has so far only called for humanitarian aid for Africa in order to increase the resistance of those affected. Relief efforts, including the provision of sanitation, diagnostic laboratories or mobile shelters for quarantine patients, should start as soon as possible. Because even if it is possible to "flatten the curve in Africa" and contain the pandemic, other illnesses must be treated once restrictions are lifted.

Measures to strengthen the economies of Africa should be envisaged. The debt of African countries, has risen sharply in recent years. To an unprecedented extent, private leaders are involved. Export and tax revenues will decline. Not one African nation has the resources to launch the kind of massive economic relief and stimulus programmes that EU members or the USA have recently adopted. The World Bank and International Monetary Fund are sending the right signals, but their scope for granting rather than lending money to countries in need is quite limited. The G20, following their digitised conference on 26 March, should launch a massive aid programme for Africa. A good start would be $100 billion dollars. That would be a mere 0.45 % of the 2.2 trillion the US Congress has approved for saving the US economy. So far, the G20 has only pledged $5 billion to stimulate the world economy.

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30 MARCH 2020

Science versus covidiots

Obscurantism is making it harder to prevent Covid-19, not only in South Asia. Though India's lockdown was poorly planned, we must hope it will prove effective.

By Aditi Roy Ghatak

The deadly Covid-19-pandemic has spawned a new word for a new category of people: covidiot. Several leaders – political as well as religious – are fighting to enter its ranks.

- Kailash Vijayvargiya, the general secretary of the ruling Bharatya Janata Party (BJP), averred that Covid-19 could not harm a country that has "33 crore (3.3 million) gods and goddesses".
- While organising an All Pakistan Sunni conference in Lahore on March 21, Muhammad Ashraf Asif Jalali, a Pakistan cleric, confidently asserted that "no one can get sick except as per the will of God" and should anyone get infected at the conference, the Pakistan government should "hang" him.
- Pastor Rodney Howard-Browne encouraged members of his Tampa, Florida-based megachurch congregation to shake hands (a few Sunday's back), proclaiming that his church would remain open because the Lord would keep Christians safe there.

Many others represent the face of obscurantism that is hurting the global fight against the pandemic. Fundamentalist forces have a vice-like grip on the hearts and minds of large swathes of the global population. Indians, for instance, have been under a communications assault insisting that the consumption of cow urine would provide a bulwark against the disease.

Jawaharlal Nehru, India's first prime minister, declared the institutions of science and technology to be the "temples of modern India". Since his time, a scientific mind-set has developed, and a far greater share of the people get a school education. Ever more people understand that Nehru's temples are more reliable saviours than those of all religious denominations.

Nonetheless, retrograde beliefs are still alive, even among the educated elite. When today's prime minister, Narendra Modi of the BJP, asked Indians to applaud doctors from their windows and balconies by clanging utensils, much of the country chose to convert it into a festival, moving out in large processions, ringing bells, beating gongs and making noise with all sorts of utensils. Those gatherings added to the nightmares of the medical profession.

Not much social distancing: migrant workers hoping to catch a bus home in Delhi on 29 March.

On March 24, Modi announced a three-week national lockdown. However, his government did little to ensure that about 139 million migrant workers and their families, who make up 10 % of the population, could return home. Many have got stranded without jobs, shelter or food. Bus and railway stations are teeming with people trying to get home while others have started a long trek, walking home with no food or water. While state governments are trying their best and the civic community is helping, the problem is still serious. The police are helpful at times, but sometimes they harass the poor.

The situation in India's densely populated slums is critical too. Social distancing is hardly an option. Not every slum has running water moreover.

While the government obviously did not think through the lock-down, it is significant that Modi made a firm statement in favour of social distancing though there were some people in his Hindu-supremacist party who were planning religious festivities. At the same time, Pakistan's Prime Minister Imran Khan still opposes a nation-wide lockdown, though subnational authorities have become active. Pakistan has the highest figure of confirmed coronavirus cases in South Asia. Clerics oppose the limiting of mosque gatherings, and the government failed to adequately test and quarantine thousands of pilgrims returning from Iran.

Preventing the disease is even more important in South Asia than in richer world regions because health systems are much weaker. Italy has 3.2 hospital beds per 1000 inhabitants; India has 0.5. The situation is similar in neighbouring countries. So far, there is only minimal testing and an acute shortage of protective wear.

It is too early to say whether the Indian prime minister's lockdown message to the nation – "Step outside in the next 21 days, and you set this country back 21 years" – came too late. Faced with the pandemic, however, Modi is finally turning to science. Nepal and Bangladesh have lockdowns too, Sri Lanka has a curfew. Will these measures be effective given various administrative shortcomings?

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