

Los Angeles Times

WEDNESDAY, SEPTEMBER 21, 2005

A big idea for aiding Africa -- think small

By Korinna Horta and Lori Pottinger

AS THE WORLD'S financial leaders gather in Washington this weekend for the annual meetings of the World Bank, help for Africa will be high on their agenda. Paul Wolfowitz, the bank's president, has declared Africa and its poorest people to be his top priority. And the decision at the G-8 summit in July to make the bank the main administrator of funds committed to Africa adds weight to his actions.

But the World Bank has a long history of financing large projects that absorb vast amounts of money (and reap bonanzas for large corporations) yet do little to improve the lives of the poor. Too many World Bank loans have supported political inequities that perpetuate poverty and environmental degradation while adding to Africa's crushing debt.

Nonetheless, a new Africa plan under preparation at the

bank calls for more investment in large-scale infrastructure projects. This despite a growing consensus that small-scale solutions are often better suited to meet the basic needs of the poor, especially for water and energy.

Before embarking on new mega-projects, it is critical to examine past examples of development failure in Africa. For instance, Africa's largest water project, the Lesotho Highlands Water Project, was sold as a way of pulling the mountain kingdom of Lesotho out of poverty while supplying water to South Africa. World Bank financing enabled construction of the first phase, at a cost of \$3.5 billion, which included Africa's highest dam, Katse; another dam, which flooded some of the country's most fertile lands, and a hydropower project

to supply energy to Lesotho.

Despite a temporary economic boom generated by the project's construction, poverty in Lesotho has worsened, and an already fragile mountain environment is now under severe stress. While its water is exported, Lesotho suffers from drought and severe food shortages, with almost 1 million people — nearly half the population — dependent on food aid.

The World Bank claimed that royalties from water exports would be paid into a development fund to reduce poverty. But the fund turned into such an instrument of political patronage that it was closed down.

As for the promise of electricity, the project's energy is unaffordable, and most of Lesotho continues to be lit by candles and kerosene lamps.

Further, the spread of HIV/AIDS has soared in the project area because of the influx of workers and the social disintegration in dam-

affected communities. Tens of thousands of people lost their land with inadequate compensation and no means of restoring their livelihoods. An estimated 150,000 people downstream suffer because of reduced river flows, which affect drinking water, public health, fisheries and farming.

A minimal requirement of the contract was that directly affected people would not be made poorer as a result of the project. As the World Bank moves to close down the project, it cannot say that it has met this commitment.

Then there is corruption. Lesotho courts have convicted three large international companies on the project of bribery. After U.S. Senate Foreign Relations Committee hearings last year, which included the Lesotho case, Chairman Richard G. Lugar (R-Ind.) concluded that the World Bank and its sister multilateral banks are not doing enough about the illegal diversion of funds in their projects. He introduced legislation to address the problem.

The Lesotho project shows that something is terribly wrong in the current development model — and unfortunately, it is not an isolated case. A fundamental flaw is that most international aid efforts are not accountable to their intended beneficiaries.

Wolfowitz should champion real change, such as providing the poor the option of setting their own priorities, including choosing smaller,

decentralized projects to meet basic needs. This will require long-overdue cultural changes at the World Bank. The institution should move away from mega-development toward projects that place effectiveness, social justice and environmental sustainability at the center. Such reforms are critical for Africa's future.

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