Introduction

THE WORLD OF development is changing, and this book sets out to examine how and why—and to what end. This volume brings together the perspectives of new players with those of leaders in the public sector and academics involved in cross-cutting analysis. By examining the common challenges faced by all development players—accountability, the effective deployment of resources, agenda setting, and achieving scale and sustainability—these contributors' chapters aim to spur a debate as well as build a consensus on effective practices and, thus, establish foundations for collaboration among the growing number of people and organizations committed to lifting the lives of the world's poor.

Each chapter focuses on the actions of new players in the crowded development field, teasing out implications for efforts to alleviate global poverty. In chapter 1, Brookings's Lael Brainard and Vinca LaFleur of West Wing Writers provide an overview of the primary issues of the day, sketching recent trends in assistance strategies and objectives that have emerged with the advent of the new players.

In chapter 2, *The Economist*'s Matthew Bishop paints a vivid portrait of development's changing face, starting with the White House Summit on Malaria in December 2006. The then–president of the World Bank, Paul Wolfowitz, the UNICEF executive director, Ann Veneman, and the Nigerian health minister, Eyitayo Lambo, are seen mingling with the actor Isaiah Washington, the former AOL chair, Steve Case, and the senior pastor of California's Saddleback Church, Rick Warren. It is a scene that has become increasingly common; nowadays in the world of poverty reduction, billionaires, celebrities, foundations, multinational corporations, nongovernmental organizations, preachers, and social entrepreneurs are working alongside the established multilateral and bilateral bodies that have dominated development since the 1950s.

To determine whether this new coalition of actors will become an integral part of the aid and development system, Bishop focuses his analysis on the strengths and weaknesses of one of development's newest players: the "new philanthropists"—loosely encompassing the high-net-worth individuals making inroads against global poverty. The new philanthropists are leveraging their expertise to establish foundations (like Microsoft's cofounder, Bill Gates), hybrid for-profit/nonprofit enterprises (as did the founder of eBay, Pierre Omidyar), and innovative incentive tools (like Celtel's founder, Mo Ibrahim).

Crediting the new philanthropists with market savviness and an eye for impact, Bishop makes the case that at their best, these high-net-worth individuals can "do things that others find significantly harder" for the global poor. Because these philanthropists are unencumbered by shareholders, political cycles, or excessive red tape, Bishop argues, they can think long term, make unpopular decisions, and act quickly. Coupled with their commitment to advocacy, the new philanthropists are strategically leveraging their resources to achieve maximum impact on the ground. Bishop rightly points out that individual philanthropists' resources to fight poverty, though large in aggregate terms, are usually dwarfed by the budgets of bilateral, multilateral, and corporate donors. The fortunate consequence is that new philanthropists systematically target interventions that promise the largest social return per dollar. Though their role is still taking shape and their long-term impact is equally uncertain, Bishop forecasts that the traditional aid architecture will most likely absorb these philanthropists in ad hoc, issue-driven partnerships.

In chapter 3, Brookings's Homi Kharas provides a detailed empirical map of total aid flows to the developing world. Kharas finds that of the $107 billion in official development assistance disbursed by rich countries to developing countries in 2005, only $38 billion was oriented toward long-term development projects and programs, known as country programmable aid (CPA). The remainder was tied up in special purpose funds for debt relief, technical assistance, headquarters administration, and the like. In-country administrative costs, siphoning off by elites, and corruption shrank the $38 billion even more, perhaps by half. Faced with a limited budget for long-term development projects, many poor countries find themselves hamstrung in their ability to meet pressing needs.

In response to traditional aid's weaknesses, the nature of development assistance has changed. Traditional donors are splintering into many specialized agencies—witness the Global Fund to Fight AIDS, Tuberculosis, and Malaria; and the Global Environment Facility. Large new bilaterals have emerged from the global South with their own approaches to development; Kharas estimates that these new bilaterals—including China, India, Taiwan, and Russia—gave approximately $8 billion in CPA in 2005. The number of private donors is also exploding, and the value of their donations, estimated between $58 and $68 billion in 2005, could already equal or exceed CPA. With the proliferation of development players, the new reality of aid is one of enormous fragmentation and volatility, increasing transaction costs and (potentially) decreasing effectiveness. Kharas identifies understanding the workings of coordination, information sharing, and aid delivery in the new aid architecture as a key challenge for the current era.

In chapter 4, the political scientist Darrell M. West of Brookings and formerly of Brown University turns our attention to development's most visible new player: celebrities. Though today's celebrity advocates have strong historical antecedents, West attributes the outsized nature of their contemporary voice to a number of factors. The convergence of new technologies, coupled with an exploding celebrity culture and deepening disillusionment with public officials, have thrust celebrities into the development mainstream. And given the ability of these "celanthropists" to raise money, attract media attention, and reach new audiences, they are also able to powerfully shape public opinion.

Celebrity advocates' involvement in the crowded aid and development field has its benefits and pitfalls. As West asserts, because celebrities are not bound by political constraints, they bring "independent" perspectives to our national and international dialogue. Yet in other respects, a system based on celebrity raises the risk that there will be less substance in the political process. At best, celebrities infuse poverty alleviation efforts with needed publicity and cash. At worst, civic discourse is diluted of much of its substance when star power is weighted more heavily than traditional political skills. West concludes by cautioning that at present we are dangerously close to the latter.

In chapter 5, the University of Texas political scientist Joshua Busby provides a compelling analysis of development's most celebrated advocacy movement, the Jubilee 2000 debt relief campaign. Championed by the U2 front man Bono, the campaign aimed to have the external debt of the world's poorest countries written off—and succeeded. Busby seeks to discern the roots of the campaign's success to ascertain whether other advocates can replicate such positive results.

Busby attributes the success of the Jubilee 2000 campaign to a number of interrelated factors. Unlike trade liberalization, no strong domestic constituency opposed debt relief. The costs incurred by donor nations were modest. It benefited from a message that had broad cultural appeal in strategic countries. Credible messengers, including an outspoken public and representatives across the ideological spectrum, supported the cause en masse. At the same time, savvy political insiders targeted key players on both sides of the aisle. And given its global nature, advocates utilized differentiated approaches for each national context. Going forward, Busby advises that advocacy movements remain independent from political affiliation. He also warns of an overreliance on celebrity intermediaries, echoing West's concerns about oversimplifying complex policy messages. So, though there may never be a large constituency for global poverty alleviation, advocates might emulate Jubilee's success by skillfully utilizing the mass media *and* tactically reaching out to individuals with access to policy circles.

In chapter 6, Ngozi Okonjo-Iweala, the former Nigerian minister of finance (and now managing director of the World Bank) takes an inside look at the "demand side" of Jubilee 2000: developing countries. In what reads much like a memoir, Okonjo-Iweala gives a personal account of Nigeria's successful quest for debt relief. And though Nigeria was not a direct beneficiary of the debt relief campaign, it indirectly benefited from Jubilee's success in creating an amenable environment for relief requests.

Okonjo-Iweala traces the background, elements, and enabling factors that led to the historic 60 percent write-off of Nigeria's Paris Club debt in June 2005. In December 2004, the country's external debt had stood at nearly $36 billion, 86 percent of which was owed to the Paris Club. The country's total annual debt service was about $3 billion. On the road to qualifying for debt relief, Nigeria became the first country whose homegrown economic reform program earned the endorsement of the International Monetary Fund's Policy Support Instrument. The World Bank granted the country International Development Association–only status. Nigeria regularized its debt service record. And it established that changes to the status quo were necessary to make any appreciable progress toward the Millennium Development Goals. Achieving these benchmarks with the help of academics and civil society proved instrumental in catalyzing the official talks that formalized the debt write-off, which opened doors hitherto closed for Nigeria on the investment front.

In chapter 7, J. Gregory Dees, who specializes in social entrepreneurship and nonprofit management at Duke University, investigates the phenomenon of social enterprises and sector blurring—which is rapidly sweeping through development circles. Though official donors operate almost entirely through government channels, philanthropic organizations (both established and fledgling) are increasingly looking to the power of individual entrepreneurs to transform society in a decentralized approach. These market-oriented approaches to poverty alleviation, which are essentially obscuring the lines between for-profit and nonprofit enterprises, are gradually being embraced as an integral element in creating lasting social change.

Three guiding tenets explain the growth of this social entrepreneurship approach: economic empowerment, independent innovators, and philanthropic value added. In most developing countries, serious barriers to market development prevent the poor from participating in beneficial economic relationships. Dees argues that social enterprises commonly empower economic participation and facilitate the development of nascent markets. Yet identifying ventures that promise high social returns remains a stumbling block. To fill this void, development players are increasingly looking to social entrepreneurs—those pioneering individuals on the ground who have demonstrated their ability to take risks, innovate, and adapt. Philanthropists and social investors have a pivotal role to play in financing these entrepreneurs and the worthy enterprises they champion. Going forward, Dees identifies measuring success, establishing terms of engagement, ensuring sustainability, and scaling for impact as key challenges for those interested in funding hybrid enterprises.

In chapter 8, Ashok Khosla of the Development Alternatives Group, a consortium of social enterprises based in India, builds upon these insights, reflecting further on the deep connections between sustainable development and social enterprises. Though knowledge can be a powerful tool for development, market incentives tend to stratify its benefits between the global haves and have-nots. To address this market shortcoming, Khosla looks to social enterprises, or what he calls "community ventures"—hybrid for-profit/nonprofit local enterprises that deliver basic services to the villages where they operate. As small businesses, community ventures have the potential to provide needed services while generating employment opportunities. Key to their success is the support of "network enablers," which offer the integrated services needed to help local ventures become profitable and sustainable. Drawing on extensive field experience, Khosla sees an opportunity for venture philanthropists to finance these network enablers and thus help build a small community's capacity to rise out of poverty.

In chapter 9, Jane Nelson, who focuses on corporate social responsibility at Harvard University, provides a comprehensive overview of the numerous accountability questions that have arisen as the reach, influence, number, and diversity of nonstate actors in international development have multiplied. These actors (broadly defined) range from activists and funders to emerging entrepreneurs and technologies to new sources of and models for delivering official development assistance to new initiatives and ad hoc coalitions being forged by new players. Concurrent with their rise, new players face questions of accountability and effectiveness about their governance, integrity, stakeholder participation, legitimacy, and scalability. And in reflecting on these questions, new players are increasingly imposing a certain degree of discipline on all development actors.

Nelson analyzes the implications from four primary perspectives: traditional, official donors and large corporations, civil society organizations, public-private partnerships and multistakeholder alliances, and the new bilateral donors. Some new players are imposing this discipline by filling governance and accountability gaps—monitoring and ranking the performance of traditional donors, strengthening public sector capacity, increasing public engagement, and promoting enhanced corporate social responsibility initiatives. Other new players are imposing discipline by example—pioneering legal and regulatory mechanisms, independent monitoring and ranking systems, and self-regulatory or voluntary mechanisms for oversight. Collectively, they have pushed accountability into the spotlight.

Looking to the future, Nelson believes that multistakeholder approaches to the governance and operations of development initiatives at the local, national, and global levels will become prominent. As the initial attempt to create models for mutual accountability, these collaborative initiatives grew out of the need to redefine how the development community can legitimately shape governance and accountability frameworks, and how it can effectively mobilize and deploy resources for long-term poverty alleviation. Scaling up multistakeholder initiatives (like all development interventions) will require operational models that make impact assessment, empowerment, and capacity building mutually reinforcing.

In chapter 10, Simon Zadek of the international nonprofit organization AccountAbility takes a deeper look at multistakeholder approaches to accountability. In arguing that twentieth-century accountability mechanisms are proving inadequate for today's challenges, Zadek echoes Nelson by arguing that there need to be more collaborative initiatives among public bodies, businesses, and civil society organizations. Yet he goes a step further, contending that such cross-sector networks are *the* institutional innovation of the current era, because they stand to influence all those in contact with them.

Zadek identifies three primary categories where collaborative initiatives could make the greatest impact: commercial endeavors, leveraging, and rule setting. Focusing on rule setting and on "collaborative standards initiatives"—for example, the Extractive Industry Transparency Initiative, the Kimberly Initiative, and the Equator Principles—he outlines both the benefits and risks of such endeavors. These initiatives establish standards that govern the behavior of the initiatives' signatories. As regards benefits, Zadek points to the initiatives' ability to reshape markets to value environmental and social externalities, to fill gaps in public governance, and to give voice to the communities and stakeholders active in developing the markets that affect their lives.

Yet the challenges and risks faced by these collaborative standards initiatives are not insignificant—like all new players, they have their own transparency and accountability issues. Likewise, their efforts to welcome the voice of the communities where they operate to the decisionmaking table and to align themselves with national governance systems remain haphazard at best. Free riders present an ongoing challenge, as does creating disincentives for noncompliance. Zadek concludes, therefore, by emphasizing that the efficacy of these initiatives depends on establishing robust forms of collaborative governance; only then will they become an integral part of a new multilateralism fit for this century.

Undeniably, the aid and development community has undergone sweeping changes since the emergence of the new players noted here. Today, with more than 230 actors channeling resources to the developing world, the number of donors per recipient country now averages 33, compared with only 12 in the 1960s. This proliferation presents major challenges for ensuring that assistance is coordinated. In chapter 11, Brookings' Joseph O'Keefe thoughtfully explores the development community's response to this fragmentation and proposes a way forward to ensure that more donors will mean more for the world's poor.

In recent years, the multitude of donor-driven initiatives has spurred efforts to streamline aid through a loosely tiered system of coordination known as the "Consensus Model." With this model, both aid donors and recipients stand to benefit by sharing information, establishing common objectives, and collaborating on project implementation. Yet this process is plagued with fundamental problems, which will only be exacerbated as fragmentation deepens, new bilateral donors increase their aid, borrowing from capital markets continues to grow in the developing world, and market-like competition among aid donors intensifies. For aid outcomes to improve, it will be critical for actors to adapt to this rapidly changing environment. To do so, O'Keefe recommends increasing the reach of best-practice collaborative standards initiatives, providing recipient governments with the tools needed to rate donor performance, and creating a pool of funds at the multilateral level for independent impact assessment.

In the concluding chapter 12, Mark R. Kramer of FSG Social Impact Advisors proposes a concrete plan to synergistically improve the impact of the three main aid and development sectors—government, corporate, and philanthropic. He illustrates how the different institutional cultures, technical skills, and incentive structures of each sector give rise to unique capabilities for development work. Yet these differences can leave organizations that share goals but are in different sectors at loggerheads over strategy and implementation. To alleviate this situation, Kramer argues, the three sectors could greatly benefit from a division of labor. There is already a nascent acceptance of this idea; for example, some government aid spills into philanthropic organizations, and corporate investments can leverage public expenditures. However, without a common language, cooperation among the sectors is often arbitrary.

In particular, Kramer suggests, by building a consensus on four types of impact evaluations—financial returns, socioeconomic benefits, social benefits, and environmental benefits—the development field's three sectors could promote cooperation and coordination. By evaluating all their development actions in this way, the sectors could identify their comparative advantages and form a tangible system for determining how to leverage and allocate their complementary resources. In this sense, this book ends with a meditation on how the burgeoning, diverse cast of the aid and development industry can start to act together to lift the lives of the poor.