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Jeffrey Sachs, director of Columbia University's Earth Institute: Governments meet in Doha this weekend to review the global system of development financing, the means by which resources flow globally to support sustainable development. The system is broken, though the conferees are unlikely to say so clearly.

Just as we need an overhaul of financial market regulation, we also need an overhaul of development finance, if we are to address problems of poverty, hunger, and climate change.

Development financing involves three main processes: development aid for the poorest countries, those which cannot attract market-based financing for necessary investments; direct and portfolio investments, mainly for emerging markets and resource-rich poor countries; and financing for global public goods, such as climate-change mitigation and adaptation.

Aid flows are far below promised levels and are unpredictable; market flows are heavily concentrated in a few countries, and are subject to panicky reversals; and global public goods are disastrously under-financed, good intentions without backing.

There is no point of accountability. When aid is promised but not delivered, nobody really cares except the poor countries themselves. And more often than not, the poor get blamed for some malfeasance or another as the reason why aid has not flowed. Development ministers piously proclaim that they will honour their commitments, such as to double aid to Africa by 2010, even as their finance ministers are cutting their aid budgets. What is shocking is that the rich world has not been able to organise itself

to increase aid to Africa by a measly \$25bn per year (less than 10 cents per \$100 of rich-world income), even as they have committed at least \$2,500bn in the past month for financial-sector bail-outs . . .

The first true reform of the aid system should reconnect aid with measurable inputs and outputs, through targeted global funds and programmes. International aid donors should pool their money into global funds for primary education, food production (supplying seed and fertiliser to peasant farmers), clean water and sanitation, family planning and contraceptives (through the United Nations Population Fund), nutrition (through UNICEF and the World Food Programme), and for infrastructure. The public would see clearly how their money is used. Projects would be monitored and audited. Successes and failures would be transparent.

The second reform should be to «re-tie» aid, in part, by encouraging national donor agencies to support infrastructure projects provided by national companies.

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