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poverty

Can Foreign Aid Reduce Poverty?

YES: Jeffrey Sachs, *The Earth Institute at Columbia University*

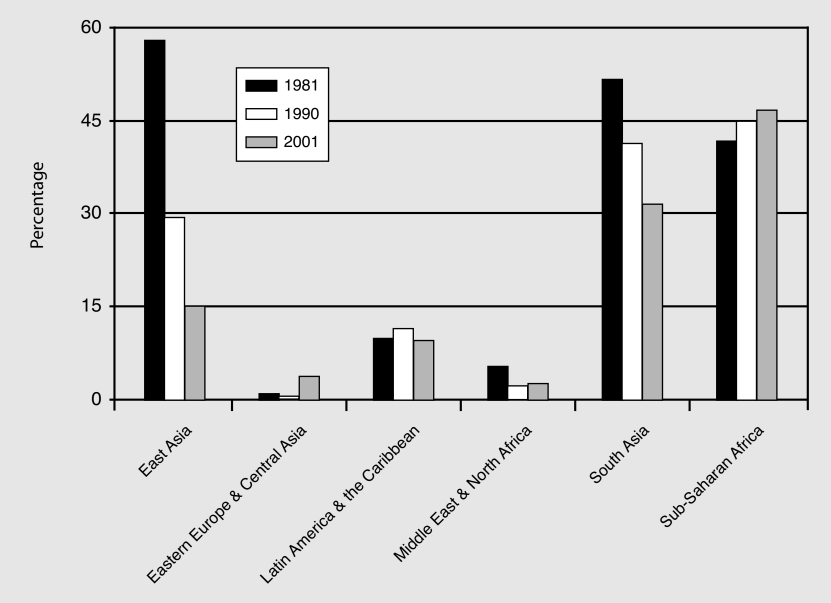
NO: George B. N. Ayittey, *American University*

More than 3 billion people—nearly half the world—live on less than $2 per day. Tens of thousands of children die every day from conditions associated with poverty, more than 1 million each year from diarrhea alone. Millions lack access to lifesaving immunizations that are routine in the West. More than 1 billion lack access to adequate water supplies. Figure 1 details the geographic distribution of the poor worldwide, indicating that while progress was made in most of the world—including significant improvements made in East Asia—over a recent twenty-year period, the percentage of those living in extreme poverty increased in sub-Saharan Africa. Statistics such as these are both appalling and overwhelming: how can material excess and deprivation exist side-by-side in our "globalized" world, and how can the relatively privileged provide assistance to the "bottom billion"?

The United Nations Development Programme (the principal development network within the UN), the World Bank (International Bank for Reconstruction and Development), and the International Monetary Fund (IMF) are the principal multilateral institutions for economic development and debt relief. After the Marshall Plan of 1947 helped to rebuild nations in Europe following World War II, President Harry Truman instituted bilateral foreign aid as a feature of U.S. foreign policy. In the 1960s, President John F. Kennedy established the U.S. Agency for International Development (USAID)—which provides development assistance as well as humanitarian aid—and the Peace Corps—which sends people to live and serve in developing nations. The Camp David accords of 1979 catapulted Israel and Egypt to the top of nations receiving U.S. foreign aid, although recently they have been supplanted by development assistance to Iraq. The 1980s and 1990s saw reductions in U.S. foreign aid, but in the

Figure 1

Percentage of Total Population Living on Less than $1.08/day, 1981–2001



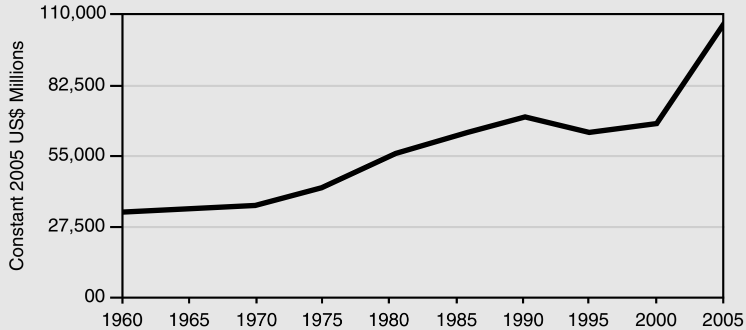
Source: M. Ravallion and S. Chen, "How Have the World's Poorest Fared since the Early 1980s?" *World Bank Research Observer* 19, no. 2 (Fall 2004): 152.
Note: $1.08/day and $2.15/day are international poverty lines expressed in 1993 PPP.

wake of the terrorist attacks on September 11, 2001, aid began to be seen as a potential impediment to terrorism, and it has increased since then, particularly in Iraq and Afghanistan. Figure 2 shows substantial increases in foreign aid contributions by the OECD's Development Assistance Committee (DAC) since 1960.

In response to extreme world poverty, the United Nations, in its Millennium Summit in 2000, agreed upon a set of Millennium Development Goals (MDGs) to be reached by year 2015 as a way of guiding future efforts to address poverty. (See table 1 in Jeffrey Sachs's contribution for a brief listing of these goals.) One of the important commitments required to meet the MDGs was for wealthy nations to increase their aid to 0.7 percent of gross national income, a target that had been in place since the mid-1960s. However, most of these nations remain far short of that goal. The United States contributes more than any other nation in raw figures—more than $21 billion in 2007—yet it sits at the

Figure 2

Net Official Development Assistance Disbursed by OECD Development Assistance Committee, 1960–2005



Source: OECD-DAC, online database (accessed February 16, 2008).
Note: Aid includes total assistance disbursed by all members of the OECD Development Assistance Committee (DAC).

bottom of the list in terms of its aid donations as a proportion of gross national income (GNI), of which it gives just 0.16 percent. Only five nations—Norway, Sweden, Luxembourg, Denmark, and Netherlands—have reached the UN target of 0.7 percent of GNI, and the average for the OECD's Development Assistance Committee is just 0.28 percent.

Some forms of "aid" are motivated more by internal politics and support for strong domestic constituencies in the developed nations than by recognition of the need for improving conditions elsewhere, and they may in turn harm developing nations. For example, food aid in the form of export subsidies in developed nations and delivery of heavily-subsidized or free food to developing nations is often a political effort to support domestic farmers (either in the United States or in Europe), and may serve to artificially depress food export prices and, therefore, extinguish food production possibilities in developing nations. Furthermore, the farm policies of the developed world all serve to stimulate production, thereby further depressing world food prices and stunting farm production in the developing world.

Three principal disagreements shape debates about foreign aid: (1) the extent to which it is simply an instrument of foreign policy, and therefore not intended to actually improve the lives of those most in need; (2) which types of foreign aid are most beneficial in combating poverty, regardless of the motivation; and (3) the relative importance of foreign aid compared with other forms of economic activity—such as international trade—in raising living standards. The two articles that follow present varying perspectives on the prospects for foreign aid influencing international development by reducing poverty. Dr. George Ayittey argues that a free press and independent judiciary are important ingredients to development, while Jeffery Sachs advocates large increases in development aid along the lines of the Marshall Plan.

Discussion Questions

1. Do wealthy nations have an obligation to provide aid to poor nations? In what ways can foreign aid be used as a foreign policy tool by wealthy nations? Does it matter what donor nations' motives are when they provide aid? Why or why not?
2. The Monterrey Consensus is an agreement among the world's wealthy nations that recognizes the importance of trade in reducing poverty in poor nations. It affirms the "aid for trade" concept whereby foreign aid is given to poor nations in order to improve the infrastructure needed for trade. Do you agree with this concept? Is this the best way to reduce poverty? In what other ways can foreign aid be used?
3. What recommendations does Jeffrey Sachs make for combating poverty? What justifications does he cite? Do you agree with his proposals?
4. What does George Ayittey cite as the biggest reason for foreign aid's failure to reduce poverty in Africa? He proposes "smart aid" as an alternative. What is "smart aid"? What are its key components?

YES: Jeffrey D. Sachs, *The Earth Institute at Columbia University*

In the broadest terms, national and international efforts to promote economic development around the world during the past fifty years have been highly successful, with the notable exception of large parts of sub-Saharan Africa, which remain trapped in extreme poverty. The biggest development successes have come in Asia, a vast region with more than half the world's population. Economic growth in China, India, Korea, and many other countries—along with public investments in health, education, and infrastructure—have powered the most rapid improvement in living standards in world history. Aid has played an enormous role in those gains. The fact that Asia can feed itself is due in no small part to the Green Revolution that began in the 1960s, heavily supported by the U.S. public and philanthropic sectors. The fact that disease burdens have come down sharply is due in important part to global aid successes such as smallpox eradication, widespread immunization coverage, malaria control (outside of Africa), and the uptake of oral rehydration to fight death from diarrhea. The fact that population growth has slowed markedly is a success of aid-supported family planning efforts, which the United States has helped to initiate since the 1960s. The fact that countries such as Korea, Malaysia, and Thailand became manufacturing successes grew out of U.S. and Japanese aid for core infrastructure and technological upgrading.

DEVELOPMENT ASSISTANCE AS A TOOL IN PROMOTING ECONOMIC DEVELOPMENT

There are now sixty years of experience in deploying development assistance as a tool in promoting economic development in low-income settings. Development aid has long been a mix of public and private contributions. When aid is from the public sector, it is known as Official Development Assistance (ODA). Both ODA and private assistance have played an important and successful role in development. Many of the greatest successes in development assistance in the past six decades have come through Public-Private Partnerships (PPPs), which typically link ODA with private-sector and philanthropic leadership of

This article, which is based on excerpts from the HELP Commission Minority Report, "Revamping U.S. Foreign Assistance," by Jeffrey Sachs, Leo Hindery Jr., and Gayle E. Smith (2007), was prepared in August 2008 and does not take into account developments since the 2008 U.S. presidential election.

various kinds. The Green Revolution in India was spurred by such a partnership. The campaign against polio, which is on the verge of eradicating that dread disease, is a partnership of several public and private institutions, including the World Health Organization and Rotary International.

Of course, aid has worked in conjunction with powerful market forces, most importantly international trade and investment—the forces of globalization have helped to spread the benefits of advanced technologies to all corners of the world. Aid should certainly be seen not as a substitute for market-led development, but rather as a complementary component of market forces, especially for impoverished countries that lack sufficient infrastructure, income, and creditworthiness to mobilize needed investments on their own behalf via market forces and domestic budget revenues.

The special role for ODA as one of several complementary forces of economic development was well described in the Monterrey Consensus, a 2002 agreement among the world's nations, which the United States strongly supports and repeatedly backs. That agreement is notable in recognizing the interconnections among private capital flows, international trade, and ODA—all of which are vital to economic development of the poor countries. Rather than pitting trade against aid, the Monterrey Consensus explains why they are both vital and complementary, and, indeed, why aid is vital to supporting trade competitiveness of the poorest countries. The Monterrey Consensus has therefore contributed to the new concept of "aid for trade," in which ODA is used to help poor countries to improve their international trade, mainly by building the infrastructure (roads, ports, power) needed to support trade.

U.S. Commitments to Economic Development and Poverty Reduction

The United States has long recognized that it cannot and should not carry the world's development financing burden on its own. Support for economic development in the poorest countries must be a shared global effort, based on agreed targets. The United States and partner countries have therefore pursued shared global goals for several decades, achieving great successes in disease control, increased food production, the spread of literacy and numeracy, increased school enrollments, improved infrastructure, and many other core development objectives. By far the most important of the shared development objectives today are the Millennium Development Goals (see Table 1) adopted by all nations in the Millennium Declaration of the year 2000 and reconfirmed regularly since then, including at the G8 summits.

The Millennium Development Goals (MDGs) constitute a very important instrument for effective U.S. development assistance for the following reasons:

Table 1

The Millennium Development Goals

Goal 1: Eradicate extreme poverty and hunger	Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than $1 per day Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger
Goal 2: Achieve universal primary education	Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling
Goal 3: Promote gender equality and empower women	Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education by 2015
Goal 4: Reduce child mortality	Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate
Goal 5: Improve maternal health	Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio
Goal 6: Combat HIV/AIDS, malaria, and other diseases	Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases
Goal 7: Ensure environmental sustainability	Target 9: Integrate the principles of sustainable development into country policies and programs, and reverse the loss of environmental resources Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum-dwellers
Goal 8: Develop a global partnership for development	Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading (includes a commitment to good governance, development, and poverty reduction—both nationally and internationally) Target 13: Address the special needs of the Least Developed Countries (includes tariff- and quota-free access for their exports; enhanced program of debt relief for heavily indebted poor countries [HIPC]; and cancellation of official bilateral debt; and more generous official development assistance for countries committed to poverty reduction Target 14: Address the special needs of landlocked developing countries and small island developing states Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term Target 16: In cooperation with pharmaceutical companies, provide access to affordable drugs in developing countries Target 17: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications technologies

- The world has agreed to the goals and reconfirmed that support each year since 2000.
- The world has agreed to a trade and financing framework in the Monterrey Consensus.
- The MDGs address extreme poverty in all its interconnected dimensions: income, hunger, disease, deprivation.
- The MDGs promote long-term economic growth and wealth creation by encouraging countries to focus on productive investments to end the poverty trap.
- The MDGs are ambitious and yet achievable.
- The MDGs are quantitative and time-bound, therefore offering objective indicators of success and accountability.

Current Levels of U.S. Official Development Assistance in Comparative Perspective

Although development, defense, and diplomacy are the three pillars of U.S. national security, the current investments in national security are almost entirely in the direction of defense spending. In 2007 defense spending was $611 billion, while spending for diplomacy could be estimated at around $9 billion and that for development assistance at $22.7 billion. The allocation of official development assistance is equally important. U.S. aid is divided between "bilateral" aid, given by the U.S. government directly to other countries, and multilateral aid, given by the U.S. government to international organizations such as the World Bank, the African Development Bank, and the Global Fund to Fight AIDS, TB, and Malaria. Distressingly, only around one-quarter of overall bilateral aid is spent on development directed at long-term poverty reduction and disease control. The vast bulk of aid is devoted to emergencies and U.S. political aims, rather than to the objectives that are most effectively served by official development assistance: long-term economic development.

The United States is the largest aid donor in terms of absolute amount, as shown in Figure 1a, but this fact is hardly surprising since it is also by far the most populous donor country, with a 2006 population of 299 million, compared with 128 million in Japan, 83 million in Germany, 60 million in the United Kingdom, 63 million in France, 9 million in Sweden, and 5 million in Norway. In per capita terms, however, Norwegians average $629 per person in aid, while Americans average only $76 per person. As a share of national

Figure 1a

Net ODA in 2007—amounts

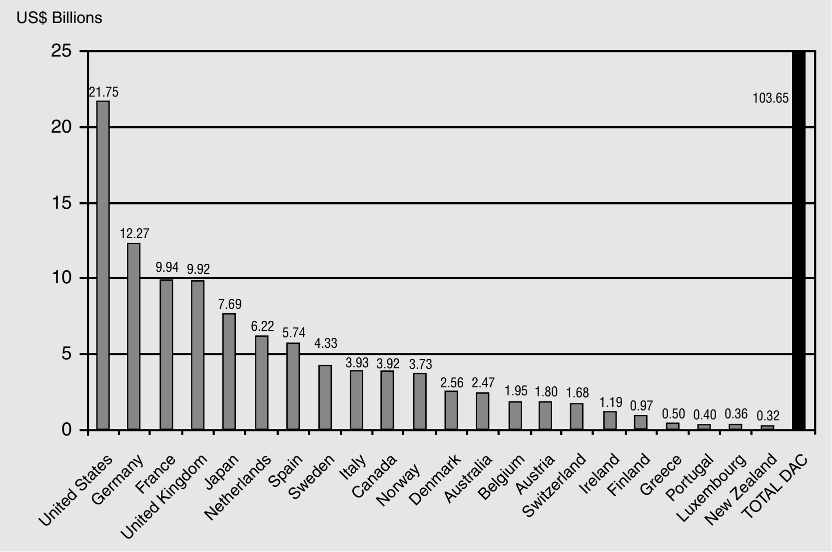
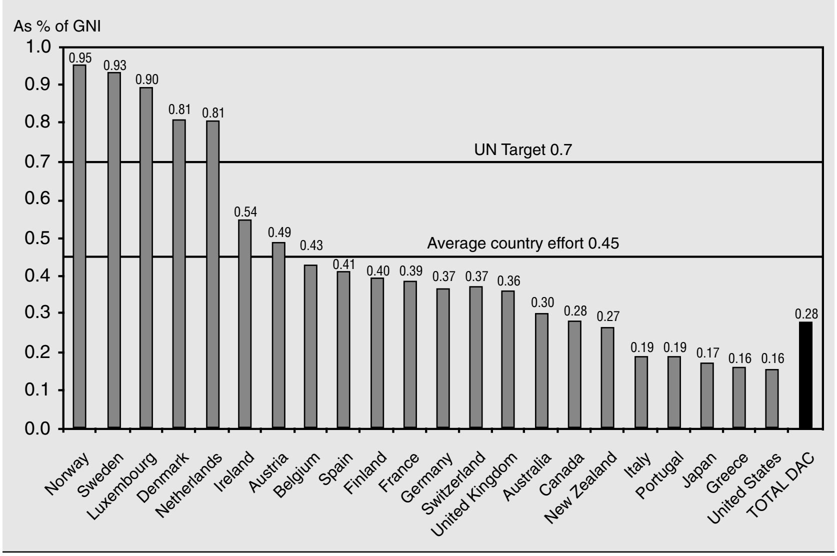


Figure 1b

Net ODA in 2007—as a percentage of GNI



Source: OECD, April 4, 2008.

income, U.S. aid is actually the lowest among donor countries, as shown in Figure 1b.

Since 1970, most donor countries have pledged to achieve the target of 0.7 percent of GNP as ODA (following a recommendation of an International Commission headed by Lester Pearson), and reiterated that pledge many times, most recently in the Monterrey Consensus.[1] Only five countries—Denmark, Luxembourg, the Netherlands, Norway, and Sweden—have consistently achieved or exceeded that goal. All of the other seventeen donors in the OECD's Development Assistance Committee (DAC) have fallen short, despite their adoption of the target.

Following the 2002 Monterrey Conference, most donor countries set a specific timetable to achieve the 0.7 percent target. Donors in the (pre-enlargement) European Union agreed to contribute at least 0.51 percent of GNP as ODA by 2010, and 0.7 percent by 2015. The United States, despite its strong and repeated support for the Monterrey Consensus, has not yet made concrete efforts to achieve the target of 0.7 percent of GNP. The current U.S. level of ODA, alas, remains stuck at 0.16 percent of GNP (2007)—the lowest level among all twenty-two donors in the Development Assistance Committee. Unlike the European Union, the United States has established no timetable or political consensus to reach that goal, despite its pledge at Monterrey to make concrete efforts to do so.

Private Development Assistance

During the 1960s, the idea took hold in various forums that the rich countries should support the poor countries with an annual transfer of 1 percent of national income. This transfer, in turn, was to be divided between ODA, targeted at 0.7 percent, and aid from private donors, targeted at 0.3 percent. While a few donor governments have achieved the 0.7 target, however, no donor country's private sector has come close to reaching the 0.3 percent of GNP target for private development assistance.

Meanwhile, it is often said that development assistance is passé, since private financial flows of all kinds (development assistance, foreign direct investment, foreign portfolio investments, and so on) now swamp official flows. Still, this fact does not make ODA obsolete, because the private capital flows are heavily concentrated in middle-income countries and in low-income countries with high-value natural resources such as hydrocarbons, minerals, or precious metals. Private capital flows bypass the world's poorest countries, which lack the basic infrastructure—roads, power, ports, clinics, and schools—that is needed to attract private investments in the first place. ODA is complementary to private capital flows, and it must generally *precede* private flows into impoverished regions. We should therefore think about using ODA to create the base—in infrastructure, health, skills, and other necessary conditions—to attract private capital.

Similar points can be made about trade. An open trading system is essential for economic development, including among the poorest countries. Developing countries need to import technology from abroad and must pay for that technology through their own exports. For this basic reason, export-led growth has been vital for economic success in recent decades. To achieve export-led growth, poor countries need to maintain relatively open trading systems (featuring low to moderate tariffs and convertible currencies), while rich countries, including the United States, have to keep their own borders open to the exports of the poor countries. However, even trade reforms such as these cannot substitute for official development aid.

WHAT WORKS AND WHAT DOESN'T WORK WITH ODA

The discussion on aid effectiveness is clouded by confusions, prejudices, and simple misunderstandings. Many studies try to find a correlation between overall aid and economic growth; when they find little positive correlation, they declare aid to be a failure. But the low correlation does not prove that aid is failing, since much of the aid is directed to countries in violence, famine, or deep economic crisis. It ought not to be a surprise, therefore, that aid often correlates with "economic failure"—not because aid has caused the failure, but rather because aid has responded to it.

There has been vast development success internationally, including stunning increases in average incomes, life expectancy, child survival, literacy, school completion rates, and other gains, in most parts of the world. When we look at ODA success stories, however, we find that aid is most successful when it is indeed used for development assistance. In other words, the ODA tool truly is a *development* tool.

Here are several great success stories of development assistance:

- **The Asian Green Revolution.** During the 1950s and 1960s, the Rockefeller Foundation and other donors spurred the development of high-yield seed varieties and new techniques for modernized farming. The U.S. Agency for International Development (USAID) helped to finance the rapid uptake of these new technologies, including the improved seeds, fertilizer, and irrigation. Dramatic successes were achieved in the 1960s in India and Pakistan, and later in China, Southeast Asia, and other parts of the developing world.

- **Smallpox Eradication.** In 1967 the World Health Organization (WHO) established the Smallpox Eradication Unit and launched a donor-supported worldwide campaign to eradicate the disease. By 1980, WHO was able to declare the world free of smallpox.
- **Family Planning.** During the 1960s, the U.S. government and various organizations (including the Ford Foundation and the Population Council) launched a global effort to spread access to modern contraception, based on individual voluntary choices. The uptake of these contraceptive methods, supported by international and U.S. funding, has been widespread (though still largely bypassing sub-Saharan Africa). As a result of these actions, together with declining child mortality rates, spreading literacy, and broader economic trends, fertility rates and population growth rates have declined sharply throughout most of the developing world.
- **The Campaign for Child Survival.** In 1982 UNICEF launched a campaign to promote child survival, based on the powerful combination known as GOBI: growth monitoring of children, oral rehydration therapy, breastfeeding for nutrition and immunity to infectious diseases, and immunizations against childhood killers. Backed by development assistance, the package enjoyed a remarkably rapid uptake, enabling many of the poorest countries to reach at least 80 percent immunization coverage.
- **Treatment for AIDS, TB, and Malaria.** After years of international neglect and underfinancing, international donors agreed to step up their actions to fight three killer pandemic diseases: AIDS, tuberculosis (TB), and malaria. At the urging of the then UN secretary-general Kofi Annan, they formed a new Global Fund to Fight AIDS, TB, and Malaria, as a means to pool their resources and invite countries to formulate national strategies that would be backed by development aid. In a period of only five years, the Global Fund successfully financed the access of more than 1 million HIV-infected individuals to antiretroviral medicines; the distribution of more than 30 million bed nets (protective against mosquitoes), mainly in Africa; and the treatment of more than 2 million individuals for TB. At the same time, the United States launched the PEPFAR (President's Emergency Plan for AIDS Relief) program to extend AIDS prevention and treatment programs in low-income countries.

There are six crucial lessons in these development success stories:

- First, the interventions are based on a powerful, low-cost technology. Given that the main underlying force of economic development is technological advance, it is not surprising that successful development assistance typically involves the diffusion of a powerful technology, such as high-yield seeds, immunizations, modern contraception, or Internet connectivity.

- Second, the interventions are relatively easy to deliver, based on standardized protocols and local ownership. Modern technologies are embodied in systems. Vaccinations, for example, are delivered on a specific timetable for young children, and high-yielding seeds are deployed in specific packages of farm inputs (such as combinations of seed, fertilizer, irrigation, and agricultural extension). The key to success is to deploy the technology in a system that is evidence-based, scientifically sound, administratively feasible, and tailored to local conditions.

- Third, the interventions are applied at the scale needed to solve the underlying problem. The key to success in the examples cited earlier was not the demonstration of the underlying technology, but rather the deployment of the technology at a scale in which it could make a difference. Typically, once the technology is known, and once the expert system has been identified, rapid scale-up is possible, building on global strategies and local adaptation and support.

- Fourth, the interventions are reliably funded. All of the success stories involve budget outlays over a period of many years, so that participating countries can be confident of sustained financing, and therefore can establish institutional systems and provide training and capacity-building.

- Fifth, the interventions are multilateral, drawing support from many governments and international agencies. The greatest development challenges—extreme poverty, hunger, disease, lack of infrastructure—are beyond the financing capacity of any single donor country. Moreover, a unified effort is more efficient than a congeries of small and disparate projects, at least once the technologies and delivery mechanisms have been developed.

- Sixth, the interventions have specific inputs, goals, and strategies, so that success rates can be assessed. All of the success stories involve clear strategies, such as coverage rates of immunizations, hectares planted with high-yield seeds, and timely isolation of smallpox outbreaks. They do not directly aim for excessively broad and overarching goals—such as "economic growth," or "rule of law," or "democracy," or "end of terror"—though broad goals such as these were among the indirect and long-term objectives that motivated the programs in the first place. Instead, the programs work on much more specific objectives, which can be measured, audited, evaluated, and reassessed as needed.

These six specific points all come down to one overarching lesson: be practical when deploying development aid—understand the targeted inputs, the outputs, the financing, and the objectives.

MODERNIZING U.S. DEVELOPMENT ASSISTANCE IN THE TWENTY-FIRST CENTURY

Development goals must be made clear and appropriate, the technologies must be identified, the systems for delivery must be assessed, and the multilateral financing must be assured. In this section, I consider each of these aspects of U.S. governmental efforts to provide Official Development Assistance.

The Goals

The priorities for U.S. development assistance should be based mainly on the development commitments that the United States and the rest of the world have made in recent years, after considerable diplomatic and scientific discussions and negotiations. At the core of the effort should be the Millennium Development Goals, which are already the central organizing tool for most development agencies and multilateral development institutions around the world. The MDGs have the profound advantage not only of specifying explicit and quantitative targets, but also of automatically aligning U.S. efforts with those of partner countries, thereby massively leveraging American resources and expertise. The focus of the development challenge is in those regions still trapped in extreme poverty, or those places suffering extremely high burdens of hunger, disease, or lack of infrastructure. This means that U.S. efforts should be mainly directed toward sub-Saharan Africa, Central Asia, the Andean region, Haiti, and the remaining pockets of extreme poverty in South Asia. Development aid for middle-income countries (such as China, Brazil, and Mexico) should be scaled back accordingly, since these regions can generally finance their own investment needs.

The Technologies

For each of the MDGs, there is a set of core interventions, based on proven low-cost technologies that can spur rapid advances toward the goals. The UN Millennium Project, among other studies, has identified the powerful tools at our disposal in each of the key areas of need. While much can be said about each area, the following recommended interventions should be noted:

- **Income poverty:** microfinance; electricity generation (off-grid and on-grid); all-weather roads; access to cell phones and Internet; improved population health (see below)
- **Hunger:** improved food production through the extension of "Green Revolution" technologies (high-yield seeds, fertilizer, small-scale irrigation, agricultural extension services); micronutrient supplementation for Vitamin A, iodine, zinc, and iron; nutrition interventions for low-weight children; school feeding programs, with take-home rations for pre-school-aged children
- **Universal school completion:** construction of schools; training of teachers; wireless Internet connectivity for (solar-charged) computers at schools; separate hygienic facilities for girls and boys; mid-day feeding programs
- **Gender equality:** time-saving infrastructure for rural women (water, power, mills, and clinics, within reach of villages); micro-finance for women's groups; improved inheritance and property rights
- **Reduced maternal mortality:** emergency obstetrical theatres in all sub-district hospitals; training of assistant medical officers (AMOs) to perform emergency procedures; use of wireless phone systems to create emergency-response units for ambulance services
- **Reduced child mortality:** integrated management of childhood illnesses (IMCI), including diarrhea, malaria, acute lower respiratory infection (ALRI), vaccine-preventable diseases, parasitic infections (worms), micronutrient deficiencies, and expert systems for neonatal care; increased use of community health workers, supported by mobile phone and Internet connectivity
- **Control of AIDS, TB, and malaria:** packages of preventative and curative health services, such as access to medicines and universal protection by insecticide-treated bed nets in the case of malaria
- **Universal access to family planning and contraceptive services:** logistics and supply chain management for contraceptive availability; community-worker outreach to ensure access to family planning services and contraception on a voluntary basis
- **Safe drinking water and sanitation:** application of modern hydrological tools to identify sustainable water sources, based on seasonal and annual

runoff, rainwater harvesting, sustainable use of groundwater, and improved year-round water storage; investments in sanitation systems, including septic tanks and recycling of human and animal wastes in rural areas, and piped wastewater treatment in urban areas

While there is much debate about "development assistance" in the abstract, there is near consensus on the use of aid to expand access of the poor to vital and proven technologies. Aid-skeptic William Easterly, for example, endorses this approach:

> Put the focus back where it belongs: get the poorest people in the world such obvious goods as the vaccines, the antibiotics, the food supplements, the improved seeds, the fertilizer, the roads, the boreholes, the water pipes, the textbooks, and the nurses. This is not making the poor dependent on handouts; it is giving the poorest people the health, nutrition, education, and other inputs that raise the payoff to their own efforts to better their lives.[2]

The Delivery Systems

Much is made of the difficulty of delivering such technologies to the poor—focusing on perceived high risks of corruption, mismanagement, and other delivery failures. Yet such fears have been shown time and again to be misplaced as long as the aid is practical, subject to monitoring, adapted to local circumstances, endorsed by local communities, and embedded in a sensible delivery system with audits and evaluation. In recent years, enormous successes have been achieved in the mass distribution of anti-malaria bed nets, the mass scale-up of new vaccines (through the Global Alliance for Vaccines and Immunizations), the mass treatment of children for worm infections, the mass increase in primary-school enrollments and completion rates by eliminating school fees, and the mass access of farmers to high-yield inputs through voucher systems. In all of these cases, success has resulted from transparency, specificity, accountability, and auditing of delivery systems.

The Financing

The basic principles of financing are clear. First, donor aid should be directed at communities and regions that cannot fund their own development efforts. As the Monterrey Consensus rightly noted, this means an emphasis on the least developed countries, particularly on sub-Saharan Africa as a major focus for financing. Second, aid should avoid program designs that aim to have the poorest of the poor pay for vital services. Attempts to sell bed nets or health insurance or medicines to the poor have inevitably led to the exclusion of large parts of the population (especially in rural areas) from coverage. Third, donor aid should be a mix of bilateral and multilateral initiatives, divided roughly half-and-half. The United States will not, and should not, aim to fund the delivery of services on its own; such efforts should reflect a pooling of bilateral (that is, governmental) donors, international organizations, the private sector, and private philanthropy (including foundations and individuals). In some cases, such financing mechanisms already exist, but in other cases they need to be created. Here is a quick rundown.

- **Health financing.** The Global Fund to Fight AIDS, TB, and Malaria (GFATM) has become the most effective instrument for multilateral financing. The United States should increase its contributions to the GFATM, in conjunction with increases by other donor partners. There are currently three "windows" at the Global Fund (for the three diseases). At least two new funding windows should be opened: one for "health systems" (nurses, community health workers, clinic construction and facilities) and one for other readily controllable "neglected tropical diseases" (soil-transmitted helminthes, lymphatic filariasis, trachoma, onchocerciasis, and schistosomiasis).

- **Education financing.** The Education-for-All (EFA) initiative of the Millennium Development Goals is backed by a Fast Track Initiative (FTI) that is largely funded by the United Kingdom. The United States should join the U.K. and other donors in ensuring full financing for EFA-FTI.

- **Agriculture financing.** There is an urgent need for increased multilateral financing for improved agricultural productivity and food production of smallholder subsistence farmers in sub-Saharan Africa and other hunger hotspots. The Gates and Rockefeller Foundations have recently established an Alliance for a Green Revolution in Africa (AGRA), with initial financing of $500 million. The World Bank and the International Fund for African Development (IFAD) are prepared to channel increased assistance to smallholder agriculture, but so far they lack the requisite backing of donors to do so at the needed scale.

- **Infrastructure financing.** Some infrastructure, notably telecommunications and Internet connectivity, is being expanded rapidly on the basis of private-sector investments. Other infrastructure, including roads, power, ports, and large-scale urban water and sanitation systems, will require very substantial public financing. Currently, infrastructure financing is provided in a somewhat haphazard way by a variety of donors, including bilateral donors, the concessionary financing window of the World Bank (the International Development Association, IDA), the regional development banks, the European Investment Bank, and others. There is no overall coordination to ensure that total financing is in line with total needs. What is needed, therefore, is a new pooled financing system for critical infrastructure, especially for sub-Saharan Africa—and the United States should play an important role in developing that system.

THE STRUCTURE OF U.S. DEVELOPMENT ASSISTANCE

There is a strong case for moving U.S. development assistance to a new, separate, cabinet-level Department for International Sustainable Development (DfISD). The new department would house the existing USAID, PEPFAR, the President's Malaria Initiative, the Millennium Challenge Corporation, and emerging initiatives in climate change, especially vis-à-vis the developing countries. The case for a separate department rests on the following principles:

- The need to upgrade U.S. development assistance as a pillar of U.S. national security.
- The need to improve U.S. government management and expertise in public health, climate change, agronomy, demography, environmental engineering, and economic development.
- The need to work effectively with similar cabinet-level departments and ministries in partner countries.
- The need to depoliticize development assistance, so that it can be directed at the long-term investments that are critical in the fight against poverty, hunger, disease, and deprivation.
- The need for coherence of U.S. policies that impact international sustainable development, including ODA, trade relations with low-income countries, efforts on climate-change adaptation and mitigation, and efforts on global public health and disease control.

The current system, in which USAID is a part of the Department of State, is failing. U.S. aid is excessively politicized by connecting aid with short-term foreign policy exigencies (such as the war in Iraq and the Israel-Palestine crisis). It would be very useful to *insulate* development aid from such short-term diplomatic pressures. Moreover, USAID has been gutted of much key talent and staffing, and the U.S. government is currently unable to attract the best young experts in development fields—and it will remain unable to do so until the status of sustainable development within the government is improved. The organizational upgrade in the United Kingdom from a mere subcabinet development agency (the Overseas Development Administration) to a cabinet-level department (the Department for International Development, DfID) has dramatically increased that nation's standing, reputation, and expertise in the area of international development. DfID is far ahead of USAID as a global thought-leader in development policy, and DfID's departmental rank is playing a key role in that success.

The new U.S. cabinet-level department would have several specific tasks in its start-up years, in addition to the development challenges already described. DfISD would bring together countless aid programs now strewn in a disconnected way across the U.S. government. It would bolster technical competence (in health, agronomy, engineering, climate, hydrology, finance, and other areas related to sustainable development), and it would fix the procurement and contracting systems, widely regarded to be broken. It would promote results-based aid delivery, with monitoring, accountability, and audits. DfISD would be much better placed than USAID to work with counterpart Ministries of International Development and to coordinate multilateral efforts. DfISD would promote partnerships with civil society and the private sector. Businesses, especially, would be encouraged to utilize their technologies (in sectors such as health, agriculture, energy, logistics, finance, and ICT) in partnership with the U.S. government and multilateral agencies.

THE FINANCING OF U.S. DEVELOPMENT ASSISTANCE IN THE NEXT ADMINISTRATION

The current level of worldwide official development assistance—roughly $100 billion per year, of which roughly $25 billion is directed to sub-Saharan Africa—is widely and repeatedly acknowledged—by the United Nations, the G8, and the donor countries in the OECD Development Assistance Committee—to be inadequate to support the achievement of the Millennium Development Goals. This is a very important point for U.S. political leaders and the broader public to recognize. The global community, including the U.S. and other governments, have repeatedly acknowledged the need for much more aid and promised significant increases. Yet the administration and Congress have not yet delivered on those promises, most importantly the commitments made in Monterrey, Mexico, in 2002 to support the MDGs:

> We recognize that a substantial increase in ODA and other resources will be required if developing countries are to achieve the internationally agreed development goals and objectives, including those contained in the Millennium Declaration.[3]

It was in that context that the countries agreed to make concrete efforts to meet the 0.7 percent target. The recognition that much more aid is needed has since been reiterated on several occasions—at the G8 summits, the UN World Summit in September 2005, and several follow-up UN General Assembly sessions and special meetings on the MDGs. Many significant studies, including those of the UN Millennium Project and the Africa Commission (launched by Britain's then prime minister Tony Blair), outlined bottom-up estimates of the costs of achieving the MDGs. The UN Millennium Project found that the OECD-DAC donors would need to contribute around 0.54 percent of GNP as of 2015 in order to co-finance the MDGs on a global basis. Since ODA will be needed for other purposes as well—such as disaster relief or post-reconstruction financing—the UN Millennium Project recommended that donor countries honor their commitment of 0.7 percent of GNP, in order both to enable success in the MDGs and to meet other challenges that will surely arise.

The overwhelming problem is that, until now, these repeated pledges have not been fulfilled. Real cash flows of ODA have hardly risen since 2004, especially taking into account global inflation and exchange-rate movements. While President George W. Bush promised in 2002 that the Millennium Challenge Account would be funded at the level of $5 billion per year by fiscal year 2006, in fact the funding has been under $2 billion per year. Poor countries, unsure whether the promises will ever be fulfilled, are therefore not able to plan for the future, and they are certainly not able to rely on pledges to make multiyear investment decisions, including investments in capacity and training.

The United States should now join the European Union in setting a specific timetable for increasing aid through the period to 2015. The United States should commit to reach 0.5 percent of GNP no later than 2012, and 0.7 percent of GNP by the year 2015. Such a guaranteed schedule of aid would underpin global success in achieving the Millennium Development Goals by 2015, and would put the world on a trajectory to achieve the end of extreme poverty by the year 2025 (as I have described in *The End of Poverty*[4]). Of the total aid package, roughly half the U.S. aid should be allocated through multilateral channels (such as IDA; the Global Fund to Fight AIDS, TB, and Malaria; and a new Global Fund for African Agriculture), and roughly half should be allocated through U.S. bilateral initiatives (such as PEPFAR, the President's Malaria Initiative, and other effective programs).

In closing, it is well to remember the words of General George Marshall in 1947 in launching the concepts of the world-changing Marshall Plan—words that can help us to find a way to a renewed motivation and success in U.S. foreign policy. The rationale of the Marshall Plan, one of the most successful U.S. foreign policy initiatives in history, resonates today:

> It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace. Our policy is directed not against any country or doctrine but against hunger, poverty, desperation and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist. Such assistance, I am convinced, must not be on a piecemeal basis as various crises develop. Any assistance that this Government may render in the future should provide a cure rather than a mere palliative.[5]

NO: George B. N. Ayittey, *American University*

Africa remains a paradox: immense economic potential and, yet, faltering economic progress. Despite signs of recent progress, Africa's development prospects remain bleak. Former UN Secretary-General Kofi Annan warned at the January 2005 African Union summit in Abuja, Nigeria, that Africa was failing to meet its Millennium Development Goals (MDGs). This warning was echoed two years later by the United Nations' African Development director, Gilbert Houngbo, in Congo-Brazzaville: "The [African] continent will fail to reach the goal of slashing poverty in half by 2015."[1] In recent years, however, the international community has mobilized to come to Africa's aid.

In a 2005 meeting in Gleneagles, Scotland, G8 leaders pledged to write off $40 billion of poor nations' debts and to double aid to Africa (to $50 billion) by 2010. Two years later, at the G8 summit in Heiligendamm, Germany, Chancellor Angela Merkel again placed debt relief and more aid to Africa at the top of the agenda. Elsewhere, a cacophonous galaxy of rock stars, antipoverty activists, and African heads of state are demanding more: total cancellation of Africa's crippling $350 billion foreign debt and fulfillment of the promises made in Gleneagles to double aid to Africa. (By June 2007, only 10 percent of those promises had been realized.) Also, China declared 2007 to be the "year for Africa."

A cynic might note that all this concern for Africa's plight appears to follow a ten-year attention-deficit cycle. Every decade or so, rock concerts are held to whip up international compassion for Africa's woes (starvation, war, refugees, and disease); mega-plans are drawn up, but acrimonious wrangling over financing modalities ensues; years slip by, and the campaign fizzles. A decade later, another grand Africa initiative is unveiled. Back in 1985, there was "Live Aid" and a "Special Session on Africa" held by the United Nations to boost aid to Africa. Then, in March 1996, the UN launched a $25 billion "Special Initiative for Africa." With clockwork precision, the plight of Africa again took center stage at a UN conference in September 2005. Expect another major initiative in 2015.

The "more-aid for Africa" campaign has become so steeped in emotionalism, overt racial sensitivity, and guilt (over colonial iniquities) that pragmatism, rationality, and efficiency have been sacrificed. So many Western governments, development agencies, and individuals have tried to help a continent and its people that they do not understand. More than $450 billion in foreign aid—the equivalent of six Marshall Plans—has been pumped into Africa since 1960, with negligible results. Helping Africa is a noble exercise that has become a theater of the absurd, in which the blind are leading the clueless.

It may sound uncaring, but the truth is that Africa really doesn't need foreign aid. In fact, the resources it desperately needs can be found in Africa itself. Providing more aid to Africa is akin to pouring more water into a bucket that leaks horribly—obviously, plugging the leaks ought to be the first order of business. But even then, the provision of more foreign aid will make little difference unless it is coupled with meaningful reform. So far, African leaders have shown little interest in reforming their abominable political and economic systems.

AFRICA'S LEAKY BEGGING BOWL

Africa has the resources it needs to launch self-sustaining growth and prosperity. Unfortunately, the problem has been a leadership that is programmed to look only outside Africa —principally to the West—for such resources. The result has been hopeless dependency on foreign aid. When the African Union unveiled the New Economic Partnership for African Development (NEPAD) in 2000, it was trumpeted as "Africa's own initiative," "Africa's Plan," "African-crafted," and, therefore, "African-owned." NEPAD talked of "self-reliance" and argued forcefully that Africans must be "masters of their own destiny." Still, it sought $64 billion in investments from the West. The partnership's fate was sealed when, seven years after its launch, Senegalese President Abdoulaye Wade—one of the architects of NEPAD—dismissed it as "a waste of time of money which had failed to produce concrete results."[2]

At a workshop organized for the Parliamentary Sub-Committee on Foreign Affairs at Ho, Ghana, Dr. Yaw Dzobe Gebe, a fellow at the Legon Center for International Affairs at the University of Ghana, stressed the need for the African Union to look within the continent for capital formation to build a viable continental union with less dependency on foreign aid: "With an accumulated foreign debt of nearly $350 billion and estimated capital requirement of more than $50 billion annually for capacity building, it is time Africa begins to look within for capital formation. Experience in the last 40 years or more of independence and association with Europe and America should alert African leaders of the fact that there are very limited benefits to be derived from benevolence of the development partners."[3]

An irate Namibian, Alexactus T. Kaure, weighed in:

> What I want to talk about is the uncritical belief—especially by African leaders—that somehow Africa's salvation and development will come from outside. This state of affairs has in turn led to the development of a number of industries in Europe and North America to reinforce and sustain that belief. … You would always hear of a conference on Africa, for Africans *but not by Africans*, to discuss this or that issue, being held in places like Paris, London, Stockholm, Washington, Toronto and, of course, Brussels. And as you are reading this piece now, there is one going on in Brussels—termed EU-Africa Week. This conference will discuss a range of issues such as (good) governance, social rights, corruption, inequalities and vulnerable groups and the role of the media in development among others.
>
> Now most of these issues don't need a rocket scientist to actualize them and thus there is no need for these endless conferences. To make things even worse, the very same people who are supposed to implement most of the good practices in their countries and who are either unable or unwilling to, are the ones frequenting these conference halls. For them, of course, it's just another short holiday and opportunity for shopping and a bit of extra cash through S&T (per diem).[4]

Africa's investment process may be compared to that leaky bucket. The level of the water therein—GNP per capita—is determined by inflows of foreign aid, investment, and export earnings relative to outflows or leakages of imports (food, luxury consumer items), corruption, and civil wars. In 2005 Africa's balance of payment situation showed a payment deficit of $21.7 billion. This deficit had to be financed by new borrowing, which would increase Africa's foreign debt, or by the use of reserves, which were nonexistent for most African countries. This number, however, does not tell the full story. Hidden from view was a much grimmer story—the other, more serious leakages.

According to one UN estimate, "$200 billion or 90 percent of the sub-Saharan part of the continent's gross domestic product (much of it illicitly earned), was shipped to foreign banks in 1991 alone."[5] Capital flight out of Africa is at least $20 billion annually. Part of this capital flight represents wealth created legitimately by business owners who have little faith in keeping it in Africa. The rest represents loot stolen by corrupt African leaders and politicians. Former Nigerian President Olusegun Obasanjo charged that corrupt African leaders have stolen at least $140 billion (£95 billion) from their people in the decades since independence.[6]

Foreign aid has not been spared, either. Said *The Economist*: "For every dollar that foolish northerners lent Africa between 1970 and 1996, 80 cents flowed out as capital flight in the same year, typically into Swiss bank accounts or to buy mansions on the Cote d'Azur."[7] At the Commonwealth Summit in Abuja, Nigeria, on December 3, 2003, former British secretary of state for international development, Rt. Hon. Lynda Chalker, revealed that 40 percent of wealth created in Africa is invested outside the continent. Chalker said African economies would have fared better if the wealth created on the continent were retained within: "If you can get your kith and kin to bring the funds back and have it invested in infrastructure, the economies of African countries would be much better than what there are today," she said.[8]

On October 13, 2003, Laolu Akande, a veteran Nigerian freelance journalist, wrote:

> Nigeria's foreign debt profile is now in the region of $25–$30 billion, but the president of the Institute of Chartered Accountants of Nigeria, ICAN, Chief Jaiye K. Randle, himself an eminent accountant and social commentator, has now revealed that individual Nigerians are currently lodging far more than Nigeria owes in foreign banks. With an estimate he put at $170 billion it becomes immediately clear why the quest for debt forgiveness would remain a far-fetched dream.[9]

In August 2004, an African Union report claimed that Africa loses an estimated $148 billion annually to corrupt practices—a figure that represents 25 percent of the continent's Gross Domestic Product (GDP). "Mr. Babatunde Olugboji, Chairman, Independent Advocacy Project, made this revelation in Lagos while addressing the press on the survey scheduled to be embarked upon by the body to determine the level of corruption in the country even though Transparency International has rated Nigeria as the second most corrupt nation in the world."[10] The pillage in Nigeria has been massive.

Mallam Nuhu Ribadu, the chairman of the Economic and Financial Crimes Commission, set up three years ago, said that £220 billion ($412 billion) was "squandered" between independence from Britain in 1960 and the return of civilian rule in 1999. "We cannot be accurate down to the last figure but that is our projection," said Osita Nwajah, a commission spokesman.[11] The stolen fortune tallies almost exactly with the £220 billion of Western aid given to Africa between 1960 and 1997—a sum that amounted to six times the U.S. help given to postwar Europe under the Marshall Plan.

To be fair, upon assuming office, former President Obasanjo vowed to recover the funding looted by former head of state, General Sani Abacha. Obasanjo established the Corruption Practices and Other Related Offences Commission, and much public fanfare accompanied the announcement that the sum of about $709 million and another $144 million had been recovered from the late Abacha's family and his henchmen. But, apparently, this recovered loot was itself quickly relooted, for the Senate Public Accounts Committee found only $6.8 million and $2.8 million of the recovered booty in the Central Bank of Nigeria (CBN).[12] Uti Akpan, a textiles trader in Lagos was not impressed: "What baffles me is that even the money recovered from Abacha has been stolen. If you recover money from a thief and you go back and steal the money, it means you are worse than the thief."[13]

Back in the late 1980s, Sammy Kum Buo, director of the UN Center for Peace and Disarmament, lamented that "Africa spends about $12 billion a year on the purchase of arms and the maintenance of the armed forces, an amount which is equal to what Africa was requesting in financial aid over the next 5 years."[14] Since then, this amount has increased for all of Africa: "Excluding South Africa, spending on arms in sub-Saharan Africa totaled nearly $11 billion in 1998, if military assistance and funding of opposition groups and mercenaries are taken into account. This was an annual increase of about 14 percent at a time when the region's economic growth rose by less than 1 percent in real terms."[15] Total expenditures on arms and militaries exceed $15 billion annually.

Civil wars continue to wreak devastation on African economies. They cost Africa at least $15 billion annually in lost output, wreckage of infrastructure, and refugee crises. The crisis in Zimbabwe, for example, has cost Africa dearly. Foreign investors have fled the region and the South African *rand* has lost 25 percent of its value since 2000. More than 4 million Zimbabwean refugees have fled to settle in South Africa and the neighboring countries, and the South African government is preparing a military base at Messina to house as many as 70,000 refugees. Since 2000, almost 60,000 physicians and other professionals have left Zimbabwe.[16] According to the *London Observer*, Zimbabwe's economic collapse caused $37 billion worth of damage to South Africa and other neighboring countries.[17] South Africa has been worst affected, while Botswana, Malawi, Mozambique, and Zambia have also suffered severely.

Finally, the neglect of peasant agriculture, the uprooting of farmers by civil wars, devastated infrastructure, and misguided agricultural policies have made it difficult for Africa to feed itself. Therefore, Africa must resort to food imports, spending $15 billion in 1998. By 2000, food imports had reached $18.7 billion, slightly more than donor assistance of $18.6 billion to Africa in 2000.[18]

Table 1 offers a breakdown of how Africa loses money (and how much). As the table shows, the amount of leakage grossly overshadows the $64 billion NEPAD sought in investments from the West. It is apparent that if Africa could feed itself, if the senseless wars raging on the continent would cease, if the elites would invest their wealth—legitimate or ill-gotten—in Africa, and if expenditures on arms and the military were reduced, Africa could find within itself the resources it needs for investment. In fact, more resources could be found if corrupt leaders would disgorge the loot they have stashed abroad. This dual perspective suggests a new way to approach the investment issue: plug the leakages and repatriate the booty that has been hoarded abroad.

MONUMENTAL LEADERSHIP FAILURE

The entire foreign aid business has become a massive fraud, a huge scandal, and a charade. The donors are being duped—and, in many instances, they know it. As Patricia Adams of Probe International, a Toronto-based environmental group, charged, "In most cases, Western governments knew that substantial portions of their loans, up to 30 percent, says the World Bank, went directly into the pockets of corrupt officials for their personal use."[19] Donors pretend that they are helping Africa in order to atone for the sins of colonialism and soothe their own conscience, and African leaders pretend that they are helping the people.

Monumental leadership failure remains the primary obstacle to Africa's development. After independence in the 1960s, the leadership, with few exceptions, established defective economic and political systems that set the stage for the ruination of postcolonial Africa. The economic system of statism (or *dirigisme*), with its plethora of state controls, created chronic commodity shortages and black markets and spawned a culture of bribery and corruption,

Table 1

Causes of Africa's Loss of Money

Cause	Amount
Corruption	$148 billion
Capital flight	$20 billion
Food imports	$18 billion
Expenditures on arms and the military	$15 billion
Civil war damage	$15 billion
Total other leakages	$216 billion

Source: George B.N. Ayittey, *Africa Unchained* (New York: Palgrave/Macmillan, 2005), 326.

virtually destroying Africa's productive base. The political system of one-party states and military dictatorships degenerated into tyranny, as these systems, concentrating enormous economic and political power in the state, evolved into "vampire states." Government, thus, has ceased to exist as an institution—its power having been hijacked instead by a phalanx of unrepentant bandits and thugs, who use the state machinery to enrich themselves, their cronies, and their tribes. Those who do not belong to this charmed circle of relatives, cronies or tribesmen are excluded from the gravy train. The richest persons in Africa are heads of state and their ministers, and, quite often, the chief bandit is the head of state himself.

Eventually the "vampire state" metastasizes into what Africans call a "coconut republic" and implodes when politically-excluded groups rise up in rebellion: Somalia (1993), Rwanda (1994), Burundi (1995), Zaire (1996), Sierra Leone (1998), Liberia (1999), Ivory Coast (2000), and Togo (2005). Only reform—intellectual, economic, political, and institutional—will save Africa, but the leadership is not interested.

In 2005 Africa's case for more aid and debt relief was not helped by President Obasanjo of Nigeria, which has, arguably, the most mismanaged economy in Africa. Even as he was pleading for more aid at the World Economic Forum in Davos, Switzerland, in February 2005, four of his state governors were being probed by London police for money laundering. The most galling case was that of the Plateau State governor, Chief Joshua Dariye, who was accused of diverting N1.1 billion (over $90 million) into his private bank accounts. Dariye was dragged to the Federal High Court in Kaduna by the Economic and Financial Crimes Commission (EFCC), but Justice Abdullahi Liman ruled on December 16, 2004, that although Dariye was a principal actor in the case, Section 308 of the Nigerian Constitution protected sitting governors from criminal prosecution. Imagine.

And would the police apprehend such a thief if he had no "constitutional immunity"? In February 2005, Nigeria's police chief himself, Inspector General Tafa Balogun, was forced into early retirement—after being on the job for only two years—when investigators probing money-laundering allegations found $52 million hidden in a network of fifteen bank accounts. Balogun was eventually prosecuted and sentenced to a mere six-month jail term—a slap on the wrist.

The Governor of the oil-rich Nigerian state of Bayelsa, Chief Diepreye Alamieseigha, was arrested at London Heathrow Airport on September 15, 2005, for money laundering in Britain. Appearing in a UK court a few days later, he was charged with laundering £1.8 million ($3.2 million) found in cash and in bank accounts. Seven London bank accounts have been traced to him.

Nigeria's Economic and Financial Crimes Commission has overwhelming evidence on most of the alleged corrupt government officials—especially state governors. The commission's chairman, Mallam Nuhu Ribadu, has described the case the Bayelsa State governor as just the tip of the iceberg. In fact, an allegation of corruption has been leveled against President Olusegun Obasanjo himself by the governor of Abia State, Orji Uzor Kalu.

Many Nigerians scoffed at Obasanjo's anticorruption campaign as an elaborate form of public relations to win concessions from lenders and burnish the president's reputation as a world leader. Critics noted that he waited so long—over four years—before cracking down on corruption, and even then, no major figures were brought to justice and few went to jail. One such figure, General Ibrahim Babangida, an ex-military dictator, thumbs his nose at his people by refusing even to testify before the anticorruption commission. When senior government officials are caught, punishment often amounts to a mere dismissal.

ACROBATICS ON REFORM

Efforts to stem corruption in Nigeria began making headlines in August 2004, when Nasir Ahmad el-Rufa'i, who had just been named to a ministerial post overseeing the Abuja capital region, announced that two senators had asked him for bribes to facilitate his confirmation. El-Rufa'i estimated that at least three out of every four lawmakers, and more than half of the nation's governors and many of its civil servants, are corrupt. "If a few more ministers go to jail, if a few more members of the National Assembly go to jail, believe me, people will line up and do the right thing," el-Rufa'i said.[20]

Until then, outright debt relief and massive inflow of aid without any conditions, safeguards, or monitoring mechanisms—as well as substantial reform—would be absurd. Budgets have careened out of control in Africa. Dysfunctional state bureaucracies, riddled with inefficiency and graft, have swollen, packed with political supporters. Corruption is rampant. Without reform, new debts will simply replace canceled old debts. But, with few exceptions, the leadership is just not interested in reform, period.

Ask these leaders to develop their countries, and they will develop their pockets. Ask them to seek foreign investment, and they will seek a foreign country in which to invest their booty. Ask them to cut bloated state bureaucracies or government spending, and they will set up a "Ministry of Less Government Spending." Ask them to establish better systems of governance, and they will set up a "Ministry of Good Governance" (Tanzania). Ask them to curb corruption, and they will set up an "Anti-Corruption Commission" with no teeth and then sack the commissioner if he gets too close to the fat cats (Kenya). Ask them to establish democracy, and they will impanel a coterie of fawning sycophants to write the electoral rules, hold fraudulent elections while opposition leaders are either disqualified or in jail, and return themselves to power (Ivory Coast, Rwanda).

Ask them to privatize inefficient state-owned enterprises, and they will sell them off at fire-sale prices to their cronies. In 1992, in accordance with World Bank loan conditions, the Government of Uganda began a privatization effort to sell off 142 of its state-owned enterprises. In 1998, however, the process was halted twice by Uganda's own parliament because, according to the chair of a parliamentary select committee, Tom Omongole, it had been "derailed by corruption," implicating three senior ministers who had "political responsibility."[21] The sale of these 142 enterprises was initially projected to generate 900 billion Ugandan shillings or $500 million. However, by the autumn of 1999, the revenue balance was only 3.7 billion Ushs.

The reform process has stalled through vexatious chicanery, willful deception, and vaunted acrobatics—all sound and fury but no action. Only sixteen of the fifty-four African countries are democratic; fewer than eight are "economic success stories"; and only eight have free and independent media. Without genuine political reform, more African countries will implode. The continent is stuck in a political cul-de-sac.

BETTER WAYS OF HELPING AFRICA

Smart aid would be that which empowers African civil society and community-based groups to monitor aid money and to instigate reform from within. Empowerment requires arming these entities with information and with the freedom and the institutional means to unchain themselves from the vicious grip of repression, corruption, and poverty. The true agents of reform are found outside government, not in "reformist partnerships" with crooked governments.

Africa already has its own Charter of Human and Peoples' Rights (the 1981 Banjul Charter), which recognizes each individual's right to liberty and to the security of his person (Article 6); to receive information, to express and disseminate his opinions (Article 9); to free association (Article 10); and to assemble freely with others (Article 11). Though the Charter enjoins African governments to recognize these rights, few do.

The institutional tools the African people need are these: free and independent media (to ensure free flow of information); an independent judiciary (for the rule of law); an independent electoral commission; an independent central bank (to assure monetary stability and stanch capital flight); an efficient, professional civil service; and a neutral, professional armed security force. Events in Ukraine, Ghana, Zimbabwe, Lebanon, and Togo in 2004 and 2005 unerringly underscore the critical importance of these institutions. Elections alone do not make a country democratic; nor are democracies nurtured in a vacuum. What is needed is a "political space" in which the people can air their opinions, petition their government without being fired on by security forces, and choose who should rule them in elections that are not rigged by electoral commissions packed with government cronies. This "space" does not exist in much of Africa.

The institutions just listed could help to create this political space, and their establishment would solve the majority of Africa's woes. For example, the two effective antidotes to corruption are independent media and an independent judiciary. But only eight African countries have free media in 2003, according to Freedom House. These institutions cannot be established by the leaders or the ruling elites (because of conflict of interest); they must be established by the civil society. Each professional body has a "code of ethics," which should be rewritten by the members themselves to eschew politics and uphold professionalism. Start with the "military code," and then the legal code," the "civil service code," and so on. The military code should debar soldiers from intervening in politics, mandating that they be court-marshaled for doing so. The legal code should decertify corrupt judges who do not uphold the rule of law, and the civil service code should sack public servants who do not uphold professionalism. Assistance to the Bar Association or the Civil Service Association to enforce their respective codes would be useful.

On May 13, 2006, thousands of Egyptian judges, frustrated by government control over the judiciary, threatened to thwart their country's September presidential elections by refusing to oversee polling unless they were granted full independence from the executive in their oversight of the process. "The institutions are presenting Mr. Mubarak with an unexpected challenge from within, one that will be difficult to dismiss. The fact is, major changes in this country are going to come out of those institutions, not from the streets," said Abdel Monem Said, director of the Ahram Center for Strategic Studies, a government-backed research and policy organization.[22] Government-backed newspapers, long the official mouthpiece, have lately published articles deemed unfavorable to the government, says Hussein Amin, professor of journalism and mass communications at the American University in Cairo.

The seeming mutiny by the Egyptian judges presents an altogether different and, in many ways, more serious challenge to a corrupt status quo than does the opposition movement. This is where smart aid would put its money. The situation is dicey, however, as direct assistance to Egyptian judges may constitute an "interference in the internal affairs of a sovereign nation." Funneling aid through Western-based NGOs is an option—about 36 percent of Canadian aid is so channeled—but those organizations can be expelled if they incur the displeasure of an African government. They can be accused of "spying" or engaging in subversive activities—charges that were leveled by Russia against Freedom House, a human rights group, in Ukraine and Kyrgyzstan.

But if, alas, direct assistance to Egyptian judges proves impossible, both third and fourth alternatives exist: the Bar Association in Egypt can be a conduit, or, if that is not feasible, Egyptians or Africans residing abroad could be the next best alternative. Many Africans in the diaspora are professionals, human rights activists, and reformers in exile. They understand conditions in their home countries better than do the Western-based NGOs. Funneling covert aid through their organizations may yield great results. After all, such was the case with Soviet dissidents during the Cold War.

The distinction between African governments and the people is important. Naïve EU officials think handing aid money to governments in Africa necessarily helps the people—a model they did not follow when dealing with the former Soviet Union. There the West did not hand over money to communist regimes, nor simply cajole them to reform. Instead, assistance to such groups as Solidarity in Poland and the establishment of Radio Free Europe accelerated the demise of the former Soviet Union. Why treat Africa differently? And how about Radio Free Africa?

The entire Western foreign aid program needs to be critically evaluated—not by Western or African government officials, but by people outside government—before more money is wasted.