THE BROOKINGS INSTITUTION

TOO POOR FOR PEACE?

GLOBAL POVERTY, CONFLICT AND SECURITY IN THE 21st CENTURY

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PROCEEDINGS

MS. BRAINARD: All right, good morning. I'm delighted to welcome you to Brookings.

Does this sound right? It's a little echoey.

MS. BRAINARD: I'm delighted to welcome you here today for a discussion with the authors of a new book that we're releasing called *Too Poor for Peace? Global Poverty, Conflict and Security in the 21st Century* -- and I say it's *Too Poor for Peace* "question mark." We're not making an assertion there.

I think the thesis of the book is abundantly simple. It's that the fight against global poverty has become a fight of necessity, not just of morality, because global security demands it as well. I think the more that you look at the research, the stronger the links are established that extreme poverty literally kills.

Poverty-stricken states tend to have weak institutions, rendering them very weak and needing the most basic needs of their citizens. Weak governments, in turn, are unable to adequately control their borders, leaving lawless areas and natural resources to be hijacked, and the conflict has spilled over into neighboring countries. In fact, I think that realization has increasingly been seen throughout all different parts of the U.S. government.

The Pentagon's 2006 Quadrennial Defense Review talks about the U.S. military's humanitarian role in alleviating suffering in order to help prevent disorder from spiraling into wider conflict and crisis.

In this book I think what you'll find is that the simple and easy characterizations of conflict as stemming from ancient ethnic hatreds don't really stand up very well to the scrutiny of analysis, that in fact the kinds of things that drive conflict are very clear. Poverty drives conflict. The research is now unambiguous on that. Environmental degradation drives conflict. But natural resource abundance can also drive conflict.

And an interesting area that is probably given too little attention is that big demographic imbalances can lead to instability and conflict when opportunities are not there for young people to lead productive lives.

The statistics I think are very clear. The reverse is also true. Civil wars may result in as many as 30 percent more people living in poverty, and the probability of civil wars being reignited is very high. About a third of countries will cycle back into conflict in a short period of time.

So, today what we're going to do is we're going to talk a bit about the drivers; we're going to talk a bit about why we should care; and we're going to talk a bit about the solutions and then we're going to open up to a broader discussion.

We have some of the authors here. My co-editor is in the audience somewhere -- Derek Chollet -- way back there; and I don't know if Vinca is here as well -- Vinca LaFleur; and then three of the people up here are authors, and the fourth is running a big project with Brookings on one of the key solution areas.

So, let me quickly turn to each author in turn, starting with Susan Rice. I think all of you know Brookings well know Susan well. She is a Senior Fellow here, and her research has focused, over several years, on the national security implications of global poverty and inequality. She's just releasing a new index, categorizing weak states, and has probably put more thought into this certainly than anybody here at Brookings. Prior to that, she was Assistant Secretary of State for African Affairs where she saw a lot of these issues up front and personally and previously to that worked at the National Security Counsel where, again, her portfolio included countries that were mired in poverty and conflict.

So, Susan over to you to give us this concept of why we should care about this and what the scope of the problem is.

MS. RICE: Thank you, Lael.

Thank you all for coming this morning. We're excited about the release of *Too Poor for Peace?* And I had written a chapter at the opening of the book which tries to set a frame for explaining, as Lael suggested, why we need to come to view poverty as a national security issue for the United States and for other countries in the developed world and to recognize that while we have a deep humanitarian stake in eradicating poverty, we have a national security stake as well.

You all know the statistics. Half the world's population lives on

less than two dollars a day, 1.1 billion people living on less than one dollar a day. For half the world's population, imagine living on all that it would cost to buy seven decent pairs of sneakers here in the United States. That's the nature of the tremendous disparities that we live with on this planet, and in today's world, given globalization, the effects of poverty can't be confined to far corners of the globe that may not be very proximate from the U.S. point of view.

Globalization means that any infected individual, as we have seen in the last week, any terrorist, any criminal, any toxic pollutant is, by definition, closer to us today than would have been the case 20 or 40 years ago. Two million people cross an international border every day. Seaborne trade has quadrupled over the last four decades. We are living in a much more interconnected world, and as a result of the interconnectedness, I would argue, and I think there's a great deal of evidence to suggest that poverty reduction is more important than ever before as an element of U.S. national security policy, and I want to just briefly explain why.

First of all, poor, weak states can function either passively as incubators of transnational security threats or as active conveyor belts of these transnational threats, which range from conflict that spills over borders to disease, environmental degradation, terrorism, proliferation, criminal activity of all sorts. These sorts of transnational threats are increasingly of significance to the United States as we move into an era where the nature of the threats we face are not

solely state based, as they arguably were predominantly in an earlier era that are now both state-based in some instances but increasingly transnational in nature. And spillovers from these poor weak states can result in massive damage to U.S. citizens, their health, their livelihood, to our economy, and even ultimately, in the case of -- the worst case -- for example, a massive pandemic flu -- in the deaths of hundreds of thousands or even millions of Americans.

What are weak states? As Lael suggested, we spent some time asking and answering that question, and weak states can be defined as those that are least capable of fulfilling four basic functions of the state: Providing for the essential security of their populations; governing legitimately and effectively and responsibly; providing for the basic human needs of their populations for food, for education, for health; and establishing an economic environment in which growth and opportunity are both possible and have the potential to be shared.

Weak states are also typically among the poorer states in the world, and state weakness is driven, in part but not in significant part, by poverty, and poverty erodes weak states' capacity to confront these transnational security threats that I described that have the potential to come and do harm to the United States and others as well.

I want to just say that as I make this distinction between poverty and weak states and transnational security threats on the one hand and U.S. national security on the other, I don't mean to suggest an us-verses-them

dichotomy. The threats emerge from poor parts of the world -- come and harm us and, you know, we're victims here. That's not only analytically incorrect; I think it's morally incorrect. But I do think it's important to recognize that we're at a unique moment where our values, our humanitarian instincts, our morality, and our security interests coincide, and so we can do well by doing right.

I just want to touch on three ways in which transnational threats can emerge from poor weak states and just in a very short-hand fashion illustrate why we ought to be concerned.

Lael mentioned conflict. Conflict, the research shows, is driven substantially by poverty. One widely sided study, which has been corroborated by many other studies, shows that a country with a GDP averaging $250 per capita per year has a 15 percent chance of falling into civil conflict within five years. By the time GDP per capita reaches $5,000, the risk of civil conflict over the same period falls to less than one percent.

And conflict zones ought to be of concern to us, not only because they cost hundreds of thousands of lives, in some places millions of lives; they may require costly humanitarian or peacekeeping interventions, but they also can become, as we've seen in so many parts of Africa and Central Africa and West Africa and elsewhere, regional sinkholes that suck in neighboring countries and destabilize whole swamps.

But beyond that, conflict zones are in fact the ultimate incubators

of these transnational threats, whether we're talking about environmental degradation; disease which arises and can spread from conflict zones; terrorists who have taken advantage of conflict zones to train, to recruit, and move elsewhere as we've seen in Bosnia and Chechnya in the '90s or in Iraq today. So, conflict zones are really the petri dish of problems when it comes to transnational threats.

Terrorism is another one, and there's been a great deal of I think not very informed analysis that concludes that poverty has no relationship to terrorism, because of course the 9/11 hijackers were predominantly middle-class Saudis with education and therefore what's the relationship? Well, whether or not one accepts the premise -- and I think there's -- the jury is, frankly, out -- on whether or not poverty -- one's individual circumstances or the circumstances in which one lives -- has any impact on whether an individual decides to engage in acts of violence or terrorism.

What is far more clear is that poverty erodes states' capacity to deal with terrorism; that states that are weak and poor lack the ability to control their borders, their territories, their ungoverned spaces; to control their resources, which may be expropriated and used to finance criminal or terrorist operations. They also lack the ability to provide for the needs of their people, and as we've seen in so many places from Pakistan to Somalia to Gaza to many, many parts of Africa where states lack the ability, and in some cases the will, to provide for the

basic human needs of their populations, radical groups can and do come in and fill the void and in doing so provide not only the social services but, in many instances, an ideology that can fuel terrorism.

And we have seen the effects of weak states and their relationship to terrorism in places as far flung as Afghanistan, Pakistan, Somalia but also some less likely places -- Kenya, Yemen and indeed even in Mali -- where GSPC terrorists from Algeria hid out, held and maintained hostages, and raised resources as they moved around the Sahara area of West Africa.

And, very interestingly, on many of the latest Jihadi websites, you might find reference to the desire of these groups to embed themselves in the poorest, weakest states because they, too, see them as fertile breeding grounds for their activities.

The last area I want to touch on is disease. Poverty erodes states' capacity to set up the kind of health care infrastructure that's necessary to detect and contain disease before it spreads. Whether we are talking about Ebola, as we have seen throughout Central Africa, Avian flu, imagine a worst-case scenario where Avian flu mutates into the form that's easily transmissible from human to human rather than merely from animal to human, and that happens in a country that has no disease detection or surveillance capacity. It would be, in many ways, a worst-case scenario, and we've seen, as I alluded to earlier, extreme drug-resistant tuberculosis, which is rampant in South Africa and parts of Southern

Africa; can cross a border very quickly and undetected; and is as deadly as almost anything we've seen with an over-90 percent mortality rate in South Africa.

So, containing disease is a critical state function, but without the resources and the capacity, it can't be done. So, those are just a few of the ways in which poverty erodes state capacity and weak states can have the potential to serve as these conveyor belts, or incubators, for transnational threats.

I go into some other areas in the chapter in the book, but let me just close by saying that all of this suggests that we need to think very differently than we have to date about the policy imperative of reducing global poverty. It is no longer something we can view, in my opinion, as optional or nice to do but not necessary to do. We need to recognize that these transnational threats are foremost among our national security concerns and that strengthening the governance, the democratic, and the economic capacity of weak states around the world is, frankly, a 21st Century national security imperative, and we need to work with our allies to devise strategies and investments that can build that political and economic capacity so that states become more secure, less likely to fall into conflict, and more capable of controlling their territory and providing for the essential needs of their people.

MS. BRAINARD: Thank you.

For anybody who's standing in the back, please feel free. There are seats up in the front. Don't hesitate.

Let me now turn to Tarik Yousef. Tarik is affiliated with us. He works here at Brookings, where he's working with Navtej Dhillon on the initiative on youth inclusion in the Middle East, which is housed in the Wilkinson Center. He's also Dean, the Dubai School of Government. He's been affiliated with Georgetown and Harvard, INF and the World Bank.

One of the things that this book really strongly points to is the area of big demographic imbalances as being a potential driver of conflict but also a critical part of the solutions base, and as you've been starting to do research and working with practitioners in the Middle East, are there proven programs, are there proven approaches that yield some promise in that critical part of solving the poverty and security nexus?

MR. YOUSEF: Thank you Lael for the invitation. Thank to Brookings.

First, let me congratulate you on this book. I think -- I spent the weekend reading it. Enjoyed every chapter. A lot of what I read made me think that it clearly -- that it carefully -- not everything I read I agreed with, and in some cases I disagreed very, very strongly. So, let me reflect on all of these issues very briefly, and maybe the starting point is the question you posed, which is nicely covered in two chapters on youth, the demographics, and the so-called youth bulge.

I happen to come out of an economic tradition where economic

transformation, economic growth was often linked to demographic change, and the length that most economists -- or at least most people I associated with -- tended to view this was a length that had very clear economic and policy implications whereby the idea is the following: Societies go through demographic transitions. These transitions create different age structures. These age structures go hand in hand with economic outcomes.

Very briefly, societies that go through a youth bulge from the perspective of this sort of thinking are actually given opportunities to do things that they have not done in the past and think they might not be able to do in the future. This idea comes out very nicely in one of the chapters in the book, but the contrast is in another chapter, which takes the idea of youth bulge, the demographic transition, and looks at it from what I think is the dominant prism at the moment, which is a security, national security, transnational threat, terrorism, respect, the idea that the youth bulge is perhaps unequivocally statistically associated with political security, instability, poverty, etc.

Now -- so I personally, given my own intellectual upbringing and my own writings, find this dominant perspective at present problematic. I find it problematic, because it really does -- first of all, one can question many of the assumptions made about it, many of the links, some of which Susan had alluded to in her chapter, but more importantly because it doesn't give us clear policy solutions. It does not propose a way of dealing with the problem, the challenge,

or the crisis as the author referred to it.

So, suppose a society is going through a youth bulge. That youth bulge may be or may not be associated with poverty, may or may not be associated with conflict, may or may not be associated with a clear national security threat to itself or to another. What do you do about it? And unfortunately this is where I would like to link this discussion to the present discourse whereby the void in thinking about this problem constructively and remembering as a starting point that youth cohorts, youthful cohorts, demographic change is invariably associated with incredible, tremendous opportunities for economic and socioeconomic transformation for globalized economic transformation and spillovers -- positive spillovers. This sort of notion now has been kind of set aside, and the present discourse, which emphasizes security, internal stability, has taken over.

This is not an accident in my view, and it's not only the result of 9/11 or emerging conflict points in the world whether it's Afghanistan, Somalia, Saudi Arabia, etc. It's also, in many ways, a byproduct of ignoring youth, at least in these two chapters, as an important and a worthy analytical category to be discussed, to be debated, and for which policy interventions ought to be thought of very carefully.

It is probably shocking, but it is nonetheless true that even within the international institutions, such as the World Bank or others, youth as an

analytical category, is both not recognized and is not studied. The idea that seems to have driven most of the thinking about youth in the last 10 to 15 years is that, well, the problems facing youth are the same as the problems facing everyone else in society, so if it's unemployment, let's solve unemployment for everybody else and the youth will benefit invariably on this. The same goes on with every other economic manifestation.

I think this was a critical mistake done at a point in time, and continues, notwithstanding the fact that the World Bank, for example, published a World Development Report. This is focused on youth. Making youth as of the youth bulge of starting an analytical category, linking it up with the solutions that we all seek to deal with the problems we all want to deal with and avoid I think is an important starting point that one ought to think through.

In the absence of this, the only discourse that dominates is a discourse that focuses on terrorism, conflict, poverty -- and while I find this discourse important, relevant, I find it extremely also problematic, in some cases intellectually suspect. I would go further, in fact, in categorizing how I began to view it, because I see it as the entry point, as the only policy prescription we have for dealing with youth bulges, dealing with threats to societies and to others.

What are the proposed solutions? What can we learn from everything we've looked at that may be of benefit to youth or to other segments of the age structure that (inaudible) come with poverty and security and

transnational threats?

Unfortunately, the prescriptions here are extremely limited, weak, untested, and, more problematically, and maybe as a result of this, very little funding by states within regions or by the international community has been devoted to dealing with these problems. This is essentially what we find in this newly launched youth initiative project that is centered at the Wilkinson Center at Brookings. One of the most difficult tasks we have at hand at the moment is finding out what is it, what are the sets of interventions that have been prescribed, tested, empirically examined, whether in Latin America or in Africa or even elsewhere that can in fact be replicated, tested in the countries of the Middle East and North Africa region.

What even is the set of policies that some of these countries have done themselves that can be assessed on the basis of their effectiveness or for efficiency. To date, we've had great difficulty being able to make progress here in part I think reflecting what I mentioned earlier, the intellectual void and the quick and dominant response to this problem through a security prism to a transnational prism. All of these other prescriptions have been put to use little on the socioeconomic front, little on the education front, little on the job creation front. Precisely the things that we talk about, we mention, and two of the authors in this book come out at the end saying that dealing with the problems or the challenges associated with the youth bulge require systematic, systemic policy prescriptions.

What are these policy prescriptions? I think this is where the discourse ought to be. This is where the thinking ought to be. The solutions, the ideas, the answers are not going to be easy, but this is where we ought to move, I believe, in this discussion. In our own initiative, everything we've learned so far leads us to essentially think that these (inaudible) are complex; they're not just rooted in traditional economic problems of job creation or lack of education. They have to do with things like transitions to adulthood, marriage formation, family issues, social inclusion, political participation; hence, the solutions ought to come at all of these levels and specifically for countries and societies where we recognize that a specific youth cohort makes up a large share of the population where the challenges are focused. I think it is the responsibility and the necessity that the outside world, international organizations, super powers come to the aid through socioeconomic, financial, and technical assistance in some cases.

At the moment little of this is happening. All that one observes are the security responses and the instruments I think of security, including repression, interrogation, etc., all of which I don't see leading us down the right path in dealing with what, as Susan Rice noted, is a 21st century problem, at least for the first few decades of it.

MS. BRAINARD: Can I just, before I turn to Jennifer, just ask you -- you didn't mention gender in that description. Is there -- as you are looking at this problem, is there an issue of gender differentiation or is the set of solutions

likely to be the same?

MR. YOUSEF: I guess one response to this, Lael, is to say the following. Twenty years ago when we started thinking about gender as a subject, as a separate issue, as an agenda worthy of being considered on its own merit, we faced a lot of intellectual resistance, we faced a lot of policy resistance. It's only now that we accept gender as an entry point in thinking about policy. I think youth, and gender and youth perhaps, is going through this phase at the moment. It's much easier to talk about job creation. It's much more difficult to talk about social inclusion, family formation, delayed marriage, political participation of women, of specific cohorts, with ethnic -- I think these are some of the most important cutting edge, challenging policies for which little thinking is happening, but where the opportunities, I would argue, are tremendous opportunities for socioeconomic transformation, modernization, and opportunities for peace, for poverty alleviation, and for security within the regions, within countries, and across the world. So, gender, I think, is one of those important variables in this, and we're finding in our research at the moment that some of the questions that apply to young men are not the same as those that apply to young women and some of the solutions require -- will differ across specific age groups even within the larger youth cohort and across gender.

MS. BRAINARD: All right. For another noncontroversial topic I'm going to turn to Jennifer. Jennifer Windsor is Director of Freedom House,

and she wrote a very provocative chapter in this book. She oversees the day-to-day operations of Freedom House, which I think everybody must be very familiar with -- it's spread all across the world -- and previously worked at USAID on similar issues around democracy and governance.

I think if I came away from most of the discourse and from your chapter I'd say, you know, it convinces me that democracy is a very powerful antidote to both poverty and conflict, but the difficulty is getting from here to there. And the real question mark is how much external actors can help that transition or participate in that transition. So, if you can talk a little bit about where democracy is in that, in that set of answers, and what are the most effective methods for promoting it.

MS. WINDSOR: Okay, thank you, Lael and Derek, for including me in such a distinguished group. I'm really honored, and I have enjoyed listening to everybody here on the dais, as well as the group that we convened that we were a part of last summer. It was really an incredible collection of talent and insight from various directions coming together, and that really was the power of this, so.

Well, I'm going to start, actually, by re-arguing for those that are not convinced and yet in the audience that I think advancing individual freedoms, both in law and in practice, through the establishment of viable and effective democratic systems is absolutely essential as part of any effective strategy to deal

with poverty and global security in the 21st century. So, in short, I think politics directly contributes to poverty and to conflict, and we ignore that at our peril.

As I stated in the chapter, there has been a long discussion and debate about the role of democracy and development, the interrelationships, and in the end I think there is a consensus that it has to be a part and that poor people shouldn't have to choose between a secure life, being able to pursue their economic well-being, and the ability to enjoy and exercise universally guaranteed individual freedoms.

So, it's provocative now to say that. And why? Because democracy and its promotion are now under attack, fueled in part by, I would argue, governments who stand to lose by continued international support for peaceful, political reform, and in this regard I have to say that I heartily endorse the report's recommendation that the branding strategy of the U.S. government be dropped immediately, especially in this climate. If the U.S. government tries to micromanage or take credit for such assistance, it will endanger and discredit those on the front lines of the struggle, and it's very, very real the dangers they're facing right now.

Of course, the attack is also because of disagreement, legitimate disagreements, with the Bush administration policy in a wide range of areas. But I would argue that just because an internationally unpopular president uses the term doesn't mean that it should be abandoned. I do think it's unfortunate that

certain people in the current administration have used the terms overly broadly to describe U.S. policies and actions but are not driven by the promotion of democracy as their primary goal.

What is democracy promotion? For the last 30 years it's about using diplomacy, providing incentives, and providing assistance and support to those in societies that are working for reform, and absolutely every lesson shows that if you don't have people in the country that are working for reform, any external assistance or help will not work. I think it's vital that we continue to do democracy promotion.

Now, what works and what doesn't? The lessons for effectiveness are constantly being debated by those of us within the democracy community, and I welcome the opportunity to talk about that and also to encourage you to join us, but only if you accept that we need to look at what the promotion of democracy actually entails and not put a scapegoat up of what we are trying to say that it entails.

I also reject those that are advocating as a way to distancing themselves from the Bush administration to settle for the technical, less politically sensitive objective of good governance. The bottom line is if you break down the key elements of good governance, they need to be placed in an overall democratic system to be able to be achieved and secured in the long run, whether that be rule of law, property rights, accountability, transparency, legitimacy, free flow of

information, and public participation.

Second, when we evaluate U.S. policy to date and prepare recommendation for improvements, we need to correctly assess what that policy constitutes and not characterize it. I have a number of extensive criticisms of what this administration has done in terms of democracy promotion, but I also think it's important to again focus on what has been or has not been done. For example, in the new foreign assistance framework, while sustainable democratic governance is a part of it in the overall goal, I don't believe it's actually accurate to say that the entire process structure and allocation process has been reoriented toward democratization. Even if that is the rhetoric that the administration uses, it's actually not the reality, and we looked at the actual FY08 budget request which came out of that process to see whether that was the case. Democracy assistance in that request does indeed receive a 17 percent increase -- mostly in Afghanistan and Iraq -- but it still represents less than 4 percent of the entire total request for U.S. foreign assistance. The request actually decreases funding for civil society and human rights activists, and I think that that completely leaves the people that are working in these societies vulnerable.

In terms of country priorities -- and this is maybe something we need to explore in the discussion -- a lot of the priority for democracy assistance, the largest amounts have been requested for conflict -- post-conflict countries currently in conflict. Afghanistan, Democratic Republic of Congo, Iraq, Kosovo,

Liberia, Pakistan and Sudan are among the top recipients.

I guess the question that I think we need to look at is whether that funding will, one, be backed up by the incentives and diplomatic support I mentioned earlier in my talk; two, whether it's actually supported in a holistic strategy to address the other key elements of addressing poverty and the elements of weak state that have been mentioned here and whether the aims of furthering the advance of democratic governance in the most holistic sense are being supported by others in the international community. And I look forward to having a discussion about all those topics.

MS. BRAINARD: Perfect. Thank you.

And, finally, I'm going to turn to Jane Nelson. Jane is a nonresident Senior Fellow here. She's also director of the Corporate Social Responsibility Initiative at the Kennedy School and affiliated with the Prince of Wales International Business Leaders Forum. She was previously in the private sector at City Bank and was also an agricultural economist in a previous life in South Africa. And Jane has done a lot of work on the rule of corporations and NGOs in conflict areas and in development more generally.

Jane, just based on your work, we know that private corporations and NGOs are increasingly influential players in many weak states and fail states. What role do they play, and what role, more importantly perhaps, could they play or should they play in helping these areas avoid conflict, recover from conflict,

and sustain growth?

MS. NELSON: Thanks. Good morning, everyone. It's a great pleasure to be here.

I wanted to preface my comments by saying I think it is no doubt that both private corporations and nongovernmental organizations have an increasingly important role to play, but government and good governance is obviously at the absolute core and center of both conflict (inaudible) and reconstruction and resolution, that I do think increasingly the opportunities for large corporations and both international NGOs, as well as local NGOs and businesses, can work I think both individually but also collectively and with government to make a major difference, and obviously there's enormous notoriety depending on industry sector, types of government situation that a company or NGO is operating in.

But I think regardless of that, there are three main issues that most corporations and large NGOs need to think about both individually and collectively, and I think first and foremost is the question of insuring that their own operations don't exacerbate or create poverty or the underpinnings of conflict, and I think this is obviously particularly the case in companies that are involved in natural resource development.

But actually most companies, if you think about it -- the financial sector; manufacturing; many, many companies in different entity sectors -- can

have a negative impact if they don't identify and manage and wherever possible mitigate the risk of their impact in the countries in which they're operating, particularly when there is a weak governance framework that they're operating within. And I think also with humanitarian agencies, there's a tendency to think of the humanitarian efforts by definition of scope and it's not going to have a negative impact, and yet we have more and more examples of well-intentioned humanitarian efforts which either undermine local capacity. You hire people from local NGOs and undermine the ability of local efforts to ensure that there's a sustainable capacity going forward, but it's in the health system or local (inaudible) NGOs and accountability mechanisms.

So, I think the first objective is to ensure that one's operations do no harm, and I think we are seeing some very interesting both sort of policies and codes of conduct but also collective initiatives emerging in that area.

And two I'll just mention as examples. The humanitarian accountability project. A number of the world's major humanitarian agencies have now come together not only to develop an accountability code for their operations but to work with each other to ensure that wherever possible their activities are not going to have a negative impact on the societies and countries in which they're operating. And on the corporate side we're seeing some very interesting multi-sector and multi-stakeholder initiatives emerging, and one of the most obvious in this area -- conflict resolution and avoidance -- is (inaudible)

industries' transparency initiative where -- and I'm sure many of you are familiar with this -- but where some of the world's leading oil and energy companies have come together with major human rights organizations and governments, both resource-rich governments in Africa and Asia, as well as donor governments, to develop a transparency framework both for what the corporations are paying the government and also what government is receiving and how governments are using those revenues.

Sort of very, very early stage. It's got all sorts of challenges, but I think it's a good example of a new type of governance mechanism that is emerging that recognizes the potential downsides of economic development if it's not managed carefully and puts a multi-stakeholder structure in place to try and mitigate negative impacts and ensure that there are more positive impacts. So, I think that's the first challenge that both large corporations and NGOs face -- is managing the potential negative impacts of their own operations.

Secondly, I think there's this growing opportunity for those last corporations and NGOs to be more involved in the type of systemic interventions that the (inaudible) was referring to. There's obviously thousands of examples of philanthropic efforts on the part of individual companies, individual NGOs. You're doing small community-based projects. And all of those I think have their role and can be beneficial.

But I think taking a more sort of strategic approach, particularly

for large investors or players in a particular country, and a more sort of systemic approach to both the sort of economic development challenges but also social exclusion, education, and health, and there are few examples where this is happening, but there are enough to indicate that this is an area that deserves further analysis and I think experimentation.

The one example would be the Angola partnership initiative where Chevron is working with United Nations development program. A number of those -- Angola as well as international NGOs -- on a very integrated approach, which is both local economic development, agricultural technical assistance, reintegration of formal combatants into sort of job creation programs, use development programs, health programs -- but a very integrated approach, which is sort of hard for the companies to (inaudible).

They have to put a flag on and say this is my philanthropic project -- is often transaction costs working in such an integrated and partnership-based way, but the hope is that those types of approaches will have a longer, more sustainable impact and a more systemic impact, and I think we're seeing more of these sort of country-based initiatives emerging where groups of companies and NGOs are working with governments in a more systemic way on some broad socioeconomic development and particularly sort of focusing on what I call sort of both high-vulnerability but also high-potential groups, like youth cohorts, yet rural populations, etc., where a lot of international development projects,

particularly the private ones, don't often reach.

And I think also this sort of area of socioeconomic development, the potential for hybrids of initiatives between large private foundations -- whether it's the Gates Foundation or large corporate foundations, nongovernmental organizations, and local partners -- there's I think enormous potential for that, and we're just beginning to see the beginning of sort of hybrids. They're not so purely philanthropic and they're not commercial, but they're sort of market-driven and demand-driven approaches that are used in both sort of markets' mechanisms that are also sort of public funding or philanthropic funding. So, I think that's secondary -- how can corporations and NGOs help to build the sort of socioeconomic environment that hopefully alleviates poverty and contributes to peace building.

And then, thirdly, I think, and probably most controversial of all, is what role can large corporations play and NGOs and foundations on directly addressing issues of weak governance, be that bad governance or just situations where there's a lack of capacity and you might have a democratically elected government but they don't have the capacity to meet the needs of their citizens. And I think that the private sector obviously is very difficult for individual corporations to play a role now, however large they are, but I think collectively at an international level we're seeing more examples again of groups of companies working together with nonprofit organizations often either in sort of an advocacy

framework or a capacity-building approach.

So, for example, companies getting involved in poverty-reduction strategy dialogs at the national level where you've got chambers of commerce in industry actually coming to the table and saying this is also an issue for the private sector, that we are actively engaged in these types of dialogs. I think in this country we're seeing the start -- I mean, not nearly enough yet -- of the private sector coming off much more as an advocate for international developments and changes and sort of U.S. development agenda.

(Inaudible) remind ourselves that we always refer to the Marshall Plan as one of the great success stories of history, and the Committee for Economic Development in the U.S. business community was very, very vocal in sort of gathering public support and political support for the Marshall Plan, and I think that type of active advocacy here in the states, as Susan was saying, making (inaudible) both a security case but also the humanitarian and the economic development case for poverty alleviation. I think business could be, you know, far more vocal on that front.

So, I think those are sort of the three area that are ensuring the corporations and large NGOs do no harm through their own operations, working more systemically together on solutions and not just sort of the thousands of individual projects we currently see; and then thirdly, looking at ways that get through integrity pacts, anticorruption initiatives, advocacy programs, getting

engaged in poverty strategy dialogs. The private sector can be more actively involved in supporting and promoting good governance, actually in the countries that have governance challenges as well as in donor countries.

MS. BRAINARD: Well, it's actually a good place to stop. We're actually celebrating I think a 60th anniversary of the Marshall Plan this week, and it is a great -- perhaps the greatest -- example of a very successful post-conflict reconstruction and stabilization, long-term development plan and the question is how do we reinvigorate that kind of level of aspiration and vision for today's challenges, which are quite different.

What I'm going to do is open it up to all of you. Please -- there's a microphone if you have a question. Just identify yourself before giving us the question. Right over there in the back.

MR. JOHNSON: My name is Dick Johnson -- is this on?

MS. BRAINARD: I think it is.

MR. JOHNSON: I work for an international education association right now. I want to thank you all for your very provocative presentations.

Lael, I think in introducing Jennifer you said that her big contribution was to point out how difficult it is, with respect to democracy, to know how to get from here to there, and when you said that it struck me that that's even more true of the question of addressing global poverty and inequality. I, in fact, have the feeling that we might know a little bit more about how to promote

democracy than we do about how to alleviate poverty.

There's been a lot of deliberate forgetting of some of the things we've learned over 20 years of experience in democracy building lately, which if we relearned it, it would get us a long way toward where we need to be.

But how you deal with global poverty is something, it just seems to me, we haven't done very well, that we've talked about it for decades, we've had foreign aid programs, we've had trade policies, we've had the IFIs. We've had all this stuff and we still have the data you cited in terms of economic -- in terms of poverty and inequality.

You know, we have another campaign -- presidential campaign -- going on now. I guess we always have a presidential campaign going on these days. We're in a different -- we're starting a new presidential campaign cycle now, and you're starting to see proposals remerge again for vastly increasing the foreign aid budget, creating a cabinet-level aid agency. These things surface from time to time, and I just have the feeling that if we spent twice as much money doing the same thing, we wouldn't have a lot of good results to look back on, and I have questions as to whether the fight for a cabinet-level agency would be worth the results until -- if we can't figure out what this agency is supposed to be doing.

Surely it is a good beginning to -- if we could agree to Susan Rice's proposition that dealing with this issue is a national security issue. We're not even there yet, which is one of the reasons that aid money tends to be sort of

hijacked by individual special interests in our society. That happens in the absence of an overarching consensus about how you spend this money wisely.

But I guess the question I value your comments on is how can we at least begin a process of getting to the point of figuring out how we can do this very important things that you're talking about in dealing with global poverty? We don't have a very good record, and it is a daunting issue that there doesn't seem to me to be a lot of really good, convincing thinking going out of that.

MS. BRAINARD: Do you want to -- how about you.

MS. WINDSOR: I'll be happy to answer, too, but go ahead.

MS. RICE: I would argue we haven't tried yet. We've spent billions and billions of dollars in the post-war period, but much of that, particularly in the cold war context, wasn't, frankly, directed at poverty alleviation. It was directed at cold war imperatives, some of them security imperatives. It was often money spent on buttressing friendly but not particularly democratic or responsible regimes, and we have only in the post-cold war period begun, I think, at least in this country, to really ask -- and I agree with you not sufficiently ask with sufficient urgency -- what can we do about this? What do we know about what works?

Now, the next thing that needs to be said is it's not been a total bust. Some places have managed to achieve dramatic reductions in poverty, whether we're talking about China or India or South Korea or Botswana. There

have been some significant success stories. One of the things that we are coming to understand and beginning to act on is, as Jennifer has pointed out, that where you have governments that are effective, democratic, transparent, trying to do the right things by way of policies for their people, the sorts of interventions that we are coming to make through things like the (inaudible) challenge account, have the potential to be catalytic in terms of development outcomes.

Now, it alone, doesn't suffice, but the message there is that where the policy environment is more conducive, the resources can be more impactful, and that's one less, but the real tricky problem and the one that I'm wrestling with and I think the difficult one for U.S. and international policymakers is what do you do in those environments where there isn't a conducive government situation where you may be pre-, post-, or in the midst of conflict where the institutions may not be completely bankrupt but certainly weak and effectual and not altogether benevolent in their intentions. Doing development effectively in the weak state environment is a very serious and complex policy challenge, which frankly neither the United States, the World Bank, the other OECD countries have a coherent theory on how to do it effectively.

I've tried to do some thinking about what sort of strategies might work in different environments, what strategies could be applicable in an autocratic environment, what in a conflict environment, what in an immediate post-conflict or post- or transition to democracy environment, and what sorts of

interventions might work best in those more stable environments -- places like Mali, which are weak, but democratic, trying to do the right things, but haven't gotten to lift off. And I think that if you think those through, they're very, very different strategies that might apply in each of those circumstances.

But I would also argue something else, and as we have done our research on the weakest states in the world, we've tried to understand how each of those individual states is weak. They're not all weak in the same ways. And take two neighboring countries. Mali will be weak in a different way from Niger, in a different way from Burkina Faso. And understanding the specific drivers or manifestations of weakness in each of these countries at a level of detail and granularity I think begins to give us some insight on a country-by-country basis as to how the international community might target its support and intervention. Some places the weakness will be on the political side in governance or rule of law; in other cases, it will be more on the economic or the social side; in some cases the weakest of the weak, what we call fail states, it's going to be across the board and then you're in a very different set of challenges.

So, the short answer is we don't have all the answers. This is an area that requires more work, but I think we are beginning to get some useful insights. But the predicate for all of this, as you said, and as I tried to argue at the outset, is recognizing that this is an important policy problem to solve, as important as almost any other, and if we were investing intellectual capital in this

problem that we are in, you know, in missile defense, we might come up with a better set of solutions.

MS. WINDSOR: I'll just really briefly also address it.

I really think that the premise is wrong. I mean, I think we have seen a diminution of global poverty of historic proportions in recent decades, and hundreds of millions have been lifted out of poverty. I think what you can see is that there is increasing segmentation among types of economies, and so the kind of places that we're talking about here today are perhaps the most intractable poverty pockets because of dysfunctional governance and the cycle of violence and insecurity that kind of goes together.

There's another group of states that are strong states -- weak populations and predatory states in many cases, and that's a different set of problems.

There's another set of states that I think are off to the races, and we essentially need to support their private sector environments so they become more and more dynamic, and then there's another set of states that have achieved middle-income status but are now starting to stagnate or where internal distributive problems are getting exacerbated. I think they're just very different answers, and obviously the main engine of all of the change and positive momentum has not been foreign aid. I don't think any of us should believe that. It really has been domestic, indigenous, entrepreneurship, and resourcefulness and

leadership in many cases.

With regard to foreign aid, I will say our system is very badly broken. We have another project. We have a book called *Security By Other Means*, and there's a chart in there that is now commonly referred to as "the chart from hell," which essentially shows that the American government has 50 objectives and, guess what, 50 offices, but most of the offices are doing at least 10 of those objectives and they're all these crossing lines, and so -- you may be right -- some of these proposals that are out there we have heard about them again, but given the importance of these challenges I think we should revisit them with fresh eyes, and also we should recognize despite the fact that foreign aid has had some pretty bad failures, especially where the politics have gotten in the way -- green revolution, childhood immunization campaigns, microfinance -- there are a lot of successes out there, so we shouldn't throw it all away.

MS. BRAINARD: Yes, right here.

SPEAKER: (Inaudible) new talks about America. I spent the last few years in Afghanistan (inaudible) government there, and I wanted to ask (inaudible) about potential, unintended, negative, harmful cost (inaudible) of the message that you're sending, that it's important (inaudible) between security and the struggle against poverty, and that is the increased militarization of our efforts to fight against poverty. I'm glad there are people who may misinterpret what you're saying as a call to bring military into the solution (inaudible).

I just want to share one little anecdote with you. I was advised in -- well, I was in (inaudible) Afghan policymaker who I advised who was having a discussion with a U.S. military commander, who now had at his disposal hundreds of millions of dollars for reconstruction funding, and they were trying to have a sensible discussion about how that money should be spent. And what the Afghan policymaker was saying is the key to our security is convincing the Afghan population to come with us on this democratization journey. It is their belief that we are delivering them a better future, a better state -- not just they're getting a better state but that they can count how poverty -- their poverty is being diminished but that we are delivering it -- their government. And the commander understood exactly what the president was saying. He was very sympathetic to it but said the constraints that are placed on me don't allow me to hand my money over to you, so what I want to do is get good directions from you on how I can send my troops out there to do quick impact projects to immediately address the senses of poverty in the places where we think we're most threatened. And the policymaker said that just isn't going to work right from the get-go, because our security agenda isn't (inaudible) agenda and the Afghans I know are not going to be convinced. If you go into those villages and say this was brought to you on behalf of President Karzai -- it really was brought on behalf President Karzai, they just -- they're not going to look at anything that way. So, I suppose, to go back to -- the question is are you concerned that by trying to tap into the national

security agenda in order to get people to be more serious about fighting poverty, that some people will misinterpret that call as a call to turn poverty into -- to use national security mechanism to alleviate poverty and perhaps (inaudible)?

MS. RICE: No.

(Laughter)

MS. RICE: No, I'm really not. I mean, you just -- what you're describing is very significant but I would argue different problem. By recognizing that we have a security as well as a humanitarian stake in poverty reduction doesn't mean that we're going to send U.S. troops all over the world to deliver the aid. We couldn't possibly put U.S. forces in every poor country that we have a stake in. So, I don't -- I don't worry about that in the aggregate, and I think, you know, there are lots of people for all sorts of reasons who -- and I'm not suggesting that you're one of them -- who don't want to embrace the notion that poverty reduction is a security imperative. And the administration for the first two years of its second term -- if you listen to them, you would think that if we had freedom everywhere that would suffice to solve every problem. Now, I think freedom is critically important. I think democracy is critically important. But I think Jennifer and I agree that democracy and development need to go hand in hand. And in recent years the administration has sort of begun to balance its rhetoric and maybe some of its programs.

But the issue that you raise I think is this. In post-conflict

environments, particularly those where we have U.S. forces deployed and a huge sense of urgency to get the job done and redeploy our forces and we have enormous lack of capacity on the civilian side of our government in State and USAID and the imbalance is so huge. We have turned to the military to do tasks that aren't necessarily best done by the military. And I cannot tell you how many times this issue has come up in recent discussions I've had with military folks saying, you know, we're getting killed by this problem -- we can't do this and where are the civilians, where is State, where is AID? And the fact is we haven't begun to address the challenge of building the capacity of our civilian agencies such that they have the resources and the manpower and the training to do what it is we need them to do. And until that happens, we're going to be facing more and more the problem you describe.

MS. WINDSOR: I just want to add -- first of all, I want to echo that I agree with a lot of what Susan said. I actually think we've been diminishing the capacity -- let's be clear. Whenever you reorganize boxes and people move back and forth and for the first part of this administration it was really about creating new entities that were doing the same kinds of things. I mean, sweat leads to hell, I guess, that chart of hell which is actually in this book, too. And -- but I also think that, you know, they have begun to try to address this with the strategic approach to foreign assistance allocation, and I have to say that I've been working -- and actually I worked with Vic Johnson 20 years ago, where, you

know, it was relatively clear who in the U.S. government was doing what. But you still had a really difficult time figuring out exactly where the money was going and what the objectives were. That's always been the issue, and so the fact that we can support -- we can do this report because they've actually categorized in the 150 account where things are supposed to be going is actually a very positive step forward so that we can -- and then, you know, we have to get into the details of exactly what we're doing. That doesn't happen on 050, and, you know, that would be very, very important, because I do think there are internal debates about the military. We may decide to play certain things in the military. I will say for democratization, the use of the military to overthrow a regime and then to stay there while you're trying to empower institutions to set them up -- and I know that there is a big debate. I mean, I don't have an alternative. I think taking away the troops -- we can get into a whole argument now. But I can say as a NGO that's trying to work on democratization, you can't ever look like you're actually not just part of the U.S. military plan. It's just terribly problematic I think for any of the nongovernmental actors that work on humanitarian issues, poverty reductions, environmental, and especially democracy in governance to be there when the U.S. military is there. It's impossible to really -- to act, to be seen as acting independently, and that's an important thing we can share, actually, with people in Afghanistan and others -- is that there are sources of power and viability outside of the government.

MS. BRAINARD: Tarik?

MR. YOUSEF: Just very briefly. I actually couldn't agree with you more. The biggest problem, for example, I face in the region at present is convincing people when I talk about making an effort that I'm not a front for some sort of a U.S.-led project. One of the more important ways -- more effective ways for me to essentially do this is to distance myself from a lot of agendas that come in forums that we like perhaps. But the instruments we employ, the dialog we infuse in them, the coverage that we embed in them unfortunately end up undermining precisely the people, the agendas, and the projects we have in mind. And I'm not talking here about countries where we have actual tension or conflict with. I'm talking about some of the biggest allies of the U.S. in the region. So, the danger you're alluding to is not just -- I think is not just a danger; it's a reality of the moment. And we might have to choose. We might have to choose to embrace the poverty alleviation agenda, the human empowerment agenda, or the national security agenda. Thinking that the two can be combined somehow I think is a first important step, but we have to be wary of the consequences of linking them.

We saw this before in the cold war era where under the banner of fighting Communism we empowered governments that became extremely authoritarian, extremely oppressive, and ended up undermining U.S. national security interests, so I am not going to give -- I mean, I was --

MS. WINDSOR: What's the alternative?

MR. YOUSEF: Well, what the -- I think that, well --

MS. WINDSOR: The alternative is not to make it -- is the language at the bottom of our agenda to never fund it, to not recognize that we have a stake in it, and, you know, status quo.

MS. NELSON: Or is it to support more (inaudible) United Nations or other organizations.

MS. WINDSOR: I'm not describing how we do it; I'm saying we have to do it.

MS. BRAINARD: I think the difficulty is we've got two very different perspectives here. There's the perspective of how do we convince Americans or perhaps (inaudible) or Europeans to put a lot a lot more resources in energy and political capital behind these agendas, and the national security argument works on Capitol Hill. It doesn't actually work outside the Beltway so well in polling but it works better than anything on Capitol Hill. We know that, right? The difficulty is that what Tarik kept saying, and I think (inaudible) is raising, is this question of how is then that work perceived by the audiences that ultimately need to take. If there's one thing we learned in development, it's that people need to take responsibility for their own destinies and so they need to own these programs, and I think that's the tension that we're seeing reflected on the panel and that I think Paula is raising.

Yes, we've got one right here.

MR. SMITH: Bruce Smith from George Mason University. Very rich discussion, and I don't know whether my grand notion here is helpful at all, because I think that a very (inaudible). On this definition (inaudible) understand the failure, I have a slight feeling that we're still approaching this in a little bit of a Western-centric fashion. If we go back -- let's look at the British in India. They came over to India and mucked about in a very confused way. They (inaudible). They had a variant notion of what is sovereignty. It has to be unified, the exception of a monopoly of course. If they went to some maharajas and gave them power when they didn't understand it, you really had to kind of layer sovereignty with all kinds of -- different kinds of people living together in sort of peace. I think if we have a notion, as I said (inaudible) not quite sure whether this really helps, but if you look Afghanistan, how can we sort of believe that Afghanistan -- the Karzai has to control his whole territory. He has to be sovereign everywhere. Maybe there's a notion or there's a government in Afghanistan but there's some tribal war lord who's sovereign in some other part of the area and somehow they coexist. I guess this leaves with these pockets of security problems. I think our problem is (inaudible) Darfur. The other day (inaudible) say well, let's jump in and we can polish off the (inaudible) in five minutes. Well, sure, a first-world military can always defeat a third-world military. But then do you have ownership of the whole country? Maybe we just

have to state how certain things -- that we won't permit genocide. We'll send in the French Foreign Legion and they'll mash somebody and then get out, but then you don't have responsibility for the whole area, but I wonder if we cold get away from this very Western notion of sovereignty.

Maybe to contradict myself I'll just quickly throw out another notion for Tarik.

I don't really think that universalistic terms or maybe you can't escape that. Maybe we need for the youth bulge, the notion that a life cycle exists in which you have one-third in education, one-third work, and one-third post-work or retirement. And you take all these young people and keep them in school and educate them, do all sorts of things with them that occupy them in that position for some kind of creative role and I don't know -- that might be too interventionist, but I'll just throw that idea out as a concept for thinking a little bit longer term.

MS. BRAINARD: All right, let's see. Does anybody want to either of those?

SPEAKER: I want one third of my life spent in retirement.

(Laughter)

MS. WINDSOR: I guess I'd try to say briefly I think that in your question about whether we're trying to impose a Western-centric view of sovereignty on parts of the world where that may not apply I think is a very

interesting and important question. And it may be that that's in fact what we're trying to do and that you might argue that that's undoable in certain parts of the world, and indeed it may be. I would argue that unless and until we recognize that pockets of chaos or insecurity or ungoverned spaces, wherever they might be, pose the sorts of challenges that I've tried to describe. We are going to be missing a significant piece of the puzzle in dealing with transnational security issues in the context of globalization. Now, we're never going to be able to plug every hole everywhere. But I don't think we should start with the aim of conceding that, you know, ad infinitum there will be a plethora of ungoverned chaotic spaces because, you know, these problems are, by definition, of the sort that can arise anywhere and emanate to any other part of the world, and if we plug a hole in one place, a sort of whack-a-mole, you know, the transnational security actors, criminals, terrorists, or even the nonhuman manifestations of these threats can and do flow to those places where the environment is most conducive. So, I don't want to set that as an aim. I recognize that in some contexts that may be the best we can do, but I don't take a great deal of comfort from, you know, a warlord unaccountable to anybody governing an area with a great, you know, poppy cultivation capability. That shouldn't be our starting point, but I understand that as matter of practicality it may be the best we can do in some context.

MS. BRAINARD: I think (inaudible) I'm going to take three or four questions altogether and then I'm going to give panelists a few minutes to

kind of respond to the questions as a whole and to wrap up with final thoughts.

So, let's see -- one over here, one over here, one over here, and one over there. How about that? Sorry to be arbitrary.

SPEAKER: Thank you. Okay, I'm very new to this field and I think it's great that we're talking about development and poverty reduction in relation to national security, because that's the way you get the U.S. government to listen, and I was just wondering about consolidation, so how will U.S. efforts interact with local efforts on the ground?

Ms. Nelson, you talked a little bit about NGOs in the corporate sector. I'm wondering how the U.S. government (inaudible) -- how the U.S. government can interact with both of those sectors on the ground.

MS. BRAINARD: Another one over here.

MS. McKEON: I'm Liz McKeon. I'm from USAID, one of the reorganized boxes that Jennifer Windsor mentioned. I have a big hypothetical for the panel, and I'd love to hear your thoughts.

There's a lot of pressure within our agency to focus on the least well-governed, least-stable countries. If we assume that we have about $30 billion worth of resources to do that and about 40 to 60 categorized weak states, what are your policy prescriptions for how to prioritize, how to categorize that money, where to spend it, where to focus it, etc., in 30 seconds or less?

(Laughter)

MS. BRAINARD: Okay, we had one over here and one over there.

MR. BURT: I am Bob Burt, and I used to be (inaudible). I think (inaudible) to what extent will this be a shared agenda (inaudible), and when I think of alliance with others (inaudible).

MS. BRAINARD: One last question.

MR. HORNBASSIL: Thank you. Charles Hornbassil, Association of the U.S. Army. One thing I've been hearing both from the audience and from the panelists is that there's too much focus on force, that maybe we've gotten to where we are too militarized with how we do development or rebuilding societies, but it also seems to me that we need to keep one thing in mind, and that's that it can take years to build a building and seconds to destroy it, so there needs to be some way to protect development and to protect these projects, and I'm wondering if we need to rethink the role of force. Maybe it needs to be on deterrence or interdiction or defending. Do we need a new type of force, something between a police and a military, like maybe a Gendarmerie or Carabinieri? And the, of course, we also need to keep in mind that there's a danger that building up inside this military also needs to militarize society in which the -- we found out in Iraq -- the Ottomans and British both found out in Iraq when they built up the military, they ended up militarizing society. But that seems to be a major conflict -- is how do we protect without also militarizing, and

how do we convince people that these projects are legitimate without having to say "made by the U.S. Army"? Thank you.

MS. BRAINARD: Great. Okay, let's see, we've got four questions on: How does the U.S. government interact on the ground with NGOs in the private sector; how do we spend $30 billion on the 40 to 50, at least, well-governed states much more effectively; to what extent we should undertaking a shared agenda through shared efforts multilaterally or through alliances; and, finally, how do we protect without militarizing creative new models?

So, I'm going to go backwards and start with Jane.

MS. NELSON: Great.

I think in terms of how one can can work more effectively together on the ground, there are sort of two approaches. One is just a project-by-project approach, which is pretty much what we do at the moment. I think we're beginning to see sort or new institutional mechanisms emerging and to the finance mechanisms where the governance is actually a multi-stakeholder in nature, so things like the Global Development Alliance, which is their tiny initiative and it has all sorts of challenges in USAID, but it's an interesting example where you're leveraging very limited USAID funds with private sector funds and foundation funds, and it's still a lot of challenges in terms of then who governs, exactly how that's used, and yet how it operates on the ground. But I think this sort of new mechanisms is probably, I think, one of the most interesting areas to continue to

experiment with and analyze and there are more and more of those emerging.

I think it also links to the question of less limited resources -- how does one prioritize. The (inaudible) coordination is -- you know, we talk about it so much that it seems so incredibly difficult to do, yet leveraging those limited dollars it amazes me. From the military side we have -- whether it's in U.S. peacekeeping forces or your coalition forces that -- doesn't mean there's always challenges, but it seems to be easier to get various governments and countries to work together and on the (inaudible) coordination front we consistently (inaudible) on that, and it seems that it's more important in the weaker states than anywhere, and instead of just having your donor discussions on the allocation of funds to weaker states, actually kind of develop new mechanisms where, again, there's (inaudible) UNDP country coordinator who plays a role as just within the UN system they're now trying to do to ensure greater coordination within the UN system, you know, whether there is one agency appointed in particular countries to play a key -- and given the empowerment to play a key coordinating role. I think we have to experiment with that more and, you know, be willing to take more of a lead on that front.

MS. BRAINARD: Thank you.

Jennifer.

MS. WINDSOR: Okay, how the U.S. government interacts with -- I'm going to focus on NGOs since I work for one now. Having worked in the

government and it worked at the NGOs, what I think happens I can see it's a cultural issue within the U.S. government. There's a pressure on you all the time to deliver, to quantify, to clarify exactly what you're trying to do to have a level of kind of predicting the outcome of "an intervention." Even the words. And it may work for some aspects of development. But I think increasingly the issues that we're talking about are issues that can't be addressed in that fashion, and so I think that what's happened is that the kind of flexibility, the ability of the person on the ground, whether they're the U.S. military or not, to be able to respond to a local request, figure out how to be responsible to people on the ground that are allies that are actually pushing for the right things, that should be the role of an NGO. I mean, that's what a good NGO should do, and yet there are these kind of straightjackets that have been imposed on that, and, again, I'm not saying all NGOs should spend the money every which way that they want, but as increasingly as the U.S. government has to be, literally put in fortresses in many of these countries, and of course you're seeing NGOs that may need to be secured in the future, but I think we really have to address this, and I understand all the reasons for it within the U.S. government, but I think it's really hurting our efforts to address not only democracy but larger development.

How do you address the least well-governed states? Well, first of all, you have to take, you know, countries and specifically look at it, but I just want to reinforce that you'd better look at these underlying political and

socioeconomic dynamics and really think about what's driving the lack of governance and try to address it at that level.

Yes, we can immunize and provide humanitarian assistance, but I think we really have to get into the texture of what's going on the ground and be able to respond to that. That's easier said than done. And I don't think it fits with the GPRA, the Government Purports Results Act, in boxes and putting it in, so I feel like we're actually while this administration has put a priority recently on, well, on weak states on less well-governed states, I still feel like there's a mismatch between that and the overall organizational structure.

Alliance with other multilateral organizations. Yes, but know that those multilateral organizations are affected by the politics of the states that represent it. So, that severely limits, at times, what those multilateral entities can do, and they -- each of those governments act in a way that preserves what they think their standard agenda is, and they don't want people mucking around in their social and economic and political structures from the outside. And a lot of them don't want multilateral organizations doing the same, so I just fear that if we just rely on that we're going to be limited, and I have no idea how to address the protection question, but I know that Susan Rice does.

(Laughter)

MS. BRAINARD: I turn to Tarik.

MS. RICE: I'll get you for that.

MR. YOUSEF: Just a couple of reactions to what was said in some of the comments.

I firmly believe on a lot of these issues we need a fresh start. We really need to start clean again. We need to treat development problems as development problems from which solutions and interventions have to be thought of within the context of development. However we market them, however we commercialize them, however we justify them, ultimately in the end they have to be development problems.

I couldn't tell you how to think up, how to allocate the budget to the countries, and I'm not sure I would even want to start with a differentiation on the basis of weak states, fragile states.

I'll share with you a couple of thoughts just about the region that I studied, the region we're studying in our project. This is the Middle East and North Africa region, predominantly middle income or upper-middle income countries with the exception of one or two. Very high levels of education. Very low levels of poverty. Very strong connections with the outside world through ICT and other means. The problems or the challenges the region faces come in the form of unemployed, educated youth, for example, or not as much gender empowerment as one would want to see. They're much less focused on the traditional poverty alleviation challenges that you find in other parts of the world. Those are the problems we need to focus on, and unfortunately we don't have

easy, well-thought out, or well-examined and tested solutions for them. That should be the entry point.

Now it happens to also be the case that this is a moment where many countries in the region are going through some sort of a boom, an oil boom as you know -- noticed if you recently drove your car. There's plenty of money in these countries. They don't need external aid. They actually have -- are relying less and less on the multilateral institutions. The Middle East and North Africa region of the World Bank might very well be folding up soon, because nobody is utilizing the resources available. And yet we are seeing a momentum within the region for a lot of internal bilateral flow of funds, a lot of projects, well-meaning, well-intended projects. How can we, as outsiders, be a part of a process to exploit these resources, put them to good use find interventions that work and interventions that can be upscaled. I think that would be the entry point for me. Maybe USAID can provide technical assistance. Maybe we can show them how corporations can play a more socially responsible role. That ought to be the entry point. And I think ultimately, actually, this might be the only way to do it, to do it effectively, to do it while getting buy-in from the local populations, and to ensure that the solutions that are provided have some sort of a long-term sustainability.

MS. BRAINARD: Yes.

MS. RICE: I'm not going to answer the military question. I don't have a good answer for it. I do want to say that I fully agree with Tarik that we

ought to be doing development for development's sake. But I also think that we need to understand why we do development for development's sake. We do it for all the right moral and humanitarian reasons, but we also need to understand that we do it in part out of self-interest. And I don't think this is a question necessarily purely of marketing. I think it's of understanding how our security is inextricably linked to the security and the well-being of people everywhere and acting in a fashion where we recognize that our values and or interests, as I said earlier, coincide and make our investments accordingly. How we make them, where we make them I think is a very important but somewhat different set of questions, and I certainly don't think we ought to do it through the veil of the gun, we ought to do it fully cognizant of the very difficult nature of our place in the world at the moment, and we ought to do it, as Tarik suggested, with a fresh start and a great deal of sensitivity.

I am going to try to at least address your question, Liz. It -- I think it's a very important one, and it's one that my colleagues and I here are wrestling with and hopefully in a fashion that will be beneficial ultimately to the work that you and your colleagues at AID and State have to do.

First of all, I really do wish we had $30 billion for the 40 to 60 weaker states of the world. That would be something to start with. Right now we have far less. A relatively small share of our foreign assistance resources are going to those weaker states at the present. But we're working on two tools here

at Brookings and with colleagues at the Center for Global Development that I hope would begin to give you some insights to answer that question when we -- whether we do it now or when we get to $30 billion.

The first is a tool which we have called the index of state weakness in the developing world, and what we tried to do is assess each of the 143 countries in the low-income, lower-middle-income, upper-middle-income countries on the basis of 18 measures of state capacity or state performance -- political, social, economic, and security -- and try to understand which of those 143 countries are weakest, looking at them across these 18 indicators, and so what we aim to produce is, in the first instance, the ability for a policymaker to understand in a relative sense from 1 to 143, which are the weakest states and how they stack up relative to one another. We would then suggest that, as you did in your question, that we ought be most concerned about maybe the bottom 60 or so weakest of those, and then with that sort of tool we ought to be able to glean some insight, as I suggested earlier, about how each of those states is weak, in what unique ways, and at what -- and what sort of support or assistance or interventions each most needs, and obviously we don't do that all by ourselves. We need to work in partnership with the countries concerned, with other development partners, with the multilateral institutions. But that ought to give us some insight.

The second thing we're working on, which is a longer-term effort,

and depending on, you know, the policy vantage point that one comes to look at this may or may not be of interest to you is to try to understand, okay, if you have a universe of those 60 weakest states, just using that in rough ball park, which of them are of most concern to the United States from a national security point of view, looking at their actual or potential contribution or burden as it relates to the sort of transnational security threats I spoke of at the outset. So, some of these countries will be most significant in terms of environmental degradation, or their potential to incubate or spread disease, or to be exploited by terrorists, or because they have something to do with the challenge of proliferation, or because they've been exploited by criminal and narcotics entities. So, we're going to look at -- or because they have suffered from or been victims of conflict that spilled over borders. So, what we're also going to do is take a look at those weaker states and try to understand which of them, on which dimensions, are of greater security significance to us and then, you know, we -- and it ought to be a dynamic model so that if today or two years ago people were most concerned about terrorism as a principal focus, and tomorrow it's going to be climate change -- that we can look at both of those dimensions and give them weight that accords our evolving definition of what we're most concerned about.

MS. BRAINARD: Well, we've come to the end of our time. I want to thank the audience for your very thoughtful questions and the panelists for your very insightful and provocative --

(Applause)

MS. BRAINARD: If you get a chance to read the book, we'd be very interested in hearing your comments on it.

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