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■ **TURMOIL TO TRIUMPH** MICROFINANCE IN RWANDA ■
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INTERVIEW WITH AUTHOR DAMBISA MOYO

Live Aid or Dead Aid?

Rethinking Africa's Development Agenda.

BY JAKE R. BRIGHT

In her 2009 book, *Dead Aid*, Dambisa Moyo boldly questions the conventional model for African development. While Moyo offers a provocative critique of foreign aid and a persuasive case for a new way forward, it's doubtful she foresaw the combination of attention, praise, and ire her book would generate. The Zambian born female, whose background includes advanced degrees from Harvard and Oxford and professional stints at The World Bank and Goldman Sachs, has gained the attention of nearly every major media outlet. This includes The New York Times Best Seller list and interviews on The Charlie Rose Show and Colbert Report. *Dead Aid* received the personal endorsement of Steve Forbes and led to Ms. Moyo being named one of Time Magazine's 100 most influential people in 2009. The book has also touched a collective nerve within the development community and created a notable lobby of critics. Her former Harvard professor and acclaimed international economist Jeffrey Sachs has issued several challenges to *Dead Aid* and Bono's ONE organization launched a campaign against the publication shortly after its release. Global Vision tracked down the fast moving Ms. Moyo to gain a better understanding of the book and author behind it.



GV: Congratulations on *Dead Aid*. You've gotten a lot of coverage, many enthusiastic reviews, and provoked some controversy. Could you summarize the central premise of the book for our readers?

Moyo: The aid based approach to economic development, to building infrastructure, to alleviating poverty, and job creation in Africa has not worked. It's been 60 years and one trillion dollars of aid to Africa and it simply has not done what it was supposed to do. The more positive message is that we know what needs to be done and the main focus of the book is that we need to propose a new way forward in terms of creating jobs and overhauling the economic system across the continent.

GV: So what was the genesis for book? How did the ideas for *Dead Aid* build over time?

Moyo: I guess it was largely growing up as a young girl in Zambia, over the years going home and to other African countries very regularly, and seeing that the continent of Africa as a whole seemed to be going in the opposite direction of what it should. Parallel to this, I traveled very widely, not only in the developed world, but also in some countries in the rapidly emerging markets, and contrasted that with what was happening across the African continent. More and more it started to become very clear that Africa was on the wrong path. My practical experience further shaped this conclusion. Working in the bond markets I saw there was one narrow strategy for African countries and a completely different strategy for countries that were further along the economic development trajectory. It seemed there were two

tracks of economic development. Africa was on one track that was not leading to prosperity and the rest of the world was on a completely different path.

GV: I know in your book and in public you've been critical of non Africans and celebrities, such as Bono, serving as spokespeople for Africa and African causes. I understand the book's name is a spin on Bob Geldof's Live Aid movement. Could you elaborate on that.

Moyo: I think first of all that celebrities are a red herring to the issues in Africa. We have fundamental issues we need to address in Africa and focusing on celebrities is a waste of time. They are not that important. Related to that, I think that much more has been made of this than I've actually stated. I don't necessarily believe Africa's issues are only for Africans. I agree they are human issues

so they are global issues and we all need to be concerned. My concern vis a vis the celebrities is really three fold. First, I believe they are pushing the wrong message, which is a message of more aid to Africa. Second, I very much view the celebrities speaking for Africa as a manifestation of the precise problem of the aid model. That is that many African leaders have basically taken a back seat to African policy making, which has left a vacuum. This has basically allowed anybody, in this case the celebrities, to stand in and attend G8 and G20 meetings as the face of Africa when they actually are not elected officials of any African country. Look at the individuals people identify as the official face of Africa today. It's not Africans. It's Bill Gates, the Bonos, the Geldofs, the Bill Clintons, and the Tony Blairs. People would be hard pressed to name one African president. Americans would not be very impressed if Obama had little to say on the financial crisis and left it to Madonna to offer solutions. Finally, I do take issue with the fact that the celebrities use their platform to push a very negative message about Africa. In the book I call it the four horsemen of Africa's apocalypse. They focus on disease, war, poverty, and corruption, rather than some of the positive things that could actually jump start the continent.

GV: *In the U.S. and abroad there's a large community of academics, musicians, and well meaning people interested in Africa. What role, if any, do you feel celebrities or non Africans can play in helping address some of the continent's development challenges?*

Moyo: As I said, many of these issues are global issues. We can have the debate together. But I also think we need to break out of this whole cycle of sympathy, guilt, and pity for Africa. Until we get out of that, the problems are not going away. Using a platform to discuss and build upon the positive things happening on the continent is a much better use of time than perpetuating a negative story and keeping Africa on a perpetual aid path. People should push for more job creation and investment across the continent. Everyone can participate in that. And everyone can demand that of their policy



DAMBISA MOYO

makers and their celebrities. They should demand a different model and to hear the other side to the story. There are 15 stock markets on the continent now. We have a female president and senior female ministers in many governments. In the middle of this global economic crisis, the IMF is still projecting three or more percent growth rates in many parts of Africa.

I hope that my book gives the average person the license and comfort to question the aid system and many of the celebrities who push it. It seems many people don't feel comfortable questioning it without being labeled in a negative light. As racist, insensi-

tive, or cruel. Yet, there are very real questions we should be asking as a global society as to the efficacy of the aid model. That's very clear. A lot of people are gun shy about asking these critical questions and I hope my book makes people feel comfortable about doing it.

GV: *You advocate ending all non-humanitarian aid to Africa in 5 – 10 years. How do you think that would improve the plight of African's most challenged countries?*

Moyo: First of all, I need to clarify that I use 5 – 10 years as an example, and purely as an

example. African is constellation of diverse countries at varying levels of economic development. There's no way anyone could propose one blanket policy, even though that's what some people suggest I am doing. What I am proposing is that we need some exit strategy from the endless aid model. The critical point is that where aid has worked it has been most effective when there has been a finite, sharp intervention and conclusion. That is really what the book is about, the need for a weaning off period and transition to a more effective platform. There are some countries that I think should be very actively having that discussion sooner than others, but we need to get that discussion of an end game and next steps started.

GV: *You've recommended capital markets and the private sector as a way to create infrastructure, jobs, and alleviate poverty in Africa. Has that become a tougher sell in light of the recent financial crisis and ensuing public interventions that have taken place as a result?*

Moyo: No, not really. I point to President Obama's inaugural speech, where he stated that despite all that's happened, the free market system is still the best at delivering wealth and prosperity. There's over 300 years of evidence to make that case. The take away is that markets need to be properly regulated. The markets are going to adjust, markets are going to bounce back, and what I am suggesting is that African countries need to be ready for when that time comes. We have a lot of evidence to show that the free market system is the one that delivers the most results. China has moved 300 million people out of poverty in 30 years and they did not do that by dependence on aid.

GV: *You mention private sector investment and micro-finance in particular as engines of job growth and income creation. Do think more needs to be done on a pan African level to improve the perception and reality of investing and doing business in Africa?*

Moyo: Absolutely. This touches on a more fundamental problem of the aid model. Besides allowing African governments to abdi-

cate their responsibilities of providing public goods like schooling, education, health care, infrastructure and security, dependence on aid means that African governments are not incentivised to build the private sector. Think about the Boston Tea Party in reverse. In Africa, it's no representation without taxation. What I mean by that is that African governments will never be responsive to African people until they have to be. You will be accountable to the people who vote for you and fund the government. In this case, the people who pay African governments are the donors. In the U.S. Obama answers to the taxpayers. In Africa the governments are largely beholden to the donors, and therefore they are less incentivised to build the private sector. There are some countries in Africa where it takes two years to get a business license. That is not a government that is business friendly. That is a government that knows it's going to be in power and stay in power because the money is coming from somewhere else.

GV: *In addition to attention and praise, you've gotten quite a critical response from the aid and NGO community. Has any of this or the exchange you've had altered your premise and prescriptions in *Dead Aid*?*

Moyo: Not really. I've been quite surprised by how negative pockets of the NGO community have been toward me, because I think the message I am coming out with is pretty straight forward. I am talking about building infrastructure, job creation, and poverty alleviation. I am involved on several charity boards. I understand what charities can and can't do. I believe they provide band aid solutions, but they are not addressing the fundamental points. Yes, a charity can pay for a girl to go to school and that's great, but let's not delude ourselves. These small monies are not going to make a country's economy grow by 10 percent a year and make a meaningful dent in poverty. It's amazing to me that so many NGOs are so trapped in this aid model that they don't want to have any conversation on exits. I think if anything it underscores the entrenched problem that this aid system has created.

GV: *Have you seen any concrete changes start to take place by governments or the aid community as a result of the book?*

Moyo: Well, that will take time, but I think I've helped change the dialogue. I've been meeting with a number of senior officials from the development community, such as the UN, the head of the IMF and The World Bank. I've met with quite a few senior ministers for development. We're having conversations and a lot of them have told me in private that they agree with me, there needs to be an end game and discussion of a new way forward.

GV: *So what's next for Dambisa Moyo?*

Moyo: I have a new book coming out, *How the West Was Lost*, which focuses on a number of policy mistakes in the run up to the 2008 financial crisis. And of course, I'll remain actively engaged in the African development discussion. Remember, *Dead Aid* has two parts, the first being a critique of aid and the second talking about investment and development. I don't want to become a full time crusader against aid. I've made my case there. I want to be a force for good, which to me means focusing on the second part of the book, encouraging more trade and investment in Africa.

BY JAKE R. BRIGHT

