

Money is not a cure-all for Africa's poor

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Published: 11 March 2005

The West must focus on meeting people's needs, not on giving big sums, argues William Easterly

Gordon Brown is eloquent about one of the two tragedies of Africa. The Chancellor of the Exchequer is compassionate about the tragedy of Africa's continuing poverty - the millions of children dying from preventable diseases, the rapid spread of HIV/Aids, the fact that income per person is the lowest of any comparable region in the world.

He calls for a doubling of foreign aid to Africa, a Marshall Plan for Africa, an international financing facility to raise tens of billions more dollars for the poor. He offers hope by pointing out how easy it is to do good. Medicine that would prevent half of malaria deaths costs only 12 cents per dose. A bed net that keeps sleeping children safe from the mosquitoes that spread malaria costs only \$4 (£2.10). We would need to spend just \$3 on each new mother to prevent 5 million child deaths over the next ten years.

Brown is largely silent about the other tragedy of Africa. The West has spent \$450 billion on foreign aid to Africa over the past four decades and has still not managed to get 12-cent medicines to children to prevent half of all malaria deaths.

Brown mentions the success of the Marshall Plan as a model. He has less to say about President Harry Truman's other plan, which was announced on January 20, 1949, using much the same language that Brown uses today: "We must embark on a bold new programme for... the improvement and growth of underdeveloped areas."

Why is it that after more than half a century of effort, foreign aid donors have not come up with the 12-cent malaria drugs, let alone got around to spending the \$3 per new mother that would prevent millions of child deaths? If it is so easy to prevent malaria with bed nets, why have foreign aid donors not deployed them already?

I ask these questions not to point fingers at past aid efforts but to try to learn from them. Brown shows little curiosity about why previous aid failed to achieve the easy solutions that he says are possible now. Yet we need to know why aid has failed in order to fix it.

The history of foreign aid shows that big plans at the top do not work without incentives for people at the bottom to deliver the goods and services that help poor people. Those who implement the plans at the bottom include aid agency officials in Washington and London and civil servants in poor countries. The fundamental problem is that these officials are not accountable in terms of the results they deliver to the poor people they are supposed to be helping.

The poor are not like the private customers of a firm who can take their business elsewhere if the firm does not give them what they want. The poor are not like citizens of rich countries who can vote out of power an inept government. The poor have no vote in making rich countries' policies. They have no say in how aid agencies are run. They have little political power in their own countries, which are often not democratic at all or are new democracies with still weak accountability to the poorest of their citizens (for that matter, even mature democracies don't have much accountability to their own poor citizens). With little accountability to the intended beneficiaries of aid, rich-country officials and poor-country civil servants have weak incentives to get results.

According to press reports, Prime Minister Tony Blair's commission for Africa is likely to highlight corruption by Western and African officials as a major obstacle to making aid effective.

Research by Deon Filmer, Jeffrey Hammer and Lant Pritchett at the World Bank finds many "weak links in the chain" that leads from donor spending on health to health outcomes in poor countries. For example, studies have found that 30 per cent or more of drugs destined for primary-health clinics in several African countries disappear before reaching the clinics.

According to a survey in one district in Zimbabwe, pregnant women were reluctant to use public health clinics to give birth because nurses ridiculed them for not having better baby clothes, forced them to wash bed linens soon after delivery or even hit them during delivery.

Africa does not have unusual public service delivery problems for a poor region. Virtually all poor countries have problems of corrupt and not very citizen-friendly civil servants, as today's rich countries did earlier in their history. Researchers find that many people in poor countries bypass public health services altogether to go to private doctors or to seek folk remedies.

As for international and national aid agencies, they have demonstrated more competence at creating "comprehensive development frameworks" or "millennium development goals" at the top (often recycling previous frameworks and goals) than in solving the implementation problems at the bottom.

The other side of weak accountability to the poor is that aid agencies have an incentive to show that they are doing their best to the rich-country voters who provide aid funding. Hence, aid agencies make a visible splash in the rich-country media with their new plans, frameworks and goals, while the silent, invisible work of fixing implementation problems at the bottom gets short shrift.

Brown enters this messy arena with his proposal to double foreign aid, even borrowing through his proposed international financing facility against future aid so that it can be done immediately. Double is a popular multiple in this tradition of making a big splash. In 1960, with the advent of the Cold War, Walt Rostow, an adviser to John F. Kennedy, called for a doubling of foreign aid. In 1973, Robert McNamara, who was then president of the World Bank, called for a doubling of foreign aid. In 1990, with the end of the Cold War, the World Bank called again for a doubling of foreign aid.

And in 2001, with the beginning of the War on Terror, James Wolfensohn, the current president of the World Bank, called for a doubling of foreign aid.

Doubling the relatively trivial proportion of their income that rich Westerners give to poor Africans can be a worthy cause. Even the \$450 billion poured into the region over the past four decades, while it should have been enough to make a difference to the African problems Brown cites, represented a contribution of only pennies a day from each Western taxpayer. The recent outpouring of donations for tsunami victims shows that Europeans and Americans have genuine compassion for those in need.

The problem with the Brown plan, as with the many aid plans that have preceded it, is a fixation on the money spent on world poverty rather than on how to meet the needs of the poor. Letting total aid money stand for accomplishment is sort of like the Hollywood producers of *Catwoman*, recently voted the worst movie of 2004, bragging about their impressive accomplishment of spending \$100 million on its production.

How to fix the problems of aid? Alas, we know much less than we should because so much effort has gone to hoopla at the top and so little effort has gone to fixing the problems at the bottom. We could improve incentives at the bottom by doing a truly independent evaluation of aid efforts to measure results. For a start, we could discover reliable ways of asking the poor a couple of simple questions. Is aid money reaching them? Are they better off as a result? Maybe then aid officials and civil servants would be more accountable for the results of their actions and existing aid and new aid programmes would have a lot more to show for their expenditures.

Brown could also be more realistic about what global aid can achieve. Even if aid were doubled, this modest spending is not going to be a miracle cure for world poverty. Notwithstanding the rhetoric of aid advocates such as Brown, the world's poor do not have to wait passively for the West to save them (and they are not waiting). While Brown was devising his plan for \$50 billion a year more in foreign aid, the citizens of China and India (who get trivial amounts of aid as a share of their incomes) increased their incomes through their own efforts by \$715 billion a year.

So, Mr Brown: could you please direct your admirable energy and compassion to fixing existing aid programmes as well as to creating new ones? And can all of us in the West be a little more humble about whether we can save the world?

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