

President's Global Development Council

Public Meeting

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Transcript

MOHAMED EL-ERIAN: Okay, we're going to start, Smita's going to join us in a minute. First and foremost, good morning. Thank you very much for being with us today. And on behalf of all of my colleagues on the Global Development Council, I'd like to thank you for taking time from your hectic schedule to spend an hour and a half with us this morning. We're very excited to be here, and we're very excited to engage in a conversation with you.

Two quick preambles before turning to the group so that you know who's who. Gayle, thank you and thank you to our government colleagues for enabling us to be here and enabling us to work on such important issues. And then a special thank you to people who have worked very hard over the last few months that are in the audience. Corinne, Jayne and John Norris, all of them have been absolutely critical in our ability to be here today.

So the first thing we're going to do, just to give you a sense of who's on the Council, you have their bios, but just so you can connect a name with a face, and we're going to start with Sarah and just go down the panel. Sarah?

SARAH KAMBOU: Good morning, Sarah Kambou.

ALAN PATRICOF: I'm Alan Patricof.

WILLIAM REILLY: Bill Reilly.

SMITA SINGH: Smita Singh.

MOHAMED EL-ERIAN: Mohammad El-Erian.

JAMES MANYIKA: James Manyika.

GARGEE GHOSH: Hi, Gargee Ghosh.

ESTHER DUFLO: Esther Duflo.

STEVEN SCHWAGER: Steve Schwager.

RICHARD BLUM: Richard Blum.

MOHAMED EL-ERIAN: As you will see from our bios, we come from very different perspectives, professional experiences. We are here in our personal capacities, we're not representing our professional affiliations or the government. We've spent the last 14 months, most of us, have spent the last 14 months getting to know each other, familiarizing ourselves with ongoing work both in the public and private sector. So we've held a number of listening sessions, a number of consultative meetings. We've defined our initial work program, and we have converged to some thoughts to share with you as a means of getting broad reactions. It's an ongoing process, and in particular we have two objectives today.

The first objective is giving you an overview of our initial thoughts. You should have been given a memo to the President, we will discuss it and of course we will answer any questions you have on clarifying issues and hear from you as to what you think about the issues we've identified.

Our second, and perhaps more important objective, is to hear from you as to what we should have covered. Are there issues out there that you believe we should be covering as we continue our work? And it's really important that this be a conversation and that you feel free to tell us what you think are the key development issues and how you would inform and influence what is going on elsewhere.

So the way we're going to organize the meeting is as follows. Gayle Smith, who's Special Assistant to the President and Senior Director at the National Security Council, will share a few thoughts with you on why the GDC and why the people you see up here. I will then provide the analytical overview of our thinking and then two of my colleagues who led

some of the work groups, Smita and Bill, will share with you their thinking. At that point, we're going to open it up for questions, remarks, et cetera. And then James, the Vice Chair of the Council, is going to conclude along with Gayle. Gayle?

GAYLE SMITH: Thank you, Mohamed. Good morning, everybody. It's a nice crowd, it looks mostly friendly. No, I'm delighted to be here and delighted to be here with Members of the Council, also with all of you. One of the things that has been an enormous privilege for me, and I believe my colleagues across the inter-agency, is to have an ongoing dialogue with so many of you. And we're very pleased that this morning the Council will be able to do the same.

Let me just say a couple of words about the Global Development Council. It all goes back to when in President Obama's first term we launched a very ambitious exercise called a Presidential Study on Development where we gathered 16 U.S. government agencies, departments, White House offices and other bits, and once a week got together in a room, and I see many of the faces in the room today that were there at the beginning. And really tangled with this thing called development and how could we do it better and grappled with the fact that, quite frankly, the U.S. government had never had a development policy per se. We'd had policy towards regions, or countries, but we'd never said what are we actually trying to do in this space called development?

I think that has been a useful guide to all of us. And in particular, I would like to thank my colleagues who are here today from the interagency for taking the rigor that we called for in that and working hard to bring it to bear along with the collaboration that we have among agencies.

Now, one of the things we also thought would be critically important in what was ultimately signed, which was a presidential policy directive on development, was the creation of a Global Development Council. And the reason for that was we've got really smart people all across the U.S. government, and we've got really smart people with whom we interact on a fairly regular basis, whether at the White House or again through

the agencies. But we thought it would be a good idea to put together a team of really smart people and ask them to take a step back and think about this thing called development and the United States government and the world we live in today and give us their thoughts on what we might do more of, what we might do differently, how it looks by having some perspective that you don't often have when you are in the day to day and when you collectively bring together the diverse array of backgrounds to which Mohamed referred and which is evident across the team.

So this group of really smart, delightful, insightful people who have made my days very bright for the simple fact that they really sincerely care about this thing called development, have spent a lot of time together; some with us, much with various agencies in the government, to offer us their views on some things that they think that we can or should look at.

So on behalf of all of us, not only at the White House but across the interagency, let me just say thank you and welcome and we look forward to benefiting from your observations and insights. So with that, Mohamed, I turn it back over to the Council. Thank you.

MOHAMED EL-ERIAN: Thank you, Gayle. A few things became clear pretty quickly as we started our deliberations and getting to know each other in our listening sessions last year. The first thing that became clear is the members that you see up here are united in the belief that a strengthened global development approach is indeed economic, financial, political, social interest of the United States. It is also in our national security interests, it is also the right thing to do.

We are also united in our belief after looking at what's being done and what could be done that there is a lot to be gained from better exploiting existing comparative advantages that this country has. Some of them you will hear full directly in the global development field. Others fall in other areas, but they can be connected in a better way to improve the welfare of billions of people around the world.

So you will hear us talk about moving beyond the traditional aid mindset, to better integrate development with diplomacy, trade, innovation, and risk mitigation. You'll hear us talk about the importance of advancing the work on evidence based approaches to better integrating also gender issues.

You're going to hear us talk about better connecting ongoing initiatives, those that have to deal with climate change and food security, as well as you'll hear us talk about correcting market failures that inhibit not just exploiting opportunities that are there, but also harm in a very fundamental way the poorest of the poor.

You'll hear us say that we believe that there are important gains to be made by strengthening America's leadership role in global development. All this is to reinforce this notion of beyond aid. It is not to say that aid is not critical, it is absolutely critical. It is critical particularly for extreme poverty alleviation, it is critical in the context of fragile states and conflict affected states. But it is to supplement what is going on to achieve even more.

So we will talk about doing more with private/public partnerships, modernizing financial tools, and better cooperation within government agencies and across public and private sector both domestic and global.

So in terms of our initial work, we selected four big topics. You have them in what you were provided. They are not meant to be all inclusive. Of course, there are other issues and part of today's conversation is to hear from you, but we had to start somewhere. And we looked to come up with two sets of thoughts. One, immediate actionable steps that we believe can be taken and will have immediate effect.

Second, material initiatives that could be accelerated, launched today, and where we believe the benefits will accrue over a number of years. And we've tried to strike the balance between the two. And you'll see in the paper you have that an attempt is made to

try and separate between the two. Of course, they are interconnected but we wanted to make the point there are things you can do now and there are things you can do that have a much longer gestation.

We didn't start from scratch, we built on the important work that's been done by many of you in this room and certainly in government. We build on the Presidential Policy Directive on Global Development, and a lot of the insights that were given to us in the listening session.

So as I said, our hope is to have a conversation with you on all this. We'd like your reactions, we'd like your insights and we'd like your guidance. So as a means of starting this conversation, I'm going to turn to two of my colleagues that headed two of the working groups that we've had, and I'm going to ask them to speak to areas that they looked at and again summarize so we can have a catalyst for a conversation. So I'm going to start with Smita Singh on my right. Smita?

SMITA SINGH: Thank you, Mohamed, Gayle, and all of you, many faces in the room are familiar, for coming and joining us in what we hope will just be the beginning of a conversation. As Mohamed pointed out, as the Council began its deliberations, we really started from the-- our starting point was to look at some of the administration's signature initiatives, whether it was Power Africa, the work done in health, Feed the Future; in general, how to spur inclusive and broad-based growth and extreme poverty. And we started with those and we said what would it take to really solidify and scale these, and how could we use the comparative advantages that the U.S. brings to bear, particularly in this changing global landscape that all of you know so well?

And that led us initially to two things that I'm going to talk about, then I'm going to turn it over-- Mohamed's going to turn it over to Bill to talk about a third area. But the two I'm going to talk about are innovation and the private sector. These are two areas where the U.S. continues to lead the world and they could be harnessed to great effect for our development efforts.

So I'm going to start with the private sector, and you have the memo which itself is sort of a high level of our deliberations and discussions. But what I'm going to give is even more of a set of headlines and emphasize what are some of our main recommendations mainly in order to provoke discussion; to hear your reactions, thoughts. We can go into more detail from there.

So starting with the private sector, as you all know much better than us, private finance dollars now dwarf official development assistance. It's the name of the game. I think some 82 percent of the flows coming into the developing world now are private flows. And we also know and I think all of us on the Council believe, that ultimately it will be the private sector that creates the growth that if it is actually inclusive and equitable will fuel development. And we all know, also, that the U.S. has the largest private sector in the world.

Yet what we found is that our institutions and tools that we have to harness this resource for development are remarkably limited in scope and scale. So we began to take a look at some of those. So in the ideal world, kind of the recommendation that we'd like to see is a creation of a U.S. development finance bank that would actually consolidate the tools and authorities that are currently spread across numerous agencies, government agencies, and allow it to really tap into the full arsenal of financing instruments whether these are from some of the new impact investors to commercial rate of return investors.

And we feel that this sort of a consolidated institution would not only give us new capabilities, create efficiencies, but could really be a game changer on the development landscape. And moreover, it would largely be budget neutral.

But short of this kind of a legacy institution, there are other reforms, relatively more modest, that we think could have outsized impact. Let's take OPEC, for example. OPEC has returned money to the U.S. Treasury for the last 34 years. Doing things, some things, as simple as, for example, allowing it to reinvest some of its profits into staffing or

extending equity authority or the ability to extend first loss guarantees, or allowing exemptions to U.S. nexus requirements in fragile or extremely poor countries, could dramatically increase its impact. We learned of several deals around the world that were left on the table that we couldn't complete because certain tools or authorities were lacking.

So there are many things we could do short of sort of the creation of a U.S. development finance bank that the Council would urge. And there are other issues that we can discuss around the private sector. As you can tell, we focused mainly on the financing aspects of private sector. There are other issues that we would like to begin exploring that have to do with the role of the private sector in supply chains, logistics management, others, but for now we're going to focus on the finance. And Mohamed, do you want me to go on to innovation at this point? Okay.

So the second area that we looked at was around what we call innovation, transparency and evidence-based policy. Again, if you think of whether we're talking about electrifying Africa or achieving climate friendly food security, very little of this will happen without innovation. So our second set of recommendations focused around this. How do you spur the kind of experimentation that can produce the kind of development innovations that could have significant impacts?

And I should say here that we're not just talking about gadgets or the technology part of innovation, but also process and policy innovations that make those technologies useful. And we really think that's just as important a part of what innovation is about. It's not just the big bang new technologies.

So to that end, we are strongly supportive of the new Global Development Lab that was just launched by USAID and we'd like it to see it be more ambitious both in terms of the resources as well as its scope. But also in its ability to embrace risk. And we can talk more about some principles and some suggestions we have along those regards.

But we also think that in addition to what we called the push that the lab exerts on innovation by investing in rigorous policy and technology experimentation, that in our other development initiatives, we need to also utilize pull mechanisms to incentivize innovation. And here, we really looked at a variety of ways we could think about how we deploy our funding. We're not talking about new funds, but how we deploy existing funds.

And really here it's about funding outcomes, we think; not just plans, inputs or frankly even outputs. As we all know, right now in the development field too much is awarded based upon what we think may work, not enough on what actually does work. So, one of the areas that we looked quite a bit at was outcomes-based funding mechanisms which we believe by design encourage not only an experimentation mindset to figure out what works, but also a ruthlessly evidence-based mentality. And we think that done at scale, the use of pay for results strategies such as cash on delivery or development or social impact bonds could really be transformative. And parenthetically, we also believe they may possibly change the calculus on perennial problems like corruption. And we can talk more about that.

And then finally, I would say that we feel transparency plays a critically important role in making this work. And the U.S. government has made great progress in this regard, but needs to go further in a few specific ways that we suggest in order to use transparency not just as an accountability mechanism, but really as a mechanism to allow others to learn from what we are funding and improve practice. In many ways, we discussed this and talked about it much like open source code; that that is the real purpose of transparency in helping foster the kind of experimentation mindset that we would like to see.

Let me stop here because as Mohamed said, we'd like to hear from you and also hear from Bill on our further recommendations. Mohamed?

MOHAMED EL-ERIAN: Thank you, Smita. Bill?

WILLIAM REILLY: Thank you, Mohamed. And thank all of you for being here. Many of your organizations have been a very large part in the success story which I think development is, global development policy led, in many respects, by the United States and in which NGOs, corporations and international aid agencies and very notably agencies of the United States government have been crucial.

I'm going to talk about two immensely challenging obligations to the future which we've characterized as climate friendly food security. On one hand, we are told to expect some nine billion people in the year 2050. We're also told by the Intergovernmental Panel on Climate Change as recently as a week ago that the likelihood for climate change which is already built into the system, which is really now inevitable in our future, will be to reduce by about 2 percent the annual production of staple food crops. This is a conjunction, this is an interaction profoundly to be disliked, to be opposed, and we also understand that as we try to accommodate one set of objectives, we could very possibly interfere with the achievement of the others.

If, for example, we do what has been done repeatedly around the world to try to increase food production, that is to bring more land into production, make more land arable, we will find that we are encroaching upon wetlands vital to the creation of virtually three-fourths of the fish in the seas which themselves are the source of protein for a billion people worldwide. We'll find that we're moving up into mountainous hillside, watersheds, and impacting very severely on wildlife, on clean water and many other things that we care about.

These things need to be very closely coordinated, adapted one to another. We can make progress against both. And one way we can do it is to recognize that there is an Ohio sized possibility to bring more land into production in the world using simply degraded land. That is land that has once been in agriculture and can be once again adapted to it. China, Brazil, have done this with considerable effect. Some 600,000 hectares of land is out there waiting to be developed, renewed, fertilized, cultivated. And it can make a substantial contribution both to helping feed us all in the future and also insuring that we

do not invade the forest and the wetlands and the environmentally viable and important areas.

The second point that is related to this question is to support vigorously on the part of the United States government, the commitments that were made by the government and by a number of corporations. Some of our leading corporations, Wal-Mart, Kimberly-Clark, Unilever and others, in Rio at the summit a couple of years ago, 2012, to support the objectives of the Consumer Goods Council. They committed, those very important companies, to phase out any dependency upon deforestation in the procurement of their product. This is an enormously valuable opportunity for public/private partnership which is one of the themes of successful development as Smita explained. We need to embrace these policies, we need to encourage those corporations which have made these commitments. We need to monitor the effectiveness of the commitments and help in their achievement by using trade and other techniques that are at our disposal.

I want to say a word about water, clean water and sanitation. It is vital to a range of U.S. priorities. I think particularly of women, women's need to have the burdens of hauling water reduced. In the developing world, it is not uncommon for women to spend six hours a day hauling water. We know that so many objectives of foreign policy, as Secretary Clinton pointed out in a major speech a few years ago, are enhanced by providing water and sanitation. Keeping young girls in school, health, making sure that the huge investments we make in the cocktails necessary to help people with AIDS aren't compromised by their drinking dirty water, contaminated water.

This is something that is very important particularly when we look at agriculture and food output. We need to support women who, by and large, till the soil. About half of those in the world in agriculture are women, who fertilize and harvest the crops, sell in the markets, and who often lack tenure and lack even inheritance rights. These should be major priorities of U.S. policy and they directly relate to the other objectives that I'm supporting here in these few remarks.

I want to give an example of an instance of public/private partnership which was profoundly consequential for the second largest drip irrigation company in the world, a company based in a remote area of Maharashtra in India that was floundering and that was recapitalized with money provided by the Overseas Private Investment Corporation with government-backed, government-insured ten year bonds. With the money provided by that, the company was recapitalized. It was able to make available to small farmers the little guys and women, not big farmers, enough money to grow mangoes, which then were later sold to Coca-Cola and onions which were sold to Unilever. And with that money, they were able to purchase drip irrigation, which significantly reduced the draw down which has been reaching as much as 15 and 20 feet a year in Maharashtra's ground water. And also by the way, made the desert green in that area of Maharashtra.

Enormously productive collaboration between the United States government, the private sector, and small farmers in India and it was a huge success story. The company has been doing fine.

A final word about leadership. I was last in this room when we presented a much less happy story, and it was a report of the President's Oil Spill Commission, which I co-chaired. This today, it seems to me, is really fundamentally about a success story. I learned a great deal in the course of my own participation in this enterprise. We have, the world has, reduced by 50 percent childhood deaths, deaths of children before the age of five, reduced the incidence of malaria, measles, and diarrhea by half. This is an enormously impressive achievement. You all have been part, we have all been part, of a fabulous success story.

We have seen new polio cases go from 350,000 to 300? I mean, think about these stories. I don't think the public understands them. Well, quite clear from the polling data, the public doesn't get this at all. I think about my own father who disdained foreign assistance because he thought it was just passing money to Mobutu to put in Switzerland. This is something I think we need to make more of. I think U.S. leadership, I don't think, it's just simply true, has been crucial to many of these successes. And I would really hope

that one contribution of our Council, and particularly the recommendation that we have a White House conference on global development, is to find a way to communicate to the American public that these are things they should be very, very proud of from a human point of view and from the fact that of our Fortune 50 companies, most of them now get more than half their revenues from the rest of the world, much of it from the developing world.

This is a success story of which we should be proud. It's a success story that had the collaboration of Democrats and Republicans, of NGOs, of corporations, and government agencies. We really want to see it continue and our recommendations here are very much directed toward insuring that it will. Thank you.

MOHAMED EL-ERIAN: Thank you, Bill. Now, by design, we allocated two-thirds of the meeting to you to hear your questions, your comments, your insights and your guidance. And we will have a microphone available. I would ask you just to signal your interest in sharing something and just tell us who you are. As we prepare, we're not only a diverse group, we've also been an inclusive group. So let me ask my other colleagues on the Council if they'd like to add anything now or wait for the comments. Sarah, is there anything you'd like to add?

SARAH KAMBOU: Well, first I'd like to thank you all for coming out this morning and sharing your thoughts with us as we move our agenda forward. My particular interest is in gender equality and women's empowerment. And I'm pleased that throughout our deliberations, we've kept that as a focus. In the conversation today, I would really love to hear from those in the audience who are working on those issues, who are looking specifically at inclusive and sustainable development strategies how we could build out the role of women and girls in these recommendations moving forward.

You've had just now an opportunity to look at our briefing document. You'll see that that's most strongly evident in the climate smart food security which is natural given the

structure of that issue. But we'll also be looking at it in terms of the development of finance and the innovation moving forward.

MOHAMED EL-ERIAN: Alan?

ALAN PATRICOFF: I think you can tell from each of our comments going forward, and also previously, that we each come to this Council with a different set of backgrounds. And obviously this influences how our discussions took various tributary channels. I come from, of course, the financial world having been involved in development. And one of the things that was clear to me in listening and reading the many papers that were submitted was the fact that we have many tools available today, whether it's through OPIC, MCC, Ex-Im, TDA, wherever it is, that already exists.

And it became clearer and clearer to me that the one thing that is most missing, from my perspective, is a closer coordination. This development bank is certainly something in that direction. But I think harnessing the tools we have simultaneously to deal with particular issues is a very important challenge to the existing government institutions. And anything we can do to accelerate that and encourage it I think is very important.

Second thing is I think there is a specific new tool that is developed in the last-- I think it's probably only in the last three, four, five years, was just the concept of impact bonds, social impact bonds, but beyond just social issues but introducing government and private sector money to accomplish goals which have incentives attached to it in one form or another, whether it's greater interest payments because of the success of a program or other financial rewards or other types of incentives to get outcomes.

We all are focused today on outcomes. I think that's one major development that's taken place over the last decade. We don't want to give foreign aid, we don't want to make contributions in any form unless we see results from it. So I think results orientation is very important as we go forward. And I think anything we can do to accelerate that would be very constructive.

MOHAMED EL-ERIAN: James?

JAMES MANYIKA: Thanks, Mohamed. I would perhaps just emphasize three things, at least from my vantage point. One is I think we've tried to think very hard about how to address market failures, because I think we all know how well meaning strategies and approaches quite often encounter market failures. And these often have to do with questions of scale, questions of completing supply chains and completing markets. So the question of market failures is one that's very important.

The other one is also to think about how to fully leverage the private sector even beyond just the financing part of the private sector. Because much of the private sector's involved in and participating in many of these countries that we're talking about, including even the fragile states and even the less than a dollar a day states. So the question of going beyond private sector financing and fully engaging in the private sector's pretty important.

The last comment I'll make is mostly driven by my sort of vantage point which is there's a lot more room to leverage innovation and a lot more room to shift from the mindset of just simply executing programs, but also innovating programs and innovating approaches. And also the question of how to harness the innovation potential in the countries that we're talking about. One of the things that's quite interesting is I'm sure you all experience when you go around the world, there's a lot of potential for innovation in the countries themselves. And I don't think most of our efforts do enough to tap into that potential. So that's one of the things that I'm at least looking forward to seeing us do more of.

MOHAMED EL-ERIAN: Gargee?

GARGE GHOSH: Thanks, Mohamed. Just to stimulate the conversation, I think we're very aware that most of our recommendations focus on how to do the work rather than

what work to do. And most of us are very focused already on goals that we're committed to our organizations are ending extreme poverty, ending preventable child deaths, inclusive growth at the bank. What we'd love to hear from you on is to what extent do these tools actually help you achieve those goals? And what else should we be thinking about in the way of how we do the work to get there faster. Thanks.

MOHAMED EL-ERIAN: Esther?

ESTHER DUFLO: At the risk of sounding a little lame, I think one way to, for me, one way to summarize a lot of what we've been trying to think about is encapsulated by Gandhi's phrase, be the change you want to see. We see from our vantage points in Washington or in Boston or whatever, we spend a lot of time berating the situation the way it is, berating the governments elsewhere conduct their business with inefficiency, corruption, maybe not very well functioning organizations, et cetera.

And it seems to us that one way to achieve changes along this dimension, be it focusing on the key topic like climate change or doing things better, as Gargee said, we've really focused on how to do things rather than what to do, is to try to put our house in order; hence, the potentially huge leverage of changing the way we conduct business as far as international development is concerned. And that's a little bit of kind of heading over thinking about how to spur innovation, thinking about how to spur transparency, public/private partnership, thinking about climate and food.

MOHAMED EL-ERIAN: Steve?

STEVEN SCHWAGER: Much of our conversations were about new financing methods and financing needed, lots of private sector conversations. One of the issues we still have to tackle is the NGO community and how they can play a critical role and partner with the government in new and different ways and I clearly would be interested in any comments you have on that matter. Dick?

MOHAMED EL-ERIAN: Dick?

RICHARD BLUM: Well, let me just state this to start off with. Having seen how AID has worked over a number of years, and many of you have been involved in that, I think the team over the last few years headed by Rajiv Shah has just been superior and a pleasure to work with.

I'd like to take this back in historical perspective. I guess modern foreign assistance really started with the Marshall Plan, which was obviously a success. We took our two arch enemies and turned them into thriving democracies and good trading partners. After the Marshall Plan, we went on to what is the foreign assistance of today. But if you look at what share of foreign assistance we are today versus worldwide, we keep declining. And I think what we all want is our values, the opportunity to have democracy and working-- doesn't work everywhere, but especially can't in a lot of these countries-- and you have to say okay, how are we going to get there? Because the amount of foreign assistance dollars is pretty much what it is. I think you're lucky in these days if the foreign assistance dollars stay pretty consistent, stay where they are.

So, and you might expect to hear this from a finance guy, so you have to use leverage. You can use leverage in two ways, and we're doing it. One is leveraging universities for good ideas, both from faculty and students. As many of you know, we started a lot of this at the University of California and it's just gone viral. The Global Development Lab was officially inaugurated last week, although it's really been going for a year. And it's amazing how many good ideas come not just from the universities that's funded, but from all over the world.

We had a conference recently where a lot of kids came up from Latin America, terrific ideas. Some of them were gimmicks, some of them can be used worldwide. And the other thing, really, is what everybody's been talking about here, is have the ability to bring private money into financing major projects. And that really requires either a certain amount of money coming from government or risk mitigation. And I don't know that you

can get a global development bank done. It'd be nice if you can. If not, what we ought to at least do is have a one stop shop probably headed by OPEC, which is probably the best place to go. But at least if somebody wants to finance a project and wants government help, let's make it easy for them to find out where the opportunities are. Thank you.

MOHAMED EL-ERIAN: Thank you, Dick. Okay, you've heard from us all. Hopefully, we've given you a menu so please tell us what should be on the menu, what shouldn't, and we'll start over here. And introduce yourself. Up here, and then we'll go one, one, one and keep on going until we get close to 11:00.

JOHN COONROD: Great, thank you very much. I'm John Coonrod with the Hunger Project and I want to address Steven's request, the role of NGOs. And I think NGOs have a vital role to play in the area where I think the greatest market failure is for improving the lives of the extreme poor and that's in local level governance. So this is where women are gaining voice, where women have a political role to play, starts with local governance, with village councils, county councils.

And NGOs can play a tremendous role in supporting grass roots civil society to work in partnership with local government to get local government to work. When you look at the evidence of what enables or disables people to move out of extreme poverty, it's those comprehensive programs delivered at the local level. When you're a rural woman with a baby on your back, if government isn't within 10 kilometers of you, it doesn't exist. So getting local governance to work should be a diplomatic priority, a developmental priority, a huge role for the facilitating power of NGOs.

It's also where innovation comes from. If you look at the great innovations of development, they've come from local civil society and the space for local civil society has been dwindling. So a huge priority of U.S. diplomacy and development policy has got to be to keep expanding and strengthening local grass roots civil society.

MOHAMED EL-ERIAN: While you're up, let me ask you to continue because this is very helpful to us. Are there things, are there specifics that you can identify now, that are actionable and that for some reason have fallen off the radar screen?

JOHN COONROD: Yes. As far as I know, the U.S. government's development agencies while they have funded through the NED and various agencies the strengthening of local government, it's never really been an articulated priority. There's never been a strategy for it. A lot of the President's initiatives really call for more integrated strategies, but where that integration has to happen is at the local level. And so, that is where the rubber hits the road. And as far as I know, were you to have a global development conference to really kind of focus on that last ten mile governance problem, could have a huge, huge impact.

It's also something where America has a real strength. We grew from grass roots governance in this country, not from a post-colonial top down system. So, it's something we've seen, it's been an important role for the Hunger Project, and a growingly important role for other NGOs and could make a big difference.

MOHAMED EL-ERIAN: Thank you. There's a question right here? Yes, ma'am?

RITU SHARMA: Thank you. Ritu Sharma with Women Thrive Worldwide. I cannot underline and overemphasize the importance of John's intervention and just more specific things you can do, open up this space for USAID to continue its procurement reform and get more money to local NGOs, make capacity building for NGOs not part of the overhead of projects for contractors, but make it part of the programming so there are not built in disincentives to work with local systems. But that was not my point.

First of all, I want to congratulate the Council, in particular Sarah Kambou for a really nice integration of women throughout the piece. I see that very well integrated and I have no doubt that she would like to see more of that and we'll certainly hold you to that.

There is a really profound internal tension in this piece of work. And that is the emphasis on evidence and outcomes and for the desired goal of inclusive growth and ending extreme poverty. And let me give you some specific examples of how this plays out in the field. MCC work in Honduras had some goals around impact being increases in farmer income, right? So if you're trying to reduce extreme poverty, increase in income is the goal that you want.

Well, as they moved through the project, it became very clear that the farmers that were going to be able to increase their income fastest were generally not women because women face all the extra constraints that we all know, discrimination, et cetera, et cetera. And so they reduced their goal, they had a bold goal of inclusion of women of 8 percent. And they reduced it to 3 percent because they knew that they couldn't hit that target and meet the requirements for economic rate of return, right? So that evidence and evidence based and outcome based can actually create very strong incentives for implementers to not focus on the extreme poor because it's much more complicated and it's much slower. So I have to say we see this throughout the world right now on Feed the Future programs, and it's becoming a real problem for the outcome of those programs. They might increase income, but they're not increasing the incomes of the very poor.

MOHAMED EL-ERIAN: So you raise an important issue. I'm going to ask Esther, who's done a ton of work on this whether she wants to comment, which is can you correct or modify for initial conditions that by definition are not optimal in this approach? So Esther do you want to spend some time on this issue?

ESTHER DUFLO: Thank you very much. In this case, I don't really see a tension between evidence and inclusive goals. I see a tension between potentially conflicting objectives so that seems to be where the tension lies. Not knowing the context, I would have no-- it's not my place to arbitrate that particular tension, but that seems to be where it is.

Of course, if the outcomes are not defined in the proper way, then evidence is not going to help you get into the right place because it's going to help you going to the wrong place. So that's kind of-- in a sense, the focus on the outcomes and then-- is kind of separate from the whole discussion about potentially the best way to get there. And the focus on outcome is what the outcomes should be, is where the democratic conversation takes place, I think. And hopefully that conversation doesn't take place here, or fully takes place there, and hopefully there is an agreement of what we are looking to achieve. And that might be a combination of income for the household and the distribution of the income.

Only once that is set, and I think that's completely beyond the role of-- definitely beyond the role of evaluator and probably beyond the role of MCC to be honest, comes the question of how to help-- thinking about ways together. And that's where potentially the role of expert-- sort of expertise, and more importantly building that expertise, comes in.

MOHAMED EL-ERIAN: Smita?

SMITA SINGH: Just one point. I agree with everything Esther said. We don't want to blame evidence if we haven't done a good job of setting our outcome. So that entirely I agree with. The one point I would make here is that this is not a discussion that we resolved or had completely as a Council. But it is worth noting that in the development field, we love setting targets. All the time, we set targets and then when we come up against them and invariably it's not that we're exceeding our targets, we're usually falling short of our targets, then we scramble and think how do we revise our targets or rethink our outcomes in order to hit our targets. So there's a real question whether we ought to be constantly thinking about these target based mentalities. That does not mean that we should not be very clear about what our outcomes are. There's a difference between saying that we will reach a target of 10,000 more children completing primary school and saying our outcome is the children who complete primary school and the whole framing is different. And we can talk more about that, because I think the issue you're mentioning is as much a target issue as it is a measurement issue.

MOHAMED EL-ERIAN: Okay, we've got a ton of questions. We're going to go back over there, the lady in the penultimate row. You've still got your hand up. If you can get up, a microphone is coming. And I should say there are lots of questions. At the end, James is going to share with you how you can continue to communicate and have a conversation with us even after this meeting. Go ahead, please.

ANDREA KOPPEL: Andrea Koppel with Mercy Corps. Thank you so much for this opportunity. You mentioned, Mr. El-Erian, at the beginning that you had-- the Council was engaged in listening sessions. If I may ask, who were those listening sessions with? And could you please have one with representatives of the NGO community because I think that while this is useful, I think we can't really get into the weeds the way that I think would be most useful to all of you. So, thank you.

I just have three points to make. One being the context of so many of the countries where the U.S. government is working. You mentioned in your paper there that 40 percent of the world's poorest live in fragile or conflict affected states. With that in mind, we would urge you to look at conflict mitigation programming at peace building not as being something that's in a silo, but rather being cross cutting. Here's an example. Mercy Corps was doing a program that was ostensibly based on food security for pastoralists in Ethiopia. We found when we did our assessment and monitoring and evaluation at the end of the program that, in fact, one of the pleasant outcomes of this program was the fact that as a result of the work that we were doing with these pastoralists, we were actually helping them. Excuse me, it was a peace building program and the outcome was the fact that we were increasing their food security as a result of working with these different pastoralists.

If you think about it, it makes sense. If you're grazing your camels or your sheep, you need to be able to get to the water. You need to be able to get to the grazing lands. If you're at odds with other tribes, you can't get there. So that's one thing.

The second is what the Modernizing Foreign Assistance Network, and I know the U.S. government, refer to as country ownership, very important. We would refer to it also as local systems building. You need to think not just about working with your host governments at the national level, but working within down to the local and municipal level as well. So many of these countries again are fragile states - look at CAR. There is no government there, right? You need to be thinking about working with local communities, local governments, to insure if you really want sustainability of your programs that it's something that they want and that they're going to own themselves.

You also-- this is kind of the boring side of development-- but in thinking about the length of contracts of, excuse me, grants, not just contracts and cooperative agreements, thinking about having flexible funding, about if you're working in the course of a development program especially in a place that's going to be hit by natural disasters or what not, that you have a crisis modifier built into that program so that if you have a drought or if you have some kind of unforeseen event, you can quickly then pivot to emergency response and you don't have to wait months upon months upon months to be able to find the funding to do that so that that's built in.

Finally, the third is whether or not this Council has decided or is going to consult with other institutional donors out there to share best practices, lessons learned, whether it's with DIFD or SETA or AusAID or so many others to insure that we're not all working on parallel tracks, but that we're incorporating the work together. Thank you.

MOHAMED EL-ERIAN: So thank you for your insights. Thank you for also pointing out what remains to be covered including the consultation process. And thank you also for the insight that your organizations provide in terms of being a first mover in hyper fragile states. In response to your questions, we had lots of listening sessions. We had NGOs represented. We tried to strike the balance, and all of you know it's a very delicate balance, that on the one hand have a group that's large enough to have the wide representation and the right amount diversity. And on the other hand, have a group that's small enough so that we can get into details. And that is a balance that we will continue

to try and strike. And every once in a while we will have such a large meeting where we can have even more in. So let's go over here, we'll keep on going. In case you haven't noticed, I tend to be systematic, I'm sorry. Okay, let's go over here.

GEORGE INGRAM: Thank you very much for your report. I'm George Ingram with the Brookings Institution. And I have two thoughts on the implementation of your recommendations. One is your recommendation on development finance is built on a lot of good thinking inside and outside the government. I think it won't come as surprise to you that people are going to say, "Nice idea, we're not going to get anywhere with it through the Congress." I would suggest that if the members of this panel individually and collectively committed to using your connections, your influence, your credibility working with those elements on the Hill that are interested in this, it could mobilize the whole community to get behind it. And in a couple of years, we could move this through the Congress.

Secondly, the idea of a global development conference I think the way that that could be particularly effective is if you use the 18 months leading up to it to generate a dialogue across the country. Use those networks that are already out there, World Affairs Councils, Rotary Clubs, you name it, get the conversation going and then use the deliberations at that conference to feed those networks. That's the way you would advance development education in this country and you even might get some innovation out of it.

MOHAMED EL-ERIAN: So, Alan?

ALAN PATRICOFF: I can't resist saying something. Someone came up to me earlier and reminded me between 1993 and 1995 I served as chairman of the White House Conference on Small Business Commission, which did exactly what you're saying which is convened meetings all over the country which culminated in regional meetings and then ultimately a national meeting. So I would think that that's the right way if it's approved to go forward, that's the way to do it.

MOHAMED EL-ERIAN: Other comments on this issue?

ALAN PATRICOF: I'm not volunteering for the job, by the way.

MOHAMED EL-ERIAN: By the way, just to reinforce, we were struck by the extent to which information failures and coordination failures hamper and impair outcomes that should be attainable. And that's why a lot of this is about-- in the marketing lingo, it's about completing (sic) markets, right? Whether it's on the information side, whether it's on the risk mitigation side, whether it's using better tools. And you just pointed out two issues that I think are not only headwinds to this effort, but headwinds to many other efforts right now, which is the extent of political polarization. Okay, back there. Yes, sir, all the way back there?

MOHAMED EL-ASHRY: My name is Mohamed El-Ashry. I'm senior fellow with the United Nations Foundation. I would like to congratulate the Council on the great ideas that you have come up with and the menu that you shared with us this morning. But I'm struck and surprised by the absence of any mention of the word energy. There can be no development without energy. There can be no sustainable development without sustainable energy. And when we talk about the President's climate plan, climate and energy are directly connected. Energy is connected directly also with poverty alleviation, with health, with food production, the nexus between energy and water has been recognized.

But very importantly now in terms of finance and the role of the private sector in financing clean energy around the world, particularly in the developing countries which are high risk for investments and the importance of the public resources for de-risking the private resources.

The U.S., of course, has had successful efforts on that front but I think its leadership with the multilateral development banks and with other entities on the outside would be

crucial in terms of pushing that agenda that is very much consistent with the President's plan and climate plan and with other leadership efforts of the U.S.

GAYLE SMITH: Hello, Mohamed, and I think that's a fine recommendation. I just wanted to do one commercial announcement to say that one of the things we did not ask the Council to do is to try to cover everything. And so don't read something that isn't there as just based on our many deliberations with the Council.

I'd like to say also it's because Power Africa is working so spectacularly that it wasn't referenced. But we do, and I just wanted to note as a footnote you are describing a global problem. But I think one of the things we are proudest of, and I will let the Council speak to this, but I think it got a fairly good reading, is that putting together a major initiative on energy by bringing together all of the agencies we have and doing some of the things that the Council has suggested that hopefully we're making progress on that front.

MOHAMED EL-ERIAN: Let's go over here in the middle. Go ahead, please?

KAY GUINANE: I'm Kay Guinane with the Charity and Security Network here in D.C. I wanted to echo the remarks about the need to take a stronger look at civil society and the role it plays; not just NGOs as grantees of government agencies spending government money because private dollars, private charitable dollars, exceed U.S. foreign assistance. And the role that the nonprofit sector plays is very important.

But in addition to helping encourage and facilitate the role nonprofits play, you need to look at the growing restrictions on civil society globally including restrictions imposed by U.S. law, the national security pressures are having a deleterious effect on the effectiveness of peace building operations, humanitarian development and others, and that runs counter to what the development community is trying to do. So that's something that needs to be sorted out.

MOHAMED EL-ERIAN: Okay, back there? Thank you.

SAMBI DUELI: Thank you. I'm Sambu Dueti, and I'm a public health consultant. And I just came back from Monrovia and I was impressed to see the changes being made in terms of infrastructure development. So I want to echo what was said earlier about the importance of building conflict prevention and mitigation in some of the-- because it is key for development. While in Monrovia, I had the opportunity to attend a meeting of the minister of the ECOWAS region. And one of the topics that dominated the meeting was the rubella outbreak in Guinea. And what happened is the outbreak in Guinea, what is the effect to all of the West African states?

So my question is are you, when you're discussing development, are you looking at bilateral intervention versus regional programming? Because that issue has been coming up over and over in some of the development programming. And also, building systems. This is like ebola, and you respond if you have a good surveillance (sic) and outbreak response system in place. So, you maybe need to look at that in some of your recommendations.

MOHAMED EL-ERIAN: So I'm going to look to my colleagues. As Gayle said, our methodology was to be driven by issues and then come down to implementation whether it's bilateral, regional or some sort of multilateral coordination issue including between the public and the nonpublic. So we were led very much by the issues and then do any of my colleagues want to comment on this? James?

JAMES MANYIKA: No, other than maybe to recognize that one of the things that I think there's a lot more to be done and to think about, how do kind of, in addition to bilateral interventions, how do regional dialogues play into this? We know, for example, one of the things we did talk about, what's happening with ECOWAS, what's happening with even the different economic communities, SADC, and others, that can be very powerful as we think about how to engage those as regions. Because in some of those regions, you've got some countries that are very small to engage with on a bilateral basis.

So you have to kind of get leverage out of the regional infrastructure or structures, the institutions that are there as a way to engage. But your point is well taken.

MOHAMED EL-ERIAN: Okay, anything at the end of-- over there, all the way in the second row?

JOHN SULLIVAN: Hi, John Sullivan with the Center for International Private Enterprise. Many of the discussions that are going on here seem to me to parallel the discussions that are being held in-- I even hate myself for saying all these words-- the Global Partnership for Effective Development Cooperation, the High Level Panel for the Sustainable Development Goals, the list goes on and on. [laughter] I would just like to-- yeah, I feel the same way. We have some people down in Mexico today trying to swim through the verbiage.

I would just like to come back to one central point, and it was alluded to by Mr. Patricof. And that is so much of this discussion and being a member of the steering committee of the partnership, we've made this point over and over and we're not getting anywhere. So when I say we, I mean the private sector, and here's some more initials for you; the Business Industry Advisory Committee to the OECD has made this point repeatedly. It came up in Busan, it came up in so many different venues, but it doesn't seem to resonate except with Mr. Patricof, so maybe we can anoint him or something. But the idea of mobilizing for collective action purposes the domestic private sectors to create an enabling environment which will attract direct foreign investment that will in turn propel the kind of economic growth that we have seen in the high growth economies around the world.

Seems to me so clear and simple. But it just doesn't, no matter how many times it gets made, it disappears. We even made it in the Busan paper on the private sector, and then that paper promptly disappeared off of the website for about a year. So, anything you all can do to just say look, we really ought to do what Alan Patricof says. We ought to listen

to the domestic private sector of the developing world to say what do we need to do to help you grow your economy?

MOHAMED EL-ERIAN: So Bill would like to respond and then we can go to Alan and Dick to see whether they want to add anything. Bill?

WILLIAM REILLY: You know, Mr. Sullivan, we spent a good deal of time talking about that very issue because there is a general perception that it's difficult to work with the federal government if you're in a corporation. That they're much more comfortable working with the philanthropic side. And we heard that the British and the Germans do a particularly good job of putting equity together with insurance together with lending and a whole range of the kinds of services all in one place.

What would you like to see happen? I mean, what's different? What could we say or recommend that you think would be responsive to your concerns?

JOHN SULLIVAN: Do you want me to respond?

MOHAMED EL-ERIAN: Yes, please.

JOHN SULLIVAN: I would be happy to email you a copy of the Busan paper which lays out a particularly, I think, clear agenda on how you can get the domestic private sector and one of the speakers in Mexico City will be Betty Maina, who is the head of the Kenyan Association of Manufactures. They have put together a public/private sector dialogue which is driving economic reform in that country. So to the extent that the international community can actually recognize that and just in the interest of bipartisanship I would note that many of these ideas go all the way back to the first White House conference on small business, which did wonders for the United States. So just the idea of listening to and then implementing specific reforms that come from the domestic private sector, not the multinational sources of finance, as important as they are. But you're not going to get, in my view and in the view of many-- I'm also-- our Center's part

of the U.S. Chamber of Commerce. And what we hear repeatedly is that foreign direct investment is attracted by strong growing national economies which are, and I see some people vigorously nodding and I would thank you for that. But, foreign direct investment is attracted by-- and we see this all over the world where it's in Africa or Asia or whatever the countries that-- the high growing countries are the ones with strong, vibrant, domestic private sectors. So if we could put that at the center, that would be great.

MOHAMED EL-ERIAN: Thank you. Alan, Dick, would you like to add anything?

ALAN PATRICOFF: I would just say I was on the board of the MCC for five years and we tried very much, certainly in the last three years I was involved, to try to get more private sector involvement. And it was not easy and I'm not up to date, I've been off for about a year now, but the problem is that the private sector each has its own agenda of the countries they're interested in and the projects they're interested in, and they don't necessarily coordinate. I thought that the MCC and the whole concept behind the MCC, was to give, in effect, a Good Housekeeping seal of approval. If you pass through the 19 requirements that you have to have to get MCC grants for a country, it kind of says something about the country and if you can sustain those.

And I think we have to capitalize upon that and it goes back to my comment before about coordinating the tools that we have. And I left out AID before, but if you take AID and OPIC and Ex-Im and all those, if you could get coordination with the MCC, I think you could mobilize, be more effective in mobilizing the private sector because they are doing things abroad. There's no question about it. We just have to make sure the interests coincide.

MOHAMED EL-ERIAN: Dick and then Smita and then Gargee. Okay, so you've triggered now a conversation. Dick?

RICHARD BLUM: Well, I can answer it with one word: amen. But beyond that, we were probably one of the first private equity guys to do this kind of stuff in Asia. And the

problem really is that if you want to put a project together, if you have to go to government, it's usually because you can't figure out how to do it any other way. And then somebody was just talking about the 16 steps you have to jump through. And so you just have different cultures, different mentalities. And I don't know what you do about it, although some of the people that we've been working with, particularly not in the private sector, nonprofit sector, with people like AID, are actually getting better at it. But it's really a cultural issue and usually there's a time issue in trying to get these things done. And I think most of us are saying I'm willing to take a quick no, but don't take six months to give me a no.

MOHAMED EL-ERIAN: Smita and then Gargee?

SMITA SINGH: Mr. Sullivan, I want to thank you for bringing up what you did. As you can tell, we focused largely, at least early on, on the finance part. What you're talking about, and I think it's equally important, is how do you tap into and really have a dialogue with the domestic private sectors in these countries and create obviously what is ultimately the enabling environment that allows for the kind of sustainable growth and investment that then we're talking about. So we agree entirely.

I mean, what we would be interested, and I think this is what Bill was asking, we will download that paper from Busan, or if you could email it to us, is specifically where are the ways in which the U.S. government in either through the structures it could set up, through State Department, USAID, other mechanisms, where could we put in place more formal mechanisms to be able to do what you're talking about? Because certainly the dialogues are happening and they're happening at many different levels. And furthermore, what's the role of an external actor, whether it's on the multilateral or the bilateral side as opposed to, as you said, what's happening in Kenya is very much an internally driven and should be process of figuring out what are the needs for business and how could you create that kind of vibrant enabling environment? But thank you for bringing up the issue.

MOHAMED EL-ERIAN: Gargee? Gargee and then James.

GARGEE GHOSH: Thanks. I agree very much. I also noted we did not cover anything on how U.S. foreign assistance could play a role in domestic resource mobilization, domestic policy. But what I wanted to react to was your sort of initial point. I agree, I think modernizing development finance is the sort of topic of the moment in the alphabet soup that you mentioned. I would also observe a tension in the way that conversation's going between on the one hand wanting to recognize the need for modern financing instruments to play a role in development to encourage the private sector. But on the other hand, being very worried that even acknowledging space for that lets governments off the hook for meeting aid commitments. And I think we need to just be very clear about the coexistence of the two. We need to be better about saying what are the instruments that are needed for the dollar a day population, and what are the instruments that are needed for the \$10 a day population.

And all of that is development, but we just need to talk more about moving from sort of blunt development finance where you treat all geographies, all sectors, all income categories in the same way to something more like an age of specialization.

MOHAMED EL-ERIAN: James?

JAMES MANYIKA: Yeah, I was just going to add-- I was the one who was nodding vigorously while you were speaking because I agree with that point completely. In fact, we know the biggest deltas in economic performance and trajectory typically comes when the local domestic private sector is very actively involved. That's when you see the big changes in development trajectories of countries.

But I was also going to add that that conversation's very much related to another conversation about trade. And that's where you also start to run into while trade is a big opportunity in this dialogue, one of the ways to get leverage, there are also some interesting tensions you very quickly run into between what some of those local domestic businesses want to do as they participate in more global flows and global trade versus

what some companies in other countries also start to get into. There's another tension to be navigated there as well.

The good thing, though, is that I think the role that technology plays in these global flows in enabling local domestic businesses to participate is actually going up. That's why I love the examples of what's happening in places like Kenya and Ghana and other places as the local businesses start to leverage the role of technology.

MOHAMED EL-ERIAN: Okay, we have time for two more questions. We're going to take one here and one here.

RADWAN MASMOUDI: Thank you, good morning. My name is Radwan Masmoudi. I'm with the Center for the Study of Islam and Democracy. The one word that I think we didn't really hear a lot about today or in the papers we were given is democracy and the link between development and democracy. It's really, really important that we focus on that because you, Mohamed, are originally from Egypt, I'm originally from Tunisia and these are two countries that have seen revolutions in the past three years because of dictatorship and because of corruption. And we've seen how billions and billions of dollars went into the pockets of corrupt people and it allowed one or two or three percent at the top to become multimillionaires or billionaires while people really suffered.

We really have to address this issue of democracy and understand that without democracy, without good governance, without social justice, without representative government, there really cannot be any development. So this is my general comment about really understanding and focusing on the link between democracy and development.

But on a specific example, Tunisia is the one country in the Arab world that is actually succeeding so far in its transition to democracy. But it's facing huge economic and financial difficulties and there is very little support from the United States or from the international community to help Tunisia succeed in this critical phase. And we really

need a success story emanating from the Arab world and the Arab Spring that we've seen three years ago.

When we had the coup in Egypt, \$20 billion rushed into Egypt within a couple of months to support the coup. And in Tunisia, where we had the democracy struggling to survive, we're talking about 30 million and 20 million and the economy is really suffering. Where is the support for democracy? Where is the support for these democratic transitions and understanding that they really are necessary for real development?

MOHAMED EL-ERIAN: They always say the last two questions will be the toughest. So Alan and then Gayle, I'm going to turn to you. Alan?

ALAN PATRICOFF: I don't think that's quite as tough. First of all, the whole concept behind the MCC is to tie-- one of the criteria is democracy, corruption. I mean, corruption is the number one criteria. So, there has been an attempt to meld the two.

The second is, and I'm not here to defend the government at all, but there has been created, and Gayle is probably going to comment on it, they have-- since the Arab Spring two enterprise funds have been created, one for Egypt and the other for Tunisia and Bo Cutter is running it. I just saw him two days ago and it's off and running. So Gayle, you're probably going to comment on it.

GAYLE SMITH: Alan's got my back. No, a couple of things I would say. The enterprise funds, we've also looked at instruments like loan guarantees and some other things in these countries. I think you're absolutely right and one of the challenges I think we face going forward is how do you think about development in some middle income countries that go through the kinds of revolutions and convulsions that we've seen in the Arab Spring? It's a very different proposition than how you approach some lower and middle income countries.

There's also different dialogue going on in different parts of the world about development right now. And I think one of the things that we are hopeful about is that coming out of Tunisia and some of these examples might be a more evident dialogue about development and rallying for it, which is I think what we originally saw in the street. But if you look at other parts of the world, it's much closer to the surface. So we're hoping that that will tease out as well.

The last thing, and I won't go into it in depth here but would be happy to share with you offline, something we've done quite a lot on but I think not done a terribly spectacular job of making it as visible as we might, is a lot more work on corruption whether it is through transparency, capacity building, things like the open government partnership, moving more and more countries to sign up for various norms and standards. Just for all the reasons that you described, is that when people do not see a return on the investments they are making themselves, you get what we've seen. But I'd be happy to follow up with you on those offline.

SMITA SINGH: I would like to say, as Esther said early on, we don't mention every issue. What we looked at is how we do development. So whether it's the enterprise funds, or whether you look at the private sector innovation. It applies across issues, whether you're looking at democracy promotion, you're looking at agriculture. Some of these concepts and ideas are-- so even though you don't see the word democracy in there, I don't think any of us up here on the Council would disagree with what you've put forward and the inextricable role that democracy plays in development.

MOHAMED EL-ERIAN: Okay, final question up here?

SAM WORTHINGTON: Hi, Sam Worthington from InterAction. First, just congratulations on your paper and I think one of the big challenges we're hearing in this conversation is the issue of focus and where can you make a difference. I'm sort of the other part of John's coin on the Busan part, the civil society side of it. And you've heard the role that civil society needs to play in enabling environment, and so forth. And I think

the question then is where are the leverage points? I think Gargee's point about focusing on different populations is key when it comes to focusing on that population of under a dollar a day in fragile states, that's sort of where the NGO population tends to come in. And then the question there is to what extent is the U.S. government leveraging that community?

For us, I think our community raises about \$17.4 billion of private resources a year, spend tends to be with the poorest of the poor civil society and so forth. Is there a good mechanism for the U.S. government to leverage that? No.

Similar problems that we have in the private sector. Yes, there's an ability to fit within the bidding system, in the contract system of the U.S. government. It's much more difficult to, in essence, play the leveraging game in the fragile states. Perhaps the focus there, and maybe an entrée to that is this buzzword called resilience and the intersection between the humanitarian community and the development community because that's where you're going to find most people falling through the cracks. And maybe that's a place to focus.

But it's hard to give advice to a panel that's sort of covering so many broad issues without sort of going back to the sort of ultimate frame you're under, which is the private sector has a critical role, government has a critical role, local civil society has a critical role. We're intermediary actors from overseas coming into that mix. How do those three actors relate to each other?

And where things fall down is when we tend to go, "Well, it's one actor versus another not all three." And I'd encourage you to bring in a sort of linking of business, civil society and government into whatever frame you're doing and then asking the question of well what are the resources flows that all three bring to the table? That might be useful frame to use which may already be there, and I'm already probably speaking more to the converted than anyone else. Thank you.

MOHAMED EL-ERIAN: So that's a perfect way to conclude this part. And thank you for your insights, thank you for your comments, thank you for your questions. As you've probably seen, we've taken lots of notes. And in handing off to James and to Gayle to conclude, let me just say on behalf of all the members on the Global Development Council, we really appreciate you taking the time, we appreciate your input and please continue to interact with us. James?

JAMES MANYIKA: Thank you, Mohamed. And most importantly, thanks to all of you. I mean, I think we've had a pretty rich set of inputs come from all of you. I mean, issues, I've been taking copious notes here, issues ranging from this question of how to get local engagement, the question around how do we balance between the bilateral and the regional programming, issues around fully leveraging the domestic sector. But also just even the role of civil society in some of these interventions.

And I think one of the themes that ran through many of the comments was this idea of how do you segment the populations and the interventions in the right way, whether they're being done in fragile states which may require one set of interventions versus the less than a dollar a day population versus the middle income developing countries. And then I think the capstone was, we concluded, which is at some level it's going to take all three actors, or the three, four types of actors, whether it's the private sector, the NGO community and the U.S. government to make progress on these issues.

What I'd like to do is also certainly encourage you to continue to give us comments. So there is, in fact-- please visit the website. The website is going to go up today at www.whitehouse.gov, where you can provide comments. And also, you can send us emails at GDC@usaid.gov. So we'd love to continue to hear more from you and what you think. And as Mohamed indicated, we're all going to have more opportunities to listen to more of you. Gayle?

GAYLE SMITH: I would just like to close by saying thank you. Those were really great comments and inputs, all of them. And I think people covered a range of things, but

with a precision given your collective knowledge of both development and this government and how we operate and what we do. So, I hope that all the Council members found them as insightful and helpful as did I.

And I would also just like to say one more time thank you to all the members of the Council. You've put in a lot of good work and given this a lot of good thought. This is the beginning of, I think, something that will be enormously helpful to us. So thank you all very much. And I will just end right there and with a final and special thanks to Mohamed.

MOHAMED EL-ERIAN: Thank you very much. (App)

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