



Transcript

Chatham House Debate: Does Aid Work?

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John Holmes:

Good evening everybody, and welcome to this Chatham House Debate on 'Does Aid Work?' My name is John Holmes. I was for many years a British diplomat, and then more recently spent three and a half years in the United Nations as the Under-Secretary for Humanitarian Affairs and Emergency Relief Coordinator. So my knowledge about these issues is more about humanitarian aid than development aid, and I suspect the discussions today will be a little bit more about development aid than humanitarian aid. But I hope that I've been close enough to both of those varieties, insofar as they're separate varieties, to be able to moderate the debate with the right amount of experience.

I'll come to the panel in a minute, but just one or two preliminary remarks, if I may. First of all, the question in front of us is obviously, and I guess deliberately, rather simplistic and provocative. It begs the question of what 'working' actually means and how we measure it. And of course it's not a new question, either. A lot of this debate has gone on for a long time; a lot of the debate, I suspect, is about expectations about what aid is supposed to be. Is aid supposed to be what makes the difference between a country stuck in poverty or becoming a new economic tiger, powering ahead? And if so, I suspect it's always going to fall short of that expectation.

But I'm not sure that anyone believes that now, if they ever did. It's clear the solutions to countries' problems lie mostly in the hands of that country itself, and more on trade and investment and internal pressures than on aid as such. So the question, I suspect, is more: can it make a difference to enough lives to be worthwhile, and can it also be a lever which helps to produce the required effects in terms of policies and governance within the country, in terms of kick-starting other elements which will help to take a country out of poverty and towards better development.

Another basic question obviously I'm sure we'll be talking quite a lot about, and that is how much of the aid disappears on the way into the hands of corrupt governments or other intermediaries. And we also need to look at what kind of aid works best, and is that actually the kind of aid we are in fact giving.

So I think those are some of the questions that we'll no doubt be dwelling on this evening. The debate is, as I say, a long-standing one, but it's also a very timely one and a very topical one in the sense that there is a continuing controversy about the size of the British aid programme – should it be as

large as it is, should it rising as fast as it is in these times of austerity – so getting the right perspective on this question I think is extremely important.

To help us do that, we've got an extremely varied and talented panel. First of all Hugh Bayley MP, who's chair of the Africa All Party Parliamentary Group, and a member also of the International Development Committee of the House of Commons. Karin Christiansen, who's the director of Publish What You Fund, I think director and founder of Publish What You Fund, obviously very concerned about transparency. Edward Clay, Sir Edward Clay, former British High Commissioner to Uganda, Cyprus, and Kenya, where he famously made some remarks about the attitude of donors to aid. And finally, Captain Simon Oxley, an operations officer from the Corps of Royal Engineers, who has some experience to tell us about in Afghanistan. So I'm going to ask them to start off the discussion by five minutes or so each starting with Hugh. So Hugh, off you go.

Hugh Bayley:

Well the question is, does aid work, and the answer is a single word: sometimes. Sometimes it works, sometimes it doesn't, and the challenge for policy makers is to try and identify what are the parameters and prerequisites to ensure that aid, when it is provided, achieves results in terms of poverty alleviation.

I wanted to say a word or two about the history. There is now a strong cross-party consensus in both houses of parliament in favour of spending at our current and rising level of ODA – Official Development Assistance. That's a fairly new development. If you go back to the Wilson-Callaghan government in the 1970s, they more or less doubled aid between 1974 and 1979, to 0.95%. The successive Thatcher and Major governments halved the aid budget as a proportion of our national wealth to 0.29%.

The Blair landslide led to a change in policy, quite a number of changes in policy on aid: the creation of a separate department, taking the responsibility of development cooperation policy away from the Foreign Office and setting up a separate department; changing the law to require aid to be spent to alleviate poverty – it sounds peculiar to talk about that now, but I remember introducing a bill in 2000 in, no let's get this right, in 1995 or so, in the dog days of the Major administration, at the time of a scandal about the misuse of British aid on the Pergau Dam, as an inducement to get the Malaysian government to buy British military aircraft, that the rules for our aid spending should be changed so that aid should be used for poverty alleviation and not

for other purposes. I remember it being met with howls of derision in the House of Commons: 'Does the honourable gentleman seriously think it would help our export performance if we give money to poor people? What are they going to buy from Britain?'

So, the debate has changed. And of course there was a commitment under Blair and Brown to increase our aid budget to the UN target of 0.7% of our gross national income by 2013. And to many people's surprise, the coalition government committed to that, and despite all the pressures on their budget and very painful public expenditure cuts in many fields of domestic policy, they have stuck to that. They have hollowed out the path towards 2013 a bit I have to say, by £1.3 billion, but they are still anticipating getting to 0.7% of GNI [Gross National Income] by 2013.

They're conscious that there is a groundswell in the country of public opinion that is sceptical, fuelled by some of the usual suspects in the national media – the *Telegraph*, the [*Daily*] *Mail* – expressing sceptical views, and saying, why should we cut spending on our own health services, our own education services, at a time when we're increasing spending on education services in other countries. In order to counter that, they continue to try to work closely with civil society, the 'Make Poverty History' lobby, if you like, who were so influential in persuading Blair and Brown that they could dramatically increase UK aid spending. And they've taken steps to improve the transparency of the British aid programme, in particular setting up an independent aid impact watchdog body, which they fund, but which itself decides how to investigate the effectiveness of British aid.

Does aid work, to go back to the question? We could all, I'm sure, in this room give examples of good aid and bad aid. I think providing funding for humanitarian relief in the Horn of Africa over the past year is something which we needed to do, and I'm glad that the UK was a major donor. If you look at the provision of food aid in Somalia 20 years ago, it – food aid – turned a self-sufficient country into a failed state with a food deficit. So you can have good aid or bad aid. People, Dambisa Moyo points the fact that Sub-Saharan Africa has had more than a trillion dollars, \$1.3 trillion, of aid in the past 50 years, and some countries are barely richer in real terms now than they were at the time of independence. Whereas if you look at Southeast Asia, countries like Malaysia had an equivalent income to Zambia 50 years ago and now is sort of prospering, a high-income country.

So one needs to identify what it is in Africa which has made so much aid fail to deliver the results we would want. And I'd sum that up in one word: to

governance. There's a lack of accountability of African leaders to their people, which has often undermined the effectiveness of government policy and therefore of aiding governments to deal with poverty. I'm sure my colleagues will probably say more about that, and I'll sit down now.

John Holmes:

Thank you very much, Hugh. I should have started the discussion by asking you to make sure your mobile phones are switched off, so can I correct that by mentioning that now. I should also have said, in case you were in any doubt, that this debate is on the record, so it's not the Chatham House rule in this particular case. Karin.

Karin Christiansen:

Thank you. So, the starting point of mine was exactly the same, which was: sometimes it does, sometimes it doesn't. And I thought I'd try and therefore say a little bit about what we know about what it depends on; what do we know about when aid works and doesn't work. Whilst trying to figure out how to say, how to talk about that, I realized we need to talk a little bit about what aid is. Then I thought it was worth actually unpicking a little bit more about what do we mean by 'working' – to achieve what and for whom. And then, just because of the way my brain works, I was thinking about when failure means that it is working, and when success means actually it isn't working because I actually think those are some of the most interesting cases. And then what are we going to do about it. So that's what I was proposing to kind of quickly run through.

Aid is basically money, knowledge or goods and services. And the idea that those are not helpful in the developmental process or the state-building process or whatever the outcomes, is clearly nonsense, those are things that are needed in most processes. So what is it about when those inputs actually are useful? Well, partly it depends on how much. And I think we have to be clear that while it may be \$3 trillion cumulatively over a really rather long period of time, that's what we're spending on military budgets and a whole bunch of things in the course of weeks in some contexts, in some military operations. So they're all big numbers, but relatively speaking, we're actually spending very small amounts of money.

And it's done very differently – aid can be projects, but a project can be a huge infrastructure dam-building or road-building project – or it can be a little

twinning project between a church and a village in the UK sending a bit of money and some schoolbooks to a church in Uganda. So, you know, extraordinarily different things of which you would ask different questions about what working means. There's a lot of food aid out there with a very chequered history, and a lot of technical assistance which is a rather large and rather expensive part of it. There's a lot of what people actually think there's a lot of, but even in the UK it's only about 20%, which is general budget support or giving other governments, directly into their own coffers, money. So, what 'working' means is getting quite messy. There's loans. There's grants.

I think three really important parameters that have come out of the last few decades of aid about what we know, that we really need to look at about defining aid. One is how it relates to recipient countries' systems. Does it go through their planning systems? Does it go through their monitoring systems? Does it go through their budget systems? That's incredibly important in terms of determining what impacts it can and can't have. A second is conditionality, very long fought over, and there are lots of arguments against it, but the real ones actually I think are more around that it doesn't necessarily work that well. What the evidence suggests about putting conditions on the aid that you give to a country is that they tend to not actually obey them unless it's with the stroke of a pen. So you can't force people to do it unless you're giving them a hell of a lot more money than we often are. With the small amounts we're putting in, they don't tend to work. And the other really important one is predictability – how long is this money coming for?

And perhaps the last one is what we're trying to achieve with it. We're trying to achieve very different things with aid over the decades. You know, between the Cold War and now the objectives of aid have changed radically. So then I decided to write a list of what the objectives sometimes are. So there's a whole bunch of objectives that are meant to be for them, for the countries that are getting this. Development, a huge range of different development outcomes, though: health, education, gender, HIV, the list goes on. There's humanitarian outcomes, in the extreme examples. There's a rather interesting set of things around state building and institution building, and governance and anti-corruption, and probity and functionality. That's a huge set of objectives already. And then of course we have to add in our own objectives as Northern governments. There's our security, whether that's hard security or the kind of 'hearts and minds' security. There's our own growth, there's exports that support our businesses. You know the Americans particularly have got a long history of using aid to do that. And there's often cited issues

around immigration and some bits of counter-terrorism, etc., not vast amounts of evidence on those. So you know, already this is getting really messy.

So what does 'working' mean? I think that one of the things that's really striking is the types of impacts we're looking for are often things that have taken our countries centuries to achieve. Functional governments, vaguely functional governments that are interested in the welfare of their populations and will respond to their demands through some kind of democratic mechanism – these have taken us centuries often to evolve. But we're putting resources in on a three-year cycle, for the UK, but often it's a yearly cycle for most government budgeting processes. The posts of people in countries – so the people actually managing this stuff – are somewhere between three years and six months. The evaluation cycle, so whether we're figuring out whether it works, can be up to four years. Some of the impacts take five to ten, even the most immediate ones, and some of the big process take 10, 15, 20, 50 years. And I think, I mean what I'm really asking people to take from this is that we cannot deliver all of these objectives that we're piling on this small amount of money. It's just not possible. The single biggest lesson is that you cannot deliver this huge set of objectives with this set of resources.

So, okay, so when does failure mean aid is working? I think, and this is really about risk, the point of aid is that we're going into highly dysfunctional environments. We're not spending money in Denmark, for very good reasons, that putting money in Denmark would have very low impact, which means we're operating in high-risk environments, which means, the minute you're in high-risk environments, there should be a level of failure. If you're taking the right level of risk, some of it's going to fail. So just some very brief examples: general budget support, so putting money straight into the Rwandan government's budget in 2000 where they had no systems post-genocide, post-devastation – very high-risk thing to do. But actually, probably, it's part of what's caused the relative stability in that region since then.

Then there's a whole other set of issues about preventing decline. I mean, I know we're on the record but I'll say it anyway, I mean Museveni I suspect lost it some time ago, but general budget support to Uganda has probably kept him more in check than other things. So it's prevented what's probably actually a much faster slide. And then there's things that were incredibly sensible to do. I was working on public sector financial management reform in Yemen, which has almost certainly failed entirely, but it was still a really important thing to be trying to do. So there's, you know, when failure can actually, high-risk can mean that aid is working.

So when does success actually mean it's not working? This is often called the micro-macro paradox. If you look at most project evaluations in the aid sector, they say they scored average to successful. But when you look at the macro stuff the impact of aid is often marginal. So there's something that's not adding up to more than the sum of its parts. Now we have worryingly little information about this. There's only a handful of places where you can actually look at total aid and government expenditure patterns, but they definitely aren't adding up to more than the sum of their parts. They're very random. Because each government, each actor is programming them separately, 7000% [sic] more than was planned goes on health but very little on education, and you've got infrastructure building, so there's not, there's no mechanism, this isn't adding up to more than the sum of its parts.

A second area where success can actually be not working is this tendency in the aid sector to blueprint. We like picking up something that worked here and moving it over here and assuming that it's going to work. My facetious example in this is the Westminster system. The Westminster system is a preposterous way to run a country but it kind of works here because of centuries of the underlying causality that it's come out of. If you pick up the Westminster system and put it on another country, it's very highly unlikely to result in the underlying causality that resulted in those institutional frameworks. We do this with microfinance. We do this with general policies. So there's a tendency to pick up blueprints and try and move them across and because they worked somewhere assume they'll work somewhere else.

And a third set of problems I think are very much around this tendency of unforeseen and unintended consequences, where we're actually undermining our own objectives. Just three little examples: one, asset stripping of staff. Most countries I've ever worked in, there were people driving me around who spoke English and frankly should have been middle management in the ministries that I was going to help, but weren't because they could earn more being a driver for a donor or for a CSO. And then we wonder why their state institutions aren't functioning.

A second set of issues is we have a tendency to bring in 15 different systems. One thing about audit, one thing about procurement systems: one system. You bring in 15, none of them work. But I mean we had, each donor, I think this was the Yemeni Ministry of Finance, five different audit reforms happening at once. And then a much more sort of macro governance issue that is really about the functionality of cabinets: cabinet government requires people to have the discussion in the room around the cabinet about resources. Pretty much every highly aid-dependent country I've ever worked

in, the minister of health doesn't really need to talk to the minister of finance about money because it's all coming off budget through the donors, and they're cutting deals. And they're not dodgy deals, but they're just getting most of their money from the donors. So why bother talking to your cabinet colleagues about prioritization? So that's some of those issues about where I think some of it can look successful but isn't actually working.

So what do we do about it? This is my very last thought. I mean I think change is needed. This is well acknowledged. This stuff needs to work better, this is a very precious, scarce resource – aid – we should be getting more out of it. I think there are two general areas where people tend to head for reform: either a sort of top down, architectural role, and redraw the organogram, or a more bottom up one.

I have spent many, you know, happy dinner parties in countries around the world bemoaning aid and talking about how you could redraw the organogram. There isn't the political will out there to restructure the entire aid industry partly because it's not a system, it's the consequence of a whole series of separate sets of programming – bilateral, multilateral, hundreds of NGOs – so the multiplication goes on. So I think where I got to all of this was that it's incentives coordination and accountability that can actually drive the changes.

But the reason why I have so much focused in the last few years on transparency, and where Publish What You Fund as an organization very much came from, is it's really hard to change what you're currently doing if you don't know what you're doing. So changing your behaviour when you don't know what it is, is nigh on impossible. And collectively we cannot right now say how much money is being spent in Tanzania, Uganda, Rwanda, any of these countries. It takes you two years to get the basic information by which time everybody's already planned. There's no ability to learn, there's no ability to course correct. So aid transparency is not going to cause better governance, more accountability, less corruption, greater coordination. However, you can't achieve any of those things without it. So that's why I've ended up in aid transparency as the basic starting point for making aid work better.

John Holmes:

Thank you very much indeed, Karin. Now we turn to Edward. Edward Clay.

Edward Clay:

I agree with everything that's been said, except bits of it. The answer to this trick question is: it all depends. The truest thing I think Karin said was that there is no blueprint that does for all aid recipients and in all sectors and is valid, you know, in all places at all times. We have tried, actually, in Britain, most forms of aid, and we have progressed from them. And each of them has been valid in some places and left some good traces, from building physical infrastructure, which we haven't done for years, to programmes and projects through to direct budgetary support, which is perhaps in a way the most problematic.

I think that I have become hostile to the International Development Assistance Act. I think that the ambitions set out in it are too high-falutin, and they have not enabled us to make the difference that we would like to have made. It seems to me if you ask the question – Does aid work? – you have actually to think of it in two parts. One is, does it work for the recipients, and secondly, does it work for those who give it or, I don't mean the donor governments, I mean the citizens of the donor countries who pay the taxes. The British in particular are a generous people. We give more to charity in each year, to NGOs, then we do in fact give officially through government in aid. It is therefore of great interest to many people how we perform in trying to improve and ameliorate conditions in poor countries. I think there's no question but that the response people make to humanitarian crises shows that the British want their government, and they want themselves, to show themselves to be caring and involved and helpful and generous in those sorts of situations. And those are the sorts of situations in which I think large packets of assistance can be made available these days quite quickly and they make a huge impact.

I would say that if there is a thread that emerges from our aid experiences over the last 50 years it is that it is most effective where countries are absolutely flat on their backs, which is a pretty terrible thing to say, but I think that there is some justice in that. Marshall Aid doesn't get as much attention as it should these days, but it was an extraordinary... it was the pioneer, really, of aid giving. It was a very large-scale act of enlightened self-interest. And in three years, for what is now a piffling amount of money, it pulled Western Europe – it would have pulled the whole of Europe had the Soviets not rejected it – off its back and onto its feet. Admittedly, there was a tradition of economic sophistication and on the whole of governmental sophistication too. But still, it worked.

And Marshall Aid is now heavily criticized on the right for being the precursor of all that aid that they so dislike. It's criticized on the left because it was a form of economic imperialism, they say. But it did work. And it worked in a situation where Europe was absolutely flattened. The success stories of recent years have been where a strong-minded aid secretary or aid minister, in the two cases I know best, Uganda and Rwanda, went out to meet the forces that were emerging from the turmoil of internal conflict and in effect offered them a deal. They said that the donors will support you handsomely to get back on your feet if you will introduce good governance and invite us to show you how it's done as well as giving you the means to help you do it yourselves. And Uganda and Rwanda were success stories. But as people get onto their feet they become less tractable, and we have to face that I think, and deal with it.

I know that it's a truism that conditionality doesn't work, but I think we should be readier to say there are some things we won't do. We won't, Mr President, if you appoint Mrs X, Ms Y, Mr Z as minister of this or that, in a ministry where we have an important programme, I'm afraid we won't do business with him or her. And we should be ready to take personal sanctions against those who are widely known in their own societies to be crooks. If they're crooked with their own people, they're almost certainly being crooked with us. And their continuation in office makes us accomplices, really, in a fraud. It's not our money they steal, it's their own people's taxes, and that is something which we have still to confront sensibly.

I was asked to talk briefly about the emergence of new donors. It makes a huge difference. There is potentially a large stack of money. There's not much so far, a lot of it is being given as grants, much of it is tied, as well as Marshall Aid. The Indians are about to launch their own aid programme over the next five years. It will probably be as large as DFID's this year. These things will be very important. They will not be aid as we know it, and their eruption into the scene will cause us some problems. I think we ought to engage with them, the Brazilians, the Indians, the Chinese, and see if we can find some common ground on the way we give aid so that we don't get in each other's way and so that we don't unwittingly feed or perpetuate bad habits which are not in the interests of any donors.

Finally, I think, I was trying to look at something different, a different way of acting. It's always seemed to me odd that you can have in the world quite a lot of hunger, in which there is malnutrition, but we have in our world quite a lot of excess, in which people are also badly nourished. And then there's the curious crossover. You go to a country like Brazil, or Mexico, or India, and

what people who've been living perfectly satisfactorily on their traditional diet, if sparsely, and the first they want to do is to go and buy the crap that is fed them by the brands that are imported from the developed world. Malnutrition is perhaps one of the major overarching things in our world in which we all have a common interest. It's the kind of subject that the British ought to be good at. And I think that it would be good if we devoted a larger part of our aid programme – we already devote some – to establishing, perhaps in the UK, an institute on nutrition which would be part of a world-wide chain of such institutes in which there would be world-class research to which all would contribute according to their abilities and from which all would benefit. I think that would be something well worth doing, and it would give us, the citizens of a donor country, a common interest in the success of a common project with those in poorer countries. Thank you.

John Holmes:

Thank you very much indeed, Edward, for that perspective. And now the last of our speakers is Simon Oxley, who I think also is going to show us some pictures to change the diet a little bit. So Simon, over to you.

Simon Oxley:

Thank you very much. Captain Simon Oxley. I'm just going to see if this thing does work, and see which way it goes. No, nothing seems to work now. There we go. Which button is it, do you know? Is it just the right and left? Ok, lovely. Right, a very quick snapshot of when I was the ops officer working in Helmand province as part of the provincial reconstruction team, that's a specialist team of Royal Engineers. I've got to give you the background of what we do so at least you can then understand where we come from. I work as part of the 66 Works group, the largest works group. I was out there as the infrastructure experts on civilian and also military, sort of, tasks. So when we're looking at the whole of the military infrastructure, we were looking after it, and then lots of the civilian projects, we were looking after when it comes to building. My team, 517, were actually based out of Lashkar Gah, sister team 522 were based in of Camp Bastion, looking after all of the military bases and Camp Bastion itself, rather a large area. And then we also had to pick people dotted all over the place as well.

Very small team that we actually had as part of, to support the provincial reconstruction team, the PRT, we only had sixteen guys. But one of the things that we were driving for is to actually get Afghan engineers to work with us as

well, hence the reason also so they can start taking over from us. We also had Afghan supervising officers so they can actually start looking at it. We had in the region of about 120 projects, in the region of about £150 million on the go, with various funding from various different donors, which brought its own problems, as you can imagine.

Since 2009 we have been heavily focused on the three sort of key stabilization areas: governance, rule of law, and socio-economic development. And you can see a variety of the projects. It's not just about the road piece that I got heavily involved in, and when I'm talking about roads I am talking about blacktop that you drive on, there are other projects that we did. So schools, the whole education piece, hospitals, and the police side of life. And you can see some of it there. Also on the irrigation, which has now been built on on subsequent teams, and the power which has also been built on by subsequent teams as well that have taken over from us. We did start to log the health and safety aspects, and as you can see with the nice picture in the middle, guys with hard hats and high-vis vests, not exactly the best thing with flip-flops on.

This is what I tried to set out in my time. I tried to set out to try and get a Helmand roads plan that basically set out that everyone can buy in to. Because one of the biggest things when I turned up was there was only two black-top roads, tarmac roads, that were going to be built in the Helmand province. And that was it, only two. In 2010 there was a limited amount of coordination between all of the agencies. Something like 95% of the time and effort was being spent on gravelling roads that only last about three to six months. So, throwing money away.

We identified that there needed to be that massive pull-in by all the agencies – and when we're talking about agencies we're talking about the military, civilian, US, and then the NGOs, and then also the donor organizations out there as well. As a highlight, as an example: when I got out there we started looking at one of the roads which was a key link road between Lashkar Gah Airport into one of the American, sort of, stabilization areas of Marjah. No problems at all. We turned up to black-top that road. An NGO turned up – they were going to do a bit of gravelling and sort out the drainage. The American military were also going to do that road as well. So as you can imagine, no communication at all between any of the agencies. And this is something that we actually addressed, and addressed very quickly during my short period of time there because I was given that little bit of a free reign to start banging heads together.

Initially, the military were planning on building roads in isolation totally from the Afghan line ministries in Helmand province. And often not in consultation with the village elders, not in consultation with the village people themselves, so there was no – it was all about a military requirement. We then sat down and said, right, clear and concise goals that it's Afghan first. And that's what we drove through. We drew up clear guidelines that everyone to buy in, to say right, okay then, unless there's a military necessity, it will be Afghan first.

Communication was the biggest key to try and get across to everyone. And in May 2011, all the agencies were so well connected and talking to each other that we managed to get NGOs to do part of the work first, then we started getting military guys to do a bit more improvement work, and then we come along with donor funding and black-top the road across the top. Absolutely fantastic, better product, all bought in, and the security issue was there as well. With all the roads that we built, not one contractor was injured or killed from insurgent activity, which I think is an absolute massive tick in the box.

Not only was the works group focused on the roads programme, we were also instrumental in the development of contractors, line ministries' capabilities and their resources, and the development of understanding between all of the agencies. You've heard the words 'knowledge sharing' – that was fundamental for us. The ethos of the works group, utilizing local designs, so we weren't trying to stamp British designs or European designs onto Afghanistan, we were using their standard designs which they had in place for years. But lots of people before us were trying to change it and impose what they thought was the best.

The line ministries were involved right from the start, so when we're talking about tender evaluations, getting people in there, we actually went to them and said, 'Who do you want to be part of that contract, who do you want to sit there?' Tender evaluations, this then provided the whole transparency piece because before, none of the line ministries were involved. So we're getting them involved right from the start, and they can identify exactly what the process was, right from the word go.

From June 2010 to May 2011, 74 kilometres of black-top road were constructed, and then we had another 95% of kilometres ready to go through the summer months. This is the sort of thing I was aiming at [*Indicates photo*]. The guy you see in the middle, that you might not be aware of, this paving machine that he's actually sat on, that is the governor, Governor Mangal, of Helmand province. Absolutely fantastic. Someone said, oh yeah, you'll never get him to sit on a paver, yes I did. He then turned up to every single road

project. Why? Because he wanted to sit on the paver. [Laughter] But he also took ownership of that project. So the governor of Helmand, now, had a vested interest in the road projects. Bottom left-hand picture, looks fantastic. One of the first line-markings going on in Helmand province. We didn't ask for it as part of the contract, but the contractor had gone online, identified that – 'Look at that, zebra crossings!' – so he put zebra crossings in at the start and the end of his alignment. He thought he'd go one better: he then started putting arrows in to show where the start and the end of his task was. Now that is contract ownership. And that's what we wanted. We wanted these contractors to be proud of what they've got and what they were doing.

Top centre picture, that was one of the roads we put in. The military had actually built the road, we then came along and blacktopped it, absolutely fantastic. Within two weeks, bazaars were opening up. That's the whole piece about the socio-economic development, which is absolutely brilliant at the time.

So, who are these people? You can see now that getting that roads piece in, automatically you give the villages access, faster and safer, when you're talking about the sort of economic side of life. So they could get their produce from A to B a lot quicker. They could also work, or they could actually find jobs, further afield. Again, absolutely fantastic. Because we only employed Afghan contractors, or Helmandi contractors, we couldn't go to the big guys, out there, sort of the Western contractors, we used local. So the money was there. One example I'll give, I turned up on site, there's 80 guys digging a trench. I was like, wow, what on earth are you doing? Well it's easier, and it's cheaper, to employ the locals, and also they act as security as well, rather than employing one guy and a digger to dig the ditch. Okay, fantastic, thank you very much.

So right the way through we have the line ministries, the whole operation and maintenance piece, they bought into it, and that was what we were trying to go for. And one of the nicest things as well is that, at some point, the British military and the US military that we were working with, have now got a better exit strategy when it comes to Afghanistan. And the guy on the bottom left-hand side, yes he was a happy man, a very, very happy man, breaking rocks by hand every single day of the week. But he had money in his pocket, and I did actually ask him, is he really that happy, and he said, yes I am. So, really, really nice.

This was something that we had in our minds that as soon as we arrived in Afghanistan and it's also been passed on to the subsequent teams: buy with

and through the Afghans to get their buy-in. And yes, there's some lovely pictures, that is guys rolling black-top, which is 120 degrees, in flip-flops. That is two guys putting power in, hanging from the live wires. Afghan standards. Thank you very much.

John Holmes:

Well thank you very much indeed, Simon, for that rather different view of aid. Thank you to all the panellists for introducing the discussion so well. I have to say that with the possible exception of Simon at the end, I didn't hear from our speakers the kind of resounding defence of aid I might have expected to hear. We heard a lot of 'well there's some good, some bad' and 'it depends, it depends on what kind of aid', and perhaps that's realistic, but it's a fairly low base of defence, in a way, from which to start.

So I'd say we heard a lot of some good, some bad, it depends, objectives are too ambitious for the amounts of money we're trying to put into it, failure and success are very hard to measure, transparency is not a solution for everything but it is a basis for trying to improve performance. We had Edward's view that the best aid is actually is the aid which goes to countries that are flat on their back, along the lines of the Marshall Plan. We heard a little bit about new donors, and of course the Chinese aid programme, if that's the right word for it, in Africa is of course very significant. And then we heard of, as I say, a rather different view from Simon, a view perhaps free of some of the existential worries that DFID sometimes has, just getting things done on the ground, making sure that something's happening, and then that produces very basic benefits in terms of economic development once the roads are there. Which was, as I say, a positive note on which to end.

Before I open the floor to the audience, which I'm going to do, and we've got about three-quarters of an hour to discuss, maybe just a couple of questions to the panellists, starting off maybe with Hugh. I mean you said, Hugh, very clearly at the beginning that there is good aid and there is bad aid, and of course that has to be right. I suppose the question which arises from that is how confident we can be that we are driving out the bad and increasing the good rather than just sort of throwing money at it and hoping that some of it, or enough of it, is good. I mean, somebody once said to me that aid is a bit like advertising – you know that 50% of the money is wasted, you just don't know which 50% it is. But is the, are you confident that we're, I mean not simply the government as such, but that we are moving in the right direction and getting away from the things which are bad?

Hugh Bayley:

No I'm not. I'm confident enough to think that we should carry on in this endeavour, for a variety of reasons. I mean Edward talked about some of the, and Karin talked about some of the things we benefit: better security, opening up new markets, and so on, as a kind of indirect consequence. I would say though, I welcome the government's new independent aid impact watchdog body, but we had fairly good evaluations of projects after the event which would tell you whether it worked or it didn't from DFID, in house, from the World Bank with an independent team, the world's biggest aid donor. What I think is bad in the aid system is learning the lessons, disseminating the results, and then avoiding bad aid. And one of the reasons for that is because there's not a clarity about what aid is for. That's why I think the poverty focus is absolutely central. Is this aid to promote British exports, you know, is this aid to stop immigration into Europe, is this, you know, what's it for? If you try and do too many things, you'll end up doing nothing effectively. So I think you need to narrow the field.

And if you're going to explain to people in my constituency why people on fairly modest incomes are paying a proportion of their tax to people in poorer countries, if you say it's to provide immunization to reduce the number of children who die in the first five years of life, and there is pretty good evidence that increased immunization has led to lower infant and child deaths, they can buy into that. If there's some diffuse explanation that it's in Britain's interest to develop good relations with Sub-Saharan Africa because they're our near neighbours, they don't buy that at all. And if – and Edward has exposed some of these issues in East Africa – if it is that money is being misused, not for immunizing children but for buying smart vehicles for health ministers, then there's anger and bitterness.

So I would say learning the lessons and disseminating good practice and limiting the focus of what you're trying to do are two things which will mean that more of your aid is better used and less of it wasted.

John Holmes:

I mean is there a concern that if your aid budget is actually going up in real terms, which it is very significantly in the next few years, that to spend that money you will – especially if you're reducing your staff at the same time in DFID – you will have to take more risks, throw bigger chunks of money in different directions, and maybe we've come back to budgetary support for governments which, you know, is high risk activity. I mean, Edward gave a

good example of where it seemed to work in Rwanda, but there's been a lot of criticism of that in the past. I mean, how big a concern do you think that should be?

Hugh Bayley:

I think that is quite a big concern. The International Development Committee, which is the House of Commons sort of watchdog committee, are examining DFID's programme and has said for three or four years running now that if you're going to increase your spend while reducing your oversight of the spend, the number of DFID officials you have ensuring that the money is well spent, you'll find that less of it is well spent. And I believe that's a false economy. The government is squeezing the degree of public expenditure that goes on civil service administration across the piece, but in most departments they're squeezing that against a squeezed budget, in DFID's case as you pointed out they're squeezing the checks over how is money is spent at the time of increasing the budget.

There's also, in a transitional sense, a difficulty I think in... if you're going to spend the money in poor countries, you're spending it by definition with partners who have pretty limited capacity, in Afghanistan, to design and build roads, for instance. And if you rapidly increase the money faster than they have the capacity to spend it well, than we have the capacity to administrate it well, you have a potential problem. I don't think you have a, I think it's quite possible to get to an increased capacity, but there will be transitional problems. And the final thing I would say is we're quite unusual in Britain at the moment in increasing aid. So some of the capacity needed to absorb more British aid, some of the administrative capacity in developing countries, of course will be available because other countries are cutting their aid budget. It may not be what the public wants to hear. We want to do more with our aid, but that I think will mitigate some of the problems that DFID will face.

John Holmes:

There's a paradox here, and maybe Edward you could comment on this, which is that if you want to be surer about your aid being effective, you're actually very tempted to give it to countries which work already because they can use it better. And the risks of corruption, well not necessarily corruption, but the risks of inefficiency and lack of capacity are lower. And we have fallen into that trap, if that's what it is, from time to time. You were suggesting that actually aid to a country flat on its back, where by definition the capacity is

low, is likely to produce the best value, but it's also the highest risk. So how do we square the, how do we solve this paradox?

Edward Clay:

It's, I mean, you can't entirely escape the risk. But if a country is flat on its back, it's likely that quite a lot of your aid will be in fact administered by your own people. You know, you send in the Royal Engineers or another contractor to make roads because there isn't the capacity to do it themselves. I mean our experience is that when you don't do it that way, and you fund roads, you spawn a very corrupt indigenous infrastructure building system. I mean corrupt from tendering to building.

So I would say, you know, if you go and help countries that are – and you really ought to – countries that are in conflict or recovering from conflict, there's nothing else you can do except put them back on their feet. There's no point in producing far-reaching objectives when the thing is, you know, to get people actually off their backs, literally. And that's what worked really successfully in Rwanda and, you know, I give great credit to Lynda Chalker then, at a time when aid was not the flavour of the month, and there wasn't half as much as there is now, in taking a punt really on two very dubious individuals. And the rest of the donors, most of them anyway, backed in behind her, and they did recover.

But there is a problem, and that is that both of them turned out to govern their countries in a way that we really don't approve of. And some of the problems we hoped to solve persist. I think the Millennium Development Goals have been actually, a rather, they've been a distraction. I think we should have fewer of them. It is a disgrace really, our own figures for maternal mortality in this country are a disgrace, they're not as good as Albania's. Around the world, it is the Millennium Development Goal that is nowhere. I think if we made a difference on that and nutrition, we'd really begin to be making a difference on human wellbeing.

John Holmes:

I mean that kind of raises the point about, your point about doing something very quickly when people need it very quickly, whether it be a road or a hospital or a school, and it's a very obvious need and you can meet it quickly. Again, when you get involved in all the value for money considerations, you tend to have very long studies and you make sure it's all, you know, above

board, and before you know it ten years have passed and you haven't actually built anything.

And this is where the Chinese are, perhaps, you know, taking advantage of that because whatever the defects of their model, the stuff gets built very fast. I mean, again, you know, is there a way we can, I mean are we stuck with our own model of doing things very slowly and carefully, for good reasons, or should we be taking a leaf out of the Chinese book, in effect, what Simon was doing in Afghanistan, which is just, you know, get the tarmac on the road and, you know, you'll produce some results?

Edward Clay:

Actually I think, I mean the Chinese have taken a leaf out of our book. For the last ten years or so at least, they have been very successful at getting the World Bank to fund projects which they then go and tender for and get. And they build them with their own people and their own kit in their own time. And it works like a charm. All we have to do is produce the money, and they will produce the infrastructure. But, you know, it's not perhaps what we want.

John Holmes:

Karin, you talked about transparency obviously a lot, and that's very much what you do. I mean you've been going for whatever it is, three years, and I think transparency has been increasing in that time. Do you think it's had any positive effects on crowding in good aid and crowding out bad aid just by virtue of the fact that the facts are out there for everyone to scrutinize?

Karin Christiansen:

Not yet. No. I mean we're only starting to get the publication levels that are going to be, I think it's, I mean it's one of those things, I think it's going to take three or four years of time-series data before people start investing. I frankly wouldn't suggest a Ugandan NGO spends their time on this data set until they're flowing because there are start-up costs to learning. So this is going to be, you know, this is the basic... And with the US having signed up this has become real.

I mean, just maybe reflecting slightly on the question about where the broader direction of travel is, I think one of the things in my sort of 15-18 year career in this sector as being the US has always been a recalcitrant outlier for most of

my career. And interestingly, it's now starting to worry about the kind of things that the Europeans are worrying about in terms of aid effectiveness and recurrent costs, and that's been slightly game changing, which I think is going to be interesting to see, whether or not that responds. And USAID transparency is perhaps one of the most desperately needed as people in country, particularly in countries like Afghanistan know. So I think that could be the thing that's game changing.

And you know the thing, issues around procurement, just, I mean the US is dominance of things like World Bank procurement, the US are actually by far the largest beneficiary of World Bank procurement because they wrote the procurement rules. I think the Chinese are going to get a tiny look-in. So there is, there are shifts in this agenda now happening globally, which I don't think we know yet how they're going to happen. But at the same time there's massive countervailing pressure to that around the re-securitization of aid. We're starting to sell aid much, much more on a security narrative, which I think is really risky just because it doesn't really work for security, it's actually quite hard to justify. There's not much evidence that hearts and minds, the studies we've seen, they don't actually work.

So I think we've got a really big challenge about how do we sell aid that actually is likely to work to populations in the North who are really worried about the things that Hugh highlighted. And I think we've been doing that quite wrong, frankly, as a sector. We keep promising, we keep trying to show people the baby that we've saved, when actually the underlying, all the polling data on this suggests that when you ask someone, when you ask the British public – and this is replicated across Europe and the West – what they're worrying about, they're worrying about the dysfunction of the countries. They call it corruption but they mean that this place doesn't work, and are we tipping money into a place that doesn't work? And our standard response as an aid sector is to show them the baby that we've saved, or to show them the road that we've built, which isn't actually addressing their concern. Great, they believe us that we can save babies and build roads, but they're worrying about the long-term functionality of those countries.

And I think we need to get more sophisticated in explaining that actually the kind of resources we're putting in are very much about that – that's the point. We're not funding Norway or Denmark to do this, we are also worrying about Rwanda, Uganda, Tanzania, and Kenya's functionality. So we're doing budget support to do that. I mean, this is, I agree with Ed that putting money into fragile states is actually quite effective. But interestingly the countries are often, where we use budget support is where it's most effective. We tend to

put budget support in in those contexts, keeping Sierra Leone standing, keeping Rwanda standing, Uganda, these were all very, very early budget support recipients. Because you can't do state building when you're dry running a country's budget, you have to have money in there to build a state.

So it feels high risk, but frankly it's much less risky than destroying and undermining the state. Because if you want any of this to work you've got to have a government that starts to exist and starts to care about its population.

John Holmes:

There's a question there about whether we really have – Edward hinted at it – built the governments in the end, in some of these places. Better governance is the hardest thing to achieve, and it's quite hard to measure.

Karin Christiansen:

It is, but if you look at Africa, you've got, well there's lots of measurements, but it's also got some of the highest growth rates, it's got the highest levels of democratization that have happened in the last 50 years. The idea that, there are obviously some outliers and we can all list them, but actually if you want to look at levels and rates of reform that have taken us, and growth rates, that have taken us an awfully long time, I'm... you know this is where I completely disagree with Dambisa Moyo, because I think she's completely an Afro-pessimist. Actually Africa is just developing faster than pretty much any other continent right now.

John Holmes:

Well she would argue that's nothing to do with aid, though.

Karin Christiansen:

Absolutely, but I think that that's, but it's also, I think that she's also arguing the opposite causality, that aid has held Africa back and that, you know – the Japanese would definitely claim aid helped Asia. They definitely attribute their investment there as part of the growth pattern.

John Holmes:

Simon, just a quick question for you as well: you know when you were out there, building your roads and just sort of getting on with it, and sorting out the communication problems and making sure you didn't have three people doing the same thing in different ways on the same bit of road, I mean did you encounter aid officials who'd say, well have you done the study about how much economic benefit this road is actually going to bring? You know, we don't know whether it should be here or there or somewhere else.

Simon Oxley:

The whole question is – unfortunately five minutes was a very short time to try to condense six months into, but we had a look at the whole of that. DFID spent a hell of a lot of time putting people out on the ground, doing sort of the road counts and looking at what people wanted, actually, out on the ground. One of the biggest problems we had was the donors' side wanting that nice, dare I use the word 'sexy', piece, they're not bothered in the, the stuff that's not going to make newspaper articles. And that was one of the biggest frustrations that I had when it came to the donor-funded side of life. But there was a hell of a lot of background work that we actually did to find out where they actually wanted roads.

But we, roads was a very sort of small piece that became quite highlighted. We did look at all the other areas, and we had the locals telling us, if I use education as a piece, saying, 'stop building schools, stop building schools, stop building schools'. But lots of people like that probably want a school. Why? Because we're going to come build it within a short time period. What the locals wanted was the education when it comes to actually teaching the teachers, teaching the whole people. And that was frustrating for us.

John Holmes:

They didn't want the building?

Simon Oxley:

They didn't want the infrastructure. They've got that. There was enough. And that was very similar to the health side of life. They'd got enough. But the donor agencies didn't want to spend on the education and these sort of various people. So it was very frustrating for us sometimes when we're told to

build a school, when we knew that it would get bombed by the caretaker because he just doesn't want it there because he's got two others down the road. Three times.

John Holmes:

Right, okay. Now you're shaking my faith again.

Simon Oxley:

It's unfortunate, but very, very frustrating.

John Holmes:

Right. Well let's open the floor to the audience now, you've been very patient. So please signify if you'd like to ask a question. Can you identify yourself, please, when you're doing that. I'll take, to start with at least, one question at a time and try and direct it to the right panellist. Yes, in the white shirt there. The microphone is coming, I think.