Jeffrey Sachs: Spirit of London a lesson for the world

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He has advised governments in Latin America, Eastern Europe, the former Soviet Union, Asia and Africa on economic reforms and for his work with international agencies to promote poverty reduction, disease control, and debt reduction of poor countries. Among the works he has authored is The End of Poverty, which is part of an FT reader offer to coincide with the G8 summit.

Sachs starts his blog for the FT this week from the African Union summit in Libya and ends the week in Gleneagles in Scotland.

As he says, these “can be historic days for Africa”.

“Or they can be days filled with rhetoric and spin, signifying little.”

Join in the discussion and poll on the G8 agenda, and on Sachs’ blog.

Friday July 8, 2005

Yesterday when the bombs went off in London I was about a mile away. I therefore witnessed one of the greatest triumphs and resources of modern life against the backdrop of yet another heinous crime. Londoners reacted to the disaster not with shock, violence, or disarray, but with unfailing professionalism, industriousness, concern, and emphatically, civility. There were no pogroms, attacks on London’s large Muslim population, Rather there were statements of praise for the Muslim community, for its integral role in London life. There was no rush to judgment, no bluster, no jingoism, only the steady voices of British politicians directing a democratic response to this most undemocratic of deeds.

London, in short, showed even in a moment of real peril, uncertainty, and grief, that it is truly, uniquely one of the great centers of a world civilization, a civilization in which all races, religions, and creeds can live together peacefully, creatively, productively. I feel about London what I feel about my own home of New York City. Both are what mathematicians call a “proof by existence,” in this case a proof that globalization can work, that divisions among people according to religion, ethnicity, language, can be overcome through a commitment to common purposes among people living in close proximity. London must be the way of the future, of an urbanized internationalized life in the 21st century, for if not, our world will likely succumb to hatred, violence, and despair on our very crowded planet.

Tony Blair showed true leadership yesterday when he declared that the work of the G8
summit in addressing poverty and global climate change was now more important than ever, that the terrorists would not deflect the work of the political leaders in addressing deep economic and ecological problems that gravely threaten the planet and that stoke the violence and conflicts of our times. George Bush spoke well when he declared that an ideology of compassionate concern for the world’s poor would triumph over an ideology of hate. Both men owe the world this much, and yesterday they delivered. Their war in Iraq was gravely misconceived and dangerous; their words yesterday were highly constructive and extremely important.

We are not, thank goodness, in World War III as some of America’s hotheads have believed since September 11. To believe such is to risk making it a tragic reality. In truth, our struggle is not of one culture against another, but a struggle for our common survival on a fragile planet threatened by too many weapons, too much environmental destruction, too much extreme poverty and disease, too many young unemployed men in the Middle East deprived of hope and dignity, too many fundamentalist misconceptions in a world that has been built by science which can be harnessed by ignoramuses and psychopaths. The cell phone can be both the creator of global connectivity and the detonator of urban mayhem.

We are surely in store for many more shocks ahead: terrorist attacks, massive droughts and other extreme climate events caused by manmade climate change, disease pandemics, and more. Yet we are also more equipped than ever before, with our great wealth and technology, to confront these challenges. Our biggest threats are not psychopaths but also our own ignorance and lack of will. If the G-8 commitments to Africa and climate change are watered down today by “political realities,” for example, we will pay a very heavy price for this neglect in the future.

Our world is complex and non-linear. It is as unpredictable as yesterday morning’s bombings. We must be smart, smarter even than yesterday, to overcome the risks that we face. A war on terror is needed, but only as part of a broader war on poverty, intolerance, environmental degradation, and injustice which fuel so much global instability. The greatest answer indeed that the world’s leaders assembled at Gleneagles can give to yesterday’s criminal attack is a shoulder-to-shoulder commitment to address the pressing concerns of poverty, injustice, and environmental destruction in an open, just, and meaningful way. To find their way in this profound challenge, the political leaders should look to the spirit of London. It is a unique lodestar for a safer and prosperous world in the 21st Century.

Thursday July 7, 2005

Last night’s Make Poverty History gathering in St. Paul’s Cathedral of London, in which UN Secretary General Kofi Annan spoke on the Millennium Development Goals, with Gordon Brown and leaders of civil society and private business responding, demonstrated the depth of public support for urgent and bold action against extreme poverty.

The public turnout was overwhelming, filling the enormous cathedral to full capacity, with hundreds more of the public turned away for lack of seats. The message no doubt is also being heard in Gleneagles, where the G-8 will announce a major new commitment of aid to Africa. It will not be all that is needed, but it will be a real step forward. We will then face the simultaneous challenge of scaling up the fight against poverty with the new resources at hand, while continuing the enormous political and social mobilization to top up the financing package in the coming months according to the real needs of the poorest of the poor.

We have recently heard much, and much wrong, about the question of whether aid can actually deliver benefits to the poor. The sceptics claim that vast amounts of aid have gone down the drain. They cite alleged huge numbers, approximately $500 billion of total aid to Africa over 50 years, as “proof” of the failure of aid. They don’t recognize that a sum of aid flows added over 50 or more years will sound large though the annual aid per African has actually been quite small.

Just do the arithmetic. Aid to Africa has averaged perhaps $10 billion per year during the past half century ($500 billion divided by 50), shared among an average African...
population of roughly 400 million during this period, or approximately $25 per African per year in aid. Of that annual flow, well over half would typically come as emergency food aid and salaries of US and European consultants, rather than as actual investments in Africa. In recent years, another part of the “aid” has been exaggerated headline figures on debt cancellation, which greatly exaggerate the cash flow relief per year. Actual investments supported by the donor aid might have averaged say $5 to $10 per African per year, or even less.

This has not been nearly enough to address a continent profoundly vulnerable to deep and widespread drought, pervasive disease, huge overland transport costs with many landlocked countries, and a legacy of a century of colonialism that left a disastrously poor physical infrastructure and a shockingly low level of literacy and higher education at the time of African independence. Small aid flows per African per year ran up against uniquely large developmental needs.

In the case of US aid, the actual investable part of US support for Africa has typically been less than $1 per African per year. American critics of aid bellyache about American aid supposedly down the drain in Africa, not acknowledging that the sum of all US aid to Africa since 1960 has been far less than this single year’s US spending on the Iraq War, a point that I stressed earlier this week.

We learn a lot more about aid by focusing not on emotive 50-year sums but on the experience of specific aid programs. There have been many, many aid successes, and indeed many lessons for us to apply as we move forward to implement the expanded aid program that will be agreed by the G-8 leaders in Gleneagles, and deepened in the months ahead.

Consider some of the great successes: smallpox eradicated, polio nearly eradicated (with the aim of full eradication in the next couple of years), immunization coverage widely extended, and diseases such as leprosy, trachoma, African river blindness, and guinea worm brought under control. In the past year, there has been another growing success story: getting HIV-infected Africans on to anti-retroviral treatment. All of these cases share some basic common elements.

First, the aid was applied at a scale sufficient to address the challenge. Smallpox eradication was not a pilot project. It required universal coverage. The other successes similarly operated at continental scale.

Second, the aid was targeted to a specific challenge, using a specific proven set of technologies. Immunizations, drugs, preventative pesticide spraying (to control African river blindness), have all played a role.

Third, the targets were quantitative. Numerical goals were set. The aid programs could judge their progress not in general terms, but in specific and quantitative terms.

Fourth, the aid was for the medium term. Disease control efforts were often set for a decade or more, understanding that a consistent, targeted, properly funded, high-energy input would be required over many years for success. Smallpox eradication did not look for “sustainability” of the project by poor African countries after a few years. The international effort was maintained long enough to get the job done.

Fifth, the interventions typically came in bundles, with a “package deal”: prevention and treatment of disease as two sides of an inter-linked strategy; combined with training of health workers to make sure that the control effort could be carried out at a large scale, and with a linkage of the health interventions to improved schooling, community education, and the like.

In short, the good things have come wrapped in packages addressed to meeting several needs simultaneously: health, nutrition, education, local infrastructure. While each of the basic needs was taken on in a specific and quantitative program, all of the interventions were linked in an integrated strategy.

Sixth, the success stories inevitably called upon local participation. Local communities...
were involved in over-seeing access to health care, or building new clinics and schools, or in keeping drinking water safe from contamination. Success was “bottom up” as well as “top down.” Both directions played a role.

The good news about today’s G-8 aid package for Africa is that African leaders in many countries are ready for a massive scale up of effective actions based on these principles. Crucially, the internationally agreed Millennium Development Goals (MDGs) provide the organized, quantitative “package” framework that is needed. The MDGs call for simultaneous investments in disease control, increased food production to fight hunger, schooling, and infrastructure. They set quantitative goals and a timetable till 2015. They have won the widespread endorsement and legitimacy of societies and governments around the world.

As the UN Millennium Project, which I directed for UN Secretary General Kofi Annan, has shown, there are known, proven interventions at hand for each of these critical needs: to fight malaria, enable African farmers to enjoy a “Green Revolution” of increased food production, to educate young girls now kept away from schools, to bring safe drinking water and sanitation to poor rural communities. The G-8 aid should be directed at these practical investments, not at consultant salaries. African Governments should be enabled, indeed encouraged, to table poverty-reduction strategies bold enough to achieve the MDGs, based on the specific interventions to get the job done. The aid should be pooled to support those African-led strategies. Aid should then be delivered against bold, explicit, and agreed timetables. That delivery should be verified (and audited) as a basis for a continued flow of support.

In sum, aid will work when it is specific, measurable, time-bound, and subject to audits, monitoring, and evaluation. That is the true lesson of aid in Africa and other parts of the world.

In the next instalment, I will describe the next steps for success, as the G-8 concludes and the world turns its attention to the September 2005 UN World Summit, a global gathering of rich and poor countries which is likely to be the largest gathering of world leaders in history.

Wednesday July 6, London

“As I arrive in London this morning from the AU Summit in Sirte, Libya, the UK hosts are putting out the word that they are within striking distance of the basic goal of doubling aid to Africa to $50 billion by 2010. Let’s suppose that the G8 leaders in fact make the announcement by week’s end. What should happen then?

First, of course, we’ll have to check the numbers, and then check them again. The commitments should be in real dollars, correcting for inflation and exchange rate changes ahead. The sums should be for real investments in Africa, rather than salaries of high-priced consultants from the US and Europe.

The sums should be grants rather than loans. And the sums should not include emergency food aid, or hyped debt cancellation numbers that exaggerate cash-flow relief. I will be working with many others to promote a network of monitors in Africa and the donor countries to watch the promised flows and commitments carefully.

Second, we’ll have to ensure that the IMF and World Bank actively promote the timely and effective delivery of those increased commitments, rather than standing in the way or treating the promises of increased aid flows as “not their business”.

The key step will be for these institutions to stop merely talking about the Millennium Development Goals, and actually start being operational about those goals. The IMF in particular will have to change its modus operandi in a rather basic way.

Let me explain. In today’s practice, the IMF is the gatekeeper on government spending in poor countries. The IMF calls the international donors and gets an estimate of the development aid that is on offer in a given year. It then says to the finance minister, “Okay, this is the aid that you can expect. Now live within your budgetary means.”
If the aid is grossly inadequate, as it has been in Africa for a generation, the IMF tells the finance minister of the impoverished country: “So sorry, there is no more donor money available. You can’t afford to have a health system. Sadly, your children will die. But finance is finance. You must simply live within your means.”

The result is one IMF programme after another in which the country’s health budget is, say, $5 to $10 per person per year, rather than the minimum of $40 per person per year that is needed to ensure even the most basic level of health services.

The IMF therefore “approves” a plan of action in a poor country such as Ethiopia or Ghana or Uganda which is in effect a death sentence for the people. It’s no accident that the life expectancy in many African countries with IMF-supervised programmes is a mere 40 to 45 years.

Almost every IMF programme approved in recent years in sub-Saharan Africa includes a health budget far too small to keep the population alive and healthy. And yet such programs are routinely approved by an IMF Executive Board which is provided with almost no information in staff documents about the extraordinary health emergency on the African continent.

Now, here’s how things should work in the post-G8 environment, based on new G8 aid commitments to at least double aid by 2010.

When the IMF staff next look at the health budget in Ethiopia or Ghana or Uganda or other low-income African countries, they should immediately recognise (and assert to the Board) that a health budget of $5 to $10 per person per year is utterly inadequate, and indeed utterly inconsistent with achieving the Millennium Development Goals in that country.

Furthermore, they should recognise that the ability of the country to raise the health budget out of its own resources is very limited. That indeed is why increased donor aid is needed in the first place! Thus, instead of telling the finance minister that the poor country will simply have to live (and die) within its means, the IMF will have to tell the donors to increase their aid outlays, urgently and significantly, so that the health budget can rise to perhaps $20 per person in the coming year and $40 per person within, say, three years.

In short, budgets in African countries will have to be based on critical needs - to fight disease, grow more food, invest in infrastructure - and the increased aid flows will have to be mobilised to meet those needs.

The IMF will no longer simply be the gatekeeper on budget spending, putting relentless pressure on poor countries to cut or freeze budget spending and staff (including those who work in hospitals, clinics and schools), the IMF will start pressuring the rich countries to honour their aid commitments as a core part of the IMF’s work.

Rather than telling poor-country finance ministers simply to live within their means, the IMF will be telling rich-country finance ministers that the poor countries need more aid - to be directed at the high priorities of health, food production and infrastructure - so that those countries can achieve the Millennium Development Goals.

In addition to monitoring actual aid flows, therefore, it will also be important to monitor future IMF and World Bank-supervised programmes on a detailed basis. Current IMF and World Bank programmes throughout Africa are utterly inconsistent with achieving the Millennium Development Goals. In the future, the IMF and World Bank should be held to account for their institutional contribution to achieving the Millennium
Development Goals in the dozens of low-income countries in which those institutions play such a critical role.

The third and critical step, of course, will be to ensure that the new investment programmes - targeted at disease, hunger, and infrastructure - are properly implemented. This too will require a new relationship between donor and recipient, and between African governments and their citizenry. Corruption must be fought and held to a minimum. Aid outlays must actually reach the intended beneficiaries. The process can not get hopelessly tied down in red tape. I'll discuss the implementation challenges in the next installment. 

Tuesday July 5, written in Tripoli, en route to London

“As world leaders begin to arrive in Gleneagles for the G-8 Summit, the spin around foreign assistance continues.

The United States Government protests that it is already so generous that it needs to do little more. It proclaims a doubling of aid between now and 2010. It notes that much aid in the past has been down the drain because of African corruption. And it proclaims that it won’t be bound by any artificial targets such as 0.7 percent of GNP in official development assistance.

These points need a careful response. The facts are these. The US is currently providing about $3 billion in “bilateral” aid to Africa, meaning aid that goes from the budget to African development programs. That $3 billion is divided roughly equally in three parts: $1 billion for food shipments, $1 billion for HIV/AIDS control, and $1 billion for everything else. The everything else includes all health programs, water and sanitation, schools, roads, power, justice systems, and so forth.

But let’s dig even deeper. The $1 billion in food shipments is actually about $500 million in grain, and $500 million in transport costs, on (expensive) US ships. Thus, only half of the headline number is actually food. And not a penny of it is help for African farmers to grow more food. A band aid, not a remedy to a continent whose food production is far below potential, if small holder farmers were given the help to be more productive.

Of the $1 billion in AIDS, perhaps half of that goes directly and indirectly to the provision of anti-retroviral treatment. That is highly mentorous, if too small. The Bush Administration has gotten about 200,000 Africans on to anti-retroviral treatment by now, while another 2 million or so will die this year of AIDS because they lack access to these medicines. The US program was first proposed only in 2003, two years into the Bush Administration, and it really got started only in 2004.

Of the $1 billion that remains, most goes to support US consultant salaries rather than real investments in Africa. Africa needs help to build schools, clinics, drug supply chains, roads, rural electricity, internet connectivity, soil nutrient replenishment, and more, but instead gets mainly “advice” from US consultants rather than help with real and practical investments. As a guess, perhaps $250 million or so of the $1 billion in “all other aid” is actually for commodity delivery and investments, with the balance being American salaries.

In total, the amount of US support for critical investments in Africa is therefore perhaps $750 million, the sum of AIDS medicines and a small amount of investments in other areas.

Now, let’s put that into perspective in three ways: what Africa needs, what the US has promised, and what the US can afford. As for needs, there are around 750 million people living in sub-Saharan Africa. The US contribution in actual investment funding is on the order of $1 per African, perhaps less and certainly below $2 per African. The UN Millennium Project found that donor support for practical, MDG-based investments should be on the order of $70 per recipient (from all donors, the US and others). The US fair share of that would be around one-third, or $23.

The US contribution to meeting Africa’s vital needs is therefore a tiny fraction of what
the US share ought to be. (And note, this $70 would not be for “pie in the sky,” but for absolutely practical, measurable and proven investments in medicines, bed nets, clinics, schools, soil nutrients, small-scale water management, and the like).

Now, the US has indeed promised to do vastly more. As I noted yesterday, the US and all other donors signed the Monterrey Consensus in March 2002, pledging them to “make concrete efforts toward the international target of 0.7 percent of GNP in official development assistance”.

The US Government has spent vastly more time and effort denying that it has ever made this commitment than it has in thinking about ways to fulfill it. Of the 22 donor countries in the Organization for Economic Cooperation and Development, 16 have set a timetable to achieve 0.7. Another 5 have continued to support 0.7 as a target, but without a timetable. Only the US denies the goal itself.

Finally, we can judge the US support of around $750 million per year in investment spending in Africa in comparison with what the US can afford to do. I noted yesterday that the U.S. actually spends more each year in Iraq (around $80 billion) than it has in all aid for all of Africa from 1960 to the present!

Surely, we are profoundly short-changing Africa as well as US security by putting such a remarkable amount of our foreign spending on the military rather than on peaceful development. Looked at another way, the $750 million is about one half day's of the Pentagon budget and about three-and-one-half days of spending in Iraq.

The claims, in short, of vast US generosity, and vast previous aid “down the drain” in Africa are simply myths, myths easily sold to a public that does not know the facts.

Tony Blair has called for a rise in total aid to Africa to $50 billion by 2010. The US “fair share” would be around $15 billion, compared with $3 billion today.

President Bush has instead spoken of a doubling of US aid by 2010, suggesting an increase to a still-meager $6 billion by 2010. The result would be a tragic shortfall in meeting Africa’s needs and aspirations, more lives needlessly squandered, and no doubt more spin about how Africa’s problems persist “despite” the great US generosity.”

Monday July 4

“Today I write from Sirte, Libya, where dozens of African leaders are meeting at the 5th Annual African Union Summit. Will their deliberations today and tomorrow, and those of the G-8 leaders that will follow in Gleneagles, Scotland on July 6-8, offer practical succour and hope to the hundreds of millions of Africans struggling with extreme poverty, hunger, and disease?

My most important message, overriding all others, is that practical solutions are indeed available to enable Africa to break free of its tragic and utterly unnecessary downward spiral of poverty, disease, and environmental degradation. Africa can achieve the Millennium Development Goals to cut poverty and hunger by half, child mortality by two-thirds, and maternal mortality by three-fourths, by the year 2015. Indeed, as I argue in my book The End of Poverty, the extreme poverty that will kill up to 8 million Africans this year can be ended entirely by the year 2025, if we get started now.

The key is to mix boldness, practicality, and honesty on all sides, including both in Africa and among its development partners.

The boldness requires Africa and its development partners to set ambitious targets and then to pursue them avidly and steadfastly. Enough of a small project here or there to dig a few wells, or distribute a few anti-malaria bed nets, or provide a few school meals. The time has come, indeed is long past, to confront Africa’s unique challenges at the continental scale that they require. That is the essential purpose of the Millennium Development Goals: to force all of us, rich and poor, to aim for targets that will constitute a true breakthrough out of the poverty trap. Africa grapples with an extent of challenges unmet anywhere else in the world - drought, depleted soils, malaria,
economic isolation, absence of infrastructure, rapid population growth - that require targeted and scaled responses also unmatched in any other part of the world.

The practicality requires us to dispense with empty rhetoric or more lectures to poor and dying people, and to focus instead on real investments that can spell the difference of death and life, decline and economic growth. African farmers, for example, could triple their yields of food per hectare, thereby feeding the continent, if they can gain access to improved seeds, soil nutrients, and small-scale water management technologies. In short, Africa can achieve, and desperately needs, a 21st Century Green Revolution. This will require years of targeted, practical, donor-supported help for Africa’s smallholder farmers, who are too impoverished to afford these vital inputs on a market basis. But with a donor-backed boost of investments in their future for several years, these farmers can be the hope for Africa to achieve real food security and a takeoff to economic growth. Asia’s Green Revolution in the 1960s and 1970s helped critically to launch India and China’s escape from poverty (when combined, of course, with other market reforms).

The same can be the case for Africa in this decade.

Similarly, with practical investments in insecticide-treated bed nets, anti-malaria medicines, training of community health workers, and diagnostic capacity at the local level, Africa’s great scourge of malaria can be brought decisively under control. Such results have been achieved with smallpox, many vaccine-preventable diseases, African river blindness, African guinea worm, trachoma, and leprosy. Polio is close to full eradication, thanks to this kind of targeted effort, led by Rotary International and the World Health Organization. Now, it’s time that we launch a similarly practical, focused, bold effort to control malaria and other pandemic killer diseases.

The third vital need is honesty, from the donors as well as the recipient countries. The donors have promised to help Africa for decades, and indeed to give 0.7 percent of their GNP in official development assistance, but have not delivered in most cases, not even close. Europe, now, seems finally to be taking this goal seriously, announcing a new timetable to achieve it before 2015, and with intermediate targets to help keep on track.

America has not yet joined in. For all of America’s professed solidarity with Africa, for example, the simple truth is that the U.S. spends more each year in Iraq, around $80 billion, than it has given in aid to all of Africa for all of the years from 1960 till now!

One war, each year, consumes more resources than decades of aid. This is a measure both of the high cost of war, and the extremely small size of U.S. help to Africa relative to the size of the U.S. economy and Africa’s needs. Moreover, American officials protest, incorrectly, that the U.S. never signed up to the 0.7 percent target. Yet President George Bush did exactly that in Monterrey, Mexico in March 2002, when he joined all other governments in pledging to urge developed countries that have not done so “to make concrete efforts to the target of 0.7 percent of GNP in official development assistance.”

The honesty of course must also apply to the African leadership. All future aid programs should be practical and monitorable, with specific inputs, specific outputs, and specific milestones and timetables. Aid should come, in short, in an utterly transparent and business-like manner, subject to all of the normal controls of audits, spot checks, and monitoring and evaluation. African leaders throughout the continent are eager, indeed, for such a practical and business-like approach, convinced that it will help as well to encourage the donors to honor their side of the bargain, and most importantly, to get the job done and done right.

This week is the week when Africa’s downward spiral can be replaced by an upward path of investment and long-term development. Prime Minister Tony Blair has called for nothing less. Yet President Bush seems still focussed more on spin than on America’s unmet obligations and its vast responsibilities as a $12 trillion economy, one which should be delivering vastly more than $3 billion development aid this year, just 3 cents per every $100 of U.S. GNP. Even a doubling of this small share of U.S. GNP would not begin to meet America’s own promises, Africa’s needs, or the package of support that Blair has urged on the G-8.
Crucial days remain before the die is cast. The fate of hundreds of millions of Africans, as well as of our own long-term security, hang in the balance.