

THE BROOKINGS INSTITUTION

LIVES IN THE BALANCE:
IMPROVING ACCOUNTABILITY FOR PUBLIC SPENDING IN DEVELOPING NATIONS

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P R O C E E D I N G S

MR. KAUFMANN: Good afternoon. Let us get started. My name is Daniel Kaufmann. I'm in the global economy, the National Development Group, here at Brookings. And I have the honor; they requested that I moderate this session. As I told David de Ferranti, who heads Results for Development, and he decided not to sit on the podium, but is behind this all, I told him that it's very dangerous and it's an oxymoron to ask me to moderate because I'm not very moderate in general, but I will do my best. (Laughter) And given the illustrious group we have here in the presenters and in the panel, the book, and the audience, I'm honored to be here with you.

As you know, and that's why you are here, the reason we are here is this brand new book, *Life in the Balance: Improving Accountability for Public Spending in Developing Nations*, which has been co-authored by a number of authors. I'm sure that Charlie and Courtney will mention them, but both Charlie and Courtney are going to make the presentation up-front. Both the presenters and the illustrious panel have agreed to give brief presentations and comments so that we do have time for also a very energetic and interactive debate, discussion, questions-and-answers, which I will try to moderate.

Let me first just present quickly the main authors and then after their remark, I'll present the eminent panel which we have here today. So the authors are on my left, and there's no ideology intended, I don't think. (Laughter) But they can comment on that.

And first to present -- I will go just by the seating arrangements -- will be Charlie or Charles Griffin, who is a senior advisor for Europe and Central Asia at the

World Bank. And at the same time, he's a nonresident senior fellow here at Brookings' Global Economy and Development Program. When he was at Brookings, he launched the Transparency and Accountability Project with David de Ferranti, which is now housed at the Results for Development Institute, which is very close by and with which we have close links. He has had many eminent positions -- I'll just mention a few -- like having been the director for human development in the South Asia Region and also the same position in the Europe and Central Asia Region of the World Bank. He has focused and dedicated a lot of his efforts to policy dialogue, policy research, and education, health, labor markets, pensions, poverty, and social assistance. He has also been an associate professor of economics in the University of Oregon. He has been at the Urban Institute. This is just to give a sense about his background.

Let me also present one of the main co-authors, Courtney Tolmie, who will present. Also was a senior program officer in the same institute, the Results for Development Institute, leading the governance and anti-corruption work at the institute as well as the Transparency and Accountability Program, there strengthening -- and strengthening institutions. She has developed many practitioner tools to support independent monitoring organizations, and this is important because a focus of this important book is on independent monitoring organizations -- or IMOs -- conducting analysis and undertaking advocacy related work. She's also co-author of the book, *From the Ground Up*. She was a consultant before with the Washington-based Women Thrive Worldwide and she an M.A. in economics from the University of Virginia.

Let me, before they start, just mention that this is a part -- I don't know if it's a trilogy or a tetralogy, but this is a very Wagnerian effort of many linked products. (Laughter) And I think you probably mentioned that it should not be seen each book just

in total isolation from the others. So the focus today is, in fact, *Lives in the Balance*, but many important books in the recent past, like *How to Improve Governance* and *From the Ground Up*, which you have also been a co-author.

So without further ado, please. I think you're presenting first, right?

MS. TOLMIE: Yes.

MR. GRIFFIN: I'll start. Can you -- this is working? It will in a second, I guess. There it is.

Thanks, Dani, and good afternoon, everyone. Thanks for coming today for this book launch for, as Dani nicely put it, the tip of the iceberg, this one. And these -- you know, you always focus on books as products, but the two years that we were here at Brookings doing this project, these are actually the tip of the iceberg because a lot of other things were developed that Courtney will introduce a bit as well.

I'd like to first recognize the mastermind behind all this, Dave de Ferranti, who's already been mentioned in the front seat there. He chose not to speak today, but he's the one who put all this -- set all this work in motion. He's the entrepreneur and a very persistent visionary behind it all, and I want to just say that I have great admiration for what he's been able to accomplish, both at Brookings and now with his own institution, Results for Development.

And I'd like to thank, also, the invisible people at the Hewlett Foundation, who took a big risk that we could actually do something in this area.

First a quick story. In 2002, I was living with two poor families in a remote village in Karnataka, a state in India, which is where Bangalore, the center of the information technology, is located. It was part of the World Bank's plan for me to better understand my poor clients by living with them. And with one family I slept on the floor of

their single-room house with 10 other people every night. And I slept next to the family rooster, whose alarm clock went off at 3:30 every morning with ear-shattering results. I was the only person who heard it. Everyone else slept with it every night, so it didn't -- they didn't even notice.

But I mention the rooster because the rooster stayed inside the house because he was the family's most valuable possession every night. Well, he's the most valuable possession every night and he stayed in the house every night. That's how poor they were, but they were just a little bit better off than their neighbors, to be frank about it.

Over the -- the reason I mention this is over the time I was there in this little area for a week, we visited six different primary schools at the beginning of the school day. In each case the kids gathered on the porch at the front of the school, usually 50 to 75 kids, with the older kids taking care of the younger kids and keeping them in order, all the while waiting for the teacher to show up. In none of these six schools during the week I was there did the teacher ever show up. And this very well-organized routine played out every day. And I assume it was so well organized because it played out many days when we weren't there as well.

After this experience, we had the opportunity to speak with the chief secretary of the state of Karnataka, which is the highest civil servant position, and the director of education for the state. And we were told with a straight face that only a really seasoned bureaucrat can summon that there are no unexcused absences of teachers in that state, full stop. Think about that statement for a while and the irony of it is many layers, like an onion.

At the time, of course, we had the evidence of our eyes that the teachers weren't showing up. Now, several years later, we have a lot of empirical evidence that

the teachers are absent from the schools across the world, but especially in South Asia. Nevertheless, the parents and the kids were powerless to do anything about it, and the responsible bureaucrats denied its existence.

And by the way, teachers' salaries account for 86 percent of public spending on primary and secondary schools in India, which is about \$28 billion a year in 2005. That means that with this absentee rate of about 20 percent, which is now the empirical -- the number we've got, that about \$5 billion of that is just lost every year. It never shows up in the classroom. So this is to introduce the idea that lives are in the balance, money matters, and how the public spends its money is probably the most important thing it does every day.

As Dave and his co-authors point out in this book, *How to Improve Governance*, which is the framework we used for this book, *Lives in the Balance*, I just want to talk a bit about the accountability that we just witnessed in Karnataka. First, there's this idea of top-down accountability, which is necessary in any organization, of course. It's the -- the model exists everywhere and it allows an organization to achieve the goals of those at the top. In countries like Uzbekistan and Azerbaijan, for example, where a very strong single party still rules -- a pretty tight ship, I might add -- it's the only form of accountability from the top down. Now, government in those two countries works pretty well. It just doesn't deliver what it would deliver if there were other forms of accountability there.

Then there's sideways or outside-in accountability. This is what I've spent my professional career at the World Bank trying to do because the World Bank, the IMF, and other lenders, other external agents try to hold their clients accountable from the outside. Our clout is that we can bring money to the table and the method is really

technocratic. We -- here's the deal we do.

We come to a government and say: We will analyze your spending, find out ways to make it more efficient and more equitable. You will agree to make some improvements. We'll lend you some money in return. We'll come back two times a year at least and supervise, try to make sure you're keeping to your agreements. And then when you need more money, we'll start this process again.

The result of this has been a continuous drip of money and a continuous drip of small reforms that have made public spending maybe a little bit more equitable and a little bit more efficient. But as you can imagine, accountability to outside agents, like us, doesn't achieve a whole lot.

But this was the model of government accountability in the non-rich world that existed prior to the great democratization that started in the 1980s. It was so limited as to be virtually non-existent. In other words, not a whole lot of accountability. And, fortunately, I would say, it's being replaced slowly by a potentially much more powerful bottom-up accountability from civil society that democracy makes possible. And that's what this book or this series of books is all about.

In Karnataka, we only witnessed the top-down form of the model. In that case the central government of India didn't provide any sideways accountability. And I, my organization, provided almost none. We visited the chief secretary and we heard what the chief secretary had to say about absences. So nothing was really working there and certainly not the bottom-up accountability. The parents were completely powerless.

So this issue of bottom-up accountability is what we cover in *Lives in the Balance*. And it's very important to realize that citizens are the ones who have a self-interest in seeing the services work, that they have an interest in the government

delivery. They're on the scene 24 hours a day, 7 days a week. They actually speak the local language. They have lots of tools of potential for accountability there. And I might mention, even in the most aid-dependent countries, donors only finance a very small proportion of public spending, so that it's really the money of these poor citizens that is at stake.

We pose a number of questions in the book about public spending and accountability that we also try to answer. First, from all the donor efforts that have been put into outside-in accountability and analyzing public spending what do we know about public spending in poor countries? The quick answer is we know quite a bit, but we don't have a -- but not in a consistent framework and not consistently across countries, not with benchmarks, not with a great understanding of the overall picture, but it's mostly country-specific.

That said we generally find that spending is inequitable. It finances a lot of the wrong things that is private goods and not public goods. Efficiency is low and the quality of the results is low. And this is in various resource-constrained environments where there's not a lot of room to maneuver, so the impacts are really bad.

Second, do fiduciary systems work? That's the core tool, of course, of top-down accounting. And again, the answer's no, they don't work very well. Worse, even if the laws look good -- as they do in Africa because they were written against a model in the 1990s -- practices take years and years to catch up to even what the law says should happen. In most parts of the world, both law and practice are quite bad, and this is true for middle-income and low-income countries alike. The most that can be said generally, and this is the vast improvement that's occurred in the past 20 years, is that most governments now know how much money's coming in and how much is going out.

Now, that's a huge improvement. It's just that we're not down to the details yet. And the problem is, therefore, that there's a huge agenda here of getting value for money, prioritizing, reducing corruption and waste, and learning from past expenditure decisions. The problem is that getting detectable improvements from an improved fiduciary system seems to take decades, so that's a very slow process.

Third, do existing government outside-in or bottom-up accountability institutions work well, particularly legislatures and supreme audit authorities? The quick answer again is no, and we depended on the Open Budget Index, which Warren can talk more about if he chooses. But what you see both in the Open Budget Index and in the World Bank's PEFA indicators is that what's improved the most is the executive budget-making process. What's not working at all or poorly is legislative oversight and very poor oversight of the execution process, which goes on all by itself more or less in a black box.

Finally, we tried to examine the role of bottom-up accountability, which is really the potential of bottom-up accountability. We have some examples of where it works. We have some systematic information, but most of it is about what might happen in the future. So we suggest a couple of things that those interested in this area could do constructively, and it turns out it's not really what they do today.

The first question is what could donors do to help support better bottom-up accountability from independent monitoring organizations? Today they're doing what they've traditionally done: pouring money into efforts to generate what's called domestic demand for governance. My institution, the World Bank, is extremely busy raising money and disbursing money trying to encourage this sort of civil society demand. And how a wholesale organization like the World Bank can be successful in a retail operation like generating domestic demand for good government I do not know.

One thing we know for sure is that donors do not seem to be engaged where they could have the most impact. That would be to address the necessary condition for domestic monitoring institutions to have success. What is it? It's called transparency. It's a necessary condition for any domestic organization to be able to monitor its government. We suggest that the first priority for donors should be to unite behind an effort to encourage all governments to make their budget information freely available to the public, for it to be understandable, for it to be connected to meaningful programs and outcomes, and for it to be done in a timely manner so that the organizations can actually weigh in on decision. This may sound like I'm parroting the Open Budget Index, but, in fact, it's a point that this is what donors could have the greatest absolute -- not comparative, absolute -- advantage in doing, and they do not seem to be paying attention to it.

Second, what can governments do? I'm just 30 seconds away. Now, here you have this interesting situation in that ministries of finance and independent monitoring organizations see themselves as mortal enemies. But, in fact, they have very similar goals in terms of holding sector ministries accountable for the money that's spent. I know for sure that in health and education the two biggest spenders in virtually all countries are considered to be black holes by almost every ministry of finance. So the suggestion we have is that the ministries of finance take advantage of the potential of independent monitoring organizations to actually help them monitor spending in the sector ministries.

And then finally, what can independent monitoring organizations themselves do? Well, here you have this interesting situation where they are independent. They cherish their independence. But, in fact, from a fundamental

perspective there's a big role for collective action. And if these organizations got together so that some of the older and more successful ones took the lead, possibly, they could do things like develop international peer-reviewed journals or a journal or an outlet to try to raise the quality of the work. They could help startups. They could help provide standards for new organizations. All kinds of things they could be doing if they would think out of their own personal box.

So to close, we're meeting today in what I would call the mother of all independent monitoring organizations, The Brookings Institution, which is just over 90 years old this year, not much older than my own mother. It's young, in other words. This is one or two or three generations' worth of work. So it and the many other institutions like this in the United States compete for people, ideas, money, and influence. If the media's the fourth branch of government, surely think tanks and these types of organizations are the fifth branch of government.

And while I don't think we'd imagine leaving public policy in this country only to politicians or only to the Executive Branch, we actually think it's essential for there to be independent professional analysis and the grooming of minds and capabilities outside of government, so that we can get better policies when those people step into government or when they advocate for something better to happen. As we often say in financial markets, there's a wide and deep market in the U.S. for this sort of work.

So the question and what we're trying to encourage with this book is that this capability today doesn't really exist or is at the early stages of development in most low- and middle-income countries, and it's certainly true, also, for transitional economies even after 20 years of transition. So the question is: how can we start to see a continuous process of domestically led improvement in public spending? And that really

has to happen when this kind of market is developed, is deep, and is resilient.

Lives are truly in the balance when it comes to spending public money. Those kids in India whose teachers did not show up eight years ago when I was there are not entering the labor force. Their livelihoods and their own children's lives will take permanent hits because their teachers failed to show up. We hope with my co-authors and team that worked on this book and this series of books that we've made a contribution to accountability for public spending to put it at the center of the stage of development policy in an accessible manner that many people can grasp and act on. That's the goal we had. I hope we succeeded.

And I'd like to thank you all for listening today and for coming for this meeting. Thank you. (Applause)

MR. KAUFMANN: Thank you, Charlie. To be seamless and to continue a presentation of the book, go ahead.

MS. TOLMIE: Great. Thank you. Thank you, Charlie and Dani.

So the recommendations that Charlie just raised are not new to a lot of countries. However, there is a huge need for concepts, for an increase and an expansion of concepts such as budget transparency. And to see evidence of this you only have to look so far as the Open Budget Initiative, which Charlie mentioned and Warren's organization -- the International Budget Partnership -- piloted back in 2006.

So the 2010 results came out very recently. Out of a survey of 94 countries, looking at budget transparency of 94 different countries, only 7 countries provided extensive budget information to the public. Now, these 94 countries that were surveyed, not all low-income countries, not even all low- and middle-income countries. This includes 18 OECD countries. So 18 OECD countries are surveyed, only 7 of the

total set of countries actually reach the international standard for budget transparency, which, incidentally, was developed by the OECD. So clearly, there's some -- there's a lot of ground that needs to be covered. There's a lot of advances that can be made to make budget transparency more consistent, more widespread, and just more broadly implemented across the world.

At the same time, we at Results for Development, as part of our Transparency and Accountability Program, have had the really unique opportunity to see and to help support some examples of organizations, independent monitoring organizations, that have really had some success in actually increasing budget transparency and improving the efficiency of how health and education spending and service delivery are happening on the ground. So I'm going to provide two examples of these, of CSOs we have worked with. One of them is in the book, one of them is a CSO that we recently started working with, so definitely read the book to learn more, at least about one of them. And there may be another book coming out, who knows?

So the first organization that I'll turn to is a group called the National Center for Economic Research, or CIEN. CIEN is an organization that's based in Guatemala, and they do research and research-based advocacy on policymaking in Guatemala. Now, when we talk to IMO's about the challenges that they face in doing research and advocacy in this area, one answer -- or one challenge comes up over and over and over again, and that is the challenge of getting the ear and the attention of policymakers when they have good ideas about how to improve the system or when they find problems with the system. CIEN is an example of an organization that overcame this better than any organization I've ever seen.

So when we started working with CIEN in 2008, they were especially

interested in looking at education budgeting and where there were problems with the education budget in Guatemala. And one of the greatest assets that they brought to the table in their work was timing. It just so happened that weeks before we started working with them, a new minister of education had come into power in Guatemala, and the major promise that she made to the Guatemalan people was that within her first hundred days in office she was going to make concrete improvements to the Guatemalan education system. So all of a sudden, you have this situation where IMOs, which, as Charlie mentioned, are often seen as adversarial forces by policymakers, an IMO like CIEN was able to leverage this promise from the minister of education to make themselves look like an ally and make themselves an actual ally of the minister of education as opposed to just an adversary. The minister needed ideas of how to improve the education system. CIEN as an organization had a mission and had support to actually look at the problems with education spending and come up with ideas about how to fix some of these problems.

So within months of starting to work on the education budgets and starting to look into them, CIEN had identified a major problem with education budgets in Guatemala as well as a potential solution. The problem that they identified was that there were huge delays in textbooks and other supplies getting to students, so students weren't getting their textbooks until months after the school year started. As they started talking to people in school boards and local governments and other places, they started to realize what part of the problem was. What they heard over and over again was that the school year and the fiscal year started at exactly the same time in Guatemala. And what that meant was that things like budget procedures and procurements procedures couldn't be wrapped up in enough time to actually get textbooks ordered and on the desks of

students in Guatemala.

So a pretty simple fix to a major problem: They made this recommendation to the minister of education that she move the school calendar back one month, so that there was enough time for textbooks to get ordered, have procurements set up, and get the textbooks to students. And within weeks of them making this recommendation, the minister was able to fulfill her promise to the people and actually make this concrete change and change the school calendar in Guatemala so that textbooks and other school supplies could get to students on time.

So not every problem that a CSO or an IMO looks at is going to be this simple. Turn to a different example of an organization we've worked with quite recently called the Consumer Unity and Trust Society, or CUTS. CUTS is an organization, an advocacy organization that works in the Indian state of Rajasthan. And CUTS, when we started working with them, were particularly interested in looking at the health budgets. But rather than looking at health budgets in terms of financial records at the state level or even at the subnational level, what they really wanted to do was answer some basic questions that citizens on the ground were facing on a day-to-day basis. In particular, are doctors showing up to work, to clinics, when patients are going in? And are pharmaceuticals actually stocked on the shelves when people needed them?

So they started investigating this problem and found, unsurprisingly, that it was a widespread -- or that both of these problems existed. They found 36 percent absence rates in the clinics they went to of doctors and medical officers. Absence rates for nurses were a little better, but across the board pretty high absenteeism rates. And they also found widespread stock-outs of pharmaceuticals.

Now, they didn't have as much support from policymakers as CIEN did,

but what they did have was a wide network of partner IMOs working all across the state who they could turn to and share their recommendations for how to improve transparency on the ground in clinics. I realize I've forgotten to show you all my pictures, I apologize. So let me skip ahead.

So one of the recommendations that CUTS had was to start posting both rosters of health workers along with their phone numbers and hours they were supposed to be working in health clinics. And this is something many had suggested, but CUTS actually took the initiative and went out to their partner IMOs and worked to actually get these things posted on the walls. They also suggested posting a list of essential medicines that would be updated regularly with the information about which medicines were actually in stock and which were out. So by working with groups of IMOs, their partner IMOs, and by really informing citizens on the ground of how they could use information like this -- and this is one of the essential medicines list in a clinic -- they were able to share information with citizens about how to actually demand more transparency and demand better service delivery and demand that people were actually showing up to work, so that when they went to the doctor, the doctor was there.

So these cases in India and Guatemala are just two examples of successful CSOs, CSOs that have been able to successfully demand better governance and demand better spending. Our panelists and probably many of you in this room could share even more examples, and there are certainly more in the book. But as Charlie mentioned earlier, when he was talking about the recommendations, there really is a need to make examples like this much more consistent, much more widespread, and much more impactful.

So Charlie ended his presentation with recommendations, and I know

everyone likes to hear recommendations at the end of a presentation. I'm actually going to end my presentation with questions because I think those of us working in this field are trying to answer a lot of these questions about how we can continue pushing the work to strengthen the demand for good governance even further over the next decade.

So questions that we're looking at, and maybe some of our panelists can even answer these questions or we can try to as well, first of all, how can we go from just strengthening civil society organizations to empowering citizens and communities? Now, a lot of CSOs and IMOs have a lot of success in doing this. They can provide budget information to citizens and do trainings about how to use that budget information. But this has been a little bit of a block for people working in this field. We were working on strengthening CSOs, but there's a question about how to expand that so that citizens who are, to be fair, you know, trying to figure out how to feed family members, how to keep people healthy, and may not have -- may not see, you know, monitoring absenteeism as a priority. How can we make sure that citizens and communities are staying engaged?

The second question: How can we work better with policymakers to help them see CSOs as sometimes being beneficial partners as opposed to just adversaries? Now, there's a need for IMOs to stay independent because they are government watchdogs. They do need to keep track of cases where there is corruption and there are problems with the system. At the same time, we see in the case of Guatemala that there are examples where CSOs and policymakers can work together very efficiently and can make good things happen as a result of that.

And then the final question I want to pose that a lot of people in this field are looking at right now is how can we actually measure the impact that CSOs are having

when they're demanding better governance and demanding better spending? What we have right now is a collection of stories and case studies, and these are really compelling case studies. But a lot of people in this field, including many IMOs, are left wondering, you know, where is the hard evidence that IMOs are actually able to change governance and change health and education outcomes with the work that they're doing?

So these are some of the questions that we're looking at. Again, the demand for good governance, it's an exciting field. It's a work in progress. It's come very far over the last several decades. But it's still something that's developing, both in low- and middle-income countries, but also in the United States. So we're excited to continue working on it and we're excited to hear from you all on this.

Thank you. (Applause)

MR. KAUFMANN: Thanks, Courtney. It was great that you finished with a set of questions because that sets the stage for the great trio of panelists we have next. Let me quickly introduce all of them first, so I don't have to interrupt the flow.

To my right by order first will be Warren Krafchik. Warren is also a friend. He's the director of the International Budget Partnership, or IBP -- or International Budget Project I always thought it was called, but now I know it's "Partnership" -- at the Center on Budget and Policy Priorities, which essentially focuses on enhancing effective participation of civil society organizations and public budgets in developing and transitioning economies, and was mentioned already by the two authors. And they are an integral part of the book as important thinking and data. He joined the -- Warren joined the IBP about nine years ago, coming from the Institute for Democracy in South Africa he founded there, and directed the Budget Information Service. He studied in Cape Town and has published, among others, on the role of parliamentary civil society in

the budget process. And he also has published on the development methodologies to track the impact of budgets on low-income and poor people. So Warren will go first.

Then we are also graced by the presence of Joseph Asunka, who works on what, to my mind at least, is one of the best think tanks in Africa, the Ghana Center for Democratic Development. Otherwise we call it CDD Ghana with whom we have partnered in the past. In fact, I was in Ghana not long ago and witnessed and gave a presentation in a great event that you sponsored.

He's a Ph.D. candidate at UCLA now and his research focuses on Africa social policy, governance, and the welfare state in developing countries. Usually I don't give the illustrious degrees that everybody has and everybody here has it, but let me mention, because it's noteworthy in the case of Joseph: a B.A. in statistics and computer science, an M.A. in economics in the University of Ghana, and now Ph.D. candidate in political science. And this is noteworthy and that also reflects my own bias in the new approaches to governance, to these issues, the importance of statistics data and basically wading into these issues that, in the past, were not considered subject to measurement.

So it's great to have you here, Joseph.

And last but most definitely not least, we have Jorge Quiroga here. And I should say President Jorge Quiroga, twice, because he was the president of Bolivia in the early part of the decade. Before, he was vice president. He was a president of Congress, too. So should say president thrice because you're also now the president of FUNDEMOS, a Bolivian public policy think tank. And you also lead the congressional opposition of your country, although that's not called president.

SPEAKER: Not anymore.

MR. KAUFMANN: And you serve on many international boards and organizations and publishes analysis on Latin American economic and political issues. Also has many very good degrees. But notably as well, Jorge Quiroga, President Quiroga, who is also a friend, has been also in the private sector, which is not always mentioned.

I have experienced and benefitted in the past from his incisive mind and the uncanny ability to link analysis to policymaking, particularly when he was the vice president and in charge of a program on anti-corruption for Bolivia, where we helped a little bit. And I saw the most masterful PowerPoint presentation linking the results of an analytical diagnostic on anti-corruption to what this core cut was going to be in terms of policy action 12 months later. So it's great to have somebody here who has traversed between basically the highest level of the public sector government as well as, as I said, he's the president of a Bolivian public policy think tank right now called FUNDEMOS. So he's in the think tank side, but he has also been in the private sector, so he brings a unique perspective.

Let's start with Warren. But before we start, let me take this opportunity because you already asked very good questions and, hopefully, impart to the panel -- although you come with prepared remarks -- of how can the performance be improved further for IMOs. In some sense, I mean, these very good presentations were perhaps not surprisingly coming -- the remark coming from me, being on the polite side. Because if I recall, in your book you do mention and you do come to kind of the conclusion after reviewing many IMOs throughout the world that overall most of them or many of them are not having the impact on policymaking that is desired. So I think it will be very useful to hear from this side of the table, particularly on the issues of transparency and

accountability.

If I'm not mistaken, you're making the case that the success if not there in terms of the IMOs, and to hear what are the main constraints and why this is not happening. Is it all because donors have not put sufficient or the right emphasis of funds or this is something perhaps more systemic and structural about how these IMOs have come about? And since you are on the other side and you have seen it from the IMO side, and perhaps you will beg to differ that you think -- and I'm sure you will think that each one of your IMOs is tremendously successful. You gave the example of CIEN, which I also know it's a great example. But are these all exceptions that prove the rule and there's a serious problem with the rule? And if there is a serious problem with the rule, why?

You're first.

MR. KRAFCHIK: Good. I wanted to start by just congratulating TAP and Charlie and Courtney for this book, which I think is a very welcome addition. And there are four points that I think that come through very strongly for me in this book, which start talking to Danny's provocative question.

The first one is that this is a relatively new sphere of activity. If we were sitting here 15 years ago, we would have already run out of material to talk about. So in the context of the development of a movement and in the context of the global ambitions that we're talking about, 10, 15 years is a relatively short period of time. And we have to keep in mind how long it took other movements to make the kinds of global impacts that they try to make. If you look at the gender movement, human rights, universal suffrage, slavery, 10, 15 years was nothing.

The central point that the book makes, I think, is that the core challenge

that we face in the demand side as it's been called or in holding governments to account for their spending applies to all areas of development. Were we to make some meaningful impact on this issue or more meaningful impact it would have implications for the whole budget, for all areas of development and governance. So that's why this is such an important topic and necessary to focus attention on.

But it's long-term work, as we said. And if we're to work with organizations and support organizations in this area, it's really one of both linking new forms of donor aid, ones that are looking much more at institutional support and very long-term technical assistance mentoring as well as peer support. And I think the work that TAP's doing combines those three elements and that's what we need to carry on doing.

The fourth point that the book makes which I think is particularly important is a point about partnerships. There's a lot of talk these days I guess in donor institutions and in civil society now, is it a supply problem or is it a demand problem? And we know that it's neither a supply nor a demand problem. It's a demand and a supply problem. So if we're going to do well in this work, it's going to be because we've learned how to work and how to mold institutions, institutions on the ground in a wide range of middle-income and low-income countries, but we've done that at the same time as we've (inaudible) open governments.

And what comes through a little bit less in the book is that we've also built the formal oversight institutions. So we've built legislatures and we've built supreme audit institutions in the same -- to work together with governments and civil societies to improve public spending, public taxation and spending, public transparency and accountability.

So if we look a little bit to the future, where are we? Courtney very kindly referred to the Open Budget Index, which I'm at a couple of weeks ago. And the easy headline to grasp from that which she referred to is that the vast majority of the 94 governments that we surveyed do not do very well on budget transparency and accountability. And what we're particularly concerned with is the 40, 45 countries at the bottom of that index, which represent a very wide range of countries, but largely they are in Sub-Saharan Africa or the Middle East, they're dependent on oil and gas exports, and they're dependent on donor aid and have been for a very long time. But that's just one of the stories.

The second part of the story is that if we look at the results of the Open Budget Index for the last six years, from 2006 to -- well, from 2004 to now, what we also see is a very steady improvement. So over that period of time we've been following 40 to 50 countries and they've made an average of about a 20 percent increase in budget transparency. But that average increase is actually driven by a couple of what were very bad performers, very poor performers in the past: Liberia, Mongolia are some that come to mind. Even Afghanistan is another one that's improved substantially.

So what I think the index begins to tell us is that any government can do well on budget transparency. Whether they do well or not is an issue of political will. It's not primarily an issue of capacity. We can help (inaudible) the capacity, but there's so much that they can do today to improve their transparency and accountability of their systems.

To take one example, the vast majority of those countries in the bottom 40 already produce a lot more information for their donors or for civil -- for their donors or for internal purposes that they do not make available to their citizens. So if we wanted to

improve budget transparency tomorrow and make a dent on accountability, all we have to do is encourage these governments to push one button and take the data that they already have on their internal databases and make it available on the Internet, the Internet sites that they already maintain. So there's one way in which we can make a great difference and support the work of civil society organizations.

But donors also have -- as Charlie and Courtney started talking about, donors also have a very important role to play. And I think that there's an argument that we can make that to date most donors have sent an ambiguous signal to countries about budget transparency. Sometimes it's important, sometimes it's less important. It's not integrated into the core fiber of the public finance management reforms that they're trying to integrate. Maybe it's seen as an outcome, but it's not one of the core goals that sits there at the center driving public financial management reform.

And many donors have a very easy way to show countries a little bit more strongly how important budget transparency is, and that's the quality of aid management. Many donors, particularly in Europe, are talking about shifts to unbudget support or to direct budget support.

They cannot do this if they don't have access to better information. And so one route that donors can start playing here is to link much more closely, but in a nuanced way, performance and budget transparency as well linking to changes in the quality of aid. We can say to countries you'll get more money on budget. Great, that serves all of our purposes. But you can only do that if you start producing and publishing the kind of information that allows us to track on budget support.

Just a couple of other points quickly. I think that further progress in this area is also going to be very challenging to civil society organizations in a number of

ways. And I think that, as Charlie or Courtney said, civil society organizations very easily act in an adversarial mode, and that might make sense given the history of the relationship, particularly of public finance between civil societies and governments. But if we're to make progress here and I think the organizations that have been more successful, whether it's CIEN or EDAS inside Africa or others, are those that have mined the potential synergies; those that have begun to look at governments, a wide range of governments, and see them not so much as monoliths, but as institutions, as political institutions that have different political tendencies underneath them. And you always find within any government people that are on your side, people that are looking for more transparent and accountable spending, people that can give you an in into how this works, and people that can begin to give you a hook for your advocacy. So that's the challenge for civil society organizations.

Two last points that don't come through quite as strongly in the book, but I know that they're there in the minds of the authors, and the one is just about oversight systems. We talk a lot these days about citizens and civil society organizations as the new silver bullet, as the way to get towards accountability. And I think we hope that that's true. And I would argue with Danny that we're beginning to get a lot of very interesting and I think very strong examples of impact, impact where a wide range of organizations, not only in middle-income countries, have begun to make changes or to help catalyze changes, not only in budget processes and transparency, but also in budget outcomes.

But the problem is that we need to be careful that we don't ascribe or depend on civil society and citizens too much. They need to exist within the context of an oversight system and within the context of a constitution and formal oversight responsibility. So I think at the same time as we're taking care to build civil society

organizations, we need to think very carefully about how we build legislatures and their roles in the budget process and supreme audit institutions and their role in the budget process. And what you'll find is I think that those are very good terms of trade between civil society institutions and these other more formal oversight institutions.

Civil society often has analytical capacity and it has a closeness to people on the ground and to citizens that can help it generate information. Supreme ordered institutions and legislatures have greater access to the process itself and greater access to information. And I think there we begin to get the dynamics that can work in a systemic way to ensure accountability in the longer term, not just in the case of individual case studies.

And that just brings me to one final point that we tend to focus a lot in this debate about budget transparency. And budget transparency or access to (inaudible) information is vital. It's the first step, I think, in -- a lot of us think, I guess, in greater accountability, but it's not a sufficient step. Unless we couple greater budget information, greater public access to information, with greater opportunities for the public and civil society organizations to engage in the budget process, we're wasting our time. Greater information has to be complemented with greater opportunities for engagement. The one without the other doesn't get us anywhere. And I think we can begin to think about greater opportunities for engagement in as practical a way as we've begun to think about budget transparency. Most international institutions in the world now agree what makes for good public documentation, but there's very little agreement on what makes for good public engagement. And I think that's the next step in the debate that we need to put together with public information.

MR. KAUFMANN: Thank you, Warren. Very good. Let's go to Joseph.

MR. ASUNKA: Okay, thank you. I'll just take up from the last point that (inaudible) was trying to make in terms of civil society and looking at the formal institutions, like Parliament and then maybe supreme audit institutions.

I do think that, you know, civil society organizations are just not working in parallel with these institutions. I'll give CDD as an example. What we do is we have Parliament receiving these budgets and they're supposed to scrutinize it before it is passed. And the time that is really given to members of Parliament to scrutinize these budgets before it even gets passed sometimes can be so short, probably a week or maybe one month, with a whole volume of documents for them to digest, debate in Parliament, and pass it.

Now, what civil society organizations do here and can be very helpful is come in, take the budget, get specialists to analyze it, take the members of Parliament to school, let them understand the details of what is in the budget that are going to pass, so that if even if they don't know have the technical knowledge to understand what is in the budget or they haven't had the time to even read it. That is where civil society comes in strongly, to be able to influence how Parliament debates the budget even before it was passed. And that is a key, crucial element to this wake of civil society collaborating with the formal institutions to ensure that budgets are really as transparent as possible. They have been instances where we have had members of Parliament either voting against or passing the budget without actually knowing what is contained in it because the President and Executive Branch comes up, gives them the budget in three days, and says in the next three days this has to be passed. And that is -- as I just said -- I'm just repeating it -- it is important that civil society works with government Executive Branch and the legislature to make sure that at least those who have the power to pass it understand it

before they pass it, so they know the implications.

The second thing is (inaudible) the institutions that like an audit institution back home in Ghana and parts of Africa, what (inaudible) civil society organization or what call themselves think tanks will try to do is these institutions are there, they need information. They may have the leverage because they have access to the Executive Branch and they can have better information, but the analysis of that information is always a critical thing. And so civil society organizations, of course, come in -- they may not be seen as parallel supervisory organizations or watching government what it does, but just helping those institutions to do their work better.

But coming back to the question that Courtney raised and Danny tried to (inaudible), I'd like to look at it from this point: How do we empower citizens? Courtney raised that question. Empowering citizens takes maybe different aspects at least from what we have done so far over the years. In our study under the top program we tried to look at teacher absence and then what is it that is on the local level that can motivate teachers to regular in school or in class. What we noticed was that schools that really had what you call the Parent-Teacher Associations had very low or almost close to zero absence rates. And this is so because these parents, if given -- not all the parents are involved. We have a core group of parents who are really concerned about a school and they're almost always in the school and trying to make sure that they have the teachers with whatever, you know, support they need in the sense that -- just the moral encouragement that parents are coming in and they're coming to help their students.

And so schools that have the active Parent-Teacher Associations saw very low or almost close to zero absence rates. And that is what we try to encourage in all schools, that if you were to empower parents to take their children's education

seriously there would be a way to motivate the interest of teachers coming to school all the time. The problem we had with the education service or the bureaucracy itself is even though you had somebody playing the supervisory role, the problem is they are not that defective as compared to if you have a strong Parent-Teacher Association.

The other thing is of empowering citizens at a local level, which we found out and which may be (inaudible) in some parts and probably in the book is displaying what funds are coming into the local community and what those funds are supposed to be meant for. And so if in, say, a local government area that's supposed to be, you know, big construction or something, a project that is coming in, we get all the projects, how much is coming in where, what is supposed -- the money's supposed to be used for, when it's supposed to be completed, and this is all displayed in a big public box that everybody sees. And so if even the citizens don't get up to do anything, sometimes the (inaudible) are motivated by that person, then this is our day and the people know that we are supposed to put this up. And that also helps sort of improve citizen monitoring of what government does and, of course, motivates government and officials to, you know, follow through with the plans that they do have.

The challenge, the biggest challenge of trying to motivate citizens to participate has always been, from the perspective of Siros or (inaudible), how to really scrape up the enthusiasm of communities to come up and then assist. That has been a major issue.

One other thing I'll just mention is civil society organizations do their work and they sort of establish networks in a way. I'll just use CDD as an example. We do have that relationship with government and (inaudible) missions. Usually you would always have people in government who would want to do what -- regardless of whatever

position of government is, would want to ensure that there is transparency. Right. And so we try to identify these particular people. And other proper professionals within the country (inaudible) who have a leverage on government. Not even civil society organizations that can really push -- put a (inaudible) in government to accept some of the things that we cannot (inaudible) even there's that adversarial interaction between civil society and government. Civil society organizations sometimes would pass through prominent citizens who have big influence on government and whoever is in the legislature that they can influence.

And so I'm saying this because I'm just trying to give an example in relation to Ghana. We had somebody in the Center for Democratic Development board. She is currently the vice chancellor of one of the universities that is responsible for teacher training. And it is this university that I tried to implement a policy which was said that it made teachers to rather absent themselves more from school than it held. They're trying to improve the human capital of these teachers, but in the process of doing that, they take a lot of teachers out of classrooms because they have to go to class on Fridays, and so Fridays no teachers go to school. They're special (inaudible) participate in the program.

And they go out for their studies and then come back Monday later on to continue. So effectively they go to school between Tuesday and Thursday. So we will raise this proposal in our board.

She took it up; she didn't have the sort of clout to be able to push that through. But now she's the vice chancellor of that school and she says she'll take it up and says, look, this program must be modeled in a way either to start during the holiday period or start on Saturday, end on Sunday, and allow the teachers to go back to school.

And that is a sort of interconnection that civil societies can do, that if even there's some adversarial role between civil society and government, there's always another way that you can get around the problem and deal with it if you really want to get to it.

Right. Talking about freedom of information. That is very critical for budget purposes. We at CDD Ghana have always tried to push government to pass this Freedom of Information bill that has been in Parliament for long and still at the consideration stage. The difficulty is how do you get government and policymakers who believe that this policy is going to expose them, to some extent, to pass this bill? Right. The key thing we've tried to do is really to take case studies, try to analyze what the benefits are, and then try to lay the facts very bare to them. That, look, if you pass this bill these are going to be the prospects for, you know, this country or the prospects of at least implementing policies in the way that we want them to go.

And so, Freedom of Information bill has been a big issue in Africa, in particular at least because policymakers are always hesitant as to how much information can we give out. And they try to scrutinize that bill to the extent that they want to be sure that the bill does not open them up to giving out critical information. Right.

But I think that in order to improve budgeting it is key that these bills are put in place and that Parliament adopts them in the first place, because without that you are not even able to proceed and then do anything effectively. And even as mentioned here, the media is a critical player in this. But without freedom of information, it's always a challenge. The media wants to get some information, they don't get it, they publish what they have, and then government comes out to say, no, that is not true, you didn't get your facts right. What are the facts I want to give you? But when you publish I'll deny what you've published, and that has always been like a big issue. And pushing for

freedom of information is a critical thing that civil society organizations can do if you want to get transparency in our budget and processes.

Maybe the final thing I would mention is the issue of credibility of civil society organizations themselves. It is a crucial thing to have that credibility thing attached to the civil society organization, especially in the eyes of government. There are times, you know, you carry out your research as an independent institutions, you publish your results. The problem is if there are aspects of the results that sort of either not in favor of government or puts government in a certain shape, sometimes you're perceived as being part of the opposition or if you do anything in favor of government and they are seen as part of the government and their positions are different. Those things happen because you've -- everyone says you'd always produce results that are not in favor of one group or the other.

But at issue is how to consistently -- especially some civil society organizations -- consistently ensure that whatever you're producing is grounded in sound research. That has always been the key. If your findings are grounded in sound research, regardless of whoever's in government, they will always have that respect for the civil society organization, and that gives you the opportunity to be able to influence government. Right?

Thank you.

MR. KAUFMANN: Thank you. (Applause)

MR. ASUNKA: I like the common research.

PRESIDENT QUIROGA: Okay, thank you. Dan, it's a pleasure to be here with the very famous Danny Kaufmann. He is the second-cousin of a nephew of the daughter of the father-in-law of a Chilean miner, that's why he's famous. (Laughter)

Have to find some relation pretty soon. Congratulations to Charles and Courtney for the book, and for Dave for the work he does. I didn't see Dave every day when he was at the World Bank, but I can surmise that he was happy about half the time. He seems happy all the time now at Results for Development and I'm a proud member of the board, so it's a pleasure to be here sharing all this work.

Three quick comments. One of money, second on organized society, the third on the framework that governs the relationship between the donor community and a developing country.

First on the money -- and the book, I skimmed most of it. I saw the introduction, and if the rest of the book is as good as the introduction, you got a Steig Larsson trilogy, because I swear you must have been eavesdropping in some of those meetings when you described the country director and the minister of finance and the minister of education. You must have had a microphone in some of those meetings that I've been at.

But following the money is key for transparency, accountability, and effectiveness for development. Speeches, legislation, programs, documents, they're gone with the wind. What matters in the end analysis is how much money as a proportion of your budget and your limited resources are you gearing or giving to health education, water, sanitation, and how effectively are you dispersing the money once it is going to the sector? So, I have learned that in developing countries if the money does not follow the poor, the poor follow the money via through informality, criminality, or mobility.

The poor in developing countries submerge in the formal sector. If they're young they join drug gangs in Central America or Latin America, or they move here to Arlington,

Virginia, or Spain, migrate to try to make a better living. So the money does not follow the poor. The poor find ways -- they don't lay around -- they find ways either through the formal sector migrating or through falling into the trap of criminality of finding some money.

So given limited resources the key is, how do you make sure that they get to where they have to get and follow the poor? And you cannot do that -- you cannot follow the money, you cannot follow what you do not see, what you do not understand, and what you cannot touch and feel. And take the key to transparent budget is that, because there are many times very obscure processes and small rooms. Joseph was describing a week or a month. I have seen countries where you're given 24 hours -- perhaps even in the States sometimes, even -- to approve a budget and they look like an aerobics morning session when people just -- Article 1, Article 2, and they just keep voting the articles and it's approved and no one ever follows it. And they always many times have a small article at the end that says this is just purely referential, the minister of finance can change anything that he wants or she pleases through the course of the year. So, it's basically worthless paper. To see, understand where the money's going, it's a strong principle and I think that comes out of the book very clearly.

The second, an engaged citizenship or civil society, mobilization, or whatever you want to call it. Public policy is always done by politicians or public servants that are under pressure, under stress, and entrenched megaphones tend to dominate the debate and influence the decisions that get made. And entrenched megaphones that want higher budgets for universities, budgets going up and up and up forever where you're teaching in public universities -- what the teachers know, not what the students need because they -- somebody learned radical economics 30 years ago, that's what you

have to teach. Schoolteachers, there's 90 percent that want to go to school and teach, there's some that just want to march down the street.

And go to any developing country and ask: do you have 200 days of public schooling? I guarantee the answer will surprise you. It's 160, 130, 110. In my country it was 162, so the first thing you've got to do is 200 days of public schooling like you have here. When you have a snow day here, you make it up at the end of the year. In Latin America or Africa if you have 120 or 130, it doesn't matter. So in the end, when you have a kid that is nominally in 10th grade, he really -- he or she -- is in 7th grade or 6th grade, sometimes. And then once you get the 200 days of public schooling, it's every teacher in the classroom. Are they well-trained? Are they delivering good quality education? Do you have the textbooks?

And in today's world, when somebody in this city who is 23 knows where each one of their friends is through the Facebook application on the mobile phone, it has to be possible to know where the teachers are and if they are in the school in the developing world. Because my daughter knows where her classmates in school are all the time. That may be too much information for my taste, but that's how it works. There has to be ways in which that technology can be used to be able to get quality education.

So, democracy and free media are key because in the end if you have democracy the voiceless poor are many more than the entrenched interest. And a democracy that should count for more. And it adjusts or modifies the behavior of people that are running for the Parliament or for the Congress to do policymaking.

If you are only worried about the military and some business interests and you can stay in power with an international external godfather, then you don't worry about the voiceless poor. But if you're in a democracy with open media then you can

start doing programs that are effective.

The example of the teachers is the best. Yes, when you try to do 200 days of public schooling in Bolivia -- which we did and it stayed like that -- at first people say, don't take it on. It's 110,000 teachers that we're going to get destroyed. Well, it turns out for 110,000 teachers there's 2 million kids. Somebody said they don't vote. Yeah, they don't, but the parents do. And they imagine if you -- how you plan your life when you do not know if your child is going to be in school that one day, how you plan your life around it because there may be a strike or not, predictability for that does wonders for your family. And then if the teacher's there and the quality education there and bilingual education is present, then you can make progress in terms of delivering the product, which is a better education. So, engaging civil society is certainly critical and democracy is fundamental.

Now, providing them the tools -- the analytical tools -- to scratch through the budget and figure out where the money is going is certainly something that the book asks for and more should be done.

A third point -- this is more just out of my thinking -- is the following. I've lived and worked and in countries -- perhaps not middle-income countries, but lower -- less developed countries where international cooperation is critical. I have found that this is getting better, but not quite there yet. That the framework that governs the donor/recipient relationship is very old.

The '50s through the '80s, you had state-run electric companies, energy companies, telecom companies. And the way you did that is with a World Bank or IDB sending you four or five missions per year and big disbursements, and you needed some technocrats in the country and big missions, and that's how it worked. Then we went to

the structural reform period. Same thing. A few technocrats and central banks, ministry of finance, four or five missions per year, more Jeffrey Sachs-like, not engineering like. And then you did the reforms.

The reality today is that we've made enough progress where in the countries -- in most of the countries productive activities are in the hands of the private sector. Social services are being decentralized inside the countries, yet the framework is still mission after mission after mission that comes from the World Bank or the IDB, and you got to have in ministries just a whole swath of people that do nothing but take care of the international tourists that come around. I think that framework needs to be radically revamped.

I've been in a couple meetings on a case that's current right now, Haiti. And it breaks your heart to see, because I see Haiti government officials in Madrid, I see them in Washington, I'm going to see them in Dominican Republic. And you kind of ask who's minding the store and who's working on delivering for the people, because they're tending to the international community and the donors.

And the reality -- and I've learned this -- that the countries do not need the donors, the donors need the countries. Either to make the brochures or disburse the money. So you can stand your ground and say this is how we're going to do things and change that relationship.

I'll stop here, but if you want in the other round, I think the principles that we learned in my country that perhaps ought to be rescued -- if you want to have transparency and accountable results on health education, to me it's critical from a country standpoint and the donor community to apply the following principles: for the country, POPI, P-O-P-I; and for the international community, D-U-C-A. That's for the next

round, we'll keep you.

MR. KAUFMANN: Thank you, again. Great, great remarks. And I think it's food for thought on the need for a revamp and rethinking of the link between donors and recipients. And I'm sure there'll be more comments and questions on that.

Let's do the following. In a minute, if that's okay, I'll give you a minute and a half each one of you if you want to make a comment on the panelists so far and on a common question I would make, which takes off from what was said. And then we will open it up to the public and we'll come back, then, to the presenters and the panelists.

Another great remark that President Quiroga mentioned was the issue of the focus on the money. I mean, the obvious kind of joke or issue that people used to wonder why so many robbers rob banks. Because that's where the money is. So, the real issue is to follow the money and to do it better.

So let's say nowadays because of the scrutiny, because of IMOs, citizens, donors, and others, more of the budget that is published is going to health, education, to all of the things that we consider from afar that are good and the citizens are good. And that's what's published. And that's wonderful and that's being published.

But then we find out that it was found out by this pioneering study that Uganda did with the World Bank many years ago that for every dollar that left the central government for the schools -- the district in education -- then they did surveys at the school level and they found that 10 to 15 cents only arrived, the rest disappeared along the way. So it's all nice to publish all the budgets and so on, but unless you do real tracking on follow the money with either public expenditures tracking service -- which you have discussed, or others -- you may stay in La-La-Land in having all these transparencies at the official

level, but we don't know what's happening on the ground.

Then, the second and related issue I'd like if you can comment on that, which you do mention a bit in the book, but it has not been mentioned -- the work has not even been mentioned today unless I missed it, and that's public procurement. So, if we are in the business of following the money, here are all the budgets and they are published. But if at the end there's either lack of transparency or other type of missed procurement or noncompetitive bidding on how it's arranged, it can all go to education and so on. But there are some very good papers from 10 years ago, where has all the education money gone? And that's the same about other sectors and so on.

So that leads to what you would call in your frame of your book and almost inefficiency as well as corruption and so on. In spite of the first level transparency, in spite of IMO's following the budget in its totality. But if the procurement is not followed.

And I mentioned that, perhaps because I am biased because I just happened to have one of my Sunday discussions yesterday because my neighbor happens to be the councilwoman in Ward 3 for Washington, D.C. And anybody who thinks these are only problems in developing countries should study Washington, D.C.

So, Washington, D.C., D.C. has made some progress in putting more online in terms of the budget and some procedures. But procurement, you want to find out what's going on in procurement in terms of transparency? Good luck. And if it wasn't because last year there was a major investigative journalist piece -- excellent piece -- in the *Washington Post* -- many pages -- which had to bring up the issue, then we wouldn't have even made progress on that. And she was agreeing yesterday that that's one of the things she's going to push for. This is 2010, they're pushing for, yes, let's put these

things online. So, still, in 2010 -- late -- and Washington, D.C., procurement is not online and one doesn't know what's going on on that.

Which raises the question that, yes, of course governments are not monolithic and one looks for champions of reforms and for partners and so on, but shouldn't one focus much more also in the partnership with the media? Because at the end of the day, this political economy -- even for the reformists, but especially for the non-reformists that sometimes win the day in terms of capture and other reasons, that if you do not raise the cost for lack of transparency by the politicians and others, you're not going to make progress. So it sounds very nice that one has to partner a lot more and do it well with government, but there can be limits because of the vested interests and many other reasons. So, where is the media in all of this as well?

So, maybe you have quick comments on that? Then we'll open up, we can all come back to that. But also on the panelists.

MS. TOLMIE: Sure.

MR. GRIFFIN: I don't want to hear myself speak much, but just on the procurement side, I'll leave media -- I don't find anything to disagree with.

On the procurement side, there's another book that we've partnered with the Latin America and Caribbean region of the World Bank. And some of the findings are incorporated into this book, but it's a summary. And we also did -- the World Bank does these country procurement reviews and also does financial management reviews. Those used to be internal documents that were done to decide how to go about lending money or letting money be dispersed in countries.

So we reviewed 8 of them for countries in Latin America and we did 30 of them for Africa. And that -- and on procurement, what you find is that even in the best

systems, they -- because procurement is not a professional activity like financial management where you have accountants and auditors. Procurement has always been looked at as kind of a clerk activity where you learn to do it on the job, there's not a set of rules, it's not a profession, and you just -- you do it because you learned how to do it. And all the procurement people in the World Bank, I might mention, are engineers who just learned how to do it because they were engineers.

But to make a long story short, the result is that major recommendation of almost anybody is that procurement has to be professionalized a lot so that you get the sideways accountability through the profession. And you cannot really depend on the existing systems to do very much. And I don't think civil society even has an inkling of what's going on there, and I agree. But it also doesn't have the tools to intervene because it's such a closed society.

In the World Bank I call it a priesthood because whatever the -- whoever the individual is that you're working with even there, they have full -- it's whatever they think, whatever they want to do.

MR. KAUFMANN: But pushing for complete transparency in procurement, like a lot of effort are going by you and others on the budget process should be a no-brainer as well, and one sees a disconnect. Some countries are making a lot of progress on budgetary transparency, but not so on procurement; some not. Mexico is a case in point, and a number of others have made enormous inroads on procurement online and so on. But so many are staying totally behind and quiet on that. And they're making lip service on the first page of budgetary, what you said. But in terms of following the money, it's not there.

MR. GRIFFIN: All -- I'm agreeing, but there's only a limit to what

transparency can do because there are -- it definitely -- it's necessary. But I was just trying to indicate that it's a much more systematic systemic problem that even goes into the lack of a profession.

MS. TOLMIE: I'm actually going to disagree slightly with Charlie and just going to talk for one minute on this -- on the topic of procurement. I think even though, say, organizations or projects like TAP may be a little bit behind the curve on procurement, I would actually argue that IMOs are oftentimes ahead of the curve. We've worked with a number of organizations that, you know, we've developed practitioner tools to help with expenditure tracking and help IMOs develop ways to better monitor absenteeism. And one of the things that tends to happen is organizations we work with come back to us and say, okay, well, that was great and we may have had some impact with that. But, you know, that really uncovered some interesting questions about procurement. So, we want to look at that next.

And so whereas we personally might be a little behind in terms of figuring out, you know, how we might better support organizations who work on procurement, we are seeing at least individual examples. A group we recently worked with in Uganda called the Coalition for Health, Education, and Promotion is doing some interesting work on procurement of pharmaceuticals in Uganda.

So, I think sort of going back slightly to Warren's point, if you had looked back 15 years ago we would have been having the same discussion about budget transparency. So maybe that's where we are with procurement now. But I would argue that we're getting there and there's some interesting things that are happening.

MR. GRIFFIN: Great. IBP has a great book on the topic --

MS. TOLMIE: Yes. IBP has a great book on the topic --

MR. KAUFMANN: Oh, IBP. Good, you should have brought it. Let's open the discussion, now.

MR. MIDDLETON: Any microphones here? I don't need one.

MR. KAUFMANN: Yeah, it's there.

MR. MIDDLETON: Oh.

MR. KAUFMANN: There, because you need to be taped.

MR. MIDDLETON: I'm John Middleton, retired a while ago from the World Bank. I see many old friends and colleagues here.

I'm overwhelmed by the quality of discussion, and I started off by returning to Coronado in 1993, when I led the government of India, state of Coronado, go World Bank teams of financial schools that the teachers apparently don't come to. So we have some common experiences.

I want to go to the president's comment. I think, stepping way back, we donors have been both bold and modest about our impact. And I think the relationships are not working and haven't worked for 20 years.

I went to India with a goal to lend \$500 million (inaudible) in 2 years. Not to find the best projects -- where's Easterly when I need him? -- not to find the best projects, but to push the money. And it's verifiable and I have the documents in my hardcopy files from the president of the Bank.

I thought it was a pretty cool thing. It's India, for God's sake; you add two zeros to everything, right? But I have to say that the second observation is kind of like the great movie last year called *It's Complicated*. And I think Bill just was talking about procurement. It is complicated and I'm not sure that IMOs or CSOs as a single solution -- which they're not -- might not -- and I've worked with them all in India, for

God's sake. I think it's a good thing, but I think every single solution based in or out of government needs to be taken in context of that place and that time.

And I'll just close by saying doing CSO work in Uttar Pradesh in 1992 and sending CSOs into villages to find out the truth by why the teachers don't come to work and making the presentation to the state education leaders -- and the block chiefs who are elected officials. Having the CSO representatives seriously threatened with death if they ever step back into those blocks because they told the truth.

So I think it is systemic. I think transparency of information alone is important, is a good start. But I've tried to read the CBO website, and I'm a trained analyst. And I can't make heads nor tails of it. So, I think where the information is produced, where it's distributed, how people can give meaning to it is local. I think the boards in the villages are great, we tried that with community school construction in India, it worked very, very well. But it's not national.

Political accountability is national or provincial. Money, spending, accountability is local, as the expenditure surveys say. And in there it's complicated. I think this is good stuff, but I'm registering my sense that the whole relationship in which donor money goes into this matrix probably needs to be reformed.

Thank you.

MR. KAUFMANN: Thank you, John. We'll collect a few comments and questions and then we'll come back to the panel.

MS. KWAI: Thank you for a very interesting conversation this afternoon. I'm Katrina Kwai from Revenue Watch Institute. I have a couple questions; I'll start with some to the authors.

Firstly, it occurs to me that you talked about many directions of

accountability. But one -- another one could be across -- accountability across political cycles and consistency across time. So, alignment of these individual budgets with multiyear development frameworks that have in mind indicators of human development that can only be measured further with a longer time horizon.

Secondly, related to that is how you work with parliamentarians, how you extend those short-term political interests over a longer term -- link them to longer-term human development indicators and improve service delivery.

Thirdly, to panelists, I was interested in what Warren mentioned about the budget -- the recent budget index that was published that most of the countries at the bottom tier were either aid dependant or oil and gas dependant. And so my question is, the authors have already spoken to how donors can push transparency and greater accountability. Aside from a few initiatives, like the Extractive Industries Transparency Initiative, how can oil- and gas-dependent countries, also given their particular circumstances, push greater transparency and accountability on the budgetary expenditure side rather than just on the revenue side?

And then lastly, I was interested in the conversation between the -- well, actually, again Warren's point on performance linked aid. We already have international principles of aid effectiveness, the Paris Principles, which embody kind of a contradiction. One, that all donors should support greater national ownership, particularly on policy planning and development planning. But as this book seems to suggest that donors should get much more involved in accountability on the very subnational in some cases levels of service delivery and public expenditure. So, in a way we're contradicting ourselves. We're adding more layers of conditionality while we're agreeing to greater national ownership.

So if the panelists could address that?

MR. KAUFMANN: Maybe before going to the back, I don't see any hands raised. Let's go to the president, back, since we don't want to lose you and if you have to escape at some point -- because I know that you have a flight. But since the whole issue of donor interface and how to operate better has come up. And one issue I thought you would also talk before, but maybe you left it implicit in terms of the new reality for donor and recipient interface is, A, the new donors is the Chinas of this world; and, B, private donors, which are playing an increasingly important role nowadays, the private donor foundations and so on.

But if you want to address any of these related issues as they would impact.

PRESIDENT QUIROGA: Yes. I think one always -- from anecdotes or particular incidences, it's critical to try to develop some basic principles in terms of how to more effectively channel the aid. I think from a country standpoint -- I said that at the end and, you know, POPI is important. Participation, ownership, progressive assignment of resources, and institutional strengthening. I won't dwell on the details of all that, but I can tell you that we developed those principles when we had a huge opportunity in my country, which was HIPC debt relief. Nothing sharpens the mind as the possibility of \$2 billion pot.

So then, okay, you got to mobilize civil society, so here comes participation and it's owned by the country because everybody got mobilized with the Catholic Church behind it and what have you. And it allowed us to target the resources based on the poverty map and the census data, where you would count the municipalities not only based on the number of people but the poverty levels. So that the poor municipalities would get 8,

10, 12 times more per capita, which sounds easy to say but it's very difficult to do unless you can demonstrate that it's needed and then mobilize the society behind it.

But I think -- but assuming that a country does this, then on the other side is the international community. The beauty about HIPC is that it followed these principles that I think are critical. And like Danny said, things are changing. But the principles are decentralized and tied, coordinated, and accountable based on results.

That was easy to do with HIPC because you did not have the Belgian or the German portion of the HIPC. It was one pot of money and it went to education and it went to health and it went under one bucket. But the normal development cycle is you have the German project, the World Bank project, the UN project, and you do not have the Bolivia or the Ghana program that gets funded by the donor community. And that's sometimes difficult to implement, but it takes many times saying -- for the country to say, this is my program for education and if you want to fund it I need three schools here. Because if you don't and if every donor funds whatever they want you wind up with schools without teachers, or schools without textbooks, or schools with textbooks but without trained teachers, and you do not have a comprehensive, cohesive program that comes underway.

Now, if you assume that these principles are valid and you can implement them -- not only for HIPC, but also for new resources or also your own resources -- when you have gas money, oil money, what have you, I think those principles are still valid. The problem is that there is a high level of NGO activity. I'm sure the Gates Foundation in many places is more important than the UN. But I think those principles are valid for any type of relationship with donor community.

The big elephant in the room with all the respect are -- at least in Latin

America -- Chi-Cha, you know, China and Chavez. The ones that -- if you developed a set of principles and just when you persuaded the Europeans that tight aid -- you can't do development with Japanese engineers, European consultants, and U.S. turbines. You've got to have your own programs. Just when you've persuaded the international community, here comes China, here comes Chavez. And that is aid that distorts all this and it's going to take a while. And it is a big elephant in the room because no one wants to upset the Chinese. No one wants to question the exchange rate policies or their cooperation policies.

But if you set up this framework and you say development, transparent, accountable, knowing where the money is, it's based on these principles of where people own the programs, where they participate, where they see where the money is going. You publish where the money is going, it's decentralized, it's not tied with aid. And here comes China. And if you say, I'll make an exception for China; I think you'll wind up backtracking. And it's something that is, for my taste, is not discussed very much because we'd all rather look the other way and say, thank you, China.

And I'll close with this. In Latin America, you know, we wrote the book, Galliano, *The Open Veins of Latin America*; mobilized a lot of politicians for decades. But for some reason when it was the Americans or the Europeans taking out the mines, the mining, or the gas, or the oil, then we complain a lot. Whereas the Chinese we seem not to mind as much, but it affects development on an equal level.

MS. TOLMIE: (inaudible) a little bit.

MR. KAUFMANN: Very quickly, and just one point.

MS. TOLMIE: One point, sorry. I don't think that's the end of the point on China, though. Because what's very interesting is that China itself has passed a

couple years ago a FOIA, a Freedom of Information Act. And that it itself has problems between central government and provincial government accountability and has taken this into account in its domestic policies.

I think it's very possible to engage China in the next couple years on discussions on transparency, and I would like to hear, if there is time, about who is already engaging Chinese entities with that.

MR. KAUFMANN: Well, interesting point. An interesting debate and I wonder whether it's related to Warren's retort to me and to us later, right? He said time-bound cycles sometimes. But I have observed, in the case of private donors, that early on when they start providing funds they did not care about the governance of those funds and where it was going. It was seen that that was an excuse for the official donors, particularly the U.S. during the Bush era. Not to give money to countries where there was misgovernance and corruption.

But what happens is that five years down the road donors start assessing -- chickens come back to roost and they see that the rate of return on the investments is not there. So, they -- and that's what has happened with the Bonos and many others that now care enormously about these issues. There is a question whether there is a learning curve and maybe that may happen with China, or because of the political economy you are -- you may be -- yeah, you may be skeptical about that.

And it's interesting that you say that nobody wants to offend, to annoy the Chinese. But you did not say that about Chavez.

PRESIDENT QUIROGA: Huh? Oh, I do that all the time. I don't want to -- can I make one quick point on that?

MR. KAUFMANN: Yeah.

PRESIDENT QUIROGA: I was not talking about the internal Chinese structure. I was talking about --

MR. KAUFMANN: Right.

PRESIDENT QUIROGA: -- if you try to channel cooperation to programs, I can tell you that in the '90s it was aggravating to get European countries that would get off the plane and tell you we're going to do these 5 projects. And you go, no, no, no, no, this is what my country needs. No, no, the Italian companies or French companies want to do these five projects. And it took a long time to figure out a development framework where the country that was receiving the money would determine its needs and determine what projects we have.

China is the biggest blessing for South America, don't get me wrong. Sky-high iron ore, soybeans, zinc, tin, lead, gas, oil.

MR. KAUFMANN: Copper.

PRESIDENT QUIROGA: Bless you, copper. For Chile -- bless them. But when they bring in and do bilateral programs --

MR. KAUFMANN: Right.

PRESIDENT QUIROGA: -- you know, it's tight aid. You have to procure goods and services from (inaudible). I'm talking about the cooperation framework. We're going to have no earthly idea how they handle the provinces.

MR. KAUFMANN: Right.

PRESIDENT QUIROGA: The cooperation programs are tied -- we're back to the '80s and '90s where is it a cooperation to the poor country or it is a cooperation to the companies that come from the rich country that want to make money off of the poor country? I think it distorts the whole development framework and just -- I

mean, Chavez? Because he's got the biggest bilateral cooperation program, no transparency, no accountability whatever. A hundred thousand barrels of oil a day go to a Caribbean island and that never gets published anywhere. Where the money goes, Lord knows.

MR. KAUFMANN: We go for a minute to Warren. If you don't mind, we'll go for about 10 more minutes. As an incentive for staying late, let me announce that there is going to be coffee and cookies in the Summers room when we finish. And also, people can continue in a more informal setting.

MS. TOLMIE: And beer and wine as well.

MR. KAUFMANN: But do you want to comment on some of the questions?

MR. GRIFFIN: You shouldn't tell them.

MS. TOLMIE: I think there's also beer and wine and -- as well --

MR. KAUFMANN: Oh, there's beer and wine. Oh. (Laughter)

MR. GRIFFIN: Come back, come back.

MR. KAUFMANN: That's full disclosure.

MR. KRAFCHIK: Start with the easy one, China. I certainly don't know the answer, but there seem to be a number of different contradictory patterns going on.

And I think one of the key hooks, which you pointed to, is that I'm not sure that the national government really knows what's going on at the village level. And I think that's one of the hooks that you can find in China. So, I think there -- and it was the same in -- we've had the same experience in Vietnam and other pretty close countries.

Civil society sometimes has a comparative advantage there to engage with the national government. In a way, I'm saying we can collect some data which can

help you understand what's happening at the lowest levels of your budget process. And then we can use that as a hook to get more involved in other ways. And sometimes that's a way a relationship can start developing with a company.

I think the other thing that's happening -- and you'll find if you look at some of the literature today, there are hundreds of very, very interesting participatory budgeting, planning experiments that are happening at the local level in China. So, I think it's over in the next few years, maybe, we'll get more data and we'll be able to understand a little bit more of what's going on.

The other good development in China was the emancipation, if that's the right word, of the national audit office. Suddenly, for some reason, it was decided that a national audit office would be created, given sufficient independence. And it would also be allowed to publish its reports.

So I think you're starting to get from those two disparate developments the beginning, maybe, of something approaching some transparency in China. Maybe that gives some hope. But China is aid -- as you say, is a real black box and a real problem. And that's not only China. It's coming from Brazil; it's coming from South Africa. It's the aid coming from a whole set of middle-income developing countries that are starting to graduate out of what we consider to be good national budget transparency.

MR. KAUFMANN: Right.

MR. KRAFCHIK: So, I think we start -- we, you know, need to start putting some pressure on some of those middle income countries to look at the aid flows, contingent liabilities, the large development banks which are sitting off budgets, et cetera.

And then if you look at, let's see, developed countries or the traditional donors, there they've massed problems with aid transparency as well. And where there's

movements around trying to bring together or make aid more transparent, it's happening in a way that the G-8 countries can talk to each other. But those new formats don't talk to country budget systems.

So the reason why I'm just talking these three levels is, I think it's -- to come back a little bit to Charlie's point, that if we're going to make progress here we have to find a format that allows a wide range of countries to buy into the idea of budget transparency and engagement as a core issue of development. It's not going to work if we only put pressure on low-income countries to do it, or on middle-income countries to do it. We need a format that allows everybody to hold themselves to hold themselves to a similar or a relevant or appropriate standard.

And maybe one way to do this would be to think about a conversation that leads towards the definition and the ratification of a global norm around budget transparency, and that doesn't exist at the moment. We've got multiple international institutions that have got similar but somewhat competing ideas of what budget transparency is, and we've got multiple southern institutions that have got similar but competing ideas of what engagement means.

So I think there is space for an international dialogue that starts thinking about what such a treaty and norm convention or set of conventions might look like. And I think it would have -- it could have two or three very powerful impacts.

The first one is that it would give civil society institutions and legislatures and supreme audit institutions in countries, it would give them much greater leverage over their governments to ask for specific information or engagement. What happens now is most of our partners will come to us and say, well, we actually went to our government? We asked for the pre-budget statement, we asked for the executive budget

proposals. And our government's response to us was, but what other country possibly does that? Give us experience; tell us how this fits into some international practice. This would do that.

Second thing --

MR. KAUFMANN: Which other country?

MR. GRIFFIN: Not Greece.

MR. KRAFCHIK: Yeah. I was actually in one of the Francophone countries last week.

MR. KAUFMANN: No, but which good example country you have given?

MR. KRAFCHIK: Say that again?

MR. KAUFMANN: When they ask you, give us an example of a country that is doing well.

MR. KRAFCHIK: It depends on the document. What I had in my mind was that I was in a Francophone country last week and I was talking to the director of the budget office. And I said to him, but you don't make available your executive budget proposal. He says, oh, we can't do that. Why can't you do that? He said because that's illegal in my country to publish a draft law.

All right. He says which other country in the world -- out of 94 countries, tell me which other countries in the world do this? I said there's 75 others.

MR. KAUFMANN: Right.

MR. KRAFCHIK: So, but I think that that's the first point. The second point on that is that I think that such a movement towards a norm would help with the aid effectiveness bogey that we're all trying to get to. It would help donors send one clear message to countries about what is budget transparency, what is engagement, and how

they do it right.

And I think the process of discussing and getting to such an agreement would help both energy and an international movement around this issue. That's one way in which I think we can begin to do that.

I don't want to take too much time, but can I just make one point? Too much -- very quickly. When we're talking about relationships between civil society and government, I think the reason why we're stressing this is because of the lack of relationship in the past.

And I think what caught me and Charlie were trying to say is not that civil society would certainly be open to any relationship. But that there's something like a critical ally that can be developed, where civil society says to the government -- particularly in transition countries -- we're concerned about the transition, we're concerned about democracy, we're concerned about development. Just like you are, we are on the same side. And we'll help you. But at the same time, we retain the right to be critical.

So, that's it. And just finally on voting parliaments, which I think is a very, very important issue, the one thing that we need to do first is we need to create independent research capacity in Parliament. That'll give them something at stake. That'll give them a way to think seriously about these issues and to prove to their government that they're going to take this issue seriously. They're not going to stand up there and randomly throw around amendment powers. But I think that's the first step that we can take, and it's a way in which I think you'd also get executive buy-in to the process.

I'll stop.

MR. KAUFMANN: Thanks, Warren. Let's -- before everybody gets their

last word in, the presenters and the panel, any -- I don't want to shortcut the audience. One last time, any question from that? Yeah, from you. And also, okay. Go ahead.

MR. FENLEGAK: Hi, I'm Jacques Fenlegak. I'm also from the World Bank so this is kind of a therapeutic session of old World Bank people.

Congratulations on the book to Charlie and all the co-authors.

Very quickly, I think there are three players in the health and education sector. One is the government. And if people want to know what the government or how the government succeeds in providing health or education services to the population, we know for the past 25 or 30 years that they don't succeed and that most of the public money -- and that's what the book is all about -- goes to the upper part of the income distribution.

If I were in civil society, what more do I need to know now to try to get some action on that? And, you know, do I really have to look into the black box and go to procurement details? I mean, we know that they failed to provide services and that most of the money accrues as part of the income distribution.

Second player is the private sector. The private sector is mostly households, but also corporate sector. In the health sector in low-income countries, they provide 50 percent of the financial resources for health and, I think, in the education sector, which is slightly less clear, but it's 25 to 35 percent.

The poor people who pay out of their pockets for health care and send their kids to private schools as soon as they can afford it, they know what's wrong with the system. When you talk about civil society, well, that's civil society. These are the people that spend -- that contribute half or at least one-third of all the financial resources to that sector.

And the donors, the donors know all of this. They know it for 20, 30, 40 years. They have considerably failed in acting on that. So, my question is really -- I'm all in favor of research and transparency, but if there are just a handful of key pieces of information that have been known for the past few decades -- and by the way, the donors are a very small player. It may not be true -- I know it's not true in Bolivia, but in most countries the donors are very small players, financially.

If we know all this, then why would more information improve the situation?

MR. KAUFMANN: Thanks, Jacques. Let's go behind Jacques, there was a quick question?

MR. CONNERLY: I'm Ed Connerly from USAID's office, Democracy in Governance.

I just wanted to ask, it strikes me there's an assumption behind the discussion, which is transparency and accountability can be discussed only in terms of expenditure. And I want to ask whether anybody on the stage knows whether the revenue source matters? You know, there is this sort of continuing speculation on the political accountability literature that governments that fail to tax citizens directly and broadly cannot engage citizens in a dialogue and a politics.

Do you have in your experiences any empirical reference that suggests that the source of revenue -- I mean, that debate comes up between central and local government, the argument being that citizens know more about local expenditure, and if local revenues generate it they're more willing to hold local officials accountable than they are central or more able?

What's -- do we need to break the discussion up a bit beyond

expenditure and to include revenue sources?

MR. KAUFMANN: Thank you. Quick.

MR. DUBAY: My name is Mama Dubay from Chevron. Just a question on oil-producing countries.

Several of them have joined EITI recently in the last five years and signed up in terms of revenue disclosure and everything. I would like to know if there is any empirical studies done demonstrating that those countries that have published their numbers have really improved better policies, better spending, and if there have been any report that definitely showcase if there is a correlation between joining things like EITI and better public management.

MR. KAUFMANN: Thank you. The fellow with Dave in the front in the audience who heads Results for Development is Nicholas Burnett, who plays a key role in the institution. And maybe you wanted to make a quick comment on it?

SPEAKER: Maybe to jump in to say that President Quiroga has to be on an airplane in one hour.

MR. KAUFMANN: Yeah. So, you wanted to make -- well, why don't you make the last comment?

PRESIDENT QUIROGA: Well, no. I'll just say thank you. A very good point on the revenue side, because we spent 95 percent of the discussion always on the transparency of the outlays and the transparency of the inlays is critical.

And we learned that one thing that is important for countries is to nationalize tax collection agencies. Because many times they're privatized through corruption, as we know. Two for the government, two for me, two for the government, two for me. And to be able to build strong institutions beyond whatever your taxation policies are, where all

the revenues are collected on a transparent fashion and published is critical, because the corruption is many times a lot greater on the incoming side. You know, I'll forgive you aid if you just give me one and we'll let the government have one. So, the building up the institutions, the IRS is the tax collection, the customs is certainly as critical as focusing on the transparency and accountability of the outlays.

Thank you, Danny. Thank you, Dave. And I don't mean to be rude, but I don't want the airline to be rude to me. Thank you.

MR. KAUFMANN: Thank you. (Applause)

Nick.

MR. BURNETT: Maybe just say a word about what we hope to do at Results for Development as a sort of next phase of the work. Because this -- of course, this book -- these books describe largely what has been done so far.

So, the immediate next phase we're going into involves some attempt to go into greater depth, particularly in Africa. All -- it hasn't really come out from the presentations, but all the work that we have supported so far has tended to be on a one-year basis. We will support a CSO to do something for one year. And we're now going to see also what would happen if we were to provide longer-term support over about three years. This also builds on another program that we have there at the Results for Development, called Strengthening Institutions.

We're also going to go into supporting CSOs in Francophone Africa. Warren mentioned it -- which might not be quite as straightforward as having supported them in Anglophone Africa or in Latin America.

That is something we are definitely going to be doing. We are also interested in other ideas, and actually we've got quite a lot here, I think, but a couple we

are particularly looking at. One has to do with expanding the sectorial focus -- foci. Very much we've been involved with health and education, and we would like to continue that. We will continue, but there may be other sectors of interest like agriculture, for instance, agricultural services and so on. Also, other things which straddle health and education and which are going to be quite tricky to do, like early childhood programs, which are not easily delivered by, you know, one school or one clinic and so on, but are absolutely critical if we're interested in these equity issues.

And the final area we particularly want to pay attention to has to do with something Courtney mentioned, impact. We went to see, actually, rather a high-up person in the World Bank and tried to enlist her support in getting people in Africa -- bank staff in Africa -- to try and work along with this next round that we're going to be involved in. And her response was essentially, well, you haven't established this actually works. And she's right at one level. We have sort of established it in the sense of we had these stories, we have these before and after evaluations, but we don't have a proper impact evaluation of, you know, proper control -- random control trial-type thing, which wouldn't - going to be too easy to do in governments area, but which we think we should try to do or get done. So that would be another area that we are particularly thinking about.

Thanks.

MR. KAUFMANN: Thank you, that's a very important comment. And in fact, it's consistent with one of the findings in the book, if I'm not mistaken. As you go down the change evaluation, it's perhaps the weakest link. And that's not discussed enough and it's just so important for the feedback cycle. So, great comment.

Let's do one minute each for the panelists and then the final words from the presenters. Joseph.

MR. ASUNKA: All right. Yes, one point on -- I had a question about the tensions between ownership and then looking at donors coming in to sort of hold you accountable again.

I think to some extent it might be, or may I disagree, but there might not be that tension in the sense that you have a country document produced and you own it, you commit yourself to undertake something. And if a donor gives money and holds you to those commitments it's kind of, to some extent, complementary in the fact that you have committed yourself to this. And somebody says let me hold you accountable to what you have committed yourself to.

And so that sort of ownership -- maybe it might be sort of watered-down a bit, but I don't think it is that much of a tension when it comes to really holding people accountable to what they commit themselves to do, because there's a national document.

Maybe the last thing about Parliament and legislatures and CSOs. I think that's a critical one that you just mentioned now. But, you know, building research capacity of Parliament is crucial. Sometimes CSOs might take that role, but I don't think it is -- what we have always looked forward to is try to build the research unit of Parliament to the extent that they can independently carry out research to support parliamentarians. And so, it is best that CSOs work with parliamentarians, but I think it's even more important to make sure that within Parliament itself there's a research unit that is nonpartisan and does research for parliamentarians for them to do their work well. And that should be one of the big objectives of CSOs. How do we improve Parliament's research capacity so that we don't have that difficulty of parliamentarians really making input to policy?

MR. GRIFFIN: Thanks.

MR. KAUFMANN: Thank you. Warren.

MR. KRAFCHIK: I just want to emphasize how important the work that Charlie and Courtney and TAP are going to be doing around building the evidence base for this work. We've -- I think what we know so far is that we've got good, compelling stories. We can tell good, compelling stories; we can even use external researchers or journalists to write the stories up. We don't yet have very rigorous evidence and --

MR. KAUFMANN: About?

MR. KRAFCHIK: About the relationship between transparency, equity, and growth. We -- transparency and governance, we've got stories that tell part of that chain. We haven't put that whole chain together, and it's a very complex issue in governance on how to do it what methods to choose, and how to adapt to the existing methods to do that. So I think the evidence that we've had to date has been good to support our general proposition. And it's been enough to build a set of supporters that we need on our side.

What it isn't enough to do is to win over the skeptics. But more importantly than that, I think what it isn't enough to do, it isn't enough to give us information that allows us to develop really nuanced strategies. And that's what we need to do next.

We need to be able to start talking about what kinds of strategies work in what environments at what times. And the only way we can really get into that debate is with much harder evidence. And so whether we're doing it through random control trials or other ways of doing more prospective, more qualitative case studies, multiple different methods, this needs to be really where we're going. And I think that's, you know, one of the areas where TAP is poised to make a really strong contribution.

MR. KAUFMANN: That's great. Last words.

MS. TOLMIE: Great, sure.

Well, thank you. I think one of the things that this seminar has shown us is that we need to have a series of seminars about all of the sorts of issues that are coming up in the field of demand for good governance. And addressing many more of the issues that people brought up, both on the stage and in the audience.

You know, we actually have a section in the book that I think is titled "CSOs Are Not The Silver Bullet." We believe in the demand for good governance. We have seen cases, compelling cases, of CSOs doing amazing work in this area and being able to have an impact.

But that's not far enough. First of all, there are other actors that have to play a really critical role. There has to be political will, there has to be, you know, the participation of Parliaments. And there has to be strengthening on both sides. It's not just Parliaments working with CSOs, it's also CSOs working with Parliaments. It's not just Parliaments being a champion for CSOs; it's also CSOs -- as in the case of CDD in Ghana -- doing trainings for Parliaments. And that's true for a wide range of different actors; media, legislatures, many different actors.

So, there's a lot still to do in this field. And, you know, for all of the CSOs we've worked with over the last four years, I can probably point out examples of, yeah, we've worked with a CSO that's worked with that group or, yeah, we've worked with a CSO that's done that. But clearly what we need to do is build the evidence base and get a better understanding of where -- how these advances happen, where CSOs are having an impact, and how we can tailor the work that we're doing so that when we're supporting a CSO working on education in Afghanistan we're able to support them in a way that

helps them have an impact, which is going to be different than the support we provide a CSO that's working in Uganda, say.

So, there's a lot of great things out there. We've -- in the time since this book has been published I think we've found enough to write another book. But at least have a few more seminars about it and we're excited to continue working, continue working with great partners like CDD, like IBP, like Brookings, like the World Bank.

So, thank you.

MR. KAUFMANN: Charlie?

MR. GRIFFIN: Thanks, everybody, for sticking this out so long and for coming in the first place.

MR. KAUFMANN: Well, they know there's wine.

MR. GRIFFIN: But they don't know what kind. (Laughter)

I just -- I would like to clarify something at the end because we've had this meandering conversation. And I think Jacques, too bad he left, he really brought -- he summed it up. We've known this stuff for 40 years about public expenditures, not only in developing countries but the same probably holds true for richer countries. And the question that really drove this work was, we've known it, we've tried to change it, nothing has happened. There has to be something wrong about the accountability framework. And that's what these books are all about.

So, we talked about transparency, but transparency is a tool. It's a necessary condition. But what we're talking about here and what's happening in the TAP program is to try to change the accountability framework and the accountability framework has to be that citizens can have more impact from the bottom up on their government. But as all of us know having just gone through this almost ridiculous

election we just had in this country, it's very difficult for an individual citizen to have much of an impact anywhere.

So the point of all this is to try to develop the civil society institutions to be able to do that work. And so, that's what this whole program is about. If we can get transparent information to those organizations, their work will be made much easier. But really it's a 20-, 30-, 40-year process of building up a set of institutions and a marketplace of this that is what we're all about.

So, thanks a million. Really appreciate it. And I'll look forward to talking to you over some cookies and coffee.

MR. KAUFMANN: Congratulations on the book. To all of you on your work, on your presentation, and to the panelists. And if -- let's have a quick round of applause and I say quick because we're going. (Applause)

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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