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DELIVERING AID DIFFERENTLY:
LESSONS FROM THE FIELD

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P R O C E E D I N G S

MR. WHITTLE: Let me welcome everyone to a discussion of a very timely and well written book, *Delivering Aid Differently*, which has been edited by Wolfgang Fengler and Homi Kharas. The subtitle is *Lessons from the Field*, which reflects the fact that most of the authors of the book either are from the developing world or live there. And it's a little bit unusual to see a book of this caliber written almost entirely from field submissions, and I highly recommend it. If you haven't got it, it's up for sale outside I noticed.

I'm Dennis Whittle. I'm the co-founder of GlobalGiving, which is a marketplace for aid projects on the Web. I started my career in the early '80s at USAID and ADB, and then I was at the World Bank from 1986 to 2000.

Isaiah Berlin observed once that there's two types of people: There are hedgehogs and there are foxes. And hedgehogs know one big thing, and they see the world through a single lens. And foxes know many little things, and they look at the world through different lenses, depending on the context that they're in. Some people might argue that the first 60 years of development have been dominated by the hedgehogs. Big, grand, development theories and approaches that try to be all encompassing, and the overarching framework has been that aid leads to investment leads to growth. And that's been followed by wave after wave of fads around development aid as education, agriculture, population planning, trade reform, legal reform, financial reform, structural adjustment. Those are all fads that I was infatuated with personally during my time, monetary and fiscal policy also. But none of the fads have turned out to be a silver bullet. All are important to some degree in almost all countries, but if we look at well performing

developing countries, each of them has had its own unique mix of these ingredients.

So the three men here with us today are all foxes I think. They know that there's no silver bullet. They know that different things work in different contexts and at different times. And they argue that the time has come not to just do different things, but to do things differently. The last 60 years in some ways has been about what to do in aid. And these gentlemen are arguing that we need to refocus the discussion on how to do those things rather than what to do, about how to find, fund, and implement work in various contexts, which is particularly challenging given the profusion of new actors. The book says that there are 233 multilateral organizations now, 56 bilateral organizations, and hundreds of thousands of NGOs out working in the field. And as the authors say, even if we wanted to strengthen and extend the old top-down coordination mechanisms, they simply could not cope with the profusion of new actors. Furthermore, a lot of those actors are foxes rather than hedgehogs, and we all know foxes are a lot harder to control and coordinate than hedgehogs.

So a whole new operating system is going to be required for aid, and the authors of the book are helping us understand some of the key features that this new operating system will have. That new operating system is going to have to reexamine five key questions about aid. First, who decides what problems are most pressing; second, who proposes the solutions to those problems; third, who funds the solutions that are chosen; fourth, who implements the solutions; and fifth, who determines which solutions have been successful.

So without further ado, let me introduce our panelists. On my right is Dr. Ezra Suruma. It's a particular pleasure to have him here. He's someone whose career spans academia, private sector, and government. He was the former minister of finance,

planning, and economic development in Uganda from 2005 to 2009. And in 2008, because of his outstanding performance, he was awarded the Finance Minister of the Year by the banker, which is *Financial Times*, for his role in overseeing the tremendous progress that Uganda made during that period. He holds a Ph.D. in economics from the University of Connecticut and a master's in economics and a bachelor's in finance from Fordham University. Prior to his government work, he was a professor of economics and management science, teaching at Makerere University in Uganda and at Florida A&M.

To my immediate left is Homi Kharas who also has a unique blend of experience and whom I've known for many years. He's now a senior fellow and deputy director of the Global Economy and Development Program here at Brookings. He's been a member of the Working Group for the Commission on Growth and Development, chaired by Professor Spence. And previously when I knew him, he was the chief economist for the World Bank's East Asia and Pacific Region and then director for poverty reduction and economic management for finance and private sector development in the World Bank. He has a Ph.D. from Harvard.

And on my far left is Wolfgang Fengler whom I overlapped with I realized by months at the World Bank; right before I left, he joined. And he's now the lead economist in the Nairobi office of the World Bank where he covers Kenya, Rwanda, Eritrea, and Somalia. He joined the World Bank in 2000, and he worked in Africa. And then he was the senior economist at the World Bank's Jakarta office from 2004 to 2009. Before joining the Bank, he was a fellow at the Research Institute for International Relations, which is now in Berlin, and he set up Africa Consulting, LLC.

So let me turn first to Homi Kharas and ask him to introduce and summarize the book.

MR. KHARAS: Thanks, Dennis. I'm going to stand from the podium to make it a bit easier. You know, I think we live in a time of real paradox in the aid world. We've got so many critics of aid, people like Bill Easterly, Dambisa Moyo, you're heard them here from the podium basically saying that aid doesn't work. But at exactly the same time, we've got more and more people, more and more governments, giving more and more aid dollars than we've ever had before. And if you just reflect, the degree of innovation in aid is absolutely astonishing. And everybody seems to be convinced that their approach to aid is going to work well even if all the other approaches don't. So, you know, that's actually a bit surprising. I mean, after all, you know, over the last 50 years, we've disbursed \$3.2 trillion in aid. And you would think that with that kind of wealth of experience by now, the aid business should be a reasonably well oiled machine with some, you know, fairly strong lessons about what works well, what doesn't work well, et cetera. And that's just simply not the case, and today experimentation is the order of the day. And I think that the one thing that the aid community has in common is that everybody seems to agree that aid should be delivered differently.

So that was our starting point when we started on this book. Our first thought, I think, like, you know, like any business was take stock of what the customer wants. Almost immediately we hit a roadblock. There is a huge literature on aid, but 95 percent of it is written by scholars in aid donor countries, and very little is written by scholars in aid recipient countries. And so we decided that we would try to use this book to give some voice to scholars in aid recipient countries. So the volume is really built around the six-country case studies that cover Aceh, Indonesia; Cambodia; Ethiopia; Kenya; Pakistan; and Tajikistan. These were not selected randomly. We make no pretense that they're representative of the vast experience of developing countries. They

were selected largely by us being able to find authors who were knowledgeable and willing to devote their time to working with us on this project.

But the key, I think, is that in each case, these case study chapters were written by people actually from and living in the developing countries. And what you hear and read in those chapters is their seasoned judgments about how aid is working in their countries. And what I think comes through really clearly is a sense of fragmentation, volatility, lack of coordination, and lack of information, at least to the public at large, on aid.

And a couple of stories, I think, are worth telling. So in one of the country case studies, we shared the background chapter with donors in the country. And they basically complained loudly that oh, you guys have got it all wrong. It's not really an accurate description of what we're doing. And then we pointed out to them, well, all of the data in this chapter actually comes from your official submission to the OECD-DAC in Paris about what you're doing in aid. And they had no answer to that.

And the point is that what gets reported by headquarters of aid donor agencies in sort of the international global sphere can actually be quite different from what people in the field think and act, probably actually know, that they're doing. And this gap between HQ and the field, I think, comes through again and again.

So in another case study, one of our authors found that, you know, several donors had been tripping over themselves to provide pretty much the same services in the same locality in different sub-regions in one of the countries. And so each of those donors independently had a strategic review and independently decided to exit that area because others were doing it. But they didn't coordinate, and so many of the localities were left without any of the services at all in the following year.

Many new donors are becoming prominent in these countries. Official donors like China, private international NGOs, and others, and with these new donors the problems of fragmentation and lack of coordination seem to be becoming even more severe. And there are efforts that we see being made to have a much more inclusive dialogue and exchange of information, efforts to construct a better division of labor. But to be honest with you, there are more examples, I think, of where these coordination efforts have just led to donor exhaustion and fatigue with meetings rather than with real success in lowering transactions costs and improving impact.

So we've all got stories, I think, of successful aid projects and stories of less successful aid projects. And what we try to argue in this book is that at the end of the day, the impact of aid really does depend on organization and on information. And we've got a chapter that reviews the way in which databases can be developed at the country level to better inform the process, and in fact, the Aceh case study that we have shows that if you do have better information, it can be extremely valuable in terms of the results on the ground. And in Aceh what they did was -- they were able to overlay maps of needs on top of a map of where resources were being provided in different sectors, in different sub-regional spaces, across the province of Aceh, and basically found where the gaps were and were able to reprogram some of the aid in order to meet the gaps. So I think it's a very positive story of how, you know, in that case a fairly small group of very dedicated Indonesians that were in charge of the Aceh Reconstruction Agency were able to make a real difference, including staying on top of the hundreds of NGOs that had come into Aceh after the tsunami.

But generally speaking, I would say, the story of country-level data initiatives is really a story of failure. I mean, there are complexities. There are rivalries

between different databases. There's a lack of cooperation with donors not wanting to give information to this database or the other. And ultimately you get a sort of bureaucratization of the process, and there are very few good examples of accurate and timely aid information at the local level.

So another chapter in the book discusses the history of joint country assistance strategies. You might think again that that's a no-brainer to suggest that donors actually collaborate with each other, you know, at least amongst a like-minded group to hash out a joint strategy. And there have been some innovations to do that. And, in fact, the chapter review that is in the book finds, broadly speaking, a net positive to those kinds of experiences, especially the one in Tajikistan where the chapter author had some direct involvement and engagement. But at the same time, that review found that there was very little systematic effort to do these joint country assistance strategies across, you know, the hundred-plus countries that are receiving aid. And the review also found that an awful lot depended on personalities and personalities on the ground. Well guess what? These change. I mean, the guys who are posted to the field rotate every two to three years so if you've got six or seven donors, then of course you're going to have, you know, two to three of the key individuals actually changing every year.

So last we had a chapter that tried to look at the way in which -- were there any lessons that we could learn from the experiences in the humanitarian sphere, where it seems that NGOs and official donors have come together a little bit more effectively than in the case of development assistance. And humanitarian agencies have basically developed a division of labor. They've developed a set of minimum standards. They've got some clarity on, you know, who is going to be in the lead and on, you know, a real sense of urgency in response to a disaster. Now, I don't want to say that they do

everything well, and any of you who've been following the news stories on Haiti know that there are some real limits to the degree to which these humanitarian agencies have been able to coordinate with each other. But, you know, the development community hasn't even got to, you know, first base on that front. And we see rivalries. We see overlap. We see cherry picking where each development agency wants to take, you know, credit for itself about what we've accomplished this or they can report back to their donors. So there's a very long way to go before we get a better division of labor even among traditional aid donors, let alone bringing some of these new actors into the dialogue in a more inclusive way. So if you think that it took the humanitarian community several years and a huge amount of effort to get to where they are today and that the development community hasn't even started to get there, it gives you a sense of what it would take in order to have the development community really make progress on this kind of a division of labor.

So at the end of the day, I think we concluded that many of these efforts, which are ongoing, to be more transparent, provide information, to collaborate and coordinate through joint strategies, to develop a division of labor amongst aid providers, they can make a difference and they are making a difference, but only up to a point. And we've tried to show examples of where you did get a difference basically by patching the current system and do it in ways that have worked in several instances. But we also tried to emphasize that with the current incentives in the aid architecture, it's really hard to get a radical improvement. So each of these patches has been tried, and as I said, with success in individual cases, but we haven't changed the system as a whole.

And so we actually think that we, you know, maybe we need something bolder, and that's why we're calling for a new model for aid for the 21st century. It's a

model which is grounded on a fairly old idea. The old idea is that aid should be a catalyst for a country's development, not a driver for the development. And so what you need isn't organizational structure at the country level, but to make sure that countries actually own the aid that they receive. And, you know, that's what basically happened in Aceh, to a lesser degree in Pakistan with the Earthquake Reconstruction Authority. And that new model has to have different characteristics from what we see today. It has to be differentiated country by country to align with development priorities of that country. We can't pigeonhole countries into, you know, a couple of boxes and say well, all the aid in fragile states should sort of happen like this. You know, Iraq is not the same as Somalia, and just because they're both post conflict or something, doesn't mean to say that they should have similar aid strategies. It has to be differentiated and diverse and inclusive to bring some of these new players into the discussion, and it has to be dynamic because aid conditions change over -- development conditions change over time.

So that's sort of the general construct and you might think well, okay, this is all nice. We've heard it a bit before. It's just kind of words, but actually, this is how aid used to be delivered and really successfully. In the late 1950s, U.S. assistance to South Korea that used to be coordinated, was coordinated, by the Ambassador, was then channeled through a new Office of the Economic Coordinator, which was a professional - headed by a development professional. And it was sort of -- there was oversight by what was called a Combined Economic Board. That office at that time hired 900 South Koreans so you could be sure that that aid was more or less aligned with Korea's development plans and strategies. It was a huge secretariat. In Germany, KFW was actually formed to be -- in 1948 -- to be the channel through which Marshall Plan funds would go into the reconstruction of Germany's power supply and housing. And, you

know, by the 1960s, KFW had then emerged as a major agency, providing capital for their rural development assistance, and now it's one of Europe's largest banks promoting social and economic change. So these kinds of institutions were established in the old days by the aid agencies. Today, in Kenya where Wolfgang is, there are three people working part-time in the Ministry of Finance to try to figure out, you know, everything to do with aid. And Ezra perhaps will tell you more stories about how they did it in Uganda.

So I'll sort of end there by saying I think that the real message here is we need better platforms for delivering aid differently. And in some cases, those platforms are going to be like Dennis', they're going to be global, they're going to be Internet based, and they're going to be scalable. But in other cases, those platforms have to be country based and country focused. And surely we should be putting far more effort into developing these kinds of delivery innovations if we really want to deliver aid differently. Thank you.

MR. WHITTLE: Thanks, Homi. Wolfgang, so three people working half-time. Tell us more about that and tell us more about your experience in Aceh as well in Indonesia.

MR. FENGLER: Well, thank you, Dennis. It's nice to see you all. It's nice to see Dennis. As he said, I saw him last time ten years ago. He was appointed my mentor in the World Bank, but then he left a few weeks later. So I was a little out of orientation for awhile. I know he did well, but two years later I met Homi and then I got back on track. He was my boss at that time, and we got actually even closer after Homi left the Bank and came to Brookings. You can be very happy and proud to have him here. We still miss him, but I got closer to him through his work in Brookings and this joint project.

I've been the last six and a half years living in World Bank field offices, the first five years in Indonesia and then the last 18 months in Kenya. And it's actually returning to Africa where I've spent most of the years before I joined the World Bank as well, especially East Africa and Central Africa.

And what I'll try to do now is to talk through these basically three country experiences that I had. It's actually two country experiences, but one is a special case. The first is Indonesia, a middle-income country and emerging market where donors actually still have a bigger role than you'd expect, but it's shrinking by the nature of a big emerging country.

The second is the one that Homi referred to, which is Aceh, a province in Indonesia, a rather remote, poorer, traditionally isolated place, which was actually home - - which was special in three ways. After the tsunami it was home to the biggest reconstruction project in the developing world at that time. Only China's Sichuan earthquake two years ago made it then bigger. It may have been -- actually the second point is it may have been Indonesia's last real aid experience because it was Indonesia, a country that is not aid dependent anymore, had the experience now where reconstruction of a global exercise was to some extent and still donor driven, one-third NGOs, one-third donors, and one-third by the government itself. And third, as Homi said, it was a surprise because it was successful despite the odds, and the success of the Aceh reconstruction can teach us a couple of lessons.

And the third experience as Dennis just said is Kenya, which has been affected by aid volatility. It's been shunned by donors partly through perceptions and realities of corruption, but so a very traditional approach of donors to do their own thing. And maybe that's as a result a somewhat lack of appreciation and excitement of the

government to coordinate the donors because they feel they do anyway what they want, and they would shun us once something hits the headlines again.

But what was a great experience in helping to put this book together was that while these case studies are very different, have varying types of countries, middle-income countries, very poor countries, aid dependent, less aid dependent, that there is a theme coming through on the implications for aid. Hence the theme, obviously, is the title, *Delivering Aid Differently*, and especially for traditional institutions like mine, the World Bank, and the one that both Dennis and Homi work for and that the Minister worked with.

So what I'd like to do now is to think through three interrelated issues, three main themes of implications that come out for the book for more traditional institutions in that new environment. The first is leverage. So think of Indonesia, think of Kenya. Indonesia has a budget of \$100 million. Kenya has a budget of \$10 million. In both cases, the World Bank, to use that example, is equivalent -- the World Bank's financing of about 1 to 3 percent of the government's budget. So it doesn't really make sense for the World Bank to build schools or to build roads. They're just way too small, you know, except we really want to be really on the margin or the margin of putting some schools somewhere; that could make sense. What I think we should do and are doing more and more is to help the government build lots of schools and build lots of roads. If you do it the traditional way, they'd all be too expensive, too expensive just to do a very concrete set according to our concrete rules that often don't align well with government rules. So the idea is leverage. How, if you do an education project of say \$10 million in Indonesia, how does this impact the government budget of \$30 billion? That is the question, the scalability question as we as traditional partners should ask, and I think do

ask ourselves. One simple implication is also that big players should do big projects. Big players should not do small projects because there's many who do small projects already and more and more who do small projects. And small projects are actually -- have lots of value because there's room for experimentation. They have that more personal touch that many, especially Dennis' clients, are looking for. But you still need somebody who does big projects and the trend is, unfortunately, among the OECD DAC that project size has been declining over the last years, which has increased fragmentation and which has put -- has increased fragmentation on top of the fragmentation that you have been receiving from the new players, which are NGOs and China.

And a second sub-implication of leverage is you get leverage if you have good relations with your clients inside and outside government. The most popular client donor in Kenya by a wide margin is China now by a wide margin. They're the most popular for two reasons because they preach less than particularly my fellow Europeans who still love to preach, and they're more reliable. They actually do what they say. And that already I see in Kenya changes on the ground. So leverage is the first theme.

The second theme is you could say is staying on top of things. This is what governments are doing and doing well, but I think where institutions like the World Bank, and where Homi's team and my team have actually helped government. So staying on top of things, which means don't add more dots, help connect the dots. But the dilemma is that for most partners, especially bilateral partners and for NGOs, is that they, for them, the key is visibility. And visibility runs counter fundability, which was one of the, you know, themes of the decade before the last in terms of aid effectiveness. And all institutions, the World Bank is quite contributed to that debate of fundability, but it seems the last decade for some good reasons but for some bad reasons as well, it was a

setback for fundability. More and more focus on visibility, to know exactly what your project is doing, and to focus on specific projects and not on the bigger scheme of things.

The experience I was quite closely associated with was the Aceh reconstruction experience that Homi referred to. And there the theme that the World Bank in the early days tried to apply, and I think in that case quite successfully, was don't focus on the dots, don't focus on building the monuments, help in the back room, in the control room, help the government connect the dots. And so that was the early key phase of Aceh reconstruction when everybody was overwhelmed, including government agencies which put in place very competent management, and didn't know how -- asked very basic questions. How much money will come from the NGOs? How many houses can you build in one year? How do you structure your budget? All big systemic issues. It was not a question, you know, can you build five houses in this community, which was needed and many have done. It was a lot about connecting the dots, which means counting the money, counting the houses, and helping to set benchmarks. So that is, I think, a second theme that becomes more relevant from my institution and others with so many smaller things happening. Somebody sort of set up things and helped to connect the dots.

And the third theme, which is linked to them, the previous one and before, is information. Now we have enormous opportunity now with the ICT revolution that is happening all over the world and this has really penetrated the developing world and quite dramatically, Africa as well. Today I think there's almost -- we soon reached a stage that eight out of ten African adults own a telephone and prices have gone down dramatically, and you have enormous -- a new dynamism around information and ICT. But while there are enormous opportunities with ICT, sometimes people forget that it's

still people who are running things, and people need to provide information. It's not machines. And this is the main fundamental mistake that is often been made, the idea that you just put in machines and computers somewhere, and they miraculously put together the proper numbers.

And the biggest failure -- something I hate to say actually; it has the same acronym as our book -- DAD, which is development assistance database. Our book is *Delivering Aid Differently*. So I hope that this acronym comes back in a good mood again. And I must admit that this team that does the development assistance database has learned from the mistakes and the failures in trying to do more.

But the three fundamental mistakes or conclusions from poorly designed databases are the following: First is you need to have a comprehensive approach. Counting donor aid was completely irrelevant in the case of Aceh -- not completely, it was partially -- it was highly insufficient to do that because donors were just one-third of the show. If you want to know a third of the picture, then you could have used that approach. But it didn't make sense because NGOs were another third, broadly speaking, and government was also a third. So if you want to have the totality of your health budget or of your education budget or of your infrastructure budget, you need to have a comprehensive approach. You need to do everything. And in order to do that actually, you need as Homi said a team that chases the numbers, that understands the numbers, and that cleans data as the technicians say. It's not just done by computers. You need the people.

The second implication is you need a methodology of how to count the numbers. You don't need a sophisticated one, but the main simple reason for the methodology is the new reality of aid because a lot of money changes hands now in

Aceh. So the EU gave money to the World Bank in a multi-donor trust fund, and the World Bank gave it partially to some NGOs. The EU wanted to take credit for it, the World Bank, and the NGOs. So if you take all these three players and take the same number in there, you get three times the amount that actually is there. So you need to have a system to decide which of the three you count. And then you need to have also a simple system across sectors because if you have cross-sector projects, you also need to allocate it in some way. So only if you do this rather intensive data work that has clear numbers at the end, you can do what Homi said, that you have an understanding of how much money you need per sector and how much you then have to match it and the same geographically.

And the third thing for that to work is to actually share that information back to those who give you the numbers. If you go around the donor partners and the NGOs and say, you know, I'm here from the World Bank; I want to get lots of data, they'll do this once or twice, but they'll only do it more often if you give them something back. And that's why you need nice numbers, nice tables, nice charts, not books. Books are helpful like ours, but you need clear, good, clear charts that then these partners can use to send back to their headquarters and say, this is the overarching picture.

So let me just add two more thoughts on the Kenya information and ICT system. I'm representing the World Bank in what is called the Aid Effectiveness Group, and it is a big improvement to the past. It's an improvement that partners and government meet on a regular basis to exchange views, but it is not sufficient enough for two reasons: One is it is traditional partners, which as I mentioned before, are not the whole picture and China is the big new driver and are not yet very active. And the second is it's still for me too much talk. I don't want much talk, I want numbers. And

every meeting I would leave a sheet with numbers that show where each partner stands and where each sector stands.

The second -- again, something Kenya you may have heard about -- is based the ICT revolution in Kenya, some talk about the new Silicon Valley of Africa. And one of the tools that has been invented by Kenyans for Kenyans initially was so-called crowd sourcing, which means you put to use cell phones to send text messages or other data information onto a Web server that then puts this on maps. It was used after the post-election violence in Kenya to track the violence. It was so successful that it's been exported all over the world -- India, I think, election monitoring; Haiti reconstruction been used. And I'm using this example, one to show you that Africa is -- East Africa -- is a happening place, but also that you have tools now to use that real-time good information for policymaking. So the days of household service where people go with pen and pencil from door to door and then aggregate the numbers over the next 12 months, these days should be gone now. And they can be made history with these new tools that are available and have been developed in developing countries. So one of our main messages is aid needs to leverage knowledge because knowledge and information, these are the hardest currencies of this century.

And thank you, again, very much for making this happen and coming here. And thank you very much to my two mentors and to the Minister who is with us here today. Thank you.

MR. WHITTLE: So let me turn to Dr. Suruma. Before we came out, I asked him how he had ended up at the University of Connecticut where he got his Ph.D. And he said he got a call one morning -- I hope you don't mind me telling this --

DR. SURUMA: It's all right.

MR. WHITTLE: -- he said he got a call one morning at 6:00 a.m., offering him a scholarship to come to the University. And I suspect that that is because his advisor at the University of Connecticut who had met him the previous summer recognized a real leader. And those of us who have been in the aid business for a long time know that the difference between effective aid -- one big difference between effective aid and ineffective aid is the quality of the leadership in the country where we're working. Dr. Suruma is recognized as one of the true leaders of Africa and oversaw Uganda during one of its periods of greatest prosperity. And so I'm wondering, Minister, if you would tell us a little bit about what worked when you were there, and if you had maybe a magic wand how you would change the aid operating system.

DR. SURUMA: Thank you very much, Mr. Whittle. It is very kind of you to make those remarks. I'd like to thank Homi and Wolfgang for their work. I enjoyed reading it. It's written in English, which I think I understand most of it. I have divided my remarks into four parts. In the last chapter written by Rebecca Winthrop, she talks about five P's, so I took a cue from her and organized my remarks into four C's. The first C is compassion, more compassion, more concern for the poor and the needy. The second C is complexity in aid delivery. The third C is about competition among political ideologies and interests. And the last C is about communication among donors and recipients as a way forward.

So let me start with compassion and concern. The book provides ample evidence of concern and compassion for the poor and the needy. Now sometimes I get the impression that perhaps we become skeptical about aid or cynical about aid, whether aid is really intended to help the needy or it's intended to solve the interests of the donors. But I think that after reading Homi and Wolfgang's book, I think it reestablished

my faith that indeed there is still compassion in the world, particularly in the last chapter dealing with humanitarian aid and the magnitude of this aid. Of course, in the case of Aceh, Indonesia, in the case of Kashmir in Pakistan, the magnitude of aid is so great that you cannot help but say that indeed, the world does respond to people who are in need and that there is a real concern given the magnitude of the flow of aid that continues for assisting the poor and transforming their condition. So that in itself was a great help to me in reading the book, feeling actually my faith in aid should be real. I should not become skeptical that aid is perhaps only interested in politics and ideology.

The second point concerns complexity of aid -- and I think this is probably the major point of the book -- the complexity in the translation of this concern for the poor and the needy into effective aid. The book attempts to help the poor and needy -- the attempts to help the poor and the needy may be made in a time of catastrophe or a post-conflict situation or in a county that lacks the administrative institutions to receive aid. So it's one thing to want to provide aid, but it's another to provide the right aid and to provide it in the right way.

In the case of Uganda in the post-Amin era in the early '80s -- post Amin and post Mobutu -- after the country was completely devastated, it was very, very difficult to decide where to start. The shops were empty. There was no fuel, no spare parts for vehicles, and even if there were vehicles, the roads were not passable. There was no soap, no medicine, no foreign exchange. The only thing that was plentiful was money. Everybody had money, but there was nothing to buy with the money, and inflation was galloping. There were many foreign and domestic creditors knocking on our doors, demanding payment for debts that we had no idea about. The records were far from perfect. So we were overwhelmed and did not know where to start. We needed aid

desperately, and we had to accept some very stiff conditionalities in order to get it.

Now, I had been teaching in the university, and I thought I knew a lot. But when I was faced with this situation, I was the main advisor to the minister of finance at that time and director of research in the Central Bank, I felt completely helpless. And the messages we were getting from the IMF and World Bank didn't really seem to make sense, but we knew that we needed money desperately. And so as long as they said they could give us some money, we listened and agreed with what they said. And after some time, it took many years for us to sense any response whatsoever. In the current market, they said it would be about four or five years before we could begin to see some real response of our economy to what we were attempting to do.

Now the authors suggest that aid delivery must be differentiated to deal with the situation on the ground. I agree, but I would like to say that the ground sometimes can be extremely soft and very difficult to manage that ground. You can come to the Central Bank or the minister of finance and find that you don't really have anyone to talk to. And I think we had a little of that in Uganda. We would talk to them, of course, but sometimes I felt they were not hearing what I was saying. And I think they probably preferred it if I wasn't hearing what they were saying. And I remember one time talking to a brother Nigerian who was coming from the IMF. A Nigerian, he should understand what I was saying. But we talked for about three days and each of us didn't change our positions. And I wondered whether we were really talking to each other or a teacher or not speaking in English or whatever it was.

So I think the complexity of delivering aid is real. The issues of fragmentation, of volatility, of coordination, which they talk about in the book, are very real. And I think there is probably no easy way around them. What I can say is that

overtime, there has to be some flexibility on both sides. I complained a great deal to the World Bank. I thought there was a lack of flexibility. I thought they were a bit overbearing many times. And I remember complaining to Mr. Jay Cox who was then Vice President for Africa, and he said he would talk to his people and soon they would be a bit more respectful of us. Well, to cut a long story short, despite these difficulties on the complexities of communicating, I'm getting something done, something started to happen. We accepted very, very difficult conditionalities that normally we would not have accepted. But because we needed balance of payment support, because we needed to get our credit moving so badly, we had to say yes to the conditionalities.

Now, the next question our -- point I'd like to talk about is competition among donors. The politics of aid, if you like.

I think that the donors, whether they are bilateral, multilateral institutions, or NGOs, I think they all have their politics and interests and ideologies. And, of course, so does the recipient country. So there's a need for accommodating one another in this aid process.

For example -- and this point about aid coordination. The European Union and Uganda and, I think, another (inaudible) other countries where it provides aid comes as an entity and negotiates with us as an entity and delivers aid as an entity. But after I have been talking with them, then the individual ambassadors make appointments to come and see me separately to talk about their country programs and interests.

So, I asked the question, are they coordinated or are they not coordinated? And what exactly is going on? And, of course, I'm very happy to speak to each of them, the Germans, the French, the Belgians, talk to each of them. Thank them very much for their assistance, and that's wonderful. But the impression I have is that each country has its

interests, its politics, and in some cases its ideology -- if you sit and talk in terms of China, perhaps, with the United States.

And so, when you talk about aid coordination it's not simple. It's not -- it cannot be simple.

Secondly, the various bilateral relationships that we have with the United States, with China, and so on, the book makes a big point about the new donors. But my experience suggests that each country really is pursuing its interests in an important way. The United States has its program, it is implemented by USAID. And usually we don't know very much about it, but United States is a very big country and we have to make sure that we are on good terms with them. And when they ask for an appointment, of course we provide it and we meet them, and they tell us what they want to tell us. And we shake hands, and they are very happy.

And when the Chinese come we do the same. (Laughter) And everybody's happy. So, I'm -- and the Germans do the same, and the Japanese do the same.

So I think that maybe Mr. Kharas and Wolfgang will clarify later on about the differences that they see among the old donors, such as the United States, such as China. But in my perception, I get the impression that each one is pursuing its interests with us. And we discuss, and, of course, being a small country, we agree with what they say, what they ask, and they give us what we want, everybody's happy. (Laughter)

And that's the issue of the politics. And I think it's extremely important, because I think that where a country fails to understand the politics of each donor, then the country will suffer. Some interests are fundamental, some, you know, isn't fundamental. But it's important to be very flexible and to be able to persuade the various

bilateral donors that are doing the best you can with them and for them.

The last point concerns communication and coordination. How we face the future. The authors are looking for a new standard. Standard of accountability, standard of conduct, that would be acceptable to the recipients and, I imagine, to the donors as well. And I think, in my view, it's very important to have good communications among the donors themselves and between the donors and the recipients.

And I think in the case of Uganda we have attempted to do this. I think our president is very flexible and he tries to listen, and I think this has helped Uganda to get a great deal of assistance. And also, to use it well. We have our faults, we have our problems, but I think by and large we have won the trust of many, many countries and multilateral agencies so that, increasingly, the bulk of the aid that we get is in the form of budget support. That money is actually given to us to put in our budget, and we do that and then allocate it to the various ministries.

We do have a strong -- within the Ministry of Finance -- Ministry of Finance is the most competent ministry in Uganda, definitely. And we have a strong aid liaison unit that keeps records of all the official donations. We don't keep record of the NGOs, that's done in the Internal Affairs Ministry, and they have very poor records and the aid -- problem of fragmentation there is very real. But with official aid, I think, we have fairly good records of what is coming in and where it's going.

But let's be clear. The fact that we have good records does not mean that we necessarily have good utilization of the funds. We have many instances of money that comes in, or projects that have been poorly designed. And the money can sit there for four, five years without being spent because the design is so complicated that we can't make the designs work.

The implementation units, which are talked about in the book, sometimes they themselves are very difficult to put in place. So before you can implement the loan you have to put in place the implementation unit and you can't put in place the implementation units because it also has its conditionalities. And the civil servants are trying to become part of the implementation unit so they can get a little more money than they are making and they are poor, civil servant jobs.

So the loan drags on and on, and so we have quite substantial number of loan funds, especially from multilateral agencies, which take a long time to be spent. For infrastructure, for roads, for agriculture, and so on. And so we become frustrated as the Ministry of Finance. We allocate the money to the sectors, the ministries, and we find that the money is sitting there for a long time. And we bring them in and rebuke them, and instruct them, and after three months nothing has happened. And these are some of the frustrations. So, even having a good record of what's happening doesn't necessarily mean that you are able to utilize the money.

And part of the problem is that this communication between the donors and the recipient is sometimes poor. And sometimes the balance of power is such that the donor may overrule you, thinking that he knows or they know what they are doing. And they deliver poorly-designed, very complicated program or project and it takes many, many years and there is a great deal of waste and frustration on both sides. I can cite many, many projects of that kind that I know have been in pipeline for many years and the money is not being spent.

So, finally -- the chairman, I'm sure I have run out of time. The public procurement process is one of the really complicated problems we have in the aid business. Government has to spend money through bidding, they have to have open

tendering procedures, follow international tendering procedures. And actually, there is, I think, a good deal of corruption in this process on both sides. On the government side from bureaucrats, and on the companies that bid to do the work. And I think there is a real problem here that this be tackled, because a great deal of the money that we borrow is for projects, for infrastructure, and it's a large amount of money.

The recurrent expenditure, we can control that to some degree. The monies are small, but the project funds, the development funds, are large. And so the companies which are competing for these funds -- I think in a country where systems are fragile this is a real problem that I think needs to be attended to on how the procurement systems can be made to work more efficiently, more quickly, but also about using the corruption that seems to be inherent in that process of dispersing that aid. And that problem, in my view, is not yet resolved and needs to be resolved.

So in conclusion, Mr. Chairman, I'd like to again thank Wolfgang and Homi for what I think is an excellent book. I think that in order to go from where we were, say in 1986, to where we are now we had to make a great deal of compromises. We had to sometimes compromise our sovereignty, but in the process I think we've been able to make considerable improvement in our economy and have a consistent growth for many years, over 6 percent growth.

So, the book makes it clear that of course it's not just aid that brings about the growth. You need investment, you need FDI, you need good policies, you need political stability. All these things have come together to make aid work, it's not just aid alone. But aid creator is an important component of growth, and I think that I would say that there is definitely room for aid, for compassion. There is room for assisting countries to gain capacity to use aid and to be able to develop their countries. And

despite sometimes aid fatigue and the sense that maybe aid doesn't work, I think that nothing could be further from the truth.

So, the sense of compassion and of wanting to improve our world is important and should remain. Accountability on both sides, as made in the last chapter -- there is a need for accountability for those who receive as aid, as well as on the side of those who are giving aid. This, of course, would be wonderful if -- it's probably a dream, but if you want to count me, the aid you are giving me, thank you very much. I'll be happy to receive this accounting, but thank you very much for listening. (Applause)

MR. WHITTLE: Thank you. So I'm going to throw it open right away to questions. I've got many, myself, but I -- Wolfgang mentioned the word "crowdsourcing," so I think that we should crowdsource this right away.

Let me just pick up a couple of things that Dr. Suruma mentioned. And the first was compassion and concern. And I think that's -- it's nice to hear that because that's actually the reason most of us are here, initially. And the aid business breeds a lot of cynicism and it doesn't always work well, but the reason we're all here working in the public sector or in the aid sector is because of that.

And at the same time, I think your candor is very welcome. As someone who's been in the business a long time, I've kind of felt like I was sitting on the defendant's stand having the charges read against me and feeling like I should plead guilty. But I think that's just evidence that the system is broken. As the book points out, the system of aid coordination and delivery is broken. And those of us who have been in the business a long time know that, and those of you who are coming up in the business are going to realize that soon if you haven't already.

So let's open the floor. We've got a few minutes for questions. And if

you'd wait for the microphone, identify yourself. I may take two or three questions and batch them together for them to be answered. Yeah, right here in the front row.

SPEAKER: Thank you, thank you all of you. Great, great presentations. I have so many questions, also, so I'll just limit it to one.

MR. WHITTLE: One at a time.

SPEAKER: You talked about this being the age of experiments in development, and we're seeing that all over the place. We hear it from our leaders, we see innovation initiatives and contests and new technologies, like crowdsourcing and others, merging all over the place.

But fundamentally, we all come from very risk adverse institutions. That includes the Bank, that includes USAID, that includes EU, and the rest of them. So that seems to be a clash of the titans there. You can't have innovation and change if you're fundamentally risk adverse, so I just want some comments on that. Thank you.

MR. WHITTLE: Great question. Let's take a couple more and then we'll -- maybe -- did you have a question here? Right back there, yes.

SPEAKER: Thank you so much. One question I had was we all know that kind of coordination is extremely important. But in the places where coordination has been successful or at least more successful than others, what's been the mechanism? Has it been the biggest donor kind of making a commitment to coordinate and bringing other donors along with them? Or has it been assertive country governments, you know, putting their foot down and trying to coordinate the donors? What's been the way that this has been successful, if we were to get it to happen?

MR. WHITTLE: That's a great question. And then one finally back here in the back.

SPEAKER: Thank you. My question is very simple. You were advocating that the delivery mechanisms have to take into account that all should be tailor made to the country's specific needs, and that strategies should be country-based. Do you factor in the possibility of the local institutions in the specific countries that you're talking about as being dysfunctional? And if you do, how do you deal with them?

And a related question is, assuming that they are functional and if it works, how do you determine the "absorptive capacity" they talk about in these countries? I mean, thank you.

MR. WHITTLE: Great, good. Okay, so three questions. The first was about experimentation versus risk aversion. The second one about what were the successful donor -- coordination mechanisms that we had seen. Are they donor-driven or government-driven? And then finally, the question of what do you do in dysfunctional governance situations?

So, Homi, you want to go first?

MR. KHARAS: Innovation and risk aversion. If you have a pool of projects, if you're vested in a country's success and not in the success of any one individual project, then I think the tension just goes away. Because any country is big enough that you're going to have some failures, but some successes, and some good things will happen if the real lessons are learned from that experimentation and success. And there will be enough so that you can visibly see change happening on the ground.

I think the problem we have right now is that there's so much focus on individual projects that you can't have failure in an individual project. People have lost sight of this notion of the portfolio and sort of the results are not results of, was this successful? The results are the results of, is this country really making progress in

reducing poverty?

I think if one had a coordinating agency that kind of did that pooling, that would be terrific. And sort of my answer on the question on the, you know, what's the mechanism is, I think it's got to be driven by the recipient country. Every effort where you've tried to have, you know, a large external donor be the key coordinator seems to be running afoul because nobody else wants to kind of, you know, play ball. And we just see example after example now of somebody saying, well, you know, we don't want to join in this particular effort because it's a -- you know, this is really an EU initiative or a World Bank initiative.

And one of the examples in the book is of the Pakistan Poverty Alleviation Fund. Actually, I've just seen the author just sort of sitting just to your left, so he can tell you a little more about it. But, you know, that was seen as being an, ultimately, sort of a World Bank initiative, and other people didn't want to come in and join. And I think that is repeated in lots of places.

And then of course we know in lots of countries and places, institutions are weak. But, you know, in Aceh -- I mean, Aceh was one of the poorest Indonesian provinces; it had been wracked by all kinds of civil war. And then with the tsunami, 10 percent of the local administration was literally killed. I mean, this was not exactly an environment where, you know, you had sort of striving institutions. Even in Korea, in the late 1950s, I mean, this was a desperately poor place. I don't think that it's impossible to build institutions if one puts time, effort, support behind it. And I think you've got to give it some time, and these institutions will grow and gain strength.

MR. WHITTLE: Other observations? Sure.

MR. FENGLER: Yeah, thank you. I want also to add on and respond to

Minister Suruma's question on what's new about the new players.

And I think it's difficult at that stage to say who is better or who is worse. Although, actually Homi wrote a paper recently with Nancy Birdsall trying to rate agencies according to --

MR. KHARAS: Yeah, and we couldn't get any information on any of the new players. So, actually.

MR. FENGLER: Okay, so maybe that's one difference already that some have opened up more than others. And I think in the book we don't make that assertion. I may have mentioned it because of that very stark appreciation in the case of Kenya for China, and the disillusionment with some of the traditional players.

But what we did, I want to highlight, is just the proportions have changed. That the traditional players can't call the shots anymore, not that they have ever done. But at least now is a realization in terms of the magnitudes, things have changed dramatically. So, the numbers are, if I remember them correctly, '92 aid was \$100 billion and 2 years ago it was \$200 billion. So, it's doubled. In real terms, it's 50 percent more. But most of the growth comes from the NGOs and the Chinas from this world and that, I think, has changed the dynamics just in terms of the proportion.

Just to add on what Homi mentioned, and maybe I'll try to connect the first and the third question there. That's a very good question, and I think these big institutions are tankers and you don't make them suddenly seem very innovative, although Dennis has helped the World Bank be more innovative.

But I think in terms of -- you can still follow your philosophy if you have a different mindset, which is finding a mindset, not imposing a mindset. So, there's lots of -
- the World Bank will not be the most innovative institution on a micro level, but the World

Bank can help, actually, find good innovations and help them scale up, like other institutions could do that.

And so that mindset, if you say, I'm not interested to do my health project but I'm interested to find the best possible health project and through evaluation and other means, and then help them scale up. That would actually lead to some innovation, or at least scaling of innovation.

And I think that connects a bit to the third question of what you do with government is dysfunctional. Then most countries I've worked in -- I think that we work in -- you always find some degree of the constructive partner, even in the formal system. But there's many more informal partners outside government, and through that sense the innovation and information revolution you get many more opportunities to do what actually has happened in Uganda through these famous public expenditure service, which was a heavy exercise in a functioning government. But it was a heavy exercise. Now there's things you could turn around in weeks, not in years. And so that type of work to empower others, which get empowered through these basically higher education level in almost all countries, even in the less functioning, and more access to low-cost information.

And just last but not least, just to reinforce what Homi said that the situations where coordination worked was when governments were strong and where partners helped to strengthen government, not to undermine government. And there I think within this broad categorization you still have differences between strong performance and medium or less strong performance. And the difference is how much of a businesslike approach. Not a talk shop, but like businesses are run, you need to make decisions, and you make decisions on data. Data cuts through a lot of crap, even wrong

data helps to help you with that. And so that's -- that plea. Try to find data, try to improve the data, then you can make better decisions in coordination with things.

MR. WHITTLE: Minister, any comments on catalyzing innovation and coordination?

DR. SURUMA: Well, I will just say on innovation that if the government feels strongly about a project or a program and we try to interest a donor in it, usually they will say no. And then we -- if we are very keen on it, we'll go ahead and put our money in it. And if they see that it's working, then they will come and take it over, and that's fine. (Laughter) Because we wanted it in the first, that's what has been my experience. And that's okay.

Then, on absorptive capacity, I think this is a real problem. When the roads became so bad in Uganda and there were delays from donors who had said they would help us with certain major roads, and then the money didn't come for one year, two years, three years, there's some conditionality. Then we said we must find our own money because the situation is intolerable. And we put huge amounts of money in the budget, and the Minister of Works couldn't spend the money.

They were always saying the money was the problem. When we gave them the money, they say we don't have the road designs, we now have to find consultants that will take a year, the money came back and is still coming back.

So, the money is not always the problem. It is a problem, of course, but it's not the only problem. There are other problems of development that are very real. And dysfunctional local institutions, this is the problem of development. We are underdeveloped precisely because we don't have the capacity to do certain things. And the development process is giving us -- or us acquiring that capacity to manage and to do

things better.

MR. WHITTLE: Great. A few more questions. I'll take here, here, and here. And then I'll come back to you.

SPEAKER: Hello. A couple of quick comments. Firstly, the subject on the next Brookings seminar by the sign debate is, what do we need to do to have strong country-specific strategies and approaches? What do we have to change in the way of staffing and the way of perspective and the way of organization? And how do we help to foster and reinforce the strong national leadership, which is going to make good use of aid and other resources. Not only aid for the purposes for the development of the country. So, that's the next seminar, the next book. Probably there are books already.

And then secondly, it's interesting what has not been said. I haven't heard anyone mention the Paris Declaration or the Accra Declaration or the Millennium Declaration or the Millennium Goals. Poverty was mentioned a couple of times, and I think evaluation once. So it's interesting what has not been mentioned this discussion on the system that is broken and needs fixing.

Thank you.

MR. WHITTLE: All right, good. This woman right back here in the white.

MS. YUN: Yang No Yun.

MR. WHITTLE: It's on, we can hear you.

Ms. YUN: Yang No Yun, Foundation for Empowerment.

I have a question on Mr. Homi Kharas. You are talking about the different delivery system of the aid for effectiveness. I am aware that you and [Center for Global Development] have been sort of launching this QuODA to assess the effectiveness of the old -- the multilateral and bilateral agencies for ODA. And I guess

that is part of your attempt to improve this aid delivery system. So it would be very nice if you could talk a little bit about it in that context.

And my second -- the corollary question is as Dr. Suruma was talking about the accountabilities on both sides. Not only the aid agencies, but also on the beneficiaries and beneficiary governments. So are you interested in moving into the assessment of the beneficiary governments? Because CGD started from the assessing aid countries -- aid-giving countries by Rodman, and now you're moving into the aid agencies. And in third would be, naturally, beneficiary governments. So I am interested in that.

And when you're talking about this innovation versus the risk averse. So you talked about there is large room for innovation. If you don't, you focus on each and every project. Certainly, there is a large -- I agree that there is a large -- the room for the experimentation and the innovation. Then, we should learn the lessons from success and the failures. Then every -- as far as I am aware, each and every aid agency, whether a bilateral or multilateral, they have internal evaluation drop.

For example, the World Bank has IEG, Independent Evaluation Group. I would call it internal evaluation group. It has been improving a lot in terms of independence, but it is not enough. So what do you think about this independent evaluation of the -- each and every agency in the -- involved in aid?

MR. WHITTLE: Great. Right over here.

MS. COREY: Hi, my name is Serena Corey. I'm with the Public International Law and Policy Group.

My question sort of goes back to what the gentleman was saying earlier, or was asking earlier. So, I think it ties in nicely. And I apologize if the question is a bit

naïve. It's a been a moment since I've been in development practice, so I haven't been following the debates as closely as I'm sure many of you in the room have.

But I sort of have a question for folks on the ground who are trying to sort of take all the concepts that we're discussing here and actually put them into practice. How do you all think that we should go about, I guess, implementing this new vision of sort of encouraging national ownership and coordination of all the aid that's coming in from various entities without, again, coming across as a sort of paternal outsider who is telling the locals what to do and how to organize the reception debate?

I just find this to be a sort of central question in aid work always, and I don't ever quite find an answer. So I'd appreciate it your thoughts on that.

MR. WHITTLE: Thanks. That's -- that may be a little connection to this question of Paris and Accra and MGGs that was raised. Why didn't we hear about those? Second was about QuODA, this new index that's been released by the Center for Global Development on the quality of development aid.

Related to that is accountability on all sides, including accountability of beneficiary governments. How do we learn lessons from both successes and failures when we experiment, and should there be independent evaluation agencies instead of internal evaluation agencies? And then, last question back to the Paris and Accra coordination versus paternalism. How do you square that circle?

Anyone care to? (Laughter) Homi, some of them were addressed directly to you, so you're going to have to at least answer a couple of them.

MR. KHARAS: So, let me actually start with Paris-Accra, et cetera, even though that's a big topic and maybe a topic for another day. But I think if you -- 10 years ago, if you were to look at what -- how much of aid the Paris-Accra process actually

covered you'd come up with a number which was close to sort of 80 percent. And if you look at it today, and you say, well, actually it doesn't cover, what does it not cover well? Well, it doesn't cover -- certainly doesn't cover the NGOs well. It doesn't really cover the new bilateral donors. It's got some stuff to say on fragile states, but actually not a huge amount of the kind of broad principles as easily applicable in fragile states.

It says precious little about really good technical cooperation or capacity -- I should say, capacity development. And it really doesn't tackle climate change and climate financing.

So take all of that out. What percent of the total aid are you left with? The answer is 17 percent. So yes, there's a terrific dialogue and discussion going on about what to do about the 17 percent of aid that really falls into what I would call that core. But there's all the rest of it. And what I want to do is have a discussion on all the rest of it, as well.

So, that's one reason why we didn't really talk about Paris-Accra, that centrally in this volume. There's actually a second recent, which is when you go out into the field, nobody actually talks about Paris and Accra and all these kinds of things. It's kind of, you know, this is all stuff that happens in Paris, basically, and Washington, and, you know. So, it's been very hard, I think, to translate all of that actually down to the field.

I don't want to go into QuODA. You've got to come back for, you know, another Brookings seminar. QuODA assesses the quality of official development assistance. Nancy Birdsall from across the street and I have been trying to say, can we actually look at aid agencies and countries and talk about how well they've been doing? And the reason why we focus on aid agencies and countries is because by and large, as you heard from Dr. Suruma and others, in the delivery of aid it is still donors who

dominate. And therefore, if you want to change how aid happens you've got to change their behavior.

There are a ton of assessments of countries -- of recipient countries. I mean, there are governance assessments, there are budget assessments, there are policy assessments. I mean, there's a huge industry on ranking how well each of these recipients is doing. And almost nothing on how well the other side of the coin, the donors, is doing. So it was a small effort to try to rectify that balance.

And it does go towards this question of accountability, because when one is talking about accountability in development cooperation, development cooperation -- this is a voluntary exercise. It's, you know, both sides have to feel happy. And, you know, sometimes you can do it with a smile and a handshake, but not everybody is quite as persuasive as Dr. Suruma, and in some countries they find that a smile and a handshake doesn't work so well.

So, it's more of a dialogue. It's more of an understanding. There are no enforcement mechanisms. So, accountability -- I mean what a strong word. But I mean, it's not as if one can -- what are you going to do, vote the United States out of the aid business because they don't do well? I mean, it's -- so, it's a very different animal, I think, from how we think about accountability in a domestic setting.

I would love to see evaluation not done, necessarily, independently, not done in, you know, the World Bank, et cetera. I'd like to see evaluation in countries. I'd like to know what works in, you know, roads in Uganda. It doesn't really matter to me whether it's a World Bank project or an Asian Development Bank project or somebody else's project. I want to know, in this country context what's been our experience with actually being able to construct roads and, you know, roads without potholes. And I think

Francis Mwayga, in his Kenya case studies, talks about how, well, you know, donors don't really care if some of the roads get potholes, they want to build a new road because that they can control.

So, there's almost no evaluation which is done at the country level. So we know quite a lot about lessons from World Bank road projects comparing, you know, Kenya and India and, you know, Peru. But it's not clear that that's necessarily the best way of learning about what will actually work in country X. So I'd like to see sort of the shift of effort going in that direction.

And then the last question about how do you bring in these new forms of institutions, et cetera. That's too tough. I'm sorry. That's just too tough for me. I mean, I see examples of where it happens and where it happens well and examples of where it doesn't happen well. But to be perfect honest, the whole area of institutional development in an -- especially in an emerging economy is something where I just don't feel we've got, you know, generalize-able lessons and experiences. And a lot is going to be ad hoc. I think Wolfgang can talk more about this.

But I think what we saw in Aceh was, you know, the leadership is really important. And if you get the right person everything else kind of falls into place and if you don't get the right person, well, not much is going to happen regardless of how well it's designed. And so, what makes for the right person? You know, I don't know. I mean, you know, you look them in the eyes? I don't know. Dennis makes these kind of judgments all the time.

MR. WHITTLE: Well, I want to give Dr. Suruma the last word as we close here. But Wolfgang, I want to -- if you've got some remarks.

MR. FENGLER: Yes, just briefly to build on. And maybe that was part of

the first question, which you asked for a different seminar. And how do you help governments get stronger? I have a proxy suggestion, is to think much more -- our agencies think much more about nationals and national staff.

And if you look at the proportions compared to the private sector it's quite mind boggling. The most successful company in East Africa by a wide margin is a company called Safaricom. We have the CEO in town Friday. It's run by internationals on the top, but 95, 98 percent of the country is national, is Kenyan.

If you think of USAID, of the World Bank, if you're lucky -- and you exclude the drivers and the receptionists -- you know, 40, 30 percent are nationals, you know. We should have a model, I think, where we are driven by nationals. It's not directly linked to -- addressing your question, but if you have nationals who know national systems, they have national contacts, you're much more in a leveraging mode than in this, you know, foreigners flying in, flying out type of mode.

And that maybe links -- let me link to that last question. Hopefully I understood it correctly. But I would approach it like business would do, right? Check your market, be humble but don't shy away and hide behind the developments. I hope that, you know, Homi had a big impact, Dennis had a big impact in their work. There is a way that people who have flown and worked around the world to contribute in countries. And I think Dr. Suruma can mention.

So I don't think one should be too shy, but one should think of a mindset that you help others that have already done good things. And so to have a table -- a weekly or monthly table that tells you which projects are doing what and spending how much and how that's aggregated does actually make lots of sense and I think there would not be lots of controversy around this. It's almost -- but we don't have it and it's not very

easy to do. It would need the type of hands-on data work.

But the fact that we don't have it, you know, makes you believe that it's like if a bank doesn't, you know, be on top of its bank accounts. You know, how would that bank manage? So if you have an aid system that has no clue what actually is happening on the ground, then you're like having banks who don't know what their portfolio is. And that's why I think that is.

But to close it a bit more positive note, from my side -- and I know Homi - - if you took all what Homi said I would be in big trouble, because I'm still with the World Bank and Homi is not anymore. But let me just highlight three big successes, which I think do (Laughter) -- three big successes --

MR. WHITTLE: Is this going to be a paid advertisement? (Laughter)

MR. FENGLER: Thank you, Dennis. Three successes that I think do illustrate what we mean by delivering aid differently. One from three continents.

One is Bolsa Familia, the social protection program that President Lula rode on and got a lot of credit and appreciation now. And that actually when he started and came into office he asked the World Bank and the Inter-American Development Bank to help make that project stronger, to put money in there. But it is a government program that got stronger and bigger with donor help. But donors played a small role, not a big role.

The second is Indonesia, Kecamatan Development Program founded -- supported by a friend of Homi and mine, Scott Guggenheim. It was initially a pilot, it's now in 70,000 villages and it's in 70,000 villages because the government took it over and made it big.

And a third one is Mobile Money, you might have heard of it. I just

mentioned it before. Pioneered or made possible by a Kenyan company. About three-quarters of Kenyans use it. It changes life of Kenyans -- has changed life. It's transacting 20 percent of GDP. It was started by donor money, different -- they had to seek money for making that happen.

So that is enough good examples that I think reflect what we have been arguing.

MR. WHITTLE: Yeah, I think that's a good way to end, Wolfgang, because there's so many negative things that we talk about and think about. But there are also many exciting things.

And one of the most frustrating parts of being in the aid business is not having the flexibility to swing your resources behind things that are working. And that's frustrating for us, and I can imagine it's even more frustrating for you, Minister. So I'm going to give you the last word on any of these topics that you care to comment on.

DR. SURUMA: Thank you very much. I think that the -- in the final notices, accountability for aid is achieved when transformation in people's lives takes place. The book makes it clear that the purpose of aid is transforming lives. To transform economies so that poor people can have a better standard of living. And I don't know how we can achieve better accountability than that.

Aid, as I have seen it, together with other activities -- political stability -- is very important. Investment, foreign direct investment and domestic investment and savings, macroeconomic stability -- all these things are important. They work together to bring about improvement in a country.

So, in my view -- and here I think I'm agreeing with Homi. It's not a technical exercise of accumulating numbers and manipulating databases. It's a question

of whether in the long term we can say that country X is better than it was when we started 10, 20 years ago.

I'm happy to say that for my country I can certainly say that there's a big, big improvement 25 years later than when I started working in the Central Bank.

So, in that sense then I would say I would encourage everyone to support aid and other development activities. And I think this, to me, is the main form of accountability we can look for.

Thank you.

MR. WHITTLE: Thank you very much. Join me in thanking the panelists. (Applause)

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