



CONGRESS OF THE UNITED STATES

# *JOINT ECONOMIC COMMITTEE*

CONGRESSMAN JIM SAXTON

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## PRESS RELEASE

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## **PRESIDENT PROPOSES ALTERNATIVE TO FAILED WORLD BANK PRACTICES**

### **- New Analysis Finds Millennium Challenge Account Offers Hope to World's Poorest -**

**WASHINGTON, D.C.** -- The discredited and wasteful approach used by the World Bank in its attempts to promote economic development would be eclipsed by President Bush's Millennium Challenge Account proposal, Congressman Jim Saxton said today. Saxton's comments accompanied the release of a new analysis, *Real Relief for the World's Poor: The Millennium Challenge Corporation*, by Adam Lerrick of The Gailliot Center for Public Policy at Carnegie Mellon University.

"According to this analysis, over the last half a century the World Bank and similar institutions have expended \$1 trillion for development efforts that have essentially failed," Saxton said. "Huge sums of money have been disbursed by the World Bank with little or no accountability for real results to benefit the world's poorest people. Much poverty and human misery could have been alleviated with a more effective and results-oriented approach. Instead of throwing money into a development program, much more attention needs to be focused on program performance in reducing poverty, and promoting health and education in poor countries.

"The President's proposal would increase U.S. bilateral aid by an amount equal to the total amount the World Bank disburses each year to the 79 neediest countries. Aid would be provided entirely in the form of performance-measured grants. Nations that have sound policies in place to ensure good governance, investments in education and health, and sound economic policies without high degrees of corruption could qualify. The program would focus on measurable results and outcomes instead of disbursement of funds without accountability.

"For too long the World Bank and similar institutions have wasted huge amounts of taxpayer funds without adequate improvement in the lives of the poor in developing countries. It is futile to think that significant reform of the World Bank in the near future will effectively remedy this problem. The President has taken the right step by proposing an entirely different approach that would actually achieve economic development and reduce poverty," Saxton concluded.

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