

THE POWER OF MONEY

Can Africa Be Saved by Private Aid?

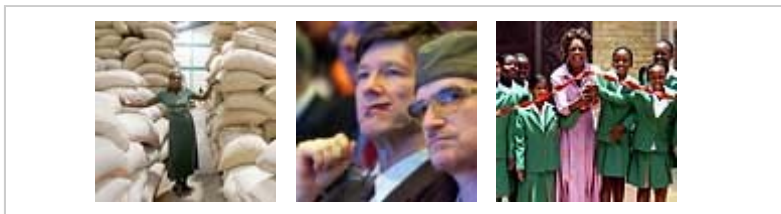
By Marc Hujer

Private investors want to prove that development aid for Africa is money well invested. Wealthy philanthropists from around the world are funding more and more programs on the continent. And some of them seem to be working.

The real reason Bono was in Berlin was to talk about Africa -- about hunger, misery, AIDS and tuberculosis. But before the interview began, he started to sing: "It's one for the money / two for the show."

He was sitting at a table in a swanky Berlin restaurant, dressed in a black shirt, a black sports jacket, a black tie, and wearing his trademark wraparound orange sunglasses -- the eyewear that transforms this small man in crepe-soled shoes into the lead singer of U2.

PHOTO GALLERY: GOOD DEEDS IN AFRICA



Click on a picture to launch the image gallery (8 Photos)

He has earned millions of dollars with this voice -- Bono has a knack for singing the right song at the right time. He wanted to know if the recorder on the table in front of him was working. Then the show could begin.

He had just visited the chancellery where he had spoken with German Chancellor Angela Merkel. About Africa -- about hunger, misery, AIDS, and tuberculosis. It's always the same subject. His subject. Indeed, he is constantly on the road to drum up support for Africa. He has met with former US President Bill Clinton, with Microsoft boss Bill Gates, with current US President George W. Bush, even with the pope. Now it's Angela Merkel's turn.

The 0.7 Percent Benchmark

Bono wants the rich countries of the world to make good on their pledge to give 0.7 percent of their GNP as development aid to the poorest of the poor. None of the large industrialized nations has come even close to donating this amount. Today, only countries like Sweden, the Netherlands and Luxembourg have already reached the 0.7 percent benchmark.

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Chancellor Merkel is chairing this year's G-8 summit in Heiligendamm, and Bono wants to convince her that she should act as a role model for the other leading industrialized nations and spend more money on Africa. It was undoubtedly not an easy discussion, given the many reservations about development aid. The industrialized nations have been providing aid for 50 years now. During that period, \$2.3 trillion has been distributed to the world's poorest countries, but hunger and poverty persist.

Some analysts become infuriated when they hear the term development aid. They argue that aid has made Africa dependent on handouts, and stifled all initiative. William Easterly, a leading authority on development economics, says that development aid has been a "tragedy" -- that it

has actually hurt Africa.

There appear to be no easy answers to Africa's chronic underdevelopment. In the first two decades following independence, Africa's fledgling nations saw themselves as the driving force behind their own development -- with miserable results. By the mid-1980s, many were poorer than when they had gained independence. A large number of governments could not even provide basic services. Roads and railway networks were crumbling, hospitals and universities had to close for lack of funds. Those who wanted to make something of their lives tried their luck in Europe or the US, while back home only the black market could guarantee survival.

Then bankers from the West turned their attention to the failed continent. In exchange for promises of political reform, the World Bank and the International Monetary Fund granted loan after loan. But Africa's political leaders were more concerned with maintaining their grip on power than with fueling economic growth, with a few exceptions like Ghana's Jerry Rawlings. By the end of the 20th century, African countries had accumulated massive debts.

Bono's New Germany

Now celebrities like Bono and a new generation of aid workers want to prove that aid can produce results -- as long as it is backed up by the right concepts and strictly monitored. They want to dispel all doubt about the effectiveness of aid, and create a new sense that things are really moving forward in Africa. And Bono has become the continent's unofficial top lobbyist.

He heaps praises whenever he can. He speaks very highly of Merkel, and of the Germans. Bono is a constant charmer. He thinks it is "heroic" that, despite the high costs of reunification, Germany is still giving aid to Africa, and everywhere he goes, he wants to get to know the "new Germans" who are enthusiastic about life, pacifistic, and ready to lend a helping hand. "The 'new German' doesn't want war," says Bono. "The 'new German' wants schools to be built. The world needs these 'new Germans.'" Bono believes that after the Cold War ended a vacuum emerged and people yearned for a better world, for more environmental protection and aid for the poor in Africa.

There are many signs that something has changed. Africa has become an issue again, and it even sells products. German mail order company Otto now offers a new product range called "Cotton made in Africa." Bono has created the "Red" brand, which assures consumers that a share of the proceeds will go to the Global Fund to combat AIDS, tuberculosis and malaria in Africa. Apple, Armani, American Express and Motorola are all on board.

Bill Clinton is also doing his part as an ambassador for the continent. In addition, talk show host Oprah Winfrey is building schools in Africa and Madonna has adopted a child from Malawi.

"Our generation has a unique opportunity to make history," says Bono. "We have the money, we have the knowledge, we know the people who can help Africa. We can make it happen, with people like Bill Gates -- for me these are real heroes."

Bill Gates's home is thousands of miles away from Berlin, on the shores of Lake Washington, near Seattle. It has seven bedrooms, a boathouse, and a garage for his Porsche collection. He is one of 946 billionaires in the world today, compared to only 447 10 years ago. The rich keep getting richer and this could be Africa's saving grace.

They could save Africa all on their own, says developmental economist Jeffrey Sachs. There have never been so many technological possibilities, and, when measured by the income of the rich, effective aid has never required such a small sacrifice. "An annual donation of 5 percent would suffice," he says.

Bill Gates's African Clients

Company founders, bank executives and former politicians have entered into an alliance with pop superstars to find a higher purpose for their wealth. "The man who dies rich, dies disgraced," said Andrew Carnegie, the American cut-throat capitalist who established over 20 foundations.

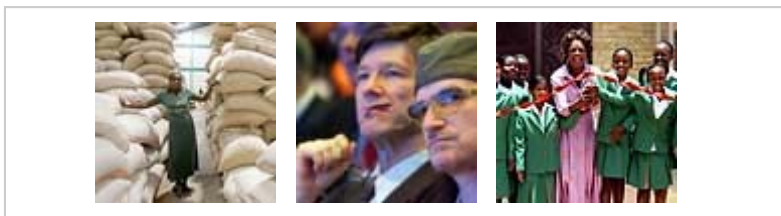
And Gates is the richest of them all. He has been ranked number one on the Forbes rich list for years. Seven years ago he established the Gates Foundation, the largest charitable fund in the world. It spends \$1.5 billion a year on health problems in developing countries. That is roughly equivalent to the annual budget of the World Health Organization. "The Gates Foundation could become the most important development aid organization in the 21st century," says Sachs.

Gates wants to revolutionize development aid, just as he revolutionized the computer world. He is banking on research and technology -- and on development workers in business suits instead of sandals. And he has put his faith in a business plan for Africa, a new economy of good deeds.

He comes from a world of success probabilities and cost-benefit analyses, with little room for sentimentality. He doesn't talk about patients, he calls them "clients." Instead of referring to "child immunization programs," he says "Program 125" because it cost him \$125,000. He wants to see verifiable results -- as fast as possible. He is now 51 years old and he wants to live to see things start to look up for Africa.

For Gates, research is the key to success. He invited 275 of the world's leading scientists to take part in a competition to develop innovative products and solutions to meet the challenges of the future, and he is promoting the cultivation of a banana that is exceptionally rich in vitamins. He wants to explore new alternatives and fund projects that nobody else would finance because the prospects for success are so limited.

PHOTO GALLERY: GOOD DEEDS IN AFRICA



[Click on a picture to launch the image gallery \(8 Photos\)](#)

Like, for example, the project proposed by Stefan Kappe, a German scientist from Bad Homburg, near Frankfurt. The researcher managed to land a job at the Seattle Biomedical Research Institute, one of the world's most renowned organizations devoted to eliminating the spread of infectious diseases. Conditions are better in Seattle than back home in Germany -- he has access to DNA sequencing machines and powerful computers.

In 2005, Kappe applied to the Gates Foundation for a grant. He needed several million dollars for his project. Up until then, the National Institutes of Health, the primary US government agency responsible for biomedical research, was his only port of call if he wanted to get funding for the project. However, the agency demanded good prospects for success -- it wanted to fund low-risk projects with an over 80-percent chance of producing results. Kappe could barely manage a 20 percent chance of success -- based on optimistic calculations. "Without Gates, we would never have been able to fund the project," he says.

Ambushing Pathogens Where they Breed

There were well over a thousand applicants for the Grand Challenges in Global Health grant offered by the Gates Foundation. Only 3 percent of the candidates remained after the selection process: 43 projects, including Kappe's proposal. Gates gave him \$13.5 million to conduct five years of research.

Kappe wants to achieve something that no one has managed to achieve before. He wants to outsmart the malaria parasites in the human liver, where they are most vulnerable, where they set up shop and reproduce by the hundreds of thousands before they re-enter the bloodstream to devour red blood cells. Malaria parasites need the human liver to reproduce, and Kappe wants to ambush the pathogen in its breeding ground, making the human liver into a deadly trap. He calls this new system the "check-in-but-not-out" approach.

Essentially, Kappe is looking for a way to make the liver immune. Using a special computer program, he combs through the genes of the malaria parasite, what he calls "computer gymnastics." Kappe has to find the dangerous

genes so he can eliminate them, and then reintroduce the modified parasites into the liver as a living vaccine. He has to find just the right dosage. The pathogen needs to be weak enough to avoid triggering the disease, yet strong enough to stimulate the defenses in the liver. The idea is to bolster the liver's natural resistance to malaria.

Kappe has made good progress with his research -- he can produce the kind of results that Gates likes to see. He has reached the first phase of clinical tests, and has placed an order with the University of Edmonton in Canada for 40 mice with human liver cells, at \$1,000 a piece. Soon the new secure labs will be ready for breeding mosquitoes with malaria parasites. Then the mosquitoes will be set loose on the mice, and if the rodents survive, he will have almost attained his objective. After that, he just has to test the vaccine on humans.

Malaria Free?

Africa could conceivably be malaria free in 10 to 20 years -- which would be the ultimate victory over one of the world's deadliest diseases. "Malaria parasites have been with us throughout our evolution. If you take the entire history of mankind, one out of every three people has died of malaria," says Kappe. "We are on the verge of wiping out the biggest killer in human history."

AIDS is the other dangerous killer. Nearly 3 million people around the world die every year of AIDS, most of them in Africa, many of them in places like Guguletu township, on the outskirts of Cape Town. For some local residents, even a pit toilet is a luxury. More than 300,000 people live here, and over 25 percent of them are HIV-positive. And the numbers are rising. Since the outbreak of the virus, the population has continued to increase, and with the growing population, the number of people infected with HIV has soared.

Five years ago, private donors from Cape Town launched a pilot project in Guguletu. They built an emergency clinic to treat patients infected with HIV, at a time when South Africa's president, Thabo Mbeki, was still denying that there was a connection between HIV and AIDS. The project was part of the guerrilla struggle against the South African president's madness.

They had to contend with the prejudices of those who thought that Africans were lazy, believed in medicine men, and were unable to take their drugs twice a day because they didn't wear a watch. But they persevered and developed a model that worked. They hired men and women who were HIV-positive themselves, and who saw their illness as a way of helping others to live with the disease.

The Need for the State

Nobody knows better than fellow victims what it feels like to be diagnosed with HIV -- and nobody knows better how difficult it is to decide whether to tell friends and family. Many people still avoid testing. They only come in when they are suffering from tuberculosis or malaria, and when they finally arrive, that's when the AIDS counselors in Guguletu go to work. They phone the patients, drop by for visits and maintain contact with them. Once they get new patients, they do what they can to keep from losing them.

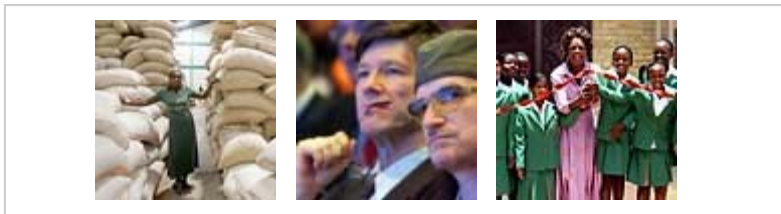
The model worked. Most patients regularly took their medication, which is necessary for the drugs to be effective. The project has been successful, but after the initial start-up period, aid workers could do little more than help a handful of patients. They needed the state, its support and its money, in order to expand.

It took two years for them to receive that support. In 2004, the South African government finally gave in and financed a state program to treat AIDS patients. A portion of the costs are covered by the Global Fund, a multinational relief fund to combat AIDS, malaria and tuberculosis. The Guguletu clinic is completely funded by the fund, which is also supported by the Gates Foundation.

Today, there is a real clinic in Guguletu, the Hannan Crusaid Treatment Center, with a waiting room, doctors' offices, a drugs dispensary and a computer room. The clinic, which collects all the data, is better equipped than virtually any other in the area. It lies behind a wall with a barbed wire fence and resembles a maximum security unit, with steel revolving doors and private security guards. Nobody is allowed in without an appointment.

It's the Tuesday after Easter, and the waiting room is so full that patients are lined up all the way into the courtyard -- some have to wait for hours before it is their turn. On this particular day, 120 patients have an appointment, which they made as far back as two weeks ago. They have returned, and that is the best proof that the Guguletu model is working.

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Inside, the AIDS counselors of Guguletu sit and discuss their patients. The staff now numbers 24 men and women, who deal with over 2,000 HIV positive patients. Over 90 percent respect the guidelines and regularly take their drugs and come in for a blood test.

This program shows just how important public support remains despite a wide range of private initiatives. Private donors may be able to develop effective tools like vaccines and counseling models, but it takes the money and support of the state to extend these benefits well beyond a few initial test cases.

Reghana Taliep is on duty this morning. She is a young woman who tends to raise her voice when contradicted. Taliep likes to run a tight ship.

The Hope Offered by Millennium Villages

She is familiar with the problem cases and her counselors have visited nearly all the patients at home. But time and again, some patients fail to show up simply because they have failed to regularly take their medication or have suddenly stopped believing in the drugs. Sometimes a case of diarrhea is enough to make them stop the treatment.

The files for the problem cases are marked with red stickers, and Taliep reads the numbers aloud. "What about 1776?" she asks. "I see that 1776 missed his appointment at the clinic last week." A counselor informs her that 1776 died over Easter. Taliep nods, pushes the file aside, and picks up the next one. All morning long, they sit together, then they head out again to visit the houses and corrugated iron huts of Guguletu.

In western Kenya, near Lake Victoria, there is a project that aims to produce conclusive proof that development aid actually works -- to demonstrate that when the donating countries honor their pledges, poverty disappears.

The United Nations has established a Millennium Village here called Sauri, part of a project meant to show just what aid can achieve. There are 5,184 people living here, 64 percent of whom live below the poverty line, 24 percent are infected with HIV, 43 percent suffer from malaria, 42 percent of the children are malnourished.

An annual budget of \$110 per person is purportedly enough to help the village rise out of poverty. Local government agencies and the village itself pay for \$40 of the \$110 per inhabitant, while the remaining \$70 comes from external donations. These \$70 correspond to the per capita sum that the industrialized nations promised Africa when they made 0.7 percent of GNP their target for future development aid.

Expectations Are High

The village residents are supposed to learn how to take responsibility for their own lives and work together. They have to establish committees for water, agriculture and local streets. In addition to deciding how the money should best be spent, they have to ensure that all members do their share, for instance, that they pay for the well technician's lunch or help prepare stones for the well.

Sauri is the first of 12 "Millennium Villages," located in Africa's "hot spots," where most people live below the poverty line of just a dollar a day. Expectations are high. Working from his office at Columbia University in New York, the project is being monitored by controversial economic and political analyst Jeffrey Sachs, who achieved notoriety for his strategy of shock-therapy privatization in Russia.

Sachs has been accumulating statistics, and he has figures for everything: the number of malaria cases inside and outside the Millennium Village, the harvest compared to previous years, the amount of donations to the school lunch program, and how many people place mosquito nets over their beds.

It is exactly those areas that the Millennium Project focuses on: technologies and incentives that have been scientifically proven. Aid workers distribute mosquito nets, donate lunches to schools to encourage children to attend classes, and provide fertilizer so farmers can increase their harvests and invest in more lucrative vegetable cultivation.

The Millennium Project has rented a villa on the shores of Lake Victoria, just under an hour's drive from the millennium village. This is where the numbers and statistics are evaluated, seminars are held and visitors are received. From here, researchers and journalists are driven to the Millennium Village like safari tourists. There have been quite a few important visitors here, including Bill Gate's wife, Melinda.

Looking for Signs of Progress

On the way to the village, the car rolls over dusty roads, past fields and villages, until there are no more paved roads. It's a journey through a veritable showcase of good deeds, where every new barber and company is celebrated as a great success -- a stand, for example, that sells not just soda and sugar, but also cards for mobile phones, a house that is completely screened against mosquitoes to protect its inhabitants against malaria. The aid workers are constantly on the lookout for signs of progress, collecting numbers and sending them to New York -- the idea is also to generate good PR.

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The grain bank in Yala is the most convincing evidence that the project is working. For many years, the storehouses here went unused because nobody had anything to store, no grain, no beans, everything was immediately consumed. But now the storage facilities are suddenly full, rented by the residents of Sauri. Thanks to subsidized fertilizers, the locals have been able to more than triple their per capita grain production. The once-empty halls are now filled with 11,000 bags of grain. This is patent proof of their success.

But this success can only be achieved under certain conditions. The village needs to be connected to a road network, supplied with electricity, and given good teachers. Such progress requires state support. Each and every private project depends on a state that creates the right conditions, one that is neither corrupt nor bankrupt. Private aid can fill certain gaps, create incentives and develop new tools, but it cannot eliminate poverty.

The problems are so enormous that they cannot be tackled alone by a private project or a Millennium Village. Millions of children do not attend school in Africa today, and a free lunch like the one offered at the Sauri primary school is not enough to lure them there. It's important for the state to take action. In Kenya and neighboring Tanzania, millions of children were finally able to go to school when school fees were abolished.

A Role Model for her Continent

The state needs to create the necessary conditions for international aid and investment to make sense. It needs the help of the industrialized nations that forgive debts in countries like Tanzania on condition that the government invests this money in schools and the health care system. Economic development depends on a state that builds roads so the grain that is stored in the warehouse in Yala can be sold for a fair price.

Nobody is more aware of this than Monica Okega. She is the chairwoman of the coordinating committee in Sauri,

and she knows how important it is to look beyond the confines of the village.

She lives in Sauri B, a district of the village where the huts are being replaced by houses and the corrugated iron by real walls. The aid workers at the Millennium Village call her their "champion farmer." She has always been one of the more privileged residents, but now she says that the others are better off as well. "The others no longer break into my home."

Last year, she harvested 36 bags of grain, twice as many as the year before. Since this bountiful harvest, she has even been able to afford to hire workers from outside. She has become economically independent.

She is a role model for her village -- and for her continent.

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