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CATALYZING DEVELOPMENT: A NEW VISION FOR AID

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P R O C E E D I N G S

MR. O'BRIEN: Good afternoon. Thank you all for coming. My name is Homi Kharas, I am a senior fellow here at the Global Economy and Development Program at Brookings and one of the editors of the book that we'd like to talk to you about this afternoon.

So, what we're going to do this afternoon is, we're going to start off with some very short presentations about what the book is about. Then we're going to move to have a panel discussion about what the book should have been about, and then we'll open it up to the floor and have a Q&A.

So, to start with, this is a book which is a joint product, and it's a joint product of three agencies. It's Brookings, it's the Government of Korea with two branches, Ministry of Foreign Affairs and Trade and the Korean International Cooperation Agency, and the Japanese International Cooperation Agency. So I'm going to ask representatives from each of those to come and say something before we get started with the panel.

So to start, I'd like to ask Mr. Kangho Park to give his thoughts and views. It's a personal enormous pleasure to have Kangho back at Brookings. He came, he was a visiting scholar here for 10 months. He is from the Ministry of Foreign Affairs and Trade. He is one of the chapter authors. He was instrumental in getting the book going, in designing the project. He's played a very important role in bringing it to the place where it is right now. At the moment, Kangho is the Korean Consul General in Boston. He's had many other interesting Korea positions, including leading Korea's unfortunately unsuccessful bid to host the FIFA World Cup in 2020. So, I hope he does better with aid effectiveness.

Kangho?

MR. PARK: Good afternoon. Thank you, Homi, for this generous introduction. Thanks to Brookings for the opportunity to come and be with you. I'm also grateful to KOICA and JICA for their support.

It's my great pleasure to be here again to join you today. As you know, the global development landscape has changed. Emerging economies' role is getting more important in the global economy. This means that developed countries can no longer set the global agenda alone. This change calls for new thinking and a new partnership. In this regard, catalyzing development, a new vision for aid is timely and important.

In the ongoing process of setting a new strategy for development, I would like to make two points. Firstly, the new strategy should seek inclusiveness. The global development environment has increasingly become complex with diversified actors and different approaches to development. The new strategy should create a space for new actors and a mechanism for mutual learning and dialogue among various stakeholders.

Most importantly, making effective partnership with new development partners will be critical. The Fourth High Level Forum on Aid Effectiveness, which will be held in Busan, Korea, later this year, will present an excellent opportunity to seek a new global compact on more inclusive and broader partnerships for development.

Secondly, we should maintain the comprehensive approach to development. Korea's experience showed that foreign aid is an important resource for development. However, aid is only one part of the equation in development. Aid should be used as a catalyst to compliment and leverage other development resources, such as trade, domestic savings, and private investment, et cetera. Better coherence among these various resources will be important to maximize development's impact on partner

countries.

Korea wants to prepare the Busan forum to be a historic milestone in seeking a new paradigm for development and galvanizing the global efforts to achieve the MDGs. I am pleased to note that the recommendation of our book -- of the book and the Busan forum are in the same direction. In terms of seeking inclusive development partnership to engage new actors, new approaches, and wide range of policy areas beyond just aid.

I believe that the book will contribute to creating a more effective development vision and partnership. Thank you very much. (Applause)

MR. KHARAS: Thank you, Kangho. Next, I'd like to invite Keiichiro Nakazawa to come to the podium. He is the representative of the Japanese International Cooperation Agency here in Washington, D.C. He's also been their rep in other countries like India and Africa, so he comes with a lot of field experience as well as with a lot of experience now in working with other donors.

I had also wanted to make sure that you all understand that not only did JICA and KOICA contribute financially to this volume, but they also have contributed a -- well, one, two, three, four, five -- at least five or six chapters to the book. I mean, we have been partners in this from the beginning in all ways, substantive as well as otherwise.

Keiichiro, please.

MR. NAKAZAWA: Good afternoon. It's really my pleasure to be here. I thank Homi and Brookings, too, for inviting me.

To begin, I'd like to speak briefly about Japanese concession loans to our Asian developing partners. Our gross disbursement of loans is roughly \$9 billion a year. It's impressive to think about how our Asian development partners have utilized our

loans for their development.

Our last loan agreement with the Republic of Korea was signed in 1990 for a Seoul metro project. And now, repayment is about to be completed.

China was the biggest borrower of our loans a decade ago. But China also graduated from a new loan commitment in 2007, and by now repayment from China to Japan has exceeded disbursement from Japan to China. Thailand and Malaysia will follow suit.

We are very proud that the Asian countries strong ownership and self-help efforts made miraculous economic growth and poverty reduction possible. In that, Japan's ODA played a role.

Today, Korea and China have appeared as big providers of foreign aid. Korea has pledged to triple its foreign aid, and China's financial resource for providing aid have increased rapidly, averaging 29.4 percent from 2004 to 2009.

Emerging economies are not the only actors which have expanded the international presence. Some financial aid foundations, notably the Bill and Melinda Gates Foundation, provide bigger grant aid than many DAC member countries do. Based on prime aid business conducted by many profit-making private companies also helps to improve the lives of the poor.

On the other hand, looking back at ourselves, we have observed more than a decade of gradual but continuously growing the amount of grants provided by Japan's initial budget. And now, I know the American Congress is discussing significant cuts to foreign aid.

Now, we have to face up to the difficult reality that the Paris Declaration is most relevant to the players whose role is relatively shrinking in today's development landscape. However, while new actors matter for development, the knowledge and the

experiences of traditional donors have to be tapped.

Where the amount of Japanese aid provided to emerging Asia has decreased, the amount provided to fragile countries has increased significantly. Japanese grants to Afghanistan, which were almost nil in 2000, were more than \$170 million in 2009. Grants to Sub-Saharan Africa increased from about \$900 million in 2000 to more than \$1.3 billion in 2009.

In addition, as cited in this book, we are launching -- today, in 2010, about 40 percent of the world's poor live in fragile states. The figure was about 20 percent in 2005, when the Paris Declaration was announced.

Other challenges, as you know, such as food price hikes, unemployment, and climate change have also been critical issues these days. These new challenges have important implications for development and development aid. So, with the new actors and new challenges, a new aid strategy is very necessary. That was the motivation when JICA proposed to conduct this study to inform the discussion that's a person high level forum. Thanks to the joint efforts by Brookings and KOICA, I'm very glad that joint studies have come to fruition.

However, the launch of this book is just a start to discussions on the new aid architecture. We have to develop practical models based upon findings. So, I will point out three things.

First, the globalization of partnership. The Chinese government for the first time issued a whitepaper on China's foreign aid last April, and it said that China has actively explored practical cooperation with much larger organizations and other bilateral donors on the future of development assistance, with an open-minded attitude.

The Gates Foundation has been very active for many years in collaborating with traditional donors, including JICA. In order to work with new actors,

open partnership which enables various development actors to participate in development discussion is very much necessary.

While knowledge and experiences of traditional donors need to be respected and utilized, a flexible and loose-knit framework which also respects new actors' comparative advantages and which considers their resource constraints with minimum binding principles seems very necessary.

Second. The importance of capacity development. Here, the capacity cannot be billed as a simple technical gap. But rather, as an evolutionary process of systemic change to improve services and to scare up development impact. Time and space are needed to allow more room for flexibility, running by doing, and adaptation to constantly changing external environment.

Indonesia's Brantas River Basin Development Project, cited in this book, is one of the good examples of capacity development, so-called the Brantas School. Seven thousand local engineers were trained under this project over the last half century, and have gone on to work in other projects across Indonesia. Long-term commitment both by the recipient of aid and by the donors, as well as synergies between hard aid such as dams and canals, and soft aid such as technical assistance, encourage local institutions to develop along with the infrastructure, resulting in good capacity development.

Capacity development is also critical to states building fragile states. Improving state capacity to provide security and social services with due consideration to people's equality and participation, and to establish and maintain state legitimacy is a long-term process. The way that external donors can contribute to this indigenous political process needs to be carefully designed.

Third. The importance of aid. Aid worked in many Asian countries, and

it will work when it's done right. There is no one-size-fits-all strategy in development. Differentiated aid approaches are needed to take into account recipients' conditions on the ground, which have been formed by their culture, histories, and their interactions with the external environment.

Lastly, we have to be careful about and restrict ourselves from a donor development approach. Aid works when it catalyzes recipients' ownership of development, and when it catalyzes other resources such as private investment.

So, thank you for your attention. And let me say once again how pleased I am to be here for the launch of this thought-provoking and timely publication. Thank you very much. (Applause)

MR. KHARAS: So, now I'm going to give you a quick overview of some of the findings of the book. And to put it in context, I want to start with saying that you know, it's important to remember that this last decade has probably been the best decade ever for development. And there's been huge progress on the MDGs, certainly in all of the large countries. And if you think about, you know, Brazil, China, India, Indonesia, Vietnam, I mean, all these countries are reducing poverty really rapidly.

So, you know, we do believe that there are probably fewer people living in poverty today than there ever have been before. I mean, depending on what definition you use. It can be 1 billion, \$1 a day, 2 billion people under \$2 a day, but there are fewer.

We know that we have much more knowledge and understanding of what works in development. Largely, frankly, from the activities of many civil society organizations around the world. And you know, just the huge number of development activists. And also, you know, all the corporations and private businesses that have figured out how to actually create income and jobs in the very challenging environment of

developing countries.

So, with that as background we start this book by asking, does aid actually have anything to do with all of this progress? And I think the answer is, yes. And we've got case studies of four Asian developing countries where I think the role of aid has been very clear. And what emerges in all of these case studies is that aid has been catalytic. It's been a complement to domestic leadership and strategies. It hasn't been instrumental in and of itself. It's provided immediate resources for improved well-being, but it's also actually contributed very significantly to capacity development and institutional strengthening, like you heard in the case of the Brantas Project in Indonesia.

Aid has worked quite well in fragile countries like Cambodia, and it's also worked in very large countries like Indonesia. But I think the case studies also show the changing nature of aid and the contribution of aid in the early success cases, like Korea. It's clearly quite different from the contribution of aid in the latest success stories, like Vietnam. And I think that that perhaps is one of the most important lessons to be drawn out of this book, which is that you know, if aid is going to remain relevant, like all other policies and strategies, it has to adapt to the new reality of the world that we live in.

We talk about this new reality in three spaces. We talk about new players, we talk about new challenges, and we talk about new approaches. So, start with the new players. I mean, historically aid was just the domain of a few official aid donors. And they channel money either through their bilateral programs or through multilateral programs like the World Bank and others. And these donors form what's now called the Development Assistance Committee. And when that was started in 1960, probably the top three donors accounted for something like two-thirds of all aid. So today, there are a few more members of the DAC. There are 22 countries that are there.

But even though the DAC has expanded its membership and countries

like Korea -- Korea is the most recent member of the DAC -- aid from DAC members today probably only accounts for maybe 60 percent of total aid. We think the total aid, when you add up the private sector emerging markets, et cetera, might be upwards of \$200 billion. The DAC donors are contributing something like \$120 billion every year.

So, the rest is accounted for by private NGOs, they're funded by individuals, they're funded by foundations, churches, charities. There's quiet a lot of aid that's provided by private corporations. And then, of course, you've got emerging economy donors. And there are at least 19 middle-income countries today that are significant aid providers. As the same time, many of them are also significant aid recipients.

Even that, I think, which suggests that the role of official aid has been declining, I think even that overestimates the role of aid. Because actually, aid has become a smaller and smaller share of the total resources for development. And now when you think about the -- especially the emerging economy donors like China, thinking of their contribution to development cooperation only in terms of aid would be completely misleading. You have to look at their broader effort at development cooperation.

What that suggests to me and what we put forward in this book is that with this proliferation of new players, what we really need is new partnerships for development. That the existing partnership, the DAC, is just too narrow.

Next, consider some of the new challenges that we talk about. So, the existing aid system as we know it today was essentially built in order to funnel money to well-governed poor countries. And historically, that's where all the poverty was in the world. And today that's just no longer true. And if you look at some estimates -- our colleagues here, Laurence Chandey, Jeff Gertze over there -- estimated that no more than 10 percent of the world's poor today actually live in well-governed poor countries.

So we've got this whole machinery which is organized for channeling resources and doing development, but that's no longer where the big bulk of the development challenge really is.

Today, 40 percent of the world's poor live in fragile states. You know, fragile states are places where the aid community's track record is frankly much more mixed. We simply can't claim to have had the same degree of development success in fragile states as we have had in the other cases that we know.

Okay, a second challenge that we have, obviously, is the challenge of climate change. And there we've got both a direct challenge -- so, in climate change implementing, you know -- how do we implement mitigation measures into development strategies? How do we adapt infrastructure, agriculture, safety net programs to manage climate change? But then we've also got indirect challenges.

Funding for climate change is actually being thought about under a completely different international process than aid funding. And so, these questions about is it going to be additional, is it not? What kind of conditionality is going to be applied to climate change financing compared to conditionality in aid? All of these things, you know, essentially need to be sorted out because the amounts that are being talked about for climate change -- \$100 billion a year -- are actually very close to the amounts that are being talked about for development assistance. So, it becomes very difficult to pool the funds completely independently.

Third, today the aid community is probably putting in anywhere between 20- to \$30 billion a year into technical assistance. I think the sense is that, you know, most donor agencies are trying to reassess how they do technical assistance. There is this feeling that technical assistance has simply not generated the kind of capacity development that people wanted to see that would sustain long-term development

growth. So there's a big chunk of development resources which, in many ways, just has to be totally rethought.

So, these challenges, if you think about it, are not just about how to fine tune aid and how to improve aid, as I said, sort of going to these well-governed poor countries, sort of the traditional model. Those lessons are pretty well-learned. I mean, the real challenges now are, how do we actually move to changing at scale development processes in countries where we've not had that much success? So, this is -- this actually requires new approaches, I think, to how we think about the delivery of development assistance. And you know, here again we've got three ideas that I think are worth considering a little further.

So the first big idea here is, take advantage of the new information technology to really make a dramatic improvement in transparency. I mean, the aid business today is essentially run without the benefit of any real-time information. We're operating today the latest statistics on aid from 2009, the latest statistics on poverty from 2005. I mean, this cannot be used for management of the business.

Even where we have aid statistics, we've only got it for that small portion of ODA that come from DAC donors. Well, that's 60 percent of the total. What about the other 40 percent? There's no information at all on any of that.

We don't have anything other than very anecdotal evidence on beneficiary feedback. What do people on the receiving end of aid actually say and think about aid dollars? And where we've got evaluations, these evaluations are all largely done by donor countries about their own programs. What we really need are evaluations by recipient country governments on the whole array of public expenditures that they are actually spending on a particular development program.

So, you know, I think that there is a huge opportunity to change the aid

business by putting more emphasis on transparency. We have the tools, we have the technologies, almost every other industry has done this. Aid is really lagging behind.

Second, I think we really need to take much more advantage of South-South cooperation. I mean, this is valued by other developing countries, not just because of the funds and the resources that go along with it. But also because of the know-how, the technology, and the development experiences. So, you know, we never had a serious discussion about safety nets in developing countries until we had the successful experiences of Bolsa Familia in Brazil and Progress Oportunidades in Mexico.

The whole new push for infrastructure that you see being talked about in the G-20 as well as in other forums has been based, I would say, largely because one of the sort of the findings on why was East Asian development so successful? Well, the finding was it's because they invested in infrastructure. Rwanda's new land terracing programs are drawing directly from China's experience with its agricultural programs. All of our current institutional mechanisms are actually for trying to provide financing and experiences from North to South, not about doing this from South to South. So, doing that more systematically, I think, would help tremendously. And the author of that chapter is here with us, she's going to be on the panel later, Hyunjoo Rhee. I hope you ask her some questions about what we can do to really improve that.

The third big idea, I think, is to build scaling up into all aid programs. You know, I think the aid community for a long time has been discussing what is called the macro-micro paradox. In brief, that says at the micro level whenever individual aid projects are evaluated, they look as if they're quite successful, but as soon as we get to a macro scale it's very difficult to actually find evidence of impact. So, we have to at this point start to think much more about the macro impact and the macro implications, and the suggestion in this volume is that that will only start to happen -- we'll only get some

changes there -- if we change incentives and institutions, if we change the way in which risk taking is done, and if we change the mindset of aid agencies to think about their aggregate development impact.

So, to end, you know in the book I think we've got chapters on each of these issues. We suggest how aid can be better used to catalyze development through partnerships with new players, through programs to address some of the new challenges that I talked about, through these new approaches to how to achieve development at scale. And our hope is that some of these suggestions will be talked about and taken up at the Busan High Level Forum on Aid Effectiveness that's happening in November of this year.

But it's a big agenda, and so I think that, you know, this is an agenda and a discussion that's going to be with us for many years to come. And I hope that this volume will be a contribution to this debate about, you know, how can we actually make aid a little bit more effective.

So, thank you for your attention. And we'll turn now to a panel discussion on this issue. I'd like to invite the panel members to come up to the stage.
(Applause)

While the panel is taking their seats, I'd like to just introduce our moderator for this session. The moderator is Paul O'Brien. Paul is a vice president at Oxfam U.S.A. Oxfam is one of the leading policy advocates in the aid effectiveness agenda. They have a number of policy pieces, including specifically on what should happen at Busan, how to take advocacy at that level to the next level.

They have been partners of us in this project all the way through with extremely useful comments on early drafts of these papers, participation in various workshops that we had, in trying to make sure that we were saying something useful in

this book. So, I'm delighted to have Oxfam back here. And Paul, over to you.

MR. O'BRIEN: Thanks, Homi. Is this on, can you hear me? And despite all of our suggestions, it's still an excellent book. I don't know what happened. (Laughter)

Well, you're very welcome. And we're looking forward to this discussion. We're at a pivotal moment. We have another gathering coming with Busan. How important a political moment it will be remains to be seen. We hope it will be, and that will depend who shows up and how much political capital they decide to spend there.

We often find that these gatherings are more important as the start of conversations than as the culmination of conversations. So, what we're really going to be looking at is to see what's the declaration of intent that happens at Busan? Where are we going to see new conversations started? What are going to be the issues?

And for that reason, we love this book and urge all of you to read it. Because the fact -- yeah.

MR. KHARAS: Doesn't matter if they read it.

MR. O'BRIEN: You should buy it as well as read it. (Laughter) And as Homi just told me, buying it is far more important.

But the fact that it, you know -- all good books of these complex issues take a host of disparate issues, all of the different things that have changed, and bring them together with some level of cohesion, I think, in this case with a lot of cohesion. The Paris Plus Plus Agenda, which is neatly summarized on page 31, does offer a coherent story for what might happen.

But what's really nice about it is that it also offers a diverse array of 10 different game changes, any one of which could change the conversation around aid and aid effectiveness. So, I encourage you to read it and to listen to the panelists today with

a curiosity about, is this the one? Is this the conversation that's really going to be different, post-Busan? And we look forward to hearing your questions in that regard.

So, we have a great set of panelists. I'm not going to give too formal introductions, but I think you'd like to know who you're listening to. Steve Pierce is a veteran of three administrators at USAID giving them high-level policy advice, which -- we have a secret sheet at Oxfam. Three administrators is roughly equivalent to two tours in Iraq and one in Afghanistan. Steve is a veteran of this process. I got to know him in Accra when they were formulating the Accra Agenda for Action. And has significant time overseas as well, especially providing policy advice on Africa.

Kyle Peters is the director of Country Services at the World Bank. And that is responsible for helping the Bank think about and refine a vast range of policies, including its focus on results. Which means, I think we agreed backdoors, that if Busan doesn't work out well, we get to hold him personally responsible. And you should all feel free to do so. We'll be sharing his e-mail later.

Lindsay Coates, an old friend of mine, is executive vice president at InterAction which, as you know, has gone from strength to strength in guiding its 194 NGO members towards not just being cats to herd, but having a coherent and powerful voice in Washington, D.C., and in the United States. And she's actually in her past had the job of making aid effective, being the COO of Population International, a research and policy institute. So she's had the hard task of turning words to action.

And Hyunjoo Rhee has written one of the most fascinating chapters in the book, I think. Looking at the question of what Homi was talking about, South-South knowledge exchange and engagement. And the wealth of experience and skills that are now being exchanged at considerable scale, surprising, and considerable growth in scale in recent years. So, she'll have some thoughts to share with us in this regard.

The way we're going to do this is; I'm going to start with a question I've asked them to speak to for just a couple of minutes. It might be a little longer than that, but hopefully not too long. So we'll hear their views in response to that. And then we'll open it up to all of you. And I hope that you're going to be listening for and thinking about what you'd like to ask. And we have to be done by 4:00, so we'll have time for a few questions, I think.

So, Steve, I'm going to start with you. Where are you? There you are. So, Busan comes at a moment when budgets are under threat. There's a lot of critiques of aid out there, and the U.S. government itself and USAID in particular has been going through a fairly significant reform process. Going into Busan, what do you think are the major challenges for the international aid system in general, and for the U.S. aid system in particular? Can you share some thoughts?

MR. PIERCE: Sure. Thanks, Paul. I what to, just before I dive into the question -- I do want to say that I think this is an enormously valuable volume. I found it on my desk. I was in Paris last week in front of the DAC inquisitors undergoing the U.S. DAC peer review. And got home, and found this and dove into it. And found it a real page-turner. Couldn't put it down. Got through most of it last night, and I think it's relevant to this conversation that we're having beyond sort of self-described aid effectiveness geeks like myself. And so Brookings and all the collaborators are to be congratulated.

We've already heard from a couple of speakers that this is a pivotal year. I think our first speaker actually used the term parading shift. And I normally shrink from that type of language because a paradigm is such an incredibly important thing. But I do think that we're at a moment where we can begin to sort of contemplate why that may or may not apply.

The reasons -- I won't belabor, but we are in a -- I'm going to call it an aid-scape. I don't like to use the term aid architecture, simply because it presumes an architect. And I don't know that there's on out there. But I think there is an aid-scape, a rapidly evolving or changing aid-scape that, quite frankly, we can identify what the changes are. I don't think we know exactly what sort of impact that they're having.

There's an increased number of very capable actors. The percentage of aid as a whole is diminishing. And I think we all agree that aid, while necessary, is not sufficient. And we need to understand that a lot better.

There's higher stakes right now than ever before as it relates to the challenges posed by the threat to global public goods. We have come so used to dealing with the unit of analysis as being the country. We're reinforcing country ownerships. We have the World Bank to thank for poverty reduction strategies, and this has largely been our focus. But most of the severe challenges that we're facing are regional in nature. Or, beyond the country level. And as aid organizations and as aid actors, we have relatively few tools to deal with that. We don't do regional programming well. We don't do regional analysis well. And we just don't have the tools to deal with pandemics, that deal with security issues, that deal with trade at the country level. So, while country ownership is so important, how do we at the same time deal with these greater grand challenges?

Some of the objectives that we have going into Busan -- and I like the comment, I believe it was Homi earlier on that said that while Busan, while important, should not be where this discussion ends. In other words, Busan needs to be a platform, needs to be a jumping-off point for the next big thing. Which we don't know exactly what it is, but I'm going to suggest to you anyhow what some of those things might be.

We need to focus while at the same time, we're broadening the number of actors and issues that we're dealing with. That in and of itself is inherently

contradictory.

We want to, at the same time for Busan, avoid some of the mistakes that we made -- or the pitfalls, at least, that were apparent in Accra. And you hear sort of two schools of thought. One is that Accra wasn't political enough, that there wasn't enough political weight from development ministers. You hear, well, everything was already decided and so the political activity was already taken off the table before we got there. And contemplating how to get that political voice, we need to make sure that there's something in Busan that is political in nature other than, you know, just development.

On the other hand, we hear from our development partners -- our country partners that the commitments were too soft. That what happened in Accra was what happens in many international gatherings. And in that by the time you get done with the outcome document, it's sort of watered down so much that the result is the least common denominator that everybody can achieve. So I think we need to avoid that problem as well.

And one of the things that we're looking at is having a very superficial level of broad global commitment with a number of pillars underneath that broad commitment and champions. So that everybody isn't forced to sign up to everything, but rather we look for where we have a comparative advantage.

I'd like to say just a couple words about that. I think that the book is aptly titled. We as an aid agency -- I bilateral aid agency -- are striving to understand in this new aid-scape what our comparative advantage is and what our role is. And we think it's the catalyst. We have certain convening power, we have certain resources. But they are by no means as dominant as they once were. So we're looking to change.

Paul, you mentioned the changes that we're making at USAID state and the U.S. government in general. Some of those changes fall under the heading of USAID

Forward. And basically what USAID Forward is is seven concrete reforms designed to help make us better partners. Better partners to our country, better partners to civil society. To the private sector, and to the multilateral organizations that we're a part of.

We're trying to become more flexible, because we need additional flexibility in this ever-changing landscape. And those are some of the things that we're going to be looking at.

Lastly, before -- one last thing. Just in terms of the issues that I think that we're going to be focused on like a laser at Busan. One is, the recognition that we need to create a broader global partnership. Not just individual bilateral partners, but a much broader partnership. A commitment to share better and more information, and to hold ourselves to a higher degree of accountability.

We want to enhance the aid effectiveness agenda, embrace it, but at the same time make a very hard pivot towards results. Maybe later on we can talk about what we mean by results.

And all of this, we're advocating a much lighter structure. We have a huge bureaucracy behind the aid effectiveness agenda, and we really need to lighten it a little in order to make it more effective.

MR. O'BRIEN: Thanks, Steve. Kyle, let me turn to you, if I may. One of the interesting findings of the book, I found, was that as the landscape or as the aid-landscape changed -- I like the term -- when we look back at the Paris indicators, some of them are actually being threatened by these new realities. Their relevance is being threatened. Harmonization now is a very different -- raises a very different set of questions when you're not just talking about the old traditional DAC donors.

But the one thing that seems to have survived, and the one thing in which the Bank continues to exercise a huge amount of idea leadership and

implementation leadership is ownership. Everybody -- the new donors, the private donors -- they all agree. Ownership is still the key to a lot of this. And so it would be interesting to hear from you and the Bank's perspective where you think the ownership discussion is now and where it's going, and what might happen in Busan in that respect.

MR. PETERS: Okay. Well, thank you very much. And thank you very much for having us.

I just, to start, before I go directly into the country ownership issue, I'd just like to sort of reiterate the three things that Homi said in the end. And I think it's very much resonates with what Steve is saying about the importance of transparency, South-South knowledge, and sculling up is really agenda items that we need to focus on going forward.

I thank you for the compliment that World Bank has been in the leadership on supporting country ownership and country leadership. I don't know whether we've been in the leadership, but I think we've been progressively working towards strengthening our support for country leadership and country ownership over the last, say, decade. I think starting with, as you noted, the PRSP. Starting with the fact that all their -- trying to align all our country assistance strategies very much with ownership, very much with PRSPs. And a big shift in the last decade over how we operate. In other words, most of our operations, most of the leadership for operations in the field with the countries that -- and so that we're better able to understand and better able to support countries.

I think that we also, in revising our policies on development policy lending, our budget support, have also tried to move very much towards ones that support and away from conditionality and prescription. Towards ownership and respect for countries' policy-making space. There's a lot of debate about how much we've

achieved that. But I think, clearly, we've been aiming in that direction.

And lastly, to pick up on another point that Steve made, I think, you know, the next innovation we see in our lending and our approach is on really developing an instrument that supports country expenditure programs and really is sort of aimed to help countries sort of deliver services better and key programs, and disperse against results. So I think the whole way we're going, we're really trying to reinforce this notion of country ownership and country leadership, which we think is important.

We've just completed a study on effectiveness on donor coordination, and it's really clear that aid is effective and donor harmonization is most effective in situations where countries exert leadership and where countries are very prominent in leading the bilateral, the development partners, in sort of their own development agenda.

I think on the looking forward on the country leadership agenda, there are sort of four items that we -- that I think we see as critically important. The first one being country systems. And the -- I think one of the unfortunate things -- and we're all to blame for that. If there was one political message that we tried to deliver in Accra, it was about supporting country systems. And I think there, we have to be very honest in saying that we -- for a combination of reasons, we haven't made the progress in country systems that we at least built up expectations towards when we were in Accra three years ago. And I think that's, you know -- we really need to support the development of country systems.

We need -- one of the keys to strengthening country systems is using country systems. I think we have to have a mindset that moves us away from risk avoidance to one towards risk management. I mean, inherently development activities, development projects are risky. So it's a matter of how we manage those risks, not how we avoid those risks.

So, that's the sort of first big step. The second thing -- I think Homi made this point also in his introductory remarks, is really the way we're supporting capacity building. And the way we -- the amount of aid that's going in technical cooperation, and how this aid is really -- this technical cooperation is really not working with strengthening countries' capacities, strengthening institutions. But is very much a partner-driven technical cooperation. And I think we need to take a really strong look at that, and that should be an area where we attempt to make a lot of progress.

The third area is really on the aid -- on budget and aid transparency. I mean, if we're going to expect countries to take leadership, we need to work through their budgets. We need the information; we need our activities to be transparent to them and transparent to everyone else. So we really -- we can't strengthen countries' policy making, countries' budget policies by having projects that flow outside their budgets or outside of their scope, or outside of their ability to know what's going on. So that's crucially important, is to really focus on the transparency on the aid on budget agenda.

And the last point I'll make is that we have a proliferation of players. A lot of -- a lot more players in the market. I think that another point that was made on the climate change funding. I mean, this is potentially a very large set of funds that we need to make sure is flowing in the same principles that we have in Paris. So I think the whole giving a thought of what do the Paris principles mean with the plethora of actors that we have now, where it's not just traditional bilateral donors and multilateral donors, but it's middle income countries, it's the private sector, it's the foundations. And I think trying to think a little bit about bringing that whole nexus of players into alignment with country programs will be a big challenge as we go forward.

MR. O'BRIEN: Thanks, Kyle. That's great.

Lindsay, let me turn to you. So, one of the things I read in the book I

found fascinating. 2008, private development assistance -- remember, Homi said global development assistance was at around \$200 billion a year, right? I think that was it. Private development assistance they could accurately quantify from a subset of private development actors in the range of \$55 billion, I think it was? But estimated -- conservatively estimated to be in the range of \$75 billion in 2008 in private development assistance. So, a significant chunk of change being channeled in these ways.

Lindsay, a couple of questions around that. Do you think that the global aid effectiveness discussion gets that fact that they are sufficiently focused on the role of private development assistance and how to make it effective? As the pendulum -- you know, we all know this pendulum that swings between, we've got to focus more on governments and make them more effective. We've got to remember that the only way governments are effective is if there's an enabling environment for civil society and let's protect project-based aid. As that pendulum goes back and forth, do you think it's in the right place now? There's enough attention to civil society?

Can you speak from those perspectives?

MS. COATES: I want to thank Homi first for giving us the opportunity to step back and think about our role. The reality is that INGOs and most development actors in the private sphere are very much doers. They see a problem and they want to run out and fix it. And so, there's oftentimes not the kind of reflection and the opportunity for reflection that this volume represented for us. So, I would encourage you to buy the book and read Chapter 3, which we think is particularly good.

Is there enough attention to private actors? I was in Accra, and I think the platform and discussion and what's happening now is very different than the lead-up to the discussions there. So actually, I feel that attention is beginning to be paid. And the risk we play for not paying sufficient attention is the development and reinforcement of a

private system of aid that really ultimately doesn't serve anybody, particularly the countries that are affected.

That said, you know, private development assistance beyond being a large player also comes with a different set of values and motivations and ideas about what should be done. And that's often very closely allied with southern civil society.

If you look at a large NGO, like WorldVision, and you visit them in Ghana, what you will find are Ghanaians working for WorldVision. You're not going to find U.S. expats doing that work. You're going to find Ghanaians who are wanting to invest in and move their own society forward. So one of the things that's critical, we think, for really meaningful dialogue at Busan is country ownership that is defined at a whole of society level.

So, there's one level at which INGOs and other actors are donors and they need to be in the dialogue, I think, at the donor level. And our paper actually advocates for that. And then there's also another critical level where civil society organizations must -- are crucial to the enabling environment. Because there's no point in being transparent unless you have a civil society that holds the government accountable for what they're doing with those dollars.

I mean, you can publish information, but if you don't have the environment where people are acting on that information and are actors in their own development, then you're not going to achieve the kinds of outcomes that we've seen places like South Korea, which is a great story of operating in a variety of levels and a variety of actors where it's fully owned by people involved.

So, I think from Busan the important things that the private development community wants to see coming out is, ideally, we would like a seat at the ministerial table. That is not unprecedented. International NGOs have a seat on the Inter-Agency

Standing Committee at the UN. There's a seat on the Agriculture Fund that is administered by the World Bank. So, other institutions are recognizing private actors as viable, serious partners going forward.

We are encouraged that the U.S. Government is interested in supporting the civil society enabling environment. They've been very receptive to that, and we hope that that will continue to be championed by the donors, because we think that is also critical for the reasons I've mentioned for long-term success.

So, the environment is certainly improved and is improving. And I don't think it's a pendulum, because that implies we need to swing back. I think this is a way forward. You know, if you want to go fast, go alone. And if you want to go far, go together. And we're at a moment where we need to go together.

MR. O'BRIEN: Lovely. Thank you, Lindsay. And then our last, certainly not our least presenter. Hyunjoo Rhee who, as I mentioned, is a policy analyst with the Korea International Cooperation Agency. Or if I didn't, I will now.

It was surprising to me that the scale is already, I think this year, \$15 billion being programmed in South-South cooperation. And what's even more surprising, the growth rate is at 7 percent.

So the first question will go to whomever can work out if the U.S. is a \$25 billion now, when will South-South cooperation surpass U.S. giving if they stay at their current trends, assuming that the U.S. is flat. But more importantly, this is perhaps one of the most important new trends in giving, and it -- your chapter was fascinating. Could you share some of the insights from it?

And is it all going to be good for aid, or what do you think are going to be some of the challenges that come with it?

MS. RHEE: Well, I'd like to start to thank Homi for making this work.

And, well, yeah. There are many aspects that make South-South knowledge exchange quite special. There are many aspects, but I would like to stress two points. The first point is about -- is that the countries -- even the countries in extreme poverty, like Bangladesh, or even the countries with less resources can be part of the picture as an aid provider, which is -- which wasn't possible in traditional development cooperation.

And so, the relationship between the donors and the recipients is much horizontal as opposed to a vertical relationship, as we witnessed throughout previous development cooperations between -- in North-South cooperation. But also in some of the South-South cooperations.

For instance, in China and Rwanda relationship, I think there are many factors that China gives money and then they build roads. And there are many things that they repeated the patterns that Northern countries have done in -- decades ago. So in that sense, South-South knowledge has many innovative features.

And your second question was about whether it's good or not. I think yeah, of course, it will be good for aid. Because it means more aid, first. Because, well, it means more experience will be shared. And the more information will be going and -- which means the more solutions will be sought for development.

But also, it means -- I think that it could be better aid as well. Because it starts from a very much clear, compared advantages like languages, cultures, and all kinds of -- you know, the common grounds they are seeking. So I think it can clearly answer the local needs and it can contribute to strengthening the country ownership. And it can also very much effective in developing capacities in countries in poverty.

Yeah. I think.

MR. O'BRIEN: Great. You know, something I'd love to come back to

you on, one of the chapters deals with the vexing challenge of capacity building. What we've learned and what we've failed to learn.

MS. RHEE: Right.

MR. O'BRIEN: And it would be really interesting to hear your thoughts, now or later, on -- as to what we're learning in South-South cooperation. The changes -- approaches to capacity building.

MS. RHEE: Well, the capacity building -- I think that the most distinctive feature of the South-South knowledge exchange when it comes to the capacity development is, they start -- well, the same position. They don't want to, you know -- in North-South cooperation, usually the aid providers are in a position that, well, we have something to teach you. And you've got something to learn from us. But in South-South knowledge exchange, their relations are quite different. Because the aid providers, they usually share experiences and they share knowledge. They don't give knowledge, they don't give information. But they share all kinds of -- you know, the whole package of experience. So that development works. So.

MR. O'BRIEN: That's lovely, thank you.

Okay. So, we're about on time. We'd like to open it up. Oh, no, we're not. I'd actually like to turn to you, Homi. Open it up and then can I come back to you at the end?

MR. KHARAS: Come back to me.

MR. O'BRIEN: Okay. We'll save some time. That'll be great. And I'm going to -- so, I think I -- if you could let me know if you want to ask a question. If you could let us know who you are, if you're affiliated with an institution, that would be great. I'm going to start back there.

And if you could, actually, when you ask a question, ask a question

rather than give us a long diatribe, that would be great. And if you could ask only one, that would be great.

So, thank you.

MR. HOFFMAN: Thank you. My name is Tristan Hoffman, I'm currently unaffiliated with an organization.

My question is how success is viewed in development. It's come under a lot of criticism. The community has that success is viewed as, say, spending your entire budget and that's a successful program.

So when we talk about aid effectiveness, how important are views from the donors? Thank you.

MR. O'BRIEN: Okay, thanks. And actually, what I'm going to do is I'm going to take a couple and then I'm going to ask the panelists, if I could, to speak to the ones they feel most comfortable with. And we'll work it out as we go forward.

So, I saw one back here. I'm trying to make life easy for the microphone conduit. And then we're going to come back up here.

MS. MALIKI: Good afternoon. My name is Ragdel Maliki. I'm currently an intern at the National Council on U.S.-Arab Relations.

My question is pertaining to aid to Egypt in particular. That is, obviously right now going through -- recovering from, you know, paying back their debt and recovering their economy.

Thank you.

MR. O'BRIEN: And your question is what's the best way we could be providing aid to Egypt?

MS. MALIKI: Yeah. How -- the number one policy to regulate it to make it effective. Like, how would you distinguish it now from the past aid that Egypt has

received?

MR. O'BRIEN: Okay. And if folks feel comfortable answering that that way, we'll ask it that way. And I might add a little bit if we can start a conversation on that. Very interesting and timely.

MS. DORNSIFE: And I'm Cinnamon Dornsife from Johns Hopkins SAIS. This is a question for Homi.

I'm wondering, I haven't read the book. I will buy it and read it, but I'm just wondering, are there chapters in the book that present a Southern perspective? Because as we take a look at new players, new challenges, new approaches, wouldn't it be great to get feedback from them about how they feel about all of this?

MR. O'BRIEN: Okay. Yeah, please. Yes. And let's -- then we'll take another round after this.

SPEAKER: I'd just like to press a little bit for an explanation on how you all think transparency is going to improve aid effectiveness. I know it's, you know, great and it's wonderful as motherhood and apple pie. But when you look at the Global Fund, for example, which set new standards for transparency, I don't think that's necessarily translated in a greater effectiveness. I think, in fact, today there's just a new announcement about investigation of \$400 million in theft in Nigeria through NGOs.

So, I'm just wondering what's the mechanism by which that's going to work.

MR. O'BRIEN: Okay. I won't be able to resist a comment on that. And then we're going to -- I think we're going to take a break now and see whether our panelists would like to speak to this.

So, we have a question around success. And I think the questioner would be okay if you also talked about results there, the focus. What is success, what

are the right kinds of results?

We have a question around Egypt. Please feel free to speak to that directly. We know the history of giving to Egypt, and what's happened with the Arab Spring. Perhaps that is a question that would be interesting to speak to. More broadly, what's this new political dynamic?

Homi, specifically for you, the Southern perspective. I'm going to start with you, if I may, because that was directed to you. And then let's come back to this question of transparency at the end.

So, do you feel that you got the Southern perspective in the book? And thoughts on that.

MR. KHARAS: About a year ago this time we had a similar book launch. The book was called, *Delivering Aid Differently*. And all the chapters there were from Southern voices about what it was that they wanted to see. So, I would say that this is informed by that work. But this time around, we really did not have that many Southern voices, partly because this is very much aimed at thinking about an agenda for the aid community at Busan at the High Level Forum.

And one of the problems that we have is that even though there is an effort to engage Southern partners in that discussion, the extent of their contributions to that discussion is actually quite small. And it's very difficult to amplify that voice.

MR. O'BRIEN: Fair enough. But you are also being humble about the fact that the book does make an effort to take a look at the trends and analysis in terms of the growth and growing power of Southern voices, Southern donors, South-South cooperation.

MR. KHARAS: I mean, you know, the South can be -- is a big place. You can think of me as being one of those Southern voices. Hyunjoo is one of those

Southern voices. But at the end of the day, we're also Southern voices that are sitting in Washington, not Southern voices that are sitting in a village in Africa. So I don't want to claim too much.

MR. O'BRIEN: Okay. Anything else on the Southern -- I think that's enough on that question.

Okay, let's take --

MR. PETERS: Paul, just to say that Lindsay, I think you're from the South -- at least by your accent. (Laughter)

MS. COATES: I was born in the South.

MR. O'BRIEN: And I'm from Dublin, by the way. So that's the South.

MR. PETERS: It will be soon, Paul. (Laughter)

MR. O'BRIEN: Anything else on the important question of Southern voices. I don't mean to make too light of it. It is obviously as you're trying to have a global dialogue, this is an important question. And going into Busan -- and if we're going to have a global success coming out of Busan, it's going to take this question very seriously. So, thanks for it.

And any other comments on that? Let's turn to this question of success. What is success? How are donors going to look at it? We've seen a heavy emphasis on results and the results agenda. Do you think we're getting the idea of what success is right?

Steve, would you like to speak to that?

MR. PIERCE: I'd love to. No, I don't, I think we're far from getting it right. And there are a number of different questions when it comes to results.

We're all talking about results. And almost -- there's so much talk about results that you'd think that in the past we weren't really concerned about results. And I

think we have been, and I think it's right that we're now talking more openly about it. And I don't think we're any less or any -- excuse me, any more concerned with results now that we were in the past.

I just think that we are holding ourselves to a much higher standard of transparency, which we'll talk about later. And of accountability. And we're recognizing some of the difficulties that we have in discussing results.

In the past, we have really focused on outputs, frankly, when we're talking about results. And the measurement question always came up. How do we measure results, do we have the right tools? And we were basically limited in discussing results to those things that we could measure adequately.

Some of the most important cross-cutting issues are some of the ones that defy measurement. Governance is so important, but we have indexes for governance. But yet, we don't know exactly know how to discuss it in a meaningful way. So part of this added emphasis on results is to come up with a more shared definition or shared understanding of what we consider to be results.

Ultimately, I think we have an intuitive understanding. We want there to be less to be food insecurity. We want climate change not to have as much of an impact. We want there to be more peace and security.

Ultimately, you know, education and literacy rates and all of those things are very important. But we need to get beyond just discussing outputs and get much closer to how outputs actually result in sustainable outcomes.

I think there's good work underway, but we're not there yet.

MR. O'BRIEN: Lindsay, did you want to give a civil society perspective on that?

MR. COATES: I think when you step back and look at where the hard

cases are, and the fact that -- and this was something Homi said very early earlier this afternoon about traditionally, you know, aid was given by a few donors to stable countries that were reasonably well-governed. You can take -- I'm sure you can find exceptions to that. But I think now when you go to -- I was in a meeting in Seoul that was hosted by the Korean government and Japanese government, and you have a dialogue between fragile states about their own aid effectiveness and what they mean and they're banding together to have a conversation about how to become effective. It's a really different climate, and it ties, also, I think to the issue of country ownership.

And while I take serious issue with country ownership in the sense that it should not mean nation state to nation state, it means a whole of society approach. And PDA, Private Development Assistance, really represents a people to people across -- without regard to national boundaries -- view of development.

I think that we're seeing success in terms of awareness about this as an issue. Ownership of development as a global issue. But we are also running up against, as I noted at the beginning, the hard cases. The very, very difficult places. And the political problems you face when you have large numbers of poor people living in China and India, which are also rapidly developing countries. And also want to be donors.

So, in a way it's a measure of success that we are dealing with the really, really difficult issues right now.

MR. O'BRIEN: Thanks. Hyunjoo, did you want to say anything to this results agenda from a South-South perspective?

MS. RHEE: Well, the results agenda, well, it's been quite a long -- it's been a huge issue in the development cooperation. In Northern words, yes. But also it's -- in the Southern words, it was -- well, it became more important than ever. But I think -- well, when I was conducting case studies in Laos and Thailand, it was very hard to find,

really, a good evaluation paper on the impact assessment. And you know, all the -- all kinds of the -- I think it's not just about the South-South knowledge exchange. But I think the same in -- when it comes to the infrastructure assistance.

But they -- the Southern countries, they tend to measure the results, measure the success in numbers of the trainee and the money they put, and that's it for the time being. And so, I think that should be pretty much an agenda for not just for the Busan, but it must be the agenda for beyond Busan.

MR. O'BRIEN: That's great. Thank you.

So, let's turn to the question raised by our colleague around Egypt. And one level, Egypt presents an interesting challenge in that it -- they certainly received aid, which one might say conformed to the idea of country ownership. There was, in many senses, not a lot of conditions put on aid. And then what we've seen in the Arab Spring is a transformative moment. And a lot of us caught napping in the aid community. So, one way of asking the question to all of you is, do we have lessons to learn from what we've seen happen in the Maghreb and the Arab world that is truly transforming politics and, hopefully, development in those contexts around how aid was given, how aid was given to Egypt, that should help -- and perhaps even how the transformation happened. That should be informing the way we think about what aid and development ought to be going forward.

Do any of you have thoughts you'd like to share on the way I've put the question? Or the more direct, what about Egypt question?

Steve, do you want to say something? And Homi? Would you like to say something, too? Thanks. Great.

Well, why don't we start, Kyle? If we could start with you, even.

MR. PETERS: Okay, thanks. I think we have a lot to learn about the

way we provided assistance to Egypt. And I think the -- all of the Middle East, the Bank is no different from everyone else.

I do think that the president of the World Bank before the spring meetings had a speech at the Peterson Institute emphasizing how this really makes us reflect on supporting openness and transparency, and these types -- and civil society. And I think there is kind of the -- the sort of the blueprint for what we see as the lessons that have come out of the -- what's happening in the Maghreb.

On the particular thing on Egypt, I guess on -- I'm not an expert on our Egypt program. But I think, you know, we're looking at the sort of three sort of ways of approaching this. One is to continue to support the Egyptian government. And the Maghreb countries in general on the infrastructure agenda, so that we don't -- in a way that we try not to compromise the long-term growth of these economies.

And second, focus on job creation-type activities in the short-term. And to look at opportunities and to see how we can support job creation with the recognition that they already have very large public sectors. And then, third is -- and on the openness and transparency and supporting the reforms on that. We just did a very good -- we just did an operation in Tunisia which has a lot of the aspects of what we're looking for in our program going forward in these areas.

MR. O'BRIEN: That's great.

MR. PETERS: The car is applauding, anyway.

MR. O'BRIEN: Yes. (Laughter) Homi, if I could ask you to say a few words on this, because I what to take one more round of questions, answer the transparency thing, and give you a chance to talk at the end. So, any other thoughts on Egypt?

MR. KHARAS: Yeah. I mean, I think Egypt is actually an excellent

example of what Lindsay was talking about the limits to country ownership. I mean, it's easy for us to say "country ownership." It's much harder to say, what does that really mean? I think Egypt is a great case of how if you take country ownership to literally mean do whatever the current government or authorities say, that's not a good way of proceeding. So, you know, the first thing I would try to say is that.

Second, I think if you take, you know, economies like Egypt it's not a single economy. There were two economies in Egypt. You had a sort of formal economy that was run by an elite for an elite, which was actually doing quite well. And that's where all the aid was going. And even today, when you look at the aid packages, it's how do we support and maintain that formal economy?

But there's another economy as well, which is an informal economy where all the people live. And that was actually doing miserably. And if you tracked polling data about how people felt -- there's a Gallup poll about, you know, the percent of people who thought that they were thriving in that economy, if you looked at the trends in governance all those things were actually going South and had been for some time.

So, yes it's true that the aid community was caught napping. But that's just because they were looking at the wrong things. Not because that information wasn't available. So I would say another really important lesson is, let's figure out a way of having aid help that other economy as well.

And then finally, just imagine that, you know, it's not just about economics. Nobody in Tahrir Square was saying, give us a job. They were talking about a completely different set of issues. We've got to understand the development and development cooperation and development progress is about something which is far deeper and far more complex than just GDP growth or, you know, access to health services or education services.

MR. O'BRIEN: That's great, thank you. And hopefully a nice segue to the transparency question. In that, you know -- with the obviously repressive NGO law in Egypt, there was less and less public information around what civil society was doing. And maybe one of the reasons why we were, at some level, caught napping. Although I like your answer better.

But here's the transparency question that got asked. Is it a -- does it expose the failings of transparency that the Global Fund, which is fairly transparent in its efforts to let both recipients and others know what's going on, where's the money going, actually has now been -- had a series of challenges around where funding has actually gone.

Let me take a couple of questions from you, and I'll add one if you don't make the point yourselves. And if you could make it brief, because I'd like to go to the floor one more time. So, Steve, did you want to say something? And Kyle, if you could say -- I think you wanted to say something on transparency. Okay, just a couple of words -- thoughts.

MR. PIERCE: On the transparency issue, I think it's not just making the information available, I think it's making it accessible.

We want to have information not just on what is being spent, where it's being spent, how it's being spent, and with what results. I'd encourage everybody to look up foreignassistance.gov, which is the aid dashboard which I think is an important step in that direction. We're only in the first phase of it, but we want to make it accessible in addition to available. And it's only when it's accessible to the broadest range of stakeholders is it actually transparent.

MR. O'BRIEN: Right, thank you.

MR. PETERS: Well, I mean, it was interesting because of the premise of

the question. I think transparency builds the foundation for the accountability. And you know, clearly you made the point that the Global Fund was one of the most transparent organizations, but it wasn't very effective. But how do you know it wasn't very effective? Maybe because they are so transparent in what they're doing.

So, I think that to me, the fact that as I said, development is a risky business. This thing is going to happen. The point is, where transparency is so important is it allows all kinds of places for accountability to come up.

It's hard for us to say -- to predict exactly where an accountability mechanism can or would arise in a country. But if the information is transparent and the information is available, and we're trying to do a lot of that, I think you then lay the foundation for the type of accountability that you're seeking.

So, I thicken that, you know, this is mutually reinforcing, in a sense.

MR. O'BRIEN: That's great. And you said better than what I would have said.

MR. PETERS: You're getting tired.

MR. O'BRIEN: So, let's move on. Not at all.

We're going to take just a couple more questions, because we're close on time. I'm sorry. I'm only going to have time for two questions. I saw the gentleman at the back here, and I saw the woman at the very back there first. And then we're going to get a couple of quick answers and closing remarks from Homi.

MR. WEINTRAUB: Thank you. I'm Leon Weintraub, University of Wisconsin, Washington, Semester of International Affairs.

A number of the speakers have mentioned that official development assistance is not growing as rapidly as other forms of financial transactions. And almost everyone mentioned the word about aid being a catalyst of some form. And I wonder if

you could speak on that?

For example, my official development assistance would be more effective at they looked at where private assistance is heading. Such as, for example, if there were investments in agriculture, in shipping, in manufacturing, might that mean ODA could focus on the development of a port or on skilled education or on something else like that?

MR. O'BRIEN: Great question, thank you. Please.

MS. GROSSMAN: Thanks so much to all the panelists. My name is Allison Grossman. I'm with Save the Children. And I wanted to thank Lindsay also for mentioning the whole of society approach. I think that's a really important point to make.

My question is actually for Steve, so hopefully it will be quick. But I was just wanting to hear a little bit more about the U.S. government's approach to engaging with local civil society in your development programs to local capacity building, especially with all of these exciting reforms happening with USAID forward.

Thank you.

MR. O'BRIEN: So, I'm going to give the panel just each of them a quick chance to respond to those questions, and sneak in any other remarks they were dying to make. And I'm going to close with Homi, and hopefully if I could ask you to share just reflection on your big takeaway from today and what you think of all of the 10 game-changers you've seen in -- you've had a chance to cultivate in the book, which is most likely in your view to gain traction and which you're most worried about.

So, Steve. You were asked a fairly direct question there. Would you get us started?

MR. PIERCE: Sure.

MR. O'BRIEN: Just very, very briefly responding to that. And then I'm

going to go down the line, skipping Homi.

MR. PIERCE: We've always had a very strong focus on local capacity development, and you mentioned it in terms of reforms. I'll just mention one, procurement reform.

Procurement reform will let us work with a much broader range of partners at the local level. And at the same time, we're also making it possible to track that assistance better at the same time. That's just one.

I do want to comment on the first one, though. The ODA question.

MR. O'BRIEN: Yeah. In a sentence.

MR. PIERCE: Comparative advantage. I think that two of the things in line with what you're saying that we could do, and that will hopefully be on the agenda at Busan and beyond is this question of risk management. I think governments are in a position to help mitigate the risks that other important private flows -- and there are good examples of that.

And then the second one is division of labor. I think we are in -- not only do we need to, but we're in a position to really take a leadership role in figuring out what is the comparative advantage of all development actors. And that's something that we'll be focused on as well.

MR. O'BRIEN: Thanks, Steve. Kyle.

MR. PETERS: No, I don't want to get on these answers. I think clearly, we do look at where flows are and trying to determine where we can provide the best assistance in a country situation. That's why we kind of try to build all our programs around -- with a country-focus and a real country ownership.

I have to say that one thing on this panel is I think there's a lot of hope for where we're going in Busan. Because I think coming for a long time, you were

worried that there wasn't convergence. But I think there is a lot of convergence about what we see as important. The country ownership, country leadership that we talked about with the broadening and the lessons we see from the Maghreb. I think that transparency and results and the development partnership around aid.

So, I think we are kind of coalescing around a set of coherent messages. I hope they're political. I'm a bureaucrat, so I'm always a little hard on that.

But I think we are coming together on the main messages.

MR. O'BRIEN: That's great, thank you. Hyunjoo, did you want to share?

MS. RHEE: Yeah. Well, there will be -- around the meeting next week in Paris, there will be a working party on aid effectiveness. And we are going to prepare to present at the High Level Forum. And while the major issues discussing right now is just -- well, the specialists are there. So I can tell more about that.

But I would like to just say something about the country owners, because well, it's really the basis of the current discussion as we move forward toward to present at the High Level Forum. And in country ownership, while the country ownership we really need to -- I think that in country ownership it's not just about saying, yeah. It is really important to have some kind of development strategy and development plan. And have a sense of leadership and doing things. But it's also about the capacity development to make a country to function as a real country.

And maybe the value of the South-South cooperation can be sought in this perspective. And I'd like to -- yeah.

MR. O'BRIEN: That's great. Lindsay, a closing comment?

MS. COATES: I'll try to be brief. Something for you all to know, since I feel like I'm in a room of fellow traveler aid nerds and you really care about this, go to CSO-effectiveness dot org. You're going to find CSO development effectiveness

principles civil society between Accra and Busan has been engaged in a very active dialogue about its own effectiveness. And there's an amazing international network of civil society actors who are deeply engaged in how to make aid better, how to make their countries better.

A related point that touches on the professor from Wisconsin's remarks. There's a project right now that InterAction is doing with IFAD, mapping where our members are working in projects in food security globally. And the idea is to make that data available to countries and to regions and to the World Bank, and to whoever wants to see it. So that you can see what is actually happening in countries, and use that data to make better decisions about aid.

Because really what, in my mind, a lot of the effectiveness debate really is about information and data and making better decisions. And hopefully, Busan will give us some solid steps toward that.

MR. O'BRIEN: Great, thanks. Homi, there was the question on the private sector and there was obviously the chapter in the book. Maybe you could just highlight that for folks. But also, any thoughts on the second question I asked? What you think is most likely to gain traction or be most challenged?

MR. KHARAS: You know, none of the country success cases I mentioned would have developed without the private sector. And you know, sitting here on the panel you have heard about this is how we're going to strengthen government, this is how we're going to strengthen civil society. You've heard very little about this is how we're going to strengthen the private sector. And at the end of the day, if that part doesn't also happen, none of this other stuff is really going to translate into sustained development.

So, this notion of aid as a catalyst for private sector development and

private sector competitiveness, I think, is extraordinarily important. And the big question is how do you actually do that? Partly you can do it through specific transactions, but partly you can also do it through organizational improvements and having business councils and, you know, other organized private sector groups feeding into what should be a national development strategy.

And particularly in areas like infrastructure and agriculture and, you know, some of the hard investments. But also in things like education. I mean, look at Egypt. Part of the problem is, you know, none of the education is actually oriented to the skills that the private sector is looking for. So, if you don't have that, it seems to me, you know, that's one of the critical partnerships today. It's really rudimentary. It's very ill-developed in the less-successful kind of developing countries.

Now, where will we make progress in Busan, and what are the big challenges? I mean, my biggest worry about Busan is that it's going to be business as usual. And you know, with -- it is an event which is put together by people who are in the business. And you know, we're asking the people who are in the business, who have been in the business for a long time to radically change. Well, it turns out that's kind of tough for them to do. So, you know, I hope that, you know, efforts like this will kind of give them a bit of a nudge to say, there were people looking in from the outside who were saying, please change. And, please change significantly.

Whether they actually do that or not, I think is a really tall order. And you know, that's where I hope that people who are about to retire, like Kyle, you know, he's got one last chance to make a difference in this world. (Laughter)

MR. O'BRIEN: The whole purpose of this meeting --

MR. KHARAS: Sort of a cloud of glory.

MS. COATES: We're depending on you, Kyle.

MR. KHARAS: But that, it seems to me, that's the really big thing. We are at a critical moment where we've got the resources; we know what the challenges are. To some extent, we've even got the plans. I mean, the fragile states groups, the other groups, et cetera. Can it all be put together or not in a different way? Because otherwise, we'll meet at Busan, all the agencies will go back, and then over, thank goodness. Oh, my god, look at my in tray.

MR. O'BRIEN: Right.

MR. KHARAS: And it's back to business as usual.

MR. O'BRIEN: Right. Well, thanks for that closing. Because really, no, you cannot read this book and come away thinking that business as usual is going to get us close to where we need to be.

They are game changers. I found it phenomenally useful, both argumentatively and empirically in terms of giving us a whole new set of data. So, business as usual won't cut it. We're watching at Oxfam, we're increasingly being driven by the Oxfam Brazil, Oxfam China, Oxfam India. It's changing the shape of what we do. We're finding donors want to give our private sector department far more money now than -- or more traditional stuff. So, it's all changing around us very fast.

This book is a great way to get your head around the universe. And hopefully, to distill what your role might be in pushing for a meaningful agenda in Busan.

So, thanks to our great panelists. Thanks to all of you for staying, and for your questions. And we look forward to continuing this discussion in the months to come. (Applause)

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