

# CHAPTER 1

## WHY THIS BOOK?

*Why is this book being written? Why can the author write this book? What does the writer hope to achieve? What sort of impact will a changed paradigm for development produce?*

### Why on earth this book?

Why would anyone want to write a book about development? There are already a lot of books about development. Do we need another one? Is this book any different? Does it add anything new?

This book has been more than 20 years in the making. The first draft of this book was completed in 1987, and much of what was written then remains valid today. It did not get to the publication stage because I wanted to propose solutions and not just to redescribe the problems. I started to rework the manuscript after the events of 9/11 in 2001. The failure of development suddenly became an issue with practical security implications in the United States.

This book reflects upwards of 40 years of personal exposure to issues in relief and development and builds on the incredible potential for ordinary people to do amazing things.

*I like to think this book reflects 40 years or more of exposure to development. I remember however the story of an old farmer in Malawi who made much the same claim. "I have 30 years farming experience" said the farmer. To which the young agricultural expert replied "No sir, in fact you have one year's experience 30 times"*

I hope I have done better than the old farmer.

This book tries to go beyond a description of the result of failed relief and development, to understand how and why and move to solutions. The goal is to help improve the performance of development. It will have been a success if there is significant improvement in the performance of development, perhaps not everywhere, but in a good number of places. The book identifies initiatives that are central to this goal. In this regard this book is very different from most other books that address development and the related issues of globalization and poverty.

I wish I could say that this book has been a "labor of love". In fact this book is the product of a long and profound frustration. I see many possibilities for success in development, but decade after decade, there seems to be worsening failure, and an official relief and development assistance (ORDA) community that is stuck in a "business as usual" mindset that is leaving half the world poor and hungry.

This book starts from the premise that "development" has failed. And because development has failed it is time that the systems and procedures and decisions that have produced these results are looked into and get replaced with something that will succeed.

*I used to think that more money would make development successful until I started working in developing countries and realized that there was a lot of money available, but none of it was getting to be used for development priorities. The divide between rich and poor was immense, and not closing up. And then I started to see wealth and death in the same economic community. I saw it in India. I saw it in Nigeria. No shortage of wealth. No shortage of poverty. In both place, people dying prematurely because of a*

*systemic failure of economics.*

This book does not focus just on describing the poverty and the crisis related to failed development, but asks the big extra questions of “How do we have failed development?” and “Why do we have failed development?” The book does not stop with the “How?” and “Why?” but keeps on going to describe how relief and development can be improved significantly. This book is about solutions and reflects an approach to development that is more engineering and accountancy than policy and economics. It is a management approach rather than academic or bureaucratic.

This book will be a success if it helps to get change made that improves the performance of relief and development.

## **My background**

My father was a schoolmaster, and a believer in the value of education. My parents skimmed and saved and I was able to go to Blundell's School, a good boarding school in England, and then, in 1958, I went to Cambridge. I did what might now be called a “double major” in engineering and economics. My engineering had a lot of metrics and calculation in an era before computerized calculations. We used the sliderule and, I maintain, learned very well the fundamentals of the calculations. My economics education had a Keynesian slant at the hands of Joan Robinson and a fine tutor, Andy Roy. Later I got a professional training in accountancy as an Articled Clerk with Cooper Brothers in London ... that joined with Lybrand Ross Bros and Montgomery to form the international accounting firm of Coopers and Lybrand and eventually merged again to form the accounting colossus of PriceWaterhouseCoopers. I became a Chartered Accountant in 1966. During the first phase of my career I worked in heavy engineering construction in the steel industry, the pulp and paper industry and civil engineering. Later I worked on corporate expansion and profit performance improvement in consumer products, high tech products and the implementation of best practice management systems for planning and control. In the mid 1970s I was the Chief Financial Officer for a US based international fishing company operating around the world in 26 separate jurisdictions. I was part of an international team in a complex industry that did the analysis well and solved problems creatively.

I am unusual in that I have practical experience in the corporate world making companies more profitable and have done my fair share of assignments associated with relief and development. I think of myself as being practical, constrained by what is technically possible, and a believer in solutions that are derived from not only understanding qualitative information but also the dynamic of technology, of economics and the accountancy of financial numbers.

In 1978 I started a consulting firm to specialize in international business and development. Since I started doing international work I have traveled to more than 60 countries on consulting assignments for the World Bank, for the UN and many of its specialized agencies and private organizations for sector planning, national planning, refugee planning, famine and drought emergency planning, national reconstruction planning, aid coordination, information technology planning and implementation, privatization, management training, etc. I have had the opportunity to do planning and analysis work at the national level, the sector level and for regions and communities. My work has been done largely in collaboration with local local staff, consultants and professional firms.

This has made it possible for me to see development in ways not normally seen by most international experts.

My consulting experience also includes work with private sector companies based in or doing business in developing countries. These assignments included work on management, marketing, international trade, management and accounting systems, strategic planning, training, computerization, privatization

and arrangement of financing.

I have been associated with many planning assignments in post war and post famine situations. I did work on Afghanistan rebuilding after the Soviet withdrawal in 1990 and worked on Namibia's (formerly South West Africa) first development plan after its independence in 1991. I worked in Kazakhstan as part of the post cold war reform effort and in Africa and the Caribbean on government financial reform. I have done planning work in connection with refugee emergencies in Sudan, Ethiopia, Somalia, Malawi and Zambia. I have done AID coordination work in several African countries as well as in South Asia.

Early in my career I found myself exposed to World Bank work.

*As a young accountant I did a review of the costing of the Kariba Dam project while I was working with Coopers and Lybrand. I was young and naive enough to want to get it right no matter what, and rocked the boat when I concluded that the World Bank estimate was only about half what it needed to be. The World Bank engineers had made good cost estimates based on the static information about costs as they were now ... but nobody seemed to have adjusted anything for the changes that surely would take place when a project of the magnitude of the Kariba dam was in progress. My calculations suggested that the actual cost would be twice what the World Bank was planning. Because I was part of Coopers and Lybrand, the firm's name carried weight and substantial changes to the estimates were made at the Bank, and the project was eventually a considerable success. Even though I was very young, within Coopers and Lybrand I had credibility because I had already worked as an engineer in the factory environment and done production costing work prior to joining the firm, and understood economics from my academic work at Cambridge.*

During my career, I have worked for more than 30 years in developing countries. In 1974 I became the CFO of an international shrimp fishing company that operated in 26 very interesting parts of the world. This was the time of the first big oil shocks and business was being challenged as energy based cost structures changed dramatically. Markets adjusted, sometimes quite violently. Shrimp prices dropped by 75% while costs doubled. I became CFO when the company was almost bankrupt, but we managed ourselves through the crisis and eventually the company became very profitable. I learned a lot about other international companies and how they operated. I did not like what I saw. Nor did I like the enormous gap between the wealth of a few and the poverty of everyone else.

My interest in relief and development performance goes back a long time. The defining moment was probably in Nigeria in late 1974.

*I had a meeting scheduled in the center of Lagos at Western House, at the time one of the most prestigious buildings in Lagos. Two kids were dead just outside the building. Poverty and death in what was now a very rich oil producing nation. The juxtaposition of these things was something I had never expected. Up to then, in my youthful naiveté, I thought that money solved problems. This was a wake up call. Money is not enough.*

As a young student in engineering I learned some thermodynamics ... and especially the concept of efficiency. The idea of small resources doing big things was essentially a thermodynamic concept applied more universally. I bumped into this in India more than 30 years ago.

*I started doing World Bank consultancy in 1978. One of my memories of this work is being driven in a Mercedes Benz through the center of a city in Kerala in South India. The streets were crowded. We were stuck in traffic and pedestrian throngs. I could feel hate from the people surrounding the car. They were well justified in their emotions. It was very uncomfortable. Next day ... because I was a "World Bank Consultant" ... I was*

*asked to make a brief presentation at a local Rotary meeting and was on a panel with a local Catholic priest. Our World Bank project was a multi-hundred million dollar project ... which my analysis suggested would do almost no sustainable good ... and the priest had almost no money and was doing quite incredible work that was saving lives and mitigating misery. I was embarrassed ... but did my best "cover up"!*

I have not been impressed with relief and development performance from very early on in my relief and development experience. The sort of rigorous technical, economic and financial analysis that had been so effective when I had used it in the corporate world to help improve profit performance was not being used in the relief and development world.

*During the famine in Ethiopia in the 1980s, one of my consulting colleagues became very upset about my criticism of the development process and the results it was achieving. As consultants, we were doing very well. The more that development failed, the more consultants earned. However, after working with me several weeks, and seeing the financial analysis and economic value analysis that I was doing, he understood why I was so very critical.*

I bring to the analysis of development a unique combination of technical, economic and accounting knowledge, but also a deep respect for human factors. I have an appreciation of both the limits and amazing possibilities of technology. I respect traditional values and culture that are so important in a family's quality of life. I respect other people's knowledge.

*After spending a lot of time in African rural communities I commented that 'the fact that I do not know something, does not mean it is not known.'*

I concluded a long time ago that the capacity of the international community to achieve relief and development progress required a new development paradigm.

When I read Professor Jeffrey Sachs's book "The End of Poverty – Economic Possibilities for our Time" in May 2005, as I was in what I thought would be the the final rewrite of the manuscript for this book. I realized how well qualified I am to write this book. Compared to Professor Sachs I have a broader education and training, a longer and wider experience, and a very different perspective of the problems.

I have been working in "relief and development" for about thirty years. So while I am pleased with the work I have done, the real results of my work have been inconsequential. The needed paradigm change has not happened. Up to now I have been totally ineffective, just as much of the other work done in the name of development.

## **Development has failed**

Socio-economic progress in the SOUTH and especially in Africa is a failure. Relief and development has been in a failing mode for years, as long as three decades. In the post war 1940s, 50s and 60s there were huge changes and a colonial world became independent. A new world order came into being. The pre-independence expectation was that post-colonial independence would result in socio-economic progress with peace and prosperity.

As it turns out this was wishful thinking.

There has been little success in relief and development. There has been a huge amount of death and destruction: more in the second half of the 20<sup>th</sup> century than in the first half of the century which included two World Wars and the Holocaust. There have been changes, but the aggregate result has been continuing, actually growing, poverty and hunger around the globe. Rich parts of the global society have been able to increase their wealth and make use of modern technology to create even more

wealth and wonderfully productive industries, more and more are left out of the success.

Over the years, I have kept coming across little things that make me very optimistic that relief and development can be a success. I have also become very determined to get the message out that the way relief and development resources are now used means that development will never be successful. What is being done now just does not work. The “numbers” set out in the annual reports of all the major ORDA organizations show that today’s global society is just one huge big disaster.

Taken as a whole, the work done in the area of relief and development has resulted in an aggregate disaster. The following are some key big issues that show the scale of the failure of relief and development:

1. Hunger and famine (food, water and basic necessities)
2. War, insecurity and violence (refugees, IDPs and victims of trauma)
3. Poverty, economic value destruction and the distribution of wealth
4. Balance of trade, currency crises and government insolvency
5. Health pandemics

These few “big issues” incorporate hundreds and hundreds of other discreet issues. They all add up to a global picture of failed development. But there is a pattern that emerges and a way to look at the problem in a way that could result in reform and success.

What emerges are problems related to people, resources, the process and the information. In all of these areas there are major constraints to success.

## **Why and how development has failed**

We really need to know why development has failed. If we do not know why development has failed. We also need to know how it has failed. When we know why and how, then we will know what to fix.

There is an enormous need to get answers to these questions. Almost all the writing and analysis of relief and development describes the status of development and confirms in no uncertain terms that development has failed. But none of the writers and analysts seem to want to explain why it is that development is such a failure or how failure came about.

As long as the why and the how are missing, a complete understanding of failure is impossible, and the errors of the past will be simply repeated.

The sad fact is that few in the ORDA community understand and accept that relief and development has failed. In the broadest sense the ORDA paradigm that has prevailed for the past three or four decades just does not work. Bits of it are functional, some of it is excellent, but most of it consumes resources and destroys economic value.

But it is not easy to get the ORDA community to answer these questions. The culture of the ORDA organizations has evolved in a way that makes it impossible to get a straight answer. Individuals may acknowledge the issues of failed performance privately, but the organizations themselves never answer the tough questions. This is not a failure of people, but a failure of organizations. The system is just not structured to allow performance question to get answered because it puts into focus too many issues that are best, for the organization, left undisturbed. Do not open “Pandora's” box. People know the answers, but they cannot put their careers at risk by raising questions about failed relief and development.

Development performance is not going to get addressed within the ORDA organizations. The phrase

“conspiracy of silence” is a good way to sound bite the issue.

*Over and over again in my experience with development there were cases of complete ineptness. There were cases of outright fraud. But the system protects its own. And the system does not force these incidents of failure to be addressed. The system makes it difficult to be efficient while allowing incompetence and fraud to survive.*

Until the questions of why and how development has failed are asked and work is done to get answers, there is going to be a continuation of development practices that have produced “failed” results in the past and will do so again and again until they are fixed.

Criticism of development is not coming from the experts and organizations of the ORDA community but is coming from others who can see what is going on, and do not like what they see. Consultants will not put their fee income flows at risk. Staff will not put their salaries and pensions at risk. Someone else is going to have to take on the task.

I wrote this about two 2 months after the terrorist attacks of 9/11/2001. The ideas still apply years later.

*History seems to show that terrorism happens when there is a high degree of hopelessness and it is quite clear that the power structure has no intention whatsoever of a meaningful change in the status quo. These were arguments expressed over a century ago. Dickens did not like what he saw in the "justice" of the capitalist society of the day. Nor did Karl Marx who argued that the capitalist system could only be reformed by revolution. Most of the terrorist situations we are looking at today have this element. Nobody needs terrorism. But sadly, we have got it and it will not go away until there is some positive and creative new thinking about how the global economy functions.*

Is development failure a matter of resources. If we think of resources in terms of money, the poor developing countries do not have enough. But the problem is not simply money. But it is more than that.

*Many of the problems of development are blamed on lack of resources, especially financial resources. There is a lot of dialog in development about lack of resources, and the inability to achieve sustainable development because of resource constraints. Every needed resource is a constraining factor. Human resources are not good enough. Organizational arrangements are not good enough. Infrastructure is not good enough. Natural resources are huge, maybe, but that is not important for local development progress. Machinery and equipment is inadequate. Working capital in business is very limited. Financial resources are short. Knowledge is irrelevant.*

## **What needs to be done?**

Simply put, it is time for Turning Development Upside Down.

Development needs to be done to get progress that reaches the bottom of the economic pyramid. There needs to be progress from the perspective of the three billion or more who are terribly poor, hungry, diseased and dying, from the perspective of those that are affected by famine, disease, war and disruption.

The major ORDA institutions have talked about making substantive changes in the way they approached development for decades, but the reality that substantive changes have never been made. The problems that were in place in the 1980s are largely still in place 20 years later. The problems continue on and on and on.

There needs to be substantially new approaches and ways of doing things. There needs to be a respect that development is a complex process, with a lot of linkages and interrelated elements.

After 40 years of post-independence development, ways to make development successful should be known. And they are. The problem is that the ORDA organizations as they now are, are not needed to make relief and development successful. Decision makers need, more than anything else, to fire themselves. And, of course, this is not going to be done as part of an internally generated process of reform, though it certainly can be done by independent outsiders.

But this requires more than just advocacy. It requires development of alternative organizations and structure, alternative systems and processes and procedures. It requires new ways of mobilizing resources and flowing the funds to relief and development activities.

Nothing in the way forward requires any breakthrough in science or technology. All that is required is getting the resources available to be used much more effectively. Everything we will talk about can be done, and in a modest way is already being done.

## **Time to make waves, time for change!**

As a practical matter the need for change has been recognized for as much as thirty years, but change has not been achieved. This book shows how relief and development can be changed. This book is about systemic change that will improve development performance by an order of magnitude. Over and over again, the opportunity for change has been missed in favor of continuation of the failed status quo. Later on we will explore why and how.

I expect there will be many critics of this book. My work in development was never easy, because not many development experts want to work with hard numbers and do the accounting and accountability of development. People do not want to face up to the fact of failed development that good accounting in relief and development will reveal.

There are a lot of vested interests in the status quo. Doing development right will not be comfortable. My hope is that by trying to organize my thoughts about the relief and development sector into a “book”, my arguments will be better prepared and my goal of an effective change that improves relief and development performance will have a stronger foundation.

Nobody seems to be willing to take on the challenge of writing about critical change. Most of the writing about relief and development is by people who have been paid to do the study and write the report, maybe as part of a consulting assignment, or as part of “academic” research work funded by some “grant program”. These writers cannot afford to upset the people that are helping to pay the bills.

Changes should have been made long ago. Relief and development was already in a failure mode in the 1980s, two decades ago. The need for change was clear, but the changes that were made aggravated the situation rather than making it better.

*Now I am at a great advantage. At my age I do not have to reflect my employer's views and I do not have to safeguard a pension, or be careful about my next career step. I have the unusual freedom to write what I believe.*

It is time to try again. This book aims to help make changes. This book starts to describe ways out of the mess. The book is about people and resources and process and information. This book is about planning and organization and implementation and measurement and feedback. The book is really very basic. The ideas are not new. They are all very basic concepts of organization and management, and all have value in the relief and development context.

It is time that the ORDA community and the financial and economic and political leaders of the NORTH are challenged about the failure of development in the SOUTH. Every year millions of people are dieing prematurely because of failed development. It is time to do the accounting and reengineer and restructure the relief and development industry.