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P R O C E E D I N G S

MR. KHARAS: Good afternoon, everybody. If we can get started. Thank you all for coming to Brookings today. My name is Homi Kharas. I'm the deputy director of the Global Economy and Development Program here at Brookings.

So this afternoon the topic for our discussion is aid effective, and perhaps more importantly, what can be done to improve it. The story perhaps starts -- really starts about six years ago at Paris when donors and partner countries agreed to a set of targets and commitments to improve the effectiveness of aid. And importantly, they put in place a monitoring mechanism, which was basically a survey to assess progress. And they introduced commitments that were time bound, quantitative in their nature, and with a cutoff date of 2010.

So here we are today and we're extremely fortunate to have the chairman of the Development Assistance Committee of the OECD to present a new report with the findings of that most recent survey about how we did against the targets that were established in 2005. So the report makes for very interesting reading. I believe that there were copies outside. I hope some of you might have got it; certainly there were copies of the executive summary, which has some of the key findings there. But I would urge all of you who are interested in this topic to take a close look at the report because there's a wealth of information in there. Perhaps I should add there's also a report which is an independent evaluation of the Paris Declaration, which was also prepared for the DAC. And I think in combination these things are now really a treasure trove of material on how to improve aid.

So the first thing I'd like to do actually is commend the Development Assistance Committee for their willingness to put in place a transparent process from which lessons can be learned and from which we can hopefully make improvements for the future. And I think that that's something that's really been lacking in the aid world. And we've had any number of debates about whether aid is working or it's not working. And those debates have not really led to any conclusions. And now I think we've got a

much more solid evidence base. And I hope that in the panel discussion that we will have that will follow Brian's presentation, we will turn to the forward-looking question of, well, now that we have all this evidence what does it all mean?

So we've got a very distinguished panel. I'll introduce them individually as we get to that part of the discussion. But I hope that you'll find that they'll bring perspectives, different perspectives on how this process is actually working on the ground to deliver better development, how it's working to deliver better partnerships, and how we can organize ourselves in the future to do even better.

Now, there's one short change to the program that you have that I have to announce. One of our panelists,
K. Y. Amoako from Ghana has unfortunately been taken sick and so will not be able to join us today. And I'm particularly sorry about that because K. Y. was instrumental at the Accra in putting together the partner country perspectives for the Accra Agenda for Action, which is also part of this process.

So as we talk about the Paris Survey, I think it's important for you to understand that the Paris Survey is actually one of the key pieces of evidence that's going to be put before delegates to the Busan High Level Forum on Aid Effectiveness that will take place in November. So this survey sheds light on some quite tough issues, like how does mutual accountability work in practice? What are some of the political and technical aspects of aid? Use of country systems. Ability and willingness of donors to coordinate among themselves. So you'll hear a lot about this. But as you listen to this presentation, I think you should also keep in mind some things that the Paris monitoring survey does not do and it was never intended to do but which are important to the discussions on aid effectiveness going forward in Busan.

So importantly, the Paris process does not cover private aid providers, although it did seek their views. It does not include the participation of many emerging donors, like China and India, who did not sign onto the Paris Declaration. It doesn't look more broadly at development results but focuses much more specifically on aid. And I

think that as we go into Busan and into a discussion of the new thinking about the role of aid, we have to look both to these results about the achievements of the Paris Declaration, but then also think about what lessons we can learn from the process that will help us incorporate these other issues.

So I'd now like to turn the floor over to Brian Atwood. Brian is the chairman of the OECD's Development Assistance Committee since January of this year. He spent eight years before that as dean of the Hubert Humphrey School of Public Affairs at the University of Minnesota. And before that he was the president and CEO of Citizens International, an innovative new venture establishing public-private partnerships to help build democratic market systems. He was also the administrator of the U.S. Agency for International Development during the Clinton Administration.

Brian, the floor is yours.

(Applause)

MR. ATWOOD: Well, thank you very, very much. And I take note every time I'm introduced that the introduction takes a little longer as I get older. And I appreciate very much your kind words, Homi.

I wanted to just share with you that Homi Kharas is the source of a lot of good ideas. And I had the opportunity yesterday to speak to the Development Committee of the G20. And I think it's fairly obvious that there has to be a very strong link between the G20 and what happens at Busan and what happens within the development community at large, which is the rest of the world. And there are several suggestions that Homi and their group made just a few weeks ago about, you know, what kind of structure should exist after Busan. And those were taken onboard and will be considered by the working party in a few weeks. And I'm delighted that the chair of the working party, Talaat Abdel-Malek, is here to talk more about that process.

And Emily Pires, the minister of finance from Timor is here as well. And I can't tell you how important it has been through the international dialogue that we've established with some of the lower income fragile states to see the leadership that has

come from those countries. And I think that's kind of the story behind the report that we issue today.

I want to discuss this report in a broader political context. We can get into details in the panel discussion about what it says about development, the state of development, the state of compliance with the Paris Principles, and the Accra Agenda for Action.

As Homi indicated, back in 2005, and then in 2008, the development community decided on what some fundamental principles should be related to development and related to the quality of the partnership. This evolved from a longer effort to develop thinking in this area. And I still -- I am not succeeding in trying to get people to stop using the word aid, but I can tell you only that in the 1990s we thought we'd dispensed of the word. The word to me connotes charity and it seems to have created a perception that is simply a technical mechanism for transferring resources. It has always been much more than that, but at its core it's about establishing trust and a willing partnership with developing countries. And at its core it has always meant that we need to be listening as much as we are talking in that relationship.

Now, the reason I talk about the evolution from aid to development cooperation is because I think that his kind of the story behind the data that will be distributed to you today in this report. And I want to recognize Brenda Killen. Where is she? She's there. Her team has been working on this for a long time. I think the number of countries that have participated in this survey is an indication of a changed world with respect to development. In the end, 78 surveys came in from developing countries. Actually, more. But 78 were of a quality that we could use in this analysis. There were close to 90 in the end.

That is so much greater than what happened in Paris or in Accra. And I think it is fair to say, and developing countries would have every right to say that the Paris process was driven by development ministries of the developed world. The donor ministries. Now, it was also informed by almost 50 years of experience working in the

field with partners who I think we came to the realization if they didn't succeed then USAID wouldn't succeed, or DFID wouldn't succeed. And so Paris did adopt these principles that have proven to be sound.

There was an earlier evaluation that we released about a month ago that took a select group of countries that proved empirically that when these principles of ownership and alignment and transparency and accountability for results were applied, that in fact we were able to achieve development results.

Now, the story is always mixed. Every relationship is different. Every country. Not every country has become what is now called a developmental state. And there are many fragile countries that frankly do not have the capacity to be developmental states yet. But if there is leadership such as that we see from people like Minister Pires, many more will become developmental states. And there are two reports that are issued today. One is on fragile states and the other is on the other countries that were surveyed.

I think the story is not, as Paul O'Brien said earlier today in a meeting, one of crisis. It is not an entirely happy story for donor nations because it's quite clear that they have not fully complied with what they agreed to do in Paris. But it's a very happy story to see that developing nations have created systems that enable them to determine their own destiny. That is what is so significant about this. So it's a story of progress and a story of shortfall.

The question then is how can we accentuate the progress and how can we compensate for the shortfall? Obviously, Busan is our opportunity to do both. But I suppose as the DAC chair I should probably offer some mitigating circumstances on behalf of the donors. As I mentioned before, many of the donor nations are represented by development ministries that are quite experienced. They live in the field. They understand poverty. They understand their partners for the most part. You will always find stories that contradict that, but for the most part the missions that exist in the field know their business.

I recall very vividly in the 1990s when I was participating as a representative of the United States at the Development Assistance Committee, getting together with a few of the development ministers and saying we need to decide what our goals are. It is not enough to simply measure our volume. Volume doesn't tell the whole story; it tells a very important part of the story but not all.

So let's look at some of the U.N. agreements that have been reached. Let's try to determine what the goals of the development community are. And we, after two years of discussions and negotiation and some really good people helping us write this report, we put out the Shaping the 21st Century Report, the goals for the development community. That report within a year was endorsed by the G8 and later became basically the Millennium Development Goals.

So the problem was until the G8 endorsed it and then the United Nations, that the report was fundamentally coming from development ministries. I'll never forget the discussion prior to going to the G8 when the Treasury Department here and the State Department -- I guess I'm not revealing any secrets -- said we can't endorse this. We can't have the presidents of the G8 endorse this report. We never even saw it, which was true. And it took some real leadership on the part of then-leader of DFID, the secretary of state for development of the U.K., Claire Short, basically threatened to go public and say you did endorse this through your aid administrator. And that's what's important.

Well, it was adopted by the G8 but I guess my point is simply this. We have made too many international agreements that only are undertaken by the development ministries. That's too narrow. We need the entire authority of government behind these agreements, and when we go to Busan we want to see a much higher level of participation on the part of governments. And I'm absolutely delighted to see that Secretary of State Hillary Clinton has now announced that she will be coming to Busan. I can't tell you how significant that is because it's going to attract others.

We know that the U.N. Secretary General, Ban Ki-moon will be there,

and my expectation is that we will get very high level representation and that there will be a political declaration coming out of Busan that will have even more meaning than the outcome document that is being worked on assiduously by the working party which is a highly representative working party representing the developing world as much as all of the major institutions, including multi-lateral organizations of the developed world.

But as we go to Busan, we will have more people and important institutions being influenced by the evidence than ever before because this survey is one of a kind. It's never been undertaken before. And you can quibble about the methodology or the indicators that were selected the right ones. But the fact of the matter is they're very, very revealing. When I say that there has been great progress, take a look at this report to see what countries have done to create systems -- statistical systems, coordination units, the capacity to plan, the capacity to develop their own strategies basically for development.

I can remember in the 1990s there were a handful of countries that really started asking really difficult questions about what aid agencies were doing in their country. One that strikes me as being the epitome of ownership, which is one of the key significant factors here, was President Amadou Toumani Toure of Mali. He wanted to know initially where all of the money on HIV-AIDS was being spent in his country, and when he found out he said that's just wrong. And then he asked where other sectors where people were spending money within other sectors. And before long he had a comprehensive understanding of what others were doing in his country. And he began to own his own program. Then we could see results.

I think anyone who has been involved in this business understands that you can't achieve results unless there is that kind of buy-in, that kind of ownership on the part of countries. I've heard Talaat mention many times you can take people out of a country and you can send them off for a two-week vacation to be trained to do XYZ, but that doesn't transform an institution. That simply gives people an opportunity for a very nice vacation.

And we finally learned these lessons. We have learned them. And developing countries have learned, too, that they cannot possibly achieve development results unless they own their own strategies.

This report will show that a good deal of progress has been made in developing countries but the focus should be on the shortfalls. It should be on the fact that some $10 billion of our approximately $130 billion is being spent by the DAC in 2010. That number may go down or it may certainly level off. It's still tied. The transaction costs we now know of tied aid are extraordinary. It will show that the donors have not been as predictable as they need to be if, in fact, we're going to effectuate ownership on the part of developing countries.

If a country receiving American aid, for example, doesn't know what is going to be coming forward a year from now or two years from now or five years from now, how can it possibly plan? We should have an obligation understanding that there are caveats because of the separation power system here. There have to be caveats. But we have -- we should do a much better job of providing in a transparent way what we are going to be giving to that country over a period of time. We all know that there are pipelines that are created. We all know that there's an annual appropriations process, but the fact of the matter is we can do so much better in being predictable.

We also need in a partnership with countries, whether it's through budget support or sector support, to understand what our joint goals are. What is it we expect to achieve? And are there benchmarks along the way? We'd done some of that work in the 1990s at USAID.

But I think what I'm saying is that there are constraints beyond what the development ministries would like to do. The biggest constraint in the United States is the procurement process. I've failed in six and a half years to do much about it and I really commend Rajiv Shah for having the guts to use the waiver as much as he has been doing to try to improve the procurement system. We cannot continue to basically send as many contractors. We cannot fail to see the talents that already exist in the

developing world and use those talents. We hear now from the developing countries that this is unacceptable behavior.

I'm amazed to learn -- it just sort of drives home the point. In 2010, the United States made 1,456 missions to 61 developing countries. France, 928 missions to 46 countries. Japan, 509 to 70 countries. Were all those missions necessary? When you think about the ministries of those countries who are supposed to be working on development, spending their time trying to satisfy a delegation coming in from another country, have we harmonized? Absolutely not. We can't seem to find a common auditing procedure that all of the donor nations can use so that there's at least one instead of 35. It seems to me that these are not insurmountable problems; that we can find solutions if we have the political will. And that's why it's so significant to say, all right, we all know that the development mission is in one way more vital than ever before because you cannot solve the global problems we face, whether they be financial or security, or whether they be health or education or food, price volatility, or the need for infrastructure. We can't solve any of these problems that the G20 is now addressing without effective development. And yet, knowing that we're not willing to make the changes that are reflected in this report, that's outrageous. It has to stop. And we need, therefore, to go to Busan with a "whole-of-government" attitude that we're going to make a commitment to this, to serve our own taxpayers, our own citizens, to serve the citizens of the developing world so that they can control their own destiny.

I am absolutely convinced that Busan will be a success because we have a common agenda. And that is the global issues that I mentioned before. Will we be successful in getting the Chinese and the Brazilians and the Indians and others that are the new providers of assistance? I think we will be. And one of the reasons I think we will be is because while they are very proud and should be of the relationships they've developed on a south-south basis, the fact of the matter is that they still have issues related to the effectiveness of their own programs, even if their own programs are based on a narrower interest than just development. I mean, frankly, let's be fair. Everyone's

interests are not that narrow. They're broader and they include other types of aspects of the relationship. But to the extent they want to achieve development effectiveness, they can't be unaware that the power relationship they have, let's say China with Timor. If you're talking about security or trade or other issues, China will always dominate. But if it's China saying we want Timor to be successful in development, they need to find an equal platform on which to stand. They need to say your success is our success. And so they have to overcome the fact that there is a power differential.

And that's why I think they will come to Busan with a new understanding that this is a global endeavor and that they need global solidarity to achieve that purpose. They've done some very interesting work in recent years and I'm very proud that China and the DAC have had an extended study group going on for over two years now, especially focusing on what we're doing in Africa. And we have learned from the Chinese with respect to how they have reduced poverty, and I believe they've learned from us. And we've both learned from the African nations.

So there's a great deal of optimism that I have today. I believe that the story that we have to tell in this evidence that we're providing you today is instructive. It has caused Busan to become a vehicle for the developing world to express their desire for control of their own destiny. That's the political message. Hillary Clinton has heard it and she is going to be there. Ban Ki-moon has heard it and he's going to be there. And I think it's very significant -- sorry, gender will be an issue there as well. And that's significant.

But the fact that the United Nations is there and the person of the secretary general should answer any of the questions anyone might have as to whether this Busan conference is too narrowly defined. This is a world global conference and the world will be watching very, very closely. We're all very well aware of the economic problems that we face. We can no longer satisfy ourselves with modalities such as north-south, south-south, donor-recipient. We need to begin the process of erasing those words and creating a new world for development.

Thank you very much.

(Applause)

MR. KHARAS: Brian, thank you very, very, much indeed. That was a wonderful statement.

Let me ask the other panelists to please come up on stage. As they're getting set let me quickly introduce them.

So, first I'm really pleased that we have the current minister of finance of Timor-Leste, Emilia Pires. She is currently, in addition to being the minister of finance she is the chair of the g7+, a group of 17 of the world's most fragile states that have come together to talk about the very particular issues that arise in thinking about development cooperation in the context of fragile states.

Simultaneously with her role as the chair of the g7+, Ms. Pires is also the co-chair of the International Dialogue on Peace building and State Building, a group which includes donors as well as fragile states, to have a joint discussion on this.

Next to her is Brenda Killen. Brenda is the author of one of the -- her team is the author of the report that you just heard presented to you. She is at the OECD. She is the chief of the division that deals with aid effectiveness. She is the person who is responsible for preparation of the Busan high-level forum and providing a lot of the secretariat support for that process.

Next to her is Talaat Abdul-Malek. He is the economic advisor to the minister of international cooperation for Egypt. But perhaps for these purposes, more important, since 2008, he has been the co-chair of the OECD DAC working party on aid effectiveness. He has been the chair of the monitoring and evaluation team of the U.N. Development Assistance Framework for Egypt, chair of the steering committee of the Cairo Agenda for Action, and until July of 2009, also a full professor of development and international economics at the American University in Cairo.

And last but not least at the end of the platform is Paul O'Brien. Since 2008, Paul has been the vice president for Policy and Campaigns at Oxfam America.

Before that he was based in Afghanistan as the senior international advisor to create the Afghanistan Interim National Development Strategy and the Afghanistan Compact. He worked for CARE International as the Afghanistan advocacy coordinator and has been co-founder of the Legal Resources Foundation in Kenya and founded the Human Rights Research and Advocacy Consortia in Afghanistan as well.

So I think you will agree with me that we've got a wonderful panel.

So to start the discussion, Emilia, I'd like to start with you because at the end of the day all of this agenda on aid effectiveness is really about getting better results on the ground. And, you know, East Timor has had plenty of experiences with donors, presumably some of them good and some of them bad. I wonder if you'd like to tell us a little bit about specific examples of what you see as being good practices of donors on the ground and bad practices with respect to some of these Paris Principles.

MS. PIRES: Okay. What can I say? I'm a results-oriented person and if you look back to Timor-Leste, we've had assistance since 1999. Now, it's been reported that from 1999 to 2007, there were about $8 billion that went into my country. But then if you look at the results at that time what happened? We had a crisis. We had 150,000 IDPs, internal displaced people. We had two main institutions for security, the defense and the army and the police fighting each other. Gangsters of youth and poverty increased to nearly 50 percent. And the economy contracted.

So these are facts. And unfortunately when I say this to devilment partners it doesn't -- they don't react very well. But the problem is that that's what it is. And then we came into government in 2007 in the middle of this crisis.

Now, the first thing I did within the Ministry of Finance was try to restructure the Ministry of Finance by asking for an ideal Ministry of Finance. And then what I did is when it came to the aid effectiveness I kind of did not put it in the right place. It should be within budget directorate but I put it outside directly under me. And so some senior advisor says why are you doing that? It doesn't make sense. I said, well, look around and see who in my ministry can actually handle the donors. The donors will just

override them all. But with me it will be a bit of a problem because I will fight back and I will not let them do this.

So now I look back listening to you, Brian, it is what you call the strong leadership. There has to be strong leadership in the country, otherwise you tend to say yes. And this was happening in my country as well because -- and how I handled trying to empower other ministers because I saw them always complaining. All the donors want to do this, etcetera, and we really cannot depend on them because they promise and then they don't deliver. And then my programs don't take off.

And then they want to ask for money from the state budget and that's where I came into the picture and I said no, I'm not going to give it to you because clearly you were supposed to receive $10 million from this donor and he tells me that you have, so I'm going to cut yours and give it to somebody else. So all hell broke loose.

So this empowered my colleagues to actually say no or yes to the donors, to be strong and then with that stronger leadership donors started to come into line because at the end of the day they want to do something. And they do take advantage if you are weak. And this is what I say to my other colleagues. And but I have to be careful here because Timor-Leste has its own money. So I could afford if the donor turned back I could go back to my budget and cover. The others don't have it so the responsibility is bigger for the donors then because what happens is you intimidate the ministers. They will not say it because they are scared that something will happen.

And it happened to me as well when I took on the IMF. Everybody knows about IMF, right? Nobody wants to take them on. And I did because after many hours in my country they wrote the report completely different and I said what's going on in here? What happened? And so I said you're not going to publish this report. I'm going to withdraw myself from IMF. And so we started to fight. But then there was a point when they started to kind of become heavy handed with me I kind of became a big scared, too, so I went and got my prime minister. I said, "Prime Minister, I'm having a fight here with the IMF and what happens now? Because if they do whatever they do,

what if they damage the country? What if I put Timor-Leste -- something will happen because they have so much power around the world." So the prime minister goes, "Listen. Back in '75 everybody ignored us. Do you believe in what you are doing?" I said, "Yes, of course. That's why I'm fighting them." "So stick to your guns." And so I stuck to my guns and IMF fired the person that messed up in my country and put somebody else at the head of this. So again, it goes back to are we strong enough and courageous enough to actually say no to the development partners.

Now, when you look back, I mean, after all these things the relationship did not deteriorate. Actually, the donors in my country appreciate it because we are honest. And now they are honest with us as well. We sit around the table and we put it on the table, the truth, because at the end of the day it's people. We're dealing with people. I look and I say that is a person. He has a brother, a sister, a father, a mother. He is not this big huge thing and maybe he misunderstood, he doesn't understand my situation. I have to articulate it. And I do. And they try to understand. And if we don't understand each other we say okay, you take your money and go somewhere else. I go to another one. And it goes on, you know, like this type of thing.

So there are many, many behaviors and I hope it's all documented. I haven't read the report. Another thing is the Paris Declaration. I only became aware of it in 2008, that there were targets, that there were all these. So you guys, the donors, they agree on these things but we in the country, we don't know anything about it. We don't know what we are being measured against. We don't even know that this existed. So when I found out about the Paris Declaration I started to look at it and I go, wow, these are beautiful words and this is exactly what we like. Ownership, alignment, harmonization, predictability, results. Who doesn't like it?

So the problem is implementation. It doesn't happen. You go around, you -- you can sell it. It's like -- and I know like when I did the National Development Plan for Timor-Leste before and I tell you, all the documents that came from the donors said it is in line with the development -- National Development Plan. But then they continued to

do whatever they want because it's just wording, you know? And so now I've learned the lesson. I go straight into no, no, no, no, no. You know, it's like results, specifically. If it's not happening, you didn't do it. It's not aligned. It's not that type of thing. You really need to be specific enough.

So I don't want to take too much of your time because there's lots and lots of stories.

(Applause)

MR. KHARAS: Wonderful dose of reality.

So Brenda, let's stay with this theme of power relations. Brian now talked about power relations. Do you see any evidence that this process has been more effective in countries which have stronger leadership and the more aid-dependent countries perhaps? Timor-Leste thankfully was not in a situation of being aid-dependent in terms of having their own budgetary resources. Do you see any evidence that this has worked better in countries which are not aid-dependent? And maybe I can just go a little bit further on that. Brian mentioned that you now have 78 countries that responded to this survey. I mean, that seems to me to be quite a lot. Are you pleased? Do you think that this process has itself empowered many developing countries to take more control over their own development destiny?

MS. KILLEN: Thank you. In starting with the last question first I think yes, this process has enabled countries to take more control. I think as Minister Pires said, writing something down so that there is a set of principles gives anyone an ability to stick to their guns to be able to say no. And the very fact that over the six years of this process we've gone from 34 countries in the original survey to 55 in the survey that we held in 2008 to 78. And indeed more, as Brian said, more have actually started the process but only 78 were able to report by the time for this edition of the survey. We hope that in the next edition we might be able to get that number up higher. And that accounts for about 75 percent of official development assistance. So that's a significant sample.

The fact that countries have voted with their feet and done this shows that it's valuable to them, in and of itself, the survey process. And I think one of the most empowering aspects of the survey process is the discussion that takes place in every country when the results come in. Definitely an empowering process for the country because everyone is held to account who has achieved what they said they were going to do and then a discussion around why that hasn't happened. And especially in some of the countries where we can see that the countries themselves have done more to tackle the targets to make progress in the direction of the targets than their partners have done, it's in a way, that's turning the tables from the usual type of discussion.

The first point that you asked about whether this relationship is correlated with whether countries are aid-dependent or not, interestingly, that isn't the case. And I think again some of the phrases that you just used, Minister Pires, about countries actually standing up and taking control, that really come through from the survey. It also really comes through from the independent evaluation of the Paris Declaration and I would encourage those of you who haven't read that to have a look at some of the case studies in there.

But countries, whether they were aid-dependent or not, countries who have had the strength or the vision to say this is the basis on which we do business with donors and to take the framework of the Paris Declaration, to use that to frame their strategies for managing aid, link that to their national development strategies and then stand up and negotiate with donors on that basis but really strongly linked with progress on developments. And so we have examples of countries like Rwanda or Mozambique, countries which are receiving large amounts of aid but they have put in place very strong processes for managing their donors and the Paris Declaration has really helped to support that.

MR. KHARAS: Thank you.

Talaat, let me move on to you. You know, you're co-chair of the working party on aid effectiveness and the representative voice, if you like, of the developing

countries. What do you think developing countries are most pleased about in terms of the results achieved on the Paris Process? And what do you think they're most disappointed with in terms of what has not happened?

MR. ABDEL-MALEK: Well, developing countries have every right to be pleased about a number of things. I've been involved in this process at least officially since 2005. And I have seen a number of countries and visited a number of countries and worked on the ground in my own country, Egypt, to see that some countries really leapt forward in terms of ownership. In many countries, when I talk to their representatives today, they're no longer doing the survey in order to satisfy a commitment they have made in Paris or in Accra. They're doing it for their own self-interest. And I think this is a quantum leap. They don't need the Paris Declaration. They don't need the AAA. They would not even need Busan to remind them of the importance of doing a better job managing their national development.

We are no longer talking about managing aid and I think you have to be -- to put your ears close enough to the ground to realize the subtle but fundamental transformation that is taking place not only on the level of policymakers but senior bureaucrats. I cannot emphasize that enough. So that's one. And for that, of course, partner countries are thankful for the Paris process to have -- I do not want to go as far as saying initiated but to have accelerated the awareness that they have got to take charge of their own development. International institutions can only help. Bi-lateral development partners can only help. But in the final analysis it is their primary responsibilities to take charge of their own future. So that's one.

Two, the monitoring survey, as you have said as Brian has said, has provided partner countries, as well as the development partners, with the richest body of data, concrete data, on which we have benefitted, we have learned, we have compared experiences. But while I agree with what Brenda said that the rise in the number of countries that participated in the survey is a very good indication of their commitment. I think more and more partner countries are saying the detailed and comprehensive survey

has served its purpose. It is time to shift gears to something much more strategic because it is time consuming. We are talking about transaction costs. The transaction costs of the survey work and asked me, being a national coordinator for the last six years in Egypt, has been horrendous. Absolutely horrendous.

I'm not talking about financial costs. I'm talking about something much more valuable. How to coordinate 33 government ministries, most of whom are at the receiving end of some form of aid. Maybe some of them not more than a million dollars. Okay? But yet they are required to fill out these forms, to give us details, to validate data, and then you're dealing with 24 to 28 development partners in Egypt. And the last thing they want is to fill out more forms in that kind of detail. And then we go back to them and say, listen, joint missions, there is double count here. So you need to give us the two lists and we will try to coordinate.

So I think the time has come for us to take a fresh look, to forget about comprehensive monitoring. That is not to dismiss the rich body of data which are still useful but to strategize. And this is going to be one of the challenges that we will have to face in Busan and we're doing some interesting work.

Now, countries are also taking pride in initiating mutual accountability mechanisms. Many people scoffed at that a few years ago. Now it is partner countries that are pushing the development partners to sit around the same table and to stop finding excuses that they are not qualified, that they don't have the database, and so on. We are saying if you're serious, let us do that together. Let us build a more effective information base, more transparent. It takes two to tango. So stop pointing the fingers at us.

Now, what are most partner countries displeased with? The snail pace of behavioral change on most development partners. It has become embarrassing and it is high time that our development partners, and I don't want to over generalize because some have initiated some very interesting changes. I do not want to name names here. But most have talked the good talk but have not started walking yet. And so I think one

of the big challenges in Busan will be to make a very concrete set of commitments that are measureable and that are monitorable there. Otherwise, there is going to be a backlash and I promise you that. There is going to be a huge backlash from partner countries. Everybody keeps talking about the importance of mutual trust. Well, the key word is mutual. One way trust never works. And so it is time for development partners to come up to the level of trust that we expect and that we respect. The jury is still out on that one. There are other things but I think these are the strategic positives and negatives.

Of course, one final comment here is that we're looking forward very much to engaging the so-called new partners who are really not new. It's a shame to call China with 60 years of history of aid a new partner. But let's say somebody who would join what we hope to be a global platform for managing and governing development cooperation.

Thank you.

MR. KHARAS: Thank you very much.

Paul. Great. Earlier you said this really points to a system in crisis. Of course, the NGO community, I mean, you have boots on the ground in so many different countries. You're perhaps much closer to where devilment really happens than people sitting in the capital cities of developing countries. What do you hear about how all of this is being implemented? Whether it's making a difference or not? And what do you look for in Busan?

MR. O'BRIEN: Okay. So let me get to that but let me say a little bit about why I called it a crisis. I still think it's a crisis after listening to everyone now. But I want to put it a little bit in context and hopefully provoke a bit of discussion.

First, congrats on the report. I do think it's exactly what we need. It's fair, it's balanced, it's detailed, it's got lots of data in there and it provokes discussion which is exactly what we would want from the OECD.

But let's remember sort of why we got into this whole discussion in the

first place. We, in 2005, recognized that, you know, once and for all we were never going to have enough aid to solve these global problems. We needed to have effective states managing their own affairs. That was where we were seeing real progress, whether it was on their own social issues or more broadly elevating economic growth, it was when states were acting effectively and when aid was used to stimulate states or incentivize states to be more effective that it was at its best.

So we made this big deal. We said to developing countries, you get your collective acts together or your individual acts together. You get more effective and we'll trust you more. That was the whole basis of the deal.

Here's the story I heard today. They've done a decent job. They're making progress against a lot of the indicators. They're getting their individual and collective acts together. That was the good news you heard from all the panelists. Here's the bad news. We don't trust them more. Thirteen indicators were to be measured for progress by 2010. How many did we succeed on? One on the donor side. We've made progress on one. Do you know what the one was? Talking better to each other. That's where we are showing our collective trust in developing countries.

So I think there's a crisis. I think the crisis is we didn't ante up as donors in terms of trust. Now, I have to say I spent a lot of time working with USAID colleagues. It's not there that the problem is. I agree with Brian. It's not in the development agencies. They got into the whole game because they started from the basis of trust, most of them were former Peace Corps or whatever or they started with the overseas experience. They start from a position of trust. That's why they're at USAID or at MCC or wherever.

And they're making huge progress. I was just talking to Lip beforehand. He's off to do 10 different assessments about whether countries are actually implementing country systems. And I know Steve is doing an awful lot on the aid effectiveness stuff. USAID is doing piles of stuff to try within the political constraints they face to use tools to demonstrate more trust. But the problem is -- Brian's exactly right --

in this town and in many towns, particularly in Europe now, if you are going to get anywhere in building real trust so that you can go out there to countries and make long-term commitments and you can use their systems and not be scared about the first -whiff of corruption, you have to have a "whole-of- government" approach. There has to be political leadership and it has to be willing to do what the brave minister from Timor-Leste did, stick to their guns. Because you know there's going to be a battle in Congress. What if you want into Congress today and say, you know, the only way we're ever going to get effective development in sub-Saharan Africa is to show 10 years of trust in these countries and let them lead. Give them our tax dollars and let them lead because we can't do it for them. You know what the more isolationist members of Congress are going to say. And it takes real political leadership to say it's still the only way to do it.

So probably the best news -- I do think it's great news that Secretary Clinton is going to go to Busan and put a bit of capital in there. And if she can both talk in the right ways there and talk to her boss about keeping global internationalism on the agenda and keeping global poverty on the agenda -- I frankly wasn't thrilled with how much attention it got at the UNGA this week in President Obama's speed. I think he walked away from some of the brave things he said last year. I understand there's lots of other stuff going on but he had the chance to start a global discussion and he didn't.

If she doesn't show the leadership, if President Obama doesn't show leadership, in keeping to the core deal which was trusting these countries a little bit more and taking some risk, all the progress that they make in the end of the day is not going to make USAID more effective. So when they get to Busan, I hope they do see a little bit of crisis in the data that they got from this report, not in terms of where the developing countries are but where they are themselves. And when it comes time, I hear they want to talk about three things -- ownership, mutual accountability, and results. When they talk about results, they don't joust have one of those self-congratulatory discussions about inputs and outputs on the results side but they take the more -- the courageous view of what results are, which is farsighted and the right results designed to make those

countries more effective. When they talk about ownership, everybody in this town seems to like ownership now so there must be something wrong with the word. (Laughter) We've got to get back to what the underlying principle was, which is giving them power, real power to manage their own affairs. Unless there is a discussion in Busan about what that transition in power is ultimately going to take from these donor countries, we're going to have a great rhetorical discussion but it's not actually going to accelerate the debate at all.

And the last thing that I'll say because I'm being a little too nice to developing country governments in the comments that I've made, on the mutual accountability front, effective states, yes, we absolutely need them. But there's never been an effective state in history without ultimately a vibrant civil society that can hold them accountable, has the space to hold them accountable, and actually does that. So unless in Busan we have a serious discussion about what's going to keep those states effective, then whatever trust we show in them will probably be misplaced in the end of the day.

So I believe -- I actually am cautiously optimistic that the reason Secretary Clinton wants to go there is to make this a political moment, not just a technical moment. But it's going to take a lot of vision and courage on her part. And those of you who have the opportunity to influence what she's going to do and say there, I hope you take the time to do so.

MR. KHARAS: Thank you. Brian, let me, you know, at least give you an opportunity to respond to some of this before we open up the floor to Q&A.

You know, what I hear is it's almost -- there's a real irony. You set up this process in some sense to have peer pressure put on donor countries that by making commitments together in a collective fashion they would each be able to do more than what they had been able to do individually. And to some extent that's historically been one of the great powers of the DAC that you chair. And here you are, you go into this process and it's the DAC part that doesn't seem to have worked so well and it's the

developing country part where there isn't this kind of peer pressure and other mechanisms that does seem to have worked well. So do you have any other instruments at your disposal to try to accelerate what Talaat called a snail's pace of progress?

MR. O'BRIEN: Well, I've only been there six months.

(Laughter)

MR. KHARAS: Well, I'm counting eight.

MR. O'BRIEN: I have some thoughts. If I reveal them today I think probably I would foreclose some of them. But I think it's, I mean, you guys can all watch and see whether or not in a year or two I get fired because I'm elected to this position by the way. So I think it's my job to hold feet to the fire of our members because frankly it's the members who have decided that that's what they want. And so there are a variety of ways of applying peer pressure. When we do peer reviews, for example, most of the good information we get are from the development ministries that are telling us I can't do this because if the finance ministry won't give me the authority to do this. Or the Parliament has said that we can't change the procurement laws or whatever. So we frankly find it very helpful to put these peer reviews -- the last time I was here it was the peer review on the United States and sometimes frankly the politics overwhelm the peer review process. That may be the state of Washington today.

It's very -- it's a very dangerous time. I think we need leadership in the developed countries as badly as we need it in the developing countries. I wish Minister Pires were here and serving in some capacity in the United States. Perhaps you could give some advice to the Congress. But when our countries are all suffering from poverty -- the poverty index for the United States is higher. The Tea Party is coming.

(Laughter)

MR. O'BRIEN: I forget. I live in Paris now. I'm not supposed to say things like that here in Washington.

(Laughter)

MR. O'BRIEN: But the fact of the matter is that when the developed

countries are seeing demographic changes, finance changes, economic changes, and then they see the middle income countries, you know, with eight to 10 percent growth rates, it changes people's attitudes. And it's very significant to understand that, that it's part of the context. And we have to find a way to build ourselves out of that. I do think that events like Busan can be very helpful. But what we do to follow up on Busan could be even more helpful. And just to engage someone, like Secretary Clinton in the process means that she will not only have an effect on what happens there but when she comes out, what she hears there will have an effect on her.

We need leaders like that that can influence the world and not allow ourselves to begin to look at our feet all the time. You know, we just have to begin to see our way out of the kind of crisis that we're in. We cannot ignore the people that have gone jobless for a year or two. We can't ignore that but we have to also understand that the solutions only come from an independent world. I mean, if we don't create new markets in the developing world, then our slowly-dying off population in the developed world will get nowhere. So these kinds of relationships, we have to begin to see that development cooperation is an investment in our future as much as it is in the future of the developing world. So I want to find political leaders that are willing to talk that way and to lead our people in the right direction.

MR. KHARAS: Well, thank you. Today happens to be the first anniversary of the Presidential Policy Directive on Development. So I do think that there are perhaps signs that certainly in the United States, as well as in some other countries, there is now more of a commitment to try to provide the kind of leadership that you're talking about. And, of course, those efforts will not be reflected as yet in the results of the Paris Survey.

Talaat, do you want to make an observation? And then I want to open it up.

MR. ABDEL-MALEK: To what Paul has said, I fully agree. Certainly, partner countries still have a ways to go. But you talk about making government

accountable through civil society, I would say, and parliamentarians.

Which takes me to the point that foreign aid policies is part of the foreign policy of development partners. And just spend a minute or two on the case of Egypt. Many of our development partners have explicitly or implicitly supported what turned out to be an oppressive regime with huge restrictions on the role of civil society, which was being accused of having received foreign funds and a list of nonsense. And we ended up with a rubber stamp parliament.

Now, just imagine had the previous regime not received the kind of explicit support financial and political, what would have happened to the situation in Egypt? We would have had a thriving civil society. We would have had -- we would have regained real parliamentary democracy that we had forgotten about for the best part of 50 years. So, again, we need to discuss development cooperation in a political context as well. And the big issue, a big challenge here is for the major powers to stop supporting repressive regimes because this is the way to make governments more truly accountable.

Thank you.

MR. KHARAS: Thank you.

So we've got about 15 minutes left. Let me throw open the floor to questions.

I'll take one, two, three from the front.

MR. COONROD: I'm John Coonrod with the Hunger Project and I had a question, Professor Malek, and also Minister Pires, on other roles for civil society in partnership with country-owned development strategies beyond accountability in terms of information gathering, capacity building, design implementation of national development strategies on more of a campaign basis. Getting beyond the bureaucratic approaches. And what you all have seen about that because from a civil society perspective it's been one of the snailiest of the snail paces in this process is understanding that country-led is not only government-led.

MR. KHARAS: I'm going to take three questions. If you could pass the mike to the lady.

MS. LONG: Thank you. I'm Carolyn Long with Interaction. And we're the coalition of U.S. NGOS, of which Oxfam is a member.

Two major points. One is I spent the morning compiling feedback on the latest draft Busan-outcome documents. So I've been in the weeds with this morning.

Two concerns. One is I would say we're very worried about the commitment of the donors to continuing the Paris Declaration and NCRA commitments. The document, while it says that those who signed it will recommit themselves, there seems to be a real softening of the commitment. Harmonization and alignment aren't mentioned. The European Commission just came out with their statement about Busan and their waffling on the indicators. They want fewer indicators and so forth. So we understand bringing in the old new donors, like China and others. We understand the importance of that. We support that but we're worried about going forward with the Paris and NCRA declarations.

And on that point I would say in July at the working party I was very taken with the comments by several African governments who were asked about this who were, I thought, making a plea to continue this process now that they were really into it and getting some real value out of it. And we know it's embarrassing for the donors that they haven't done well but they should still go forward. That's one thing.

The second point is we in civil society are worried about two things. One is the very shrinking space for civil society to operate around the world. Since the Paris Declaration was signed, we feel that governments have used the principle of country ownership as state ownership and the space has closed in many, many authoritarian countries and not so authoritarian. We're very worried about that because we can't operate and go forward with our own accountability which we have improved over the last three years through our Istanbul principles and our new framework, unless we have an enabling environment.

And the second thing is country ownership must be viewed as inclusive, democratic ownership in order, as Paul says and as you all agreed, that countries be held accountable. Governments be held accountable to their people. So I would appreciate some comments on that.

MR. KHARAS: Thank you. I'll take one more from the front and then I'll come back -- right here on the right hand side. This lady. Did you have your hand up?

MS. MOLENA: Yes.

I'm Nadia Molena, director of the European Network on Debt and Development.

I wanted to raise a couple of questions regarding what Brian described as --

MR. KHARAS: One question.

MS. MOLENA: Okay. Two sub-questions, one point, which is what Brian described as one of the biggest constraints in donor countries, procurement policies.

Clearly, unlocking the constraints like we have in developing countries, it's very much up to the parliament to finance ministries, how do we engage these levels of government which is really where the problems are not so much in development agencies, development ministries. Half -- more than half the aid given every year is actually awarded given in procurement contracts and most of it, the vast majority of these procurement contracts according to new research that we have done at (inaudible) that is worthy to reach country companies.

There are many problems among this issue. Among them the issue that has been mentioned of tight aid, the issue of country systems. We know that there's very little progress in country systems, but one particular issue I think which is particularly relevant is that actually in Accra and in Paris donors agreed to use increasingly country systems in exchange for recipients actually improving the country systems. They have improved but actually the donors have not improved and donors have been given

technical advice which actually has not helped.

We looked at procurement in the European Union in an internal market which is fully realized and actually, 98 percent of the contracts in European Union countries go to local companies. But the type of advice that we are giving to recipient countries is to completely liberalize their procurement systems and go for international competitive bidding which actually is helping these countries go to donor country companies instead of making use of the aid as a way to boost local economies and the local talent as Brian was saying. What can we do about it? What can we do to make that aid actually go to development countries and doesn't flow back to rich country companies and it only goes to developing countries on the books but not in practice?

MR. KHARAS: Okay, thank you. I'm going to try to allocate the questions if I may to hopefully give us time to have one more round. So Brian, would you like to start with the question on procurement and use of country systems? There is a specific measure on improvement of procurement in the survey.

MR. ATWOOD: Well, it is a very difficult question and I can't -- I don't come at it from the history of success in my own tenure. I have to say in the case of the United States, of course, it's the procurement laws are for every department of government you could be buying a missile defense system with the same procurement laws that you're buying an aid project. And that's why I think it's very, very important. If people in the U.S. Congress take seriously the Government Results and Performance Act which they passed, then they will begin to focus on how one achieves results in various departments of government. What that would imply is that there needs to be specialized procurement laws in the foreign aid agency. That is going to take leadership. It's going to take -- it's going to take Paul Oxfam or others here in this group interaction, Carolyn, to make that part of their objective here in terms of trying to get these changes made. But, you know, there are so many other things I know you're focusing on that it's hard to do that. And it's not sexy but it has such an impact.

So the procurement laws of the European Union, of the United States, or

whatever, should reflect the Paris Principles. And again, one of the real contradictions in this report is that developed countries' donors are not taking advantage of country systems where they exist. The irony -- there are several ironies in this. They're going to countries where there is a greater risk and putting -- maybe because of historic reasons, putting more of their resources there and they're not rewarding. So the system isn't kind of a market-based system where the rewards go to the countries that have already done the reform. Well, we need to pay more attention to that. We need to put that under a microscope and make sure that people understand that.

And let's let laws like the Government Performance and Results Act, let's tell that story. When I was at USAID, after about three years we finally got an award from I think George Mason University for the best report to Congress under the Government Results and Performance Act because we wanted to be based -- we wanted the Congress to hold us accountable for results, as opposed to simply worrying about inputs to the system. You know, the problem is that one committee of Congress is responsible for the Government Results Act and the other, the appropriations committees are the only ones that care about the Foreign Aid Bill. I mean, this is a big problem in this city that the authorization committees haven't been able. And I give Howard Berman great credit for pushing for a new Foreign Assistance Act. They badly need that here. But it should include some aspect of procurement reform. It may be more complicated with the council that governs the European Commission; I don't know. But people who care ought to take this issue up because it will do more to help countries like Timor-Leste than a lot of the things we could do.

MR. KHARAS: Thank you.

Minister Pires, would you like to comment a little bit on the role that civil society played in Timor-Leste?

MS. PIRES: Well, our civil society in Timor-Leste is very active and sometimes we say, okay, why do we need the parliament if you are taking over. But I have no problems with civil society but in fragile states we need to look at that because

you have fragile government and then sometimes -- there are the pros and the cons. Okay, the cons would be you have a fragile government and then you have donors because they suspect -- for some reason your government is -- everyone suspects you. Everybody thinks you're corrupt. Everybody thinks something is wrong because you are a government of a third world poor country.

I say this because it happened to me. First, I was working with the World Bank, the U.N. I was like a very nice person. Very full of integrity and stuff like that. Then the moment I become the minister of finance of a third world country everyone is looking at me like, well, she must be corrupt or something stupid. This is so serious. It happened to me. And I fought hard and now, of course, we are okay again. But you had to fight.

Now, so civil society, when the donors -- they strengthen them very strong but then the government is not very strong. And I see this in some of my colleagues in other g7+ countries. It's not that people are against civil society but they need to have a balance.

And anyway, in Timor-Leste, we managed. Okay, we were very weak at the beginning but we managed to -- now we are on our fourth year and -- fifth year and so we have actually managed to kind of fulfill our mandate. Next year we have elections. And what we did is we started to work on systems. From the Ministry of Finance I did this transparency posting. So I put all the budget in there because there were people screaming we don't know what you're doing with the money and this and that, etcetera. Well, I didn't know what we were doing with the money either because there were no systems in place. Finally, I put a system in place and now everybody knows what we're doing with the money down there. And then I said to the donors and to the civil society, transparency is not just for government. Transparency is for all of us, all of us. And then I get text that says, "Oh, minister, you can't do that. We're just NGOs. It's very hard to build a country." I go, come on. So that is the pros and the cons.

But I wanted to say something about the procurement laws because right

now at the moment I'm going through a reform of my procurement law and that's been a lengthy process. We have like 13 pieces of legislation. We keep changing things because -- and one good thing about Timor-Leste is that when we see a mistake and we see it doesn't work, we change it. And that's the kind of government we have led by the prime minister because he just wants things to work. He wants results. Sometimes too fast but still we get it.

But now in the background we've been doing this process of changing the procurement law. And we left it in the hands of a small group with some international advisors, etcetera. And then they came back and they go, oh, now the European Commission and this and that, we want to get feedback. And I go, whoa, wait a minute. What feedback? Oh, because they want to improve the law. I said improve my law? You first improve your law. And I said that to my advisors. I said you tell them that I said so. But then they said it in a nice way. And then they go, but you have to have this international standards. Okay, what international standard? The World Bank International standards. I go, I'm sorry. That's out of the window. It doesn't work. And I say it, it doesn't work. And I will say it again and again. It doesn't work; therefore, I'm not taking it. It's my money. I will do my procurement laws and it's working in Timor. Call me whatever names you want to call it but my people are participating in the development of the nation. We may make mistakes but we fix it on the dot. We don't have this tied business.

And I had a discussion with the European Commission. They were going to help me do my building. And so we sat down and they go, yeah, but, you know, it has to go to a European company. I go what? They are the most expensive ones. They are so far away. I've got cheaper companies out here in the region. It could be an Indonesian. It could be a Chinese. Everybody's scared of China. I'm not sure why. Really. Every time we do something with China all hell breaks loose.

(Laughter)

MS. PIRES: Really. We bought some things from China because they

were the cheapest. They were the fastest. We just used the same kind of commercial decisions that all the other countries do. There were all these things in the media as if we were getting together with China to invade somebody else's country. I don't know. And China doesn't even treat us special. We went to China. China says we will treat you the same as we treat everybody. That's it. They say we will treat you just as one-to-one. So no big special things.

Now, my advice on Brian, not like I was listening, if you want to bring the BRICs in you really need to clean up the house. Nobody is going to go and join the club when the club is not working. I'm telling you. If I was China I wasn't going to come in because why should I? You're telling me that I'm the one who's not coordinated; coordinate first with what you have already. Then they may come in. But otherwise you will not win on this one. I can tell you. Sorry.

MS. KHARAS: Be honest.

(Laughter)

MS. KHARAS: Brenda, moving quickly. There was a comment that maybe there's a softening of donors' commitments in the outcome document. Any reassurance that actually the new Busan outcome document will still keep donors' feet to the fire?

MS. KILLEN: Well, just to say that -- and certainly following that discussion that the working party came over very clearly, that everybody there was saying we keep Paris and Accra. And so the way that the co-chairs and, in fact one of the co-chairs is sitting next to me here, the way that we drafted the outcome document is to say that it's taken ASRAD but Paris and Accra, for those that endorse Paris and Accra, they stay as the standards that have to be met.

But we don't then repeat what's in Paris and Accra in the Busan document because, as well, the working party said we want a document that's short, and political, and to the point. But the message is definitely that those who endorse Paris and Accra will continue to meet those commitments. And then in addition, there's a number

of new areas where further commitments are stated in the outcome document. And then this calls to new partners who hopefully will endorse what comes out of Busan to show how they will move in the direction of the core principles of Paris.

So I think that what you're saying I suppose rings alarm bells because it wasn't intended that the outcome document would be seen as a softening. So I guess I can turn to Brian here and I think it's essential that the DAC makes it clear as one of the major groups that have endorsed Paris and Accra. But they go to Busan still committed to meeting those commitments and in addition will go further in the areas that are in the outcome document. But I just want to make that statement very, very clear, that there is no softening of Paris and Accra; that Busan is additional to what's agreed there.

MR. ATWOOD: That's certainly a consensus of DAC members. There's no question about that. Even despite this survey.

MR. KHARAS: Well, that's so many questions about moving towards a "whole-of-society" approach in terms of country ownership, but one of the problems with civil society has always been who actually represents them. And certainly in a country like Egypt where you don't have formal institutions, representative institutions, surely this is a difficult process. Now, I know that you've been having a series of national dialogues in Egypt. Any advice on how to engage with civil society a little bit more?

MR. ABDEL-MALEK: We can actually do with some advice. But just to respond to the question of civil society. I think civil society, we have 24,000, okay, but probably less than 200 are really active and doing some developmental work. So challenge number one is to change legislation to make it far less restrictive and to coach in different words that, you know, there's a partnership between government, civil society, and parliament. These are the key stakeholders. This has got to be embedded in the legislation. We're not there yet. Okay. And there are, of course, reactionary forces right now at work in Egypt, remnants of the previous regime and so on. I don't want to get into that. So we still have a way to go.

Secondly, civil society needs capacity development. Their claim to fame

has been how quickly they can put their hands in their donors' pockets. And I'm being perhaps a little bit uncharitable when I say that. Some are very professional. So the question of who would do the capacity development. I'm talking about local civil society, not international civil society. There's a tendency for international NGOs to use locals as subcontractors and, in fact, do what we tell you need to do. This is very counterproductive. It doesn't build the capacity. It brings in a foreign agenda. It gives more ammunition to suspicious government officials who would point the finger. We need to reform that system. We need more transparency there.

Now, civil society has got to have an association. They have been stopped from doing that but I think this is the next step. One last comment about this is that I applaud the Istanbul Declaration but I would caution about the continued use of the words "independent civil society." That makes some government officials see red. You are part of the country. Yes, you are independent of government but I would like to say -- I would like to suggest that civil society will use a different language, less threatening language, so that there is a division of labor based on comparative advantages. Civil society is closer to the gross roots. They know the needs, so in terms of one of the aspects of your question, yes, they are in the best position to gather real data, concrete and up-to-date data, participate in the design of local projects, but I don't see civil society as participants in national planning at the strategic level because simply they do not have the vision, they do not have the database to do that. I think the critical role is an implementation of the grassroots level because they have competence far better than government. They're less bureaucratic. And critically, they have monitoring and accountability functions which I would like to see emphasized. That would be my view. But that needs the development of a partnership between government and civil society. It's not going to happen until the genuine sense of partnership take places.

MR. KHARAS: Thank you.

Paul, I'm going to give you the last word, and by that I literally mean the last word. In one sentence tell us what should civil society do beyond accountability

which Talaat was just calling for? There was a question surely they can do more. One sentence.

MR. O'BRIEN: Thank god I know the art of a comma.

(Laughter)

MR. KHARAS: Semicolons.

MR. O'BRIEN: Understanding that the days of us providing government-funded parallel services to citizens is probably over, partly because of this whole Paris and aid effectiveness agenda. I think we do have a very important role to play, not just on accountability but on deeply understanding what it means to help citizens become more active, to truly transfer capacity rather than just to engage in these capacity-building workshops that sort of we tick them off. And what does it mean to leave behind, to become more local ourselves in identity as truly international organizations. And it will only succeed if it is part of a broader understanding that at the end of the day we're not the relevant actor in these situations. It's about the compact between a government and his people and we can be useful in a whole range of fronts if we start with that humility and we'll probably be irrelevant if we continue to think that we've much more to add beyond that.

MR. KHARAS: Thank you so much. Forgive me for running on and not being able to take more questions. Please join me in thanking a really wonderful panel for this discussion.

(Applause)

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