

How I'd fix the World Bank

Advice for the new chief: Roll up your sleeves and plant some seeds. What hungry Africa needs is action, not ideology, says Fortune's guest columnist Jeffrey Sachs.

By Jeffrey Sachs, Fortune Magazine
guest columnist

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NEW YORK (Fortune Magazine) -- The scandal-ridden departure of Paul Wolfowitz from the World Bank doesn't end its crisis. The trouble runs deeper.

It goes to the core of the bank's mission to cut extreme poverty, hunger, and disease. In the earth's poverty hot spot, sub-Saharan Africa, the bank's approach is failing.

Just when the world has ramped up its verbal commitments to fight Africa's misery, the world's confidence in the bank is at low ebb. Despite endless talk, countless "missions" by bank staffers, and expensive studies, the bank has accomplished little in Africa for 20 years. Africans know it, and so do the bank's financial backers in the U.S. and Europe.

Africa will be the bank's test under incoming President Robert Zoellick. If it fails there, not only Africa but the bank will be in mortal peril.

World leaders have given Zoellick and his team a clear assignment: to achieve the Millennium Development Goals, a set of targets for cutting poverty, disease, and hunger by the year 2015.

The World Bank claims on its Web site that "our work focuses on achievement" of the goals, which "provide us with targets and yardsticks for measuring results."

Yet the bank's managers have not been held accountable. Senior bank officials actually whisper to African leaders not to dream about achieving the goals, since the managers don't want to be responsible for ambitious targets. They hope that the goals will just fade away.

Part of the problem has been that Wolfowitz had no background in African development and no coherent approach to it. Based on his perceptions rather than evidence, Wolfowitz decided that the best path was a campaign against corruption among the bank staff and Africa's governments.

American conservatives cheered, as this crusade played to their prejudices about the bank and about Africa. Yet the bank's problem has not been staff corruption but rather weak leadership and accountability.

And the core problem in Africa is not corruption but the lack of basic infrastructure and services. Like all poor regions (and rich nations like the U.S.), Africa has its corruption problems, but they do not explain its distinctively poor economic performance.

The causes are obvious to anyone who has spent a few days in African villages. There are almost no roads, electricity, doctors, nurses, fertilizers, high-yield seeds, and all the other things that constitute the first step out of extreme poverty.

These villages live at subsistence or below, trying to eke out survival on soils depleted of nutrients, with children dying of malaria and mothers and fathers dying of AIDS, and without the most rudimentary help of technology.

When poor American farmers lacked electricity, the U.S. established the Rural Electrification Administration in 1935 to provide low-cost credits to bring electricity to the countryside.

When India needed a Green Revolution in the 1960s, the Rockefeller Foundation brought high-yield seeds, and the U.S. government shipped massive amounts of fertilizer.

When China's countryside needed roads and electricity, the Chinese government, not the private market, did the job, and the World Bank helped with financing.

Yet when it comes to Africa, according to Washington's free-market ideologues, all those wonderful things are supposed to spring up by themselves, with markets coming to the rescue. And when those things don't arrive, since there is no way to pay for them, African governments are blamed for corruption.

As any junior IMF staffer could tell the bank in a heartbeat, the African governments do not have the fiscal means to invest in what's needed, and that would be true even if Mother Teresa were running the local treasury.

New bank chief Zoellick needs to tell his staff that their jobs depend on meeting the goals in Africa. Here are four areas where the bank can have a quick and dramatic success:

- It can help Africa raise food production at least 50 percent by 2010. Malawi introduced a voucher scheme to ensure that every farmer could obtain fertilizer and high-yield seed. This program could be implemented Africa-wide within two years. African governments are ready, and the Gates and Rockefeller foundations will provide valuable support.
- The bank can help Africa defeat malaria. By 2010 every sleeping site in malaria-transmission regions can be protected with a long-lasting bed net, and every village can be protected with first-line medicine. More than one million lives per year can be saved, with massive add-on effects on schooling and harvests.
- It can help Africa achieve electrification by 2015. It is a cruel myth that development without electricity is possible in the 21st century. Rather than helping countries ship their oil abroad and then remain dependent on wood for energy, the bank should be helping Africa develop its hydrocarbons to support regional power grids.
- The bank urgently needs to help Africa finance roads and rail upgrading, starting with a major highway (rather than a two-lane, broken-down road) linking the port of Mombasa in Kenya with Nairobi and Uganda, Rwanda, Burundi, and eastern Congo. A road and rail network would enormously expand trade between Africa and the world.

Seasoned practitioners not held back by ideology and posturing know how rapidly results can be achieved. The philanthropy Millennium Promise, which I helped start, has raised over \$100 million in private funds for Millennium Villages. This demonstrates how rural life can be improved dramatically from one season to the next.

Zoellick's success will depend little on his Bush administration connections and not at all on a simplistic free-market ideology. What will count are his management skills.

The goals for Africa can be achieved, but only through action, not through more talk or studies. Time is running out for the goals - and for the World Bank. ■

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