

The G8's broken aid promises

The Millennium Development Goals are the world's agreed goals to cut poverty, hunger, and disease. Established in 2000, their targets were to be met by 2015. We are now at the halfway point. So far, despite endless words about increasing aid to poor countries, the rich G8 countries are renegeing on their part of the bargain.

Cynicism abounds here. At the G8 Gleneagles Summit in 2005, member countries pledged to double aid to Africa by 2010. Soon after the summit, I was invited to a small, high-level meeting to discuss the summit's follow-up. I asked for a spreadsheet showing the year-by-year planned increases, and the allocation of those planned increases across donor and recipient countries.

The response I received was chilling. "There will be no spreadsheets. The United States has insisted on no spreadsheets." The point was clear. Though the G8 had made a clear promise, there was no plan on how to fulfill it; indeed, there were clear instructions that there would be no such plan.

The G8 is now reaping the consequences of its inaction. For the first year after the Gleneagles meeting, aid numbers were padded by misleading accounting on debt cancellation operations. With those debt cancellation operations largely completed, the data are now revealing the stark truth: development aid to Africa and to poor countries more generally is stagnant, contrary to all the promises that were made.

Specifically, between 2005 and 2006, overall aid to Africa, excluding debt cancellation operations, increased by a meager 2 percent. In fact, total official development assistance to all recipient countries, net of debt cancellation, actually declined by 2 percent between 2005 and 2006. Even the World Bank, which usually takes the donors' point of view, recently acknowledged that except for debt cancellation, "promises of scaled up aid have not been delivered."

Private reactions among senior government officials in the G8 are surprising. One senior G8 official told me that the aid promises are all lies anyway. I don't agree with that, but the cynicism that such a view reflects is alarming. It shows the nature of discussions at the highest reaches of the G8.

All this would seem to be insurmountable if the basic economics were not clear. We are not talking about unachievable financial goals. Indeed, the sum of money is minuscule. The G8, representing nearly 1 billion people, has promised to increase aid to Africa from \$25 billion in 2004 to \$50 billion in 2010—a difference that represents less than one-tenth of 1 percent of the income of the rich donor world!

To put it in perspective, the Christmas bonuses paid this year on Wall Street—just the bonuses—amounted to \$24 billion. Spending on the Iraq war, which achieves nothing but violence, is more than \$100 billion per year. So the G8's commitment could be honored, if rich countries cared to honor it.

To salvage its credibility, the G8 needs to make crystal clear—once again—that it will honor its commitment to increase aid to Africa by \$25 billion per year by 2010. That way, cynics within the G8 governments can understand their assignments. Moreover, unlike in 2005, the G8 needs to present a plan of action. The lack of specific commitments by specific countries is a shocking display of governance at its poorest.

Finally, recipient countries need to be informed about the year-to-year increases in aid that they can expect, so that they can plan ahead. The increased aid should be directed at building roads, power grids, schools, and clinics, and at training teachers, doctors, and community health workers. All of that investment requires plans and years of implementation. Aid cannot be a guessing game. It must be committed in clear terms over a period of several years, so that recipients can use it in a sensible and accountable manner.

Admittedly, part of the problem with the G8 is not simply lack of good faith or political will, but basic competence. The U.S. government doesn't really know what it is doing in Africa, because over the years America's aid agency has been largely emptied of its leading thinkers and strategists. Moreover, the Bush administration politicized the delivery of aid by channeling it through private religious groups that are part of the administration's political coalition. That's the reason that much of the U.S. funding on AIDS follows religious strictures rather than science.

Fortunately, what needs to be done is not complicated. African countries have already identified their high-priority investments in health, education, agriculture, and infrastructure (including roads, power, and internet connectivity). These investments could be increased systematically during the period from now until 2015, in order to enable these countries to achieve the Millennium Development Goals. The plans are already on the table, or at least on the shelf, waiting for the G8 funding to arrive.

It's time for the rich countries to stop giving lectures to the poor, and instead to follow through on their own words. And G8 citizens must hold their governments accountable for what they have pledged but not delivered.

By Jeffrey Sachs 2007.04.24

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