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P R O C E E D I N G S

MR. KHARAS: Good morning everyone. Thank you all very much for braving this morning's inclement weather to come out and join us. We have a really tremendous panel I think that I hope you'll find interesting. My name is Homi Kharas. I am a senior fellow in the global economy and development group at Brookings and it's a privilege for me to welcome President Shinichi Kitaoka, the president of JICA, the Japanese aid agency to Brookings. I think this is the President's first visit to Brookings, even though he has been passing through Washington on many occasions so I am especially delighted to have him here.

So the topic we are going to discuss, which is essentially how do we do development in places which are very difficult, very tough. I think that this is one of the principal questions that people who are interested in development, people who are interested in ending extreme poverty will have to face as we go forward. In many other places where we have achieved security, where we have achieved reasonably strong states, we have progress at varying rates but we have progress in reducing poverty.

We sort of know the kind of things that can be done that can help. In conflict affected states, we have achieved very little progress. If we really seriously want to get to zero, we have to address this issue and we have to address it frontally. About a year ago, we did a research project with the support of JICA and I am very grateful to them for that. Looking at some of these issues, we concluded from that that one of the principal outstanding issues is what do we do in conflict affected states and so I am really pleased to continue this discussion. I think it's something that when you look at the news today, there is almost a sense that let's just throw up our hands, it's hopeless.

I mean some of the news is so bad that I think we forget that actually there have been a series of things that have worked. That we do have some experiences that we can build upon and so I would like to ask our panel and the president to give

some remarks about what those experiences are, how do we move forward with this agenda. President Kitaoka has just taken over as JICA's president in October of last year. Prior to that, he was president of the International University of Japan. He's got a very long and distinguished career in academia. He has also been in government.

He has been the ambassador at the U.N. in the mid-2000s and in position, I believe, he was very instrumental in generating real support in Japan for the millennium development goals so I trust that he is going to do exactly the same for the sustainable goals. He has been a strong supporter of the millennium villages program and what he brings is a very long career and experience of thinking about Japan's role in the world order, how we deal with development cooperation in a world which is changing very rapidly and in a world where these issues of security and development are increasingly interlinked, something that for development practitioners is a very new idea. We have spent decades actually trying to build silos and separate the security and development aspects of international cooperation, thinking that that would help protect development dollars.

Today, I think everybody understands that that has to be broken down and we have to merge these two together so with that, let me turn it over to President Kitaoka. He is going to deliver some opening remarks. After his remarks, he will be joined by the rest of our panel. I will introduce them after his remarks. We will have a short moderated discussion on some of the issues that he raises and then we'll open the floor for Q and A and we'll try to end this program at 11:30. President, please?

MR. KITAOKA: Thank you very much, Homi, for this very kind introduction. It's a really great pleasure and honor for me to be here at this very great institution, particularly in this 100th anniversary year. I am very happy to be here. I have been a frequent visitor to Washington D. C. as a lecturer or participant to many

symposiums, many on security issues. Particularly in the past three years, I have been the chair or deputy chair of three advisory panels to Prime Minister Abe on security issues as well as historical issues but I don't know why, I have never been here at Brookings. I am very sorry about that so I have been very much looking forward to coming here as the president of Japan's Development Agency to discuss fragility and security in such an influential and respected place.

As was pointed out by Homi, nowadays development and security are inseparable. We should have more cooperation between the two areas and that is probably why I was appointed to this post by the Prime Minister. Needless to say, Japan is one of the global players but Japan's foreign policy has been handicapped by two points, two weak points we had. One was that Japan's security policy is not sufficiently self-reliant. We depend too much on other countries, mainly the United States. The second stems from the criticism from our neighboring countries, South Korea and China on historical perception issues but in the past few years, we have made some improvements on these two points.

Last year, the security (inaudible) insulation was adopted in September by the Congress and also Prime Minister Abe issued the -- on the 70th anniversary of the end of World War II, he presented a very good statement was very well received by most of the international community and also toward the end of the year, last year, there was agreement between the governments of Japan and South Korea on the issue of convert women (sic) so the weak points are weakened, if not solved completely.

The Abe administration has been proposing that Japan should become a more proactive contributor to peace. This means that Japan should play a more important role in bringing stability and peace all over the world and for that purpose, it is necessary for Japan to increase the role of the self-defense forces but the role of self-

defense forces is very much limited. The more important role should be sure of that by JICA by assisting other countries by no military means and that's why I am very happy to be able to give my talk in my capacity today.

Today I would like to talk about the kinds of contributions to peace and stability. JICA has made and will continue to make, particularly in conflict affected areas. As my expertise, originally my expertise was the history of modern Japan so let me start briefly on the history of Japan's international cooperation. During wartime, during World War II, Japan fought against the United States and many other countries causing terrible destruction and also suffering awful damage on its own before it surrendered in 1945. Fortunately, Japan was able to recover rather rapidly with the assistance from many countries and organizations, particularly from the United States.

Above all, GARIOA and EROA -- GARIOA is -- now many people have fallen out of poverty, Government Assistance and Relief In Occupied Area and EROA means something similar to that and they provided a huge amount of money to Japan. Within 60 years, starting in 1946, two thirds of 1. 8 billion dollars and of that 1. 8 billion dollars, 1. 3 billion were given as a grant and not as a loan. Two thirds were a grant. This should not be forgotten and many Japanese have not forgotten this important fact.

On the part of Japan, Japan's international cooperation started with the process of reparations. Around 1954, '55, Japan started its reparation, first toward Burma. At the same time, Japan joined the Colombo Plan. The Colombo Plan is not as famous as it used to be but anyhow, it was proposed in 1950. The Colombo Plan was a collaborative organization that supports the economic development of Asia and the pacific and it was the first international organization formed to help developing countries in the wake of World War II. Japan became a member of Colombo plan as early as 1954. It was only nine years after Japan surrendered and then Japan did a serious effort

to regain the trust from the international community by implementing reparations and also by joining this Colombo plan, Japan started to help those poor countries in Asia.

Japan's international cooperation in Asia served to stabilize countries and help develop the economies, create jobs and reduce poverty. Particularly, it started with south Asia but the main focus moves to southeast Asia or east Asia, including northeast Asia. Though many countries are not particularly democratic, or rather undemocratic, most of the leaders in those countries are development oriented, partly to counter the threat of communism. They try to focus on nation building by developing industry, by establishing infrastructure, by strengthening their education, blah blah blah to which Japan did a lot of assistance.

Well I am not saying that Japan's assistance to east Asia countries was always successful, but as a whole, I think this was a great success. You know as the book of Matthew says: "A tree is known by its fruit. " Now look at the situation of east Asian countries. We have forgotten the fact that the level of standard of living in east Asian countries was about the same in the 1950s as the sub-Saharan countries. In 1960s, the GDP per capita of east Asian countries was roughly the same at a level of 500 dollars a year, per capita. Now, east Asian countries' GDP per capita have reached 8,000 dollars, while sub-Saharan countries is 2,000 dollars. The most notable case was South Korea and while South Korean per capita was 130 dollars in 1966, only 50 years ago. Now it's at 28,000 dollars two years ago. That's why I say that the tree is known by its root so I would say that Japan's assistance was, as a whole, a great success. After that, in response to international appeals to allocate more resources to other areas, Japan began to expand its assistance to other areas, including South Asia, Middle East, Africa, Latin America and also Central Asia, blah blah blah.

Now Japan is doing a lot of assistance all over the countries and JICA

has offices in more than 100 countries. Since the late 1990s, Japan had advocated for the protection of human security, that this concept of human security became the core of Japan's assistance. JICA's assistance, JICA's cooperation is also rooted in this concept of human security. It is no longer possible to only look at national security. Particularly at the end of the Cold War, many countries cannot take care of the security of the people. We have to take care of the individual security of the people, rather than take care of the national security only and that's why we have started to promote this concept of human security but we can see that this is not a particularly new idea.

The origin of this concept can be found in the UN charter for example. In the first article, which stated about the purpose of the United Nations and the Universal Declaration of Human Rights, drafted by Eleanor Roosevelt, we can find a similar concept, that everyone has a right to live in dignity, everyone should be treated equally, things like that.

And this is also written in the preamble of Japan's constitution. It says: "We recognize that all people of the world have the right to live in peace, free from fear and want. " I strongly support this section of the constitution though I have some reservations on other parts. To achieve these ideas, we must move beyond focusing only on directly fulfilling the needs. We must also help all people live with dignity. This way of thinking has been consistent in the concept of Japan's aid for a long time.

Though not always recognized, that explicit expression started in the late 1990s but we can trace the origin of the concept, well before, that's what I am trying to say. Now, empowering the people is the main objective. This is another concept of Japan's assistance. We are just supporters; the major players are the people over there. What we can do is limit it. We can assist them and not only -- rather than giving the charity from them, we have to create a partnership, respecting the ownership and the

empowerment of those people, this is our basic policy.

The human securities are a rather ambiguous concept, which is not understood very clearly by many countries of the United Nations. It was first inserted in a UN document when Bruce was assisting Kofi Annan in 2015. But recently, in 2012, the UN adopted a resolution about a definition of human security, saying that this was a right of the people, to live in freedom and dignity, free from poverty and despair and then this you can find out, the SDGs is quite similar to this. We can say that SDGs is an advanced and expanded version of human security.

Today, unfortunately, many people say they've been in unstable environments and face enormous difficulties. As I said, Japan's approach is not to give charity but to support them to stand up by their own foot. Where the -- for example, goal three of the SDG is to ensure healthy lives and promote wellbeing for all, at all ages and this ideas constitutes the core concept of human security. Though SDG is a very wide and complicated, we believe that health should be one of the cores, the core or one of the cores in SDGs because life is equal to everyone; life is important for everyone.

We are focusing on the implementation universal health coverage. Prime Minister Abe contributed an article to the journal Lancet on the importance of public health. We organized a very important international conference in December last year and again, another conference in February in Tokyo on this issue. It is important to (inaudible) on the resilience of the economy and the society as a whole by developing efficient health systems.

You know, in health, prevention is easier and less costly than curing. Therefore we should pay more attention to the establishment of a very good system. One of the systems, some of you may know the mother child healthcare book in Japan which was created by Japan. This is a handbook to be handed to a woman when she

becomes pregnant and she is expected to write every important record about any discovery, when the baby was born and how heavy he or she was, what kind of shots were given to him or her kind of thing. It is most important that the records are included and this is very basic to -- and we are exporting this one to various countries.

Many countries I expect are exporting this one. This helped the reduction of child mortality quite a lot. First of all, in Japan and in various countries, such countries as Thailand or in Kenya in Africa, they partnered with us on this issue.

Creating a system is very important. We have to fight against Ebola or Zika or many issues and on the whole, it's much cheaper than giving assistance after the things happened. JICA's mission is to provide aid and give us the best possible benefits to partner our countries through the combination of ODA loans, grant aid and technical cooperation. JICA does all three kinds of assistances: loans, grants, and technical cooperation and I would like to introduce you to interesting cases. One is on South Sudan and the other is in Mindanao in the Philippines.

South Sudan is a very new country which declared its independence in July 2011. Japan has been providing humanitarian development assistance but also playing an important role in nation building and working toward peace in South Sudan by sending self-defense forces in the framework of UN peacekeeping operations but even before independence, JICA started its air force to help them. JICA has been involved in a range of sectors. We have extended assistance to improve roads, bridges and other basic infrastructure to ensure steady supplies of drinking water, to (inaudible) food security and many other kinds of things.

JICA also has worked to build (inaudible) capacity. For instance, we support the Juba College of Nursing and Midwifery which is the first school for registered nurses and midwives, established by the South Sudanese government. I must

acknowledge that there are limits to the extents to which development can facilitate the establishment please. Political compromises are first of all necessary but at the same time, we have to support the lives of people.

I would like to introduce a very interesting case recently which took place recently. In January, we supported the first national sports tournament in South Sudan, which was named as national unity day. Many athletes got together beyond the difference of tribes to Juba and they engaged in athletic games and the event was really successful, wonderfully successful beyond expectations.

The day's events moved some participants to tears. They were saying they had never dreamed that this kind of day might come. Actually, the idea of (inaudible) Olympic Games had the same origin -- we can remember. The next example I would like to talk about is the island of Mindanao which I visited last month.

In 2014, the Acquino administration assigned a historic peace agreement with Moral Islamic Liberation Front which is seeking more autonomy from the central government. This agreement maps out the political process with establishing a new autonomous government this summer. Unfortunately, due to some incidents and the fact that the country is going into the election time, elections are always difficult and bring about some difficulty like in this country.

While the formation of new autonomous governments has been delayed, we are supporting patiently for more than 10 years or so in this process. Recently I attended a ceremony of the groundbreaking ceremony for the farm to market road connecting the farm, which is under the influence of Moral to the market so that they can bring their agricultural good to the market, contributing to the benefit. And in a sense, Moral is weakening and there is some kind of indifference on the part of (inaudible) that they will disappear or they will -- they can crash the Moral but this is a very dangerous

idea.

If they are very much weakened, if we cannot embrace them, then probably the younger generation of those Moral people may contact with (inaudible). That's very dangerous. We have to embrace them and JICA is trying to help the Philippine government to embrace them by providing these kinds of assistances. This is one of the areas which JICA is engaged in.

I am very proud and appreciative that empowering people through these means has borne fruit over there. You know, in a sense, that road that connected the farm and market is a kind of -- I'd like to call it a peace dividend in advance. If you are going to make your peace, we will give more assistance to them so this will be very effective. I hope the next administration will support this process with continuous support to the Mindanao. Well in addition to these two examples, I have to touch briefly on the Syrian crisis. The first displaced persons, the situation is very terrible. We are not in a position to join militarily over there but we are trying to do our best to support the refugees and when the Iraqi government is getting back some cities from DAISH, then we have to make some support for the restoration of the living conditions over there, the water system, cities, houses and so forth.

We are trying to do our best and this reminds me of the role -- we have been in very good relations with Syria before the crisis. We have sent many young volunteers in Syria. Now it's too dangerous to go but our young volunteers were created in the 1960s. It was modeled after the Peace Corps in the United States. Recently I met with Ambassador Caroline Kennedy in Tokyo and she showed great interest in another cooperation between Japan's volunteers and the Peace Corps in the United States. Now that's a very good idea I think. We just promised to make a visit to the training center in Japan together in June. Well the situation is very difficult but we have to continue to help

those people.

Now, this year, 2016 is a very important year for Japan and JICA. Japan has been a non-prominent member of the Security Council from January this year. We are going to be participating (inaudible) Summit in May in Istanbul and Japan is going to host the G7 Summit meeting in Japan. In addition, the Tokyo International Conference on African Development, TICAD, will be held first in Africa in Nairobi, Kenya in late August.

So overall, Japan is in a position to take the lead to fight against the difficulty today. This is a very good opportunity for Japan to show that Japan is playing a more important role than before to the peace and stability of the world. (inaudible) the world situation is very gloomy with a lot of terrorism, extreme ideas and a terrible gap between the too rich and the too poor people, that is really terrible. But on the other hand, we should not forget that we adopted -- there were two milestones last year on international cooperation. There is one adoption of sustainable development goals in the United States in September and also the Paris Agreement on Climate Change in Paris. These are two milestones for international cooperation so this year, 2016, is the first year after those two milestones.

That's why I believe that Japan has a very important role to play to show that international cooperation has to be a real one. Thank you very much.

MR. KHARAS: Let me invite our panel to come up and take their seats and as they are getting mic'ed up, I'll briefly introduce them. Sitting in the middle is Sharon Morris. Sharon is the deputy assistant secretary of State for Near Eastern, Western Hemisphere and European Affairs in the Bureau of Conflict and Stabilization Operations in the State Department so I guess near east, terrible part of the world in terms of security, Europe, also major issues in term of security, I am glad you are

spending a lot of time in the western hemisphere, Sharon to give you a little bit of peace and quiet but she has a very long experience with development cooperation. Before joining the state department, she was in the United States Institute of Peace where she was a senior fellow.

She has also been in an NGO. She was in USA Idea before. She has worked that the McArthur foundation so she has worked in a whole range of organization, focused on this key issue on the links between security and development. To her right, on the far side is Joel Hellman. Joel is the dean of the school of Foreign Service at Georgetown University. He has been in that position for about a year now. Prior to that, he was, for many years, probably at least 15 or so, I would guess, at the World Bank where we had the pleasure of being colleagues together.

At the World Bank, Joel was responsible for setting up what was called the governance hub in Nairobi in Kenya which was a specialized unit at the World Bank to think about and guide all of the World Bank operations in fragile and conflict affected states and last, but by no means least, sitting right here is Bruce Jones. Bruce is the vice president of the foreign policy program here at Brookings. He, amongst many other responsibilities, but the one I particularly like is a project that he heads, which is very optimistically called From Chaos to Order so, you know, Bruce is a specialist in entropy but what he has also done is spent a lot of his career in thinking about the balancing of different powers, the accommodation of new powers and particularly when one thinks about security challenges, I think they have to be put in the context of what's going on in the rest of the world. These are very rarely purely local security issues. They are imbedded in broader forces that play at the world economy. Bruce also has hands on experience. He was -- he served in the UN operation in Kosovo. As the president mentioned, he was a senior advisor to Kofi Annan. He was one of the main authors of

the World Bank's very influential report on conflict and development and he was also on the UN's high level panel on threats, challenges and change.

So we have a wonderful panel and Sharon, I thought I would start off with you and the President's remarks. I thought it was really interesting to hear the emphasis that he placed on human security on the individual level. We know that in some areas like health and lives saved, if you look at Afghanistan, the results, as far as we can tell are absolutely stellar.

Afghanistan has halved in a matter of few years infants and child mortality rates. They have increased life expectancy from about 50 to 60 plus so at the individual level, we seem to be able to achieve some successes but at the national and state level, that doesn't seem to be translating to greater stability so when you think about these sets of issues, how do you balance these questions of are we investing in people and trying to do something for individuals or are we trying to build the institutions of the state for sustainability.

The president also said we can at best be a catalyst, a supporter of development in these places. We can't be actually the instrumental so that means having some kind of organization to support so give us a few comments on this balance between the individual and the state.

MS. MORRIS: Yeah, first of all I am not sure I would see it as two things that are in opposition. I think for me, over the years, I have looked at this question of violence from a development perspective. I was actually (inaudible) from the military when I was in Afghanistan from an academic perspective and now from the perspective of the State Department and Diplomacy and I think what I have learned over time is that development assistance is absolutely vital in these places. I would argue that it isn't.

I think we need to continue to provide assistance in conflict and post-

conflict environments. I think what has become increasingly clear to me is that many of our development programs were developed for very stable places and so when we pick them up and we drop them into highly unstable environments, they don't have the results that we would like them to have.

They may benefit folks at the individual levels but that can easily get overwhelmed by conflict dynamics down the road and so one of the things that I've advocated for over the years is that we need to integrate development and peace building or conflict management if you want to call it that because I have seen in many places, when you put development resources -- in violent places, there are a number of distortions that come up. Zero sum competition, no trust, deep tensions between communities and if you put development assistance in a context like that and you don't grapple with those issues, very often the assistance can just end up being another resource in a violent and competitive game. I think where I've gone from that is not only am I an advocate of putting together development and peace building in everything we do in violent environments. I have seen too many programs reinforce tensions as opposed to bridge them but I think I am also -- one of the reasons I came back in to government and I am at CSO is that even development and peace building, even if we could integrate those two, isn't enough.

One of the things that I am responsible for in CSO is the atrocity prevention Board and it is very clear that in many places, there is no way to medicate your way out of a problem so even if you have mediation linked to development, there are spoilers. There are bad actors, there are people that are going to do what they do and they are going to keep places unstable because it benefits them and so now we are beginning to look very carefully at how do you use diplomacy in a more effective way to deal with the spoilers, to provide a graceful exit for those leaders who are not going to

promote a particular peace building agenda because ultimately conflict is deeply political so until we have development, layered with the recognition of the violent dynamics, paired with peace building, layered with diplomacy, I just don't think we can keep putting money into these places and expect it to work, so --

MR. KHARAS: Thank you. Bruce, do you want to pick up on this. How do we identify who the spoilers, when Sharon says graceful exit, does she mean to Panama these days. What are the practicalities of actually integrating these kinds of things?

MR. JONES: Let me build on that and amplify it in one place. Before I do it, let me make one other point. These days, when you hear the debate on these issues, we were talking about this in the green room earlier, it's all Afghanistan, it's Iraq, it's Libya, right? It's all failure, failure, failure. That is a thoroughly unempirical and ahistorical account of the management of fragile states and the response to fragile states to the last quarter century. If you look at levels of violence and levels of war between 1992 and about 2009, it declined, declined, declined and declined in every region of the world and it did so largely because of a series of interventions and investments and peace keeping and peace building et cetera, through the World Bank, through the UN, through the United States, et cetera.

How that trend has reversed, is we watch new violence in the Middle East but it doesn't mean that you should forget that you can actually succeed in doing these things and we've kind of lost the memory of success and that distorts our policy in a major way. The bad news is in terms of the long term business of helping a society maintain a degree of inclusive politics, reduced violence, create conditions for a foundational growth, et cetera, I think we are very bad at that.

The kinds of things you just said, Sharon, I don't disagree with a single

word that you said but I am struck by how late U.S. government has come to that conclusion, the World Bank has come to that conclusion. Word for word, the things you said are in the agenda for peace from 1992, right? Word for word; we have known this for a very long time but our institutions have evolved extraordinarily slowly to do these kinds of things effectively and so slowly that it seems to me that we still don't have decent multilateral tools to do the core of this and I would define the core to similar terms of what you did.

It's the blending of diplomacy, politics, security development et cetera but when I look at the kinds of cases we are dealing with and the kinds of issues we are dealing with, the core challenge -- it's important to deal with health, it's important to deal with roads and it's important to deal with all these things but the core challenge is inclusive political institutions, institutions for public order, processes for political negotiation, the growing spread of the rule of law, all right?

Now I am going to over simplify but we basically have two kinds of tools. We have developmental tools, which are quite good in institution building but by sort of ideology and history and practice shy away from engaging from the security space or even really the political space and we have political institutions, diplomatic ones, the UN peacekeeping and they are pretty good at interfering the political security space but they don't institution building.

You can do short term responses to the political security space and you can do long term responses in the financial economic health and public infrastructure space. We don't actually have tools for long term responses and fostering institution building in in the political and security space.

There are little exceptions here and there but as an overall structure, we are very weak at the core of this problem.

MS. MORRIS: Can I just -- I absolutely agree. I mean it is about the integration of the political in to development and there are good reasons why you don't want to do that because when I was working for an NGO, if you got too political, you got kicked out of the country so you have to find a way to integrate politics into technical development without throwing the baby out with the bathwater and to me, that's very much a layered approach. You do have to protect development and humanitarian actors from becoming overly political or they can't work.

MR. KHARAS: Joel, I mean this was two challenges from your last incarnation at the World Bank. Bruce's comment that these institutions have taken a long time to actually evolve and be interesting to hear about what constraints you found and trying to move the World Bank in that direction but then second also this issue of political. I mean the World Bank, for decades has always said we are an apolitical organization and institution. I mean they explicitly tried not to get involved in the politics and here we are saying it's essential to get involved in the politics, how did you manage to address that.

MR. HELLMAN: At first, we started off on all the right issues that you've raised and Bruce is absolutely right that these issues were understood and (inaudible) to thinking about what's going to bring security and development but the implementation of this has been beset by long term difficulties related to the mandates of the different institutions, the different mindset preparation, understanding of different parts of our expertise, both academic and practitioner. These are different worlds and these different worlds don't easily come together. There is one aspect that I want to raise regarding the development side and then we can talk a little bit about the politics side.

What I found was the biggest constraint in going deeply into the true issues that impact long term institutional development and the relationship between

political and economic factors is the approach to risk that development actors take and how that has changed over time because as we get to the last mile of poverty reduction, we are going to go into increasingly riskier environments and by risk I mean all forms of risk, right.

The risk of failure, the risk of reputational damage, the true security and physical risks to staffing and people involved in development engagements. There are all of these greater risks and frankly, many of the development institutions first of all were not necessarily created to work in that riskiest core of the market, if you will. They were created to work in stable environments and for a long time it was: “Let the UN create stability and once there is stability, the development actors can come on board.”

So there was always that sense of these institutions were not established to work in that riskiest segment of the market. Second of all, since the 90s, over time, the institutions, all of the institutions, bilateral, I would be curious to how this affects JICA, I know in the U.S. institution, the bilaterals, the multilaterals, is the governance risk, the corruption risk, the risk of failure, the tolerance level for those risks has declined precipitously so we expect all of our children to be A students. We expect all of our projects to succeed but when we go to these risky markets, we have to assume that a huge share of our projects are going to fail; that’s the nature of working in those risky environments. We have to assume a level or risk and reputational risk. We have to even assume a level of corruption and governance risk. We have to assume and deal with security risks in a different way than these institutions have been set up to do and I think that these institutions not only have been slow to adopt those different approaches and attitudes towards risk, I would say that since the early 90s, they have become even less capable of taking a bold approach to those risks and I think that’s what’s created such a difficult effort to adapt to the challenges of that last mile, if you will, that last segment of

poverty reduction. Now on the politics side, the last thing I will say, places like the World Bank have an explicit restriction built into the articles from the Bretton Woods Agreement establishing the institution that say these institutions were not to engage in domestic politics.

We all know that everything they do is political but there is a strong firewall between direct engagement and therefore, one of the real obstacles of brining the political in was how do you bring in political awareness into a development institution without being able to engage politically, explicitly politically. And that I think has been a challenge and will continue to be a challenge for development institutions for a long time to come. It requires better partnerships with the UN and multilaterals and bilaterals who can and have that ability but that cooperation is proven difficult given that sort of tension between the political and the development side.

MR. JONES: Just a quick two fingers. I very much agree with everything you said, Joel. Just on that last point about the Bank's mandate to not be political. It seems to me that the drafting of that mandate was about the bank shouldn't be in the business of choosing between communism and democracy. It is so over interpreted and we have Bank lawyers saying: "We can't be involved in providing finance to local police forces because it's political" and it seems to me that we have way over interpreted what that mandate actually restricts us from doing.

MR. KHARAS: President Kitaoka, I wanted to come back. One of the implications of being risk averse is you tend to look for short term wins and in your remarks I think very importantly, you highlighted the gains that one could have by thinking about prevention, how much cheaper it is to engage in prevention and you gave health systems as an example rather than dealing with the symptoms later and obviously in conflict, prevention is also much cheaper than dealing with the issues. And then you also

gave examples about how important it is to try to win the hearts and minds of people and offer them some hope and through interventions like sports day, which I think many people would not have thought would have been one of the big priorities for a newly emerging country like South Sudan but my point is that in all of these cases, the returns come in the long run. How do you manage the politics of lengthening time horizons so that people are prepared to engage in interventions that yield benefits in the long term, rather than always going for the quick fix?

MR. KITAOKA: Before responding to this questions, can I just say a few words about Afghanistan and other situations?

MR. KHARAS: Please.

MR. KITAOKA: Certainly I have to admit that human security can work in (inaudible) where some stability is achieved. Now for failed countries, if you look at some countries which are called failed states, there are some stable places, stable regions to which we can make some assistance and we have to be very patient in our approach. First of all, if there is a real state, we have to -- diplomacy has to play an important role, backed by military forces, not the military forces first. Diplomacy, to urge the compromises, those competing factions. That's very very important. By threatening with military forces, at the same time but showing some inducements, by money will urge some compromise. Let's not make a too hasty approach.

I made my first visit to Afghanistan in 2002 in February. I visited Herat which was governed by Ismail Khan which was like a midlevel place but stable, you know. There was a rather hasty approach for centralization on the (inaudible) which was one of the causes of failure. In that sense, I am in rather support of regionalism and parliamentary democracies where compromises are easier than presidential systems. If we bring a presidential system in which winner takes all, then the competition among the

competing factions become tense, very difficult to stop and that's one thing. Also when we look at the world situation as a whole, except for the extreme Muslims, this is terrible, but other areas, the peacekeeping operation is going out from Liberia, Cote D'Ivoire, the situation in Somalia is not good but better than 10 years ago. We should not be desperate.

The number of the causalities is not particularly increasing. Therefore we have to have international cooperation with a vision for the future which should not be a very hasty one and should not be an idealistic one but very much a practical one. Now let me go back and respond to your questions. One more thing about the first question. Human security is not almighty at all or there is no panacea for the issues that (inaudible) but still we have to support the people when they are living in relatively stable places by supporting the (inaudible), agriculture and so forth and also strengthening and bringing about the security sector reform, strengthening the police which had to be started from the identified the good police, this is a very difficult one.

Also, if we try to bring an idea kind of a solution in too hasty a manner, it's very difficult. For example, when we had an election in Afghanistan, how to exclude the Taliban dedicated candidates which is a very terribly difficult jobs and which did not have a very good impact on the process in the long run.

Okay, let's go back to the question on how to get abundant (inaudible) and how prevention is important. This is relatively evaluation that certainly prevention is better so the -- one of the issues, how to divide the powers into the regions. Just look at Africa, most of the African countries are in presidential system, except for Morocco, which is a kingdom and Ethiopia is a bit similar to the parliamentary democracy. The power is divided. Let's urge them to make compromises; that's a very important thing and while they are refraining from the conflict, we can support the assistance -- we can provide the

support and then it can get the -- it can continue to get the support as far as you stop hiding so this is an important approach. Also, I think on thing which is not very well known to the international community which the Japanese government is doing, the urge -- how to urge the dialogue among the conflict group. For example, into Iraq, we invite those Iraq leaders to Japan and then there are two purposes. One is to show how Japan stood up from defeat and just look at the secrets or the reasons why Japan was successful in recovering.

Another hidden agenda is to make them discussion -- to urge discussions as to why they are traveling and then this is useful. In -- I am very afraid that when the Iraqi government is prevailing over DAISH, immediately, the Saudi-Iran conflict is rising up and there are also the Sunnis, Shias and Kurds; the conflict may start in there, therefore there should be another conditionality from us. As far as you can continue this agreement, then we can provide continued support.

Again, I have to admit there is no panacea because the major players of the people over there, unless they are determined to come to peace, we cannot force them but we have to persuade them that there will be a better future, if you make a compromise.

MR. KHARAS: Thank you. So very quickly, I am going to ask each of you to just respond to one last question before we throw it open for Q and A and that's the question of money. Today, lots of people look at defense establishments and say that's where all the money is and now we have combined these notions of defense security and development, maybe there will be lots more money for addressing the kinds of issues that we have been talking about.

Others are very worried that by putting more money to a situation, you just create more conflict to get those rents so Bruce, in 30 seconds, more money is

something we should strive for in this are or something we should be cautious of? And you can't say both.

MR. JONES: Different money. We are able to pay for different things like stabilizing local police forces, justice institutions, rule of law training, et cetera, who cares whether it's a development activity or a security activity; it's an irrelevant distinction that we impose on realities which are much more organic.

MR. KHARAS: So find a problem and solve that problem. Sharon?

MS. MORRIS: The smartest programs that I have ever seen that actually are able to show that they can reduce violence, and you can actually develop measures to show that are quite small and I think there is still very little money for those types of programs that blend development and peacebuilding and have a diplomatic layer but the bottom line is you have to do those programs first and then you can float the big money in because you have a stable environment in which to do development so I would actually say small money up front to lay the groundwork to set the stage for big money later.

MR. KHARAS: So there is enough in things like the peacebuilding fund?

MS. MORRIS: Oh no. There isn't enough for this kind of peacebuilding work but there is more than enough than we are dumping into places like Iraq, Afghanistan, Libya next, Syria next --

MR. KHARAS: Shift the composition?

MS. MORRIS: Shift the conversation. The amount of money, the billions that we have poured into those places is not working.

MR. KHARAS: Joel?

MR. HELLMAN: Yeah, more money better distributed. I mean the bottom line is that if you look at the sum total of countries that you would say are fragile

and conflict affected are at risk, its feast or famine so there are a small number of countries that are far over aided and in fact, the aid itself has become the problem. The effects, the potential overloading of domestic institutions, the competition, that has become the problem and then yet at the same time, I would say three fragile states make up somewhere in the order of 70 to 75 percent of all funds flows in -- however you want to define in the 35 to 45 countries that we identify as fragile and conflict affected. If you look at the average country that's not in the headlines, that's not impacted by these kinds of high profile things, they are far under supported, very far in comparisons to other standard developing countries. So I think we have to look seriously at the distribution of funding but recognize that the massive amount of aids that went into the small numbers doesn't mean that the overall level of aid to fragile and conflict affected states is high, relative to other development challenges.

MR. KHARAS: So many institutions, including IDA and DFID and others have actually got specific targets of we're going to do this much in fragile and conflict affected states. Are you in favor of those kinds of average aggregate targets?

MR. HELLMAN: I am in favor of targets that not necessarily are average because I think that you have to pay attention to the distribution. What concerned me is that in many organizations, for some time that aid was -- the aid formula, and this is essentially the truth in IDA, was based on a formula in which governance indicators were wrapped into the formula. As a result, they are always going to perform at the bottom of all governance indicators by definition so they were going to get less on a per capita basis than more well-governing environments which seems to be not being forward looking in trying to distribute aid to the countries that need it most so as a result, I think the overall envelope on the multilateral side, it's not true in the bilateral side of course but on the multilateral side, the overall envelope is far smaller than it should be relative to the

share of not where poverty is now but where poverty is likely to be in 15 years and I think we need to change that and formulas that push that and I was behind that in the distribution is a way to pushing donors to that and they are nervous about it because of the risks involved and seeing more money go to those areas.

MR. KHARAS: President Kitaoka, you -- is JICA going to have a target for how much assistance it will provide?

MR. KITAOKA: First of all, I quite agree with the common notion of more money in a different way but how to bring that money? Another important topic is how to bring private money and cooperation with private partners which is very important. In a different situation from a secured area, one big success was all the (inaudible) which was done by Sumitomo Chemical in Japan, which was a very effective net against mosquitos. If you are sleeping in this net, you can be safe against malaria which totally helped probably several millions of people in the ten years or so and also now (inaudible) has very much insisted that how to make a cooperation with a private sector is very very important. But at the same time, now a days, the new donors are rising, therefore I think more and more cooperation between the donors in advanced democracies is very necessary. (inaudible) USAID, France, Netherlands, Australia, and Canada -- I think which has been started. We are trying to promote more cooperation between us rather than through the United Nations, which is a huge bureaucracy.

What I am trying to say is that all of the happy families are similar. All the happy families are individuals so we have to find out what are the real causes of happiness in each country and try to address to those countries the individual attention by the cooperation with advanced donors, with the cooperation from energy (inaudible)

MR. KHARAS: Thank you. Questions from the audience. We've got lots. Please wait for microphone to come. Identify yourself and ask a question. We will

start right there in the back which is closest to the microphone. We will take a few questions and I will ask the panelists to respond.

QUESTIONER: I am Bob Hershey. I am a consulting and getting an economic consensus of what people want to do in their area and getting the funding together, could you use the internet to get some transparency?

MR. KHARAS: Can we get a mic here in the front? We can start with lady over there.

QUESTIONS: Thank you. I am Irini Hilla, I come from Greece and I am a professor of international relations in Athens University so thank you for your interesting lecture. I would like to ask for you one question. We all know that in order for a country to play a role of leadership in global affairs, it has to process this kind of carrot and stick diplomacy. What do you think that this policy would be for Japan in the very near future? Thank you.

MR. KHARAS: Thank you, keep going down to this gentleman.

QUESTIONER: My name is Patrick Wickland, I work for the foreign agricultural service at the USDA. You were talking about some of the long term problems that you have with institution building. I see in my own agency that when we are doing technical capacity building and scientific capacity building, that's bringing ministries together in some of these places and it sort of -- they are doing the politics organically kind of on their own and we are just there with our technical experts so I guess my question is for you, Professor Hellman, have you seen any sort of research on I guess government agencies like the USDA or the Department of Energy that are doing capacity building type work and that being sort of more effective as soft diplomacy because people are maybe scared of the state department or distrustful. Thank you.

MR. KHARAS: The lady right here?

QUESTIONER: My name is Dierdre Lapin. I am currently a consultant. I worked on staff for many bilateral and multilateral organizations and also for a major oil company in development. My question follows the last one and to a large extent has to do with institutions. We have been talking about them; institutions are composed of people and the quality of those institutions depends, to a very large extend, on the quality of the people's ideas, the quality of their cooperation among themselves and the quality of their ability to be political, that is to make things happen among themselves.

Now the question that I have, is that we in development do far too little in building a relationship between people. Building social capital, funding people to people programs which then ultimately can change and make more stable the institutions those people are involved in and so I am wondering how we can get organizations to fund people to people type activities.

I was just, for example, evaluating one where just in two states of northern Nigeria, 5,670 people were trained to do house to house health education and the only complaint about the program after the evaluation was there weren't enough of those people and they didn't stay long enough in the household because they didn't have the time so this is expensive but it works.

MR. KHARAS: Can it be expensive but also can be with volunteers and I hope you come back and in a couple of months we are going to have a big event on volunteering and the gentleman over there?

QUESTIONER: Thank you very much for a great presentation. My name is Elliot Horowitz, I was a former colleague of Homi Kharas at the World Bank and I was in the state department and was a member of the intelligence committee. This question came up in the presentation but I don't know by whom, who are the spoilers of economic development so I would appreciate it if anyone could answer that question

please.

MR. KHARAS: Okay, I am going to go back to the panel and maybe not ask you to each answer all of the questions so Joel, let me start with you and there was a specific question addressed to you on capacity building and also use the opportunity if there are any sort of final pithy takeaways that you would like to have. This is your chance.

MR. HELLMAN: Okay, well quickly on capacity building and it relates to your people and the people's comment as well because I do think this is core and one of the things that was mentioned here by Bruce and Sharon and others is that the amount of success that you have seen in a number of countries -- but it is interesting to see that what you see as reasonably significant success in rebuilding a state of delivery of service, often equivalent or slightly better than it was prior to the conflict and all the rest of the efforts to kind of enhance good governance and create my kind of much complex institutional frameworks in these countries at a very very low level of development, they fail so we are more successful -- actually more successful than we know at restoring capacity and we are terribly unsuccessful at raising that capacity to levels that I actually think are unlikely to ever be achieved in the timeframe that we think they can be achieved so our capacity building efforts, largely fail because our understanding of how capacity develops, the time frame that it takes to create that kind of people centric approach to development is entirely different than the three, five year time frames that we have in our development projects so I think that we really do have to fundamentally rethink the way we understand development and then we move development and so my last pithy reminder is who are the spoilers?

I have to say to some extent we are the spoilers because we place expectations on countries that have extremely low levels of development that are looking

at a generational path of the development of individual capacity and institutional capacity that we want to truncate into a political cycle of four years, eight years, and that is actually is often at the root of our expectations of what goes wrong.

MR. KHARAS: Sharon, I wonder if I think spoilers was your term so you might want to absolve yourself from Joel's accusation but also there was a question on internet and transparency and I know that the state department has always been a big believer in promoting transparency, open government et cetera so maybe you can take that?

MS. MORRIS: Yes, I would be happy to talk about some of these. I am afraid I am going to have to not talk about the internet one only because I know absolutely nothing about it. I will talk about spoilers gladly and this does touch on your individuals and institutions question as well and the scary state department so for me, this -- Dierdre, this is one of the most central challenges to the way we do development and this is why I think there needs to be a much closer alignment between development and diplomacy.

In governance programs, in development, and I started out in the democracy center at USAID so I am a huge believer in governance programs; they are very technical. It's this notion that if we build the right technical types of institutions, we promulgate the right kinds of laws, all of a sudden the people who inhabit those institutions are going to be operating under a different set of incentives and rules and that's just not true.

If you have spent your whole life in Afghanistan or Iraq or Libya or Syria where corruption is the only way to survive, zero sum competition is the nature of the game, I mean for us to sort of assume that you build the institution and that will change the individuals who inhabit it and the way that they've survived, that's just ridiculous and I

think there are a lot of people who can come around to see that compromise is a better way. That takes time. There are a lot of very good programs out there that get into these institutions and teach negotiation and mediation training so people can begin to see that there's a way to get to a positive solution but this leads to the question of spoilers. There are some people who are never going to accept that there is a way to compromise or that there is a way to come into a win win solution because they stand to benefit from instability and those are the people -- those are the spoilers that I think only diplomacy can constrain and even then, let's not overstate what diplomacy can do.

You can pick up the phone, you can make calls, you can do certain things -- another thing that we're exploring is how do you mobilize domestic coalitions to put pressure on spoilers because usually those coalitions, they pay attention to those coalitions more than they pay to external actors but the bottom line is if you don't know what those spoilers are, there is nothing you can do, they will capture and control every institution you try and build.

MR. KHARAS: Thank you. Bruce, let me come to you. You have written about spoilers quite extensively so I am sure you've got some thoughts on that but there was also an interesting question on carrot and stick and we've talked a lot about the carrots that we have at our disposal, not so much about sticks if you've got any thoughts about them.

MR. JONES: I am all about the sticks.

MR. KHARAS: Yeah, I know.

MR. JONES: Look, the kinds of hard spoilers that Sharon was just talking about. There are situations where the only credible answer is to defeat them. It's not to buy them off, it's not to include them, it's to defeat them and I defeat them militarily and we've had reasonable success in doing that in a number of peacekeeping operations

and multinational operations, et cetera and that just has to be part of the toolkit.

It's very hard when you get into places which is where we are now. One of the things we haven't talked about in this panel is all the references that we've had are to the kinds of places we've been dealing with in the past 20 years. We are about to have these conversations in a whole different context, right? What about spoilers in Syria? That's a whole different kind of ballgame if you look at the sophistication and the level of military capability, right? So these issues are about to get much harder than they have been but in the kinds of cases we have been talking about, sometimes you simply have to defeat spoilers so that's the stick issue and carrots can be involved in peeling people away from spoilers but minus the stick, it doesn't work.

The last point that I wanted to make is just to build on Joel about timeframes. When we did the world development report on conflict security development, we took a look at what it takes for a society to evolve by one level of governance, right?

So we are not talking about how do you become Denmark? We are talking about how do you become Botswana? How do you become a relatively stable, lower-middle income country? What is the timeframe that it takes? If you assume the fastest rates of growth ever seen in recorded human history and you apply them to Afghanistan now, it takes about 150 years to get to Botswana so the chasm between the timeframes of what history tells us it takes human societies to evolve and the kind of three to five year projectization of governance -- I mean it's just massive, right? So we have to have a completely different way of thinking about that kind of problem.

Afghanistan is an extreme case but even when you look at less extreme cases, you're talking about a couple of generations for transformation of the rules, of politics of the kinds of relationships between institutions, rules and people that could actually produce stable and inclusive politics.

MR. KHARAS: Thank you, president Kitaoka, the last word is yours.

MR. KITAOKA: Thank you so much. Again, on spoilers, spoilers can be defined as those people that have more benefits in defying against the agreement if there is a kind of a diamond, they may be able to get it by not following the international consensus.

I found that because Japan is a resources country, when I first visited Africa, I found that there is a world to grow some resources. Resources can be the cause of the (inaudible) that's why I am saying if one finds more benefits, then they can defy against the consensus.

The other is if they are afraid of too much damage from them then they can fight. They can fight from this (inaudible) that again is a reason so we have to avoid that. That relates to the carrots and sticks issue. Carrots and sticks you know nowadays because military technology is so advanced, stick cannot be used easily. We have to first of all look at and try to do -- reduce the number of the spoilers, spoiling in different countries. The last country might be North Korea probably, which is a thoroughly guarded by nuclear ripples.

We cannot communicate directly to the people. This is the most difficult case where we have to make much more effort to send our message to the people over there. I cannot imagine any other effective way to reach those people and in carrots, how to bring carrots to common people is a difficult kind of thing.

Once the United States wanted to bring some humanitarian assistance to North Korea but because of transparency, it should be accompanied by who visits, whether or not the assistance is just delivered to the appropriate places which they don't like, therefore they decline to get the support. This is very difficult but as a whole, they are showing some embracement, showing some understanding is very important.

I this regard, I have to show that we are engaged in a kind of dialogue to promote the mutual understanding of civilization and religions. As was introduced by Homi, I was President of the International University of Japan, which is a very unique university, a private university, only graduate school and 80 percent of the students are from foreign countries. The biggest body is from Islamic countries, Indonesia, Malaysia, central Asia, even Afghanistan, many people are from Afghanistan and the second biggest group is Buddhists, including Japan, Thailand, Sri Lanka, Myanmar. They exist peacefully, friendly and then that's a good way -- they can find out the way to coexist over there and they can become friendly in two year life in the dormitory. Also, Japan has been doing a kind of a cultural dialogue across the religions. I once was part of this dialogue.

Our team was headed by a Japanese Buddhist who had a PhD in Islamic Studies. This a very unique case, you know. We cannot expect to reach an agreement in a short period of time; that's totally impossible but showing our attitude that we are ready to listen to your opinion is very important.

MR. KHARAS: Thank you, thank you. So I think that that's a very hopeful note on which to end so please join me in thanking our panel for a wonderful discussion.

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