

Corporate givers' club should be expanded beyond US billionaires

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From Prof Debarati Guha-Sapir.

Sir, Jeffrey Sachs' idea of harnessing private fortunes to bolster aid to developing countries as an alternative to Group of Eight giving is a good one ("Private wealth 'can eclipse G8 in fighting poverty' ", FT Interview, April 9).

The G8 is clearly an unreliable channel for the kind of sustained and focused aid that Prof Sachs wants. Inconvenient things such as elections and resulting political shifts can change aid budgets, country preferences and programme orientations. Bill Gates and Warren Buffett, in contrast, are not going to lose elections and therefore their policies will stay in place for decades.

Prof Sachs' proposal is also well timed as the World Bank may finally refocus on economic development and pull back from social assistance programmes. But he should use his persuasive talents to take this idea a few pragmatic steps further.

First, over-dependence on private aid is subject to the same weaknesses as over-dependence on non-governmental organisations to develop the poor. The 950 billionaires mentioned by Prof Sachs are likely to be just as much a rag, tag and bobtail group, each with its own pet theme or country or minority group and no real accountability to its beneficiaries. Not all benevolence will be as professional and scientifically sound as that of the Gates Foundation.

Consensus around common objectives and minimum co-ordination among the billionaires will prevent aggravating disparities within countries and creating potential for civil strife.

Second, US foundations dominate private sources of international aid today. Strong Protestant values like hard work, thrift and charity primarily underpinned American traditions of charitable foundations. Significant tax breaks and expansion in the US sphere of influence in the first half of the last century also encouraged corporate giving. However, to protect an initiative like this from being perceived as a hidden arm of US foreign policy and running it aground in a few years, the club of corporate givers should be expanded.

In the first instance, European billionaires (40 among the top 100) should be encouraged to join in. Indeed, even more so, those from the newly emerging countries, such as India, should be part of this. Mechanisms to facilitate joined-up giving should be set up to encourage the hesitant wealthy to sign up to a common charter. Finally, successful small-scale models of private-public partnerships already exist, at least one at the behest of Prof Sachs himself - the Global Fund for Aids, Malaria and TB. We should build on that and move ahead on other sectors and, with any luck, the G8 may follow.

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