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OPINION

LEADERS

Helping Africa

Helping Africa help itself

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Lots more money for Africa will not make poverty history. But it might just do some good

Das Fotoarchiv

MIGHT the battle against global poverty be won on the putting greens of Gleneagles? That is the hope of the many campaigners gathering outside the swanky Scottish hotel and golf club where the rich world's leaders are meeting at next week's G8 summit. The deployment of 10,000 police suggests that Britain's bobbies expect trouble. But even if the protesters stay behind the barricades and off the fairways, the presidents and prime ministers representing the G8 countries are already under pressure after months of publicity for a campaign calling on them to "make poverty history".

The campaigners pin their hopes on a doubling of aid to Africa. Tony Blair, who is hosting the G8 summit, has put the continent at the top of its agenda. Two big reports, from the United Nations Millennium Project, led by Jeffrey Sachs, and from Mr Blair's own Commission for Africa, provide the numbers to back the appeal.

But none of the signal events in the recent history of poverty eradication depended on the generosity of strangers. China's first cautious turn to the market in 1978; India's nod to entrepreneurship in 1982; Vietnam's *doi moi* reforms of 1986—all of these were homegrown policy reforms which allowed countries to get richer by making money, not by receiving it.

Some say aid is useless. Some say it is worse than that. Economists worry that it crowds out export industries, by, for example, bidding up the price of skilled workers. And aid may make governments dependent on their paymasters in the rich world, not their taxpayers at home. For every extra dollar of aid they are given, governments raise 28 cents less in tax, says Sanjeev Gupta, of the IMF.

The favoured few

If aid rarely "buys" growth, can it buy the reforms that do? That was the hope in the 1980s and much of the 1990s. Money was given on the condition that prices were stabilised, markets liberalised and industries privatised. But the easy reforms have been done, and the hard ones are too intractable. The vogue now is for "ownership" and "partnership". Countries are supposed to devise their own strategies for fighting poverty, in wide consultation with something called civil society, and then invite donors to back them.

The shift in fashions should not be exaggerated. Where before, donors told governments what to do, now governments largely tell donors what they want to hear. Yet this approach has some promise, particularly if it encourages donors to pool their efforts, rather than tripping over each other's pet projects.

How many countries are worth backing in a big way? Mozambique is everyone's favourite example. Recovering from war, it received aid worth half its national income in the mid-1990s. It has grown quickly and become less dependent on aid in recent years, not more. Ghana is usually second on the list. Its economy has grown steadily and its government has also raised more in tax revenue, not less, since the aid started flowing. Others could join the queue—Tanzania, Ethiopia, for instance—with some ifs, buts and wait-and-sees.

The claims for aid should not be inflated. Grand, global targets, such as the UN Millennium Development Goals, might help the international bureaucracies fill their coffers and justify their existence. But they also invite disappointment and disillusionment when the goals are missed.

But neither should the demands be exaggerated. The sums (the Commission for Africa calls for an extra $25 billion a year over the next three to five years) amount to just 0.08% of the 22 richest donors' combined GDP. And besides, what else would this money be spent on? The European Union alone wasted $55 billion last year on a common agricultural policy designed to keep food expensive for its consumers.

How to spend it

Last year, this newspaper supported a brassy but revealing initiative, dubbed the Copenhagen Consensus, to set priorities for aid (see articles). Asked how they would spend $50 billion, a group of economists had little trouble burning through the cash. A large chunk was earmarked for HIV/AIDS prevention; some to combat malaria and malnutrition. The projects backed in Copenhagen demand relatively little of the governments that would have to implement them, and thus reflect one of the key lessons that have been learned from the many mistakes donors have made over the years (see article).

To benefit Africa, the money need not even be spent in Africa itself. It is sometimes said that 90% of the $75 billion spent each year on medical research is devoted to the concerns of just 10% of the world's population. A hefty sum could be spent shifting the priorities of the rich world's laboratories—and, thanks to Bill Gates, that's happening (see article).

Research into new crop varieties needs to take place closer to the ground, so to speak. More money spent fomenting a second Green Revolution could bear fruit—as well as more maize and wheat. Even the chronic insecurity that blights parts of Africa is no excuse for tight-fistedness. Well-timed, well-armed peacekeeping missions, such as Britain's sortie into Sierra Leone, can cost hundreds of millions. But peace can bring economic benefits many times greater.

The aid sceptics—some of them veterans of the industry, their palms calloused from many previous bouts of hand-wringing over Africa—have all the best lines in the debate. Everything has been seen before, they say, nothing has worked. But what do they mean precisely? Do they mean that the World Health Organisation should abandon its efforts to put 3m HIV-carriers on anti-retroviral therapies? Perhaps those already on the drugs should hand them back, lest they succumb to "dependency". Should Merck stop donating its drug, ivermectin, to potential victims of riverblindness? Let Togo reinvent the drug itself! Perhaps, in the name of self-reliance, Tanzania's government should stop giving pregnant women vouchers to buy mosquito nets. Get sewing, ladies!

No one should be naive about aid. It cannot make poverty history, and it can do harm. But to say that nothing works is wrong. Cynicism is only the most common form of naivety.