

Iraq

A New Direction

A Strategy for Peace

Iraq – A New Direction – Multi-Sector Area Development

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A Strategy for Peace

**A Methodology for Rapid
Socio-Economic Progress**

By Peter Burgess

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Iraq – A New Direction – Multi-Sector Area Development

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Dedicated to my family and friends.

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Some Conventions Used in the Book

“North” and “South”

Instead of referring to “developing countries”, the “underdeveloped countries”, the “least developed countries”, the “Third World”, etc. I use the term “south”.

For the “industrialized countries”, “rich countries”, or whatever, I use the term “north”.

Obviously this does not fit into a rigorous geographic interpretation, with Australia and New Zealand, for example, being part of the “north”, but I prefer these labels to any others.

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Foreword

This book would benefit from more work and more time ... but the subject matter has an urgency about it that overrides this. In a few days the Baker – Hamilton Report will be released and will put some new options on the table. I want this work to be in print before the Baker-Hamilton Report comes out, mainly because I want to present my thinking before I am confused by the a new round of media hype about the Iraq situation.

This book is a natural evolution of my thinking about socio-economic development. An earlier book “Revolutionary Change for Relief and Development” has already identified some of the main elements that are described in this book for the Iraq situation. Unlike most of the “south”, the present Iraq situation has been very well funded, and with good management, there could be more than adequate fund flows into the future.

Whenever there is a human dimension to anything, simple answers tend to be wrong. This book is an attempt to describe how a very complex problem can be managed so that there is progress and a basis for peace rather than violence.

The thesis about much more use of management information, and having information easy to access by the public is not popular among too much of the leadership class ... but it is vital as the framers of the US Constitution recognized and the framers of the First Amendment.

Peter B.

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Chapter 1

Setting the Stage

What we know

One of the things that we know for sure is that the military of the United States has awesome power. The performance of a massive coalition force in 1991 in expelling Iraqi forces from Kuwait was impressive. This was an awesome accomplishment, and I have pride in it. I also consider that the US did absolutely the right thing at that time in ending the war when the primary mission was accomplished. The war was fought under a UN mandate, and it would have been wrong ... just plain wrong ... to keep going to Baghdad just because the coalition had a big army in the region and it was “on a roll”.

The performance of a smaller coalition in 2003 confronting the Iraq army in the face of the Iraq leadership's unwillingness to cooperate with either the UN or various parties in the international community was also impressive. In a very short time, the coalition forces, mainly US but with a modest contingent of British and others, was able to overcome the Iraqi army and take Baghdad.

But we also know that military power is not the best way to solve all problems. There are, in life, situations where a gentle touch and delicacy is more valuable than brute power. This is not to devalue in any way, shape or form the ability of the military and their sacrifice ... but is a recognition that there is a limit to military power and that it is best deployed in the right way.

And there were aspects of the war that do not sit well with me. The war against Iraq was initiated as part of a war on terror that started because of terrorist attacks in the USA on 9/11/2001. The 9/11 attacks killed around 3,000 people ... none of whom deserved to die in this manner. However, the coalition's Iraq offensive started with bombing targets around Iraq, including targets in built up areas of the country including Baghdad.

I Do Not Like Bombing

I was an infant during the Second World War. We lived in Surbiton in the suburbs of London and I remember something of the WWII bombing ... the blitz ... and the “doodle-bugs” otherwise known as V1s. I was too young to understand what war was all about, but I did know that bombing knocked down houses but never connected the dots to know that bombs also maimed and killed people.

As an adult I realize the terror of bombing ... and I consider bombing, except under very rare situations ... to be wrong. Bombing is a form of “terror” and I do not like it.

The bombing was called “Shock and Awe” ... a reference to the obscene terror that it was certain to cause within a civilian population. Though the bombing was tightly targeted to legitimate targets, the collateral damage was substantial.

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It had to be ... and the coalition leadership knew this ... and if they did not, then they should have.

In any event, the US led coalition won the war. The performance of the military as they stormed into Iraq and to Baghdad was impressive. And President Bush had it right when he boarded an aircraft carrier off the California coast and announced that the war had been won. The war had been won. Well done.

Since then, however, the rebuilding of Iraq and waging of peace has been anything but successful. Making a success of peace requires a very different set of skills ... and the coalition of political power and military needed for war does not easily transfer to what is essential for enduring peace and growing prosperity. There are lessons from history, but it seems they have not been taken into consideration ... occupation is impossible in the long run unless there is a good reason for the occupying force being there and the population wanting the intervention. The Europeans learned this the hard way as their empires disintegrated several decades ago.

But it is worse ... the situation in Iraq encourages terrorists around the world rather than discouraging them, and the growth of terror groups seems to have accelerated since the war started in Iraq rather than being slowed down and contained.

We have a lot to learn about how to implement successful socio-economic relief and development. More than anything else, the prevailing methodology in the relief and development community that has evolved over several decades seems to cost a lot and not deliver anything like the value one might expect. Again, the lessons of experience do not seem to be being learned, and instead a process that embraces widespread value destruction seems to dominate.

The Challenge

Soldiers and guns

Soldiers and guns are not a civilized way of going about the building of a civil society, although they are an excellent way of destroying an opposing army and military assets. Soldiers and guns can be very valuable in protecting civil works and certain strategic assets ... but far less valuable in getting society to build its day to day economic base.

Somehow the prevalence of soldiering as a solution in Iraq has to be replaced by civilian actors ... who might well need the protection of the soldiers with their guns. In the military ... in war, the army with the biggest guns usually win ... but in the civilian context the people with the biggest guns are going to do the most damage, and damage means death of women and children ... and ultimately a loss of all credibility as a friend of society.

Yes to a role for soldiers as protectors ... but no to the idea that the soldiers can ever win in the arena of economic activity and the battle of ideas.

Working in Dangerous Places

I have done some of my work in dangerous places. I have never carried a gun ... but I have been protected by police and soldiers ... and for that I am grateful.

My work has always been connected with the civilian economy ... socio-economic progress and mitigating humanitarian disaster. While in some cases I was protected by soldiers with guns ... in so many cases the reason why there was a humanitarian disaster was that people with guns were creating mayhem, and poor civilians were caught in the crossfire. The men with guns were ending up killing women and children ... not my idea of how modern civil society should work.

Find the good and build on it

The challenge is to find the good and build on it. A reasonable assumption based on my personal experience in many parts of the world, is that the majority of the population in Iraq are more interested in peace and prosperity than in war and penury.

But if that assumption is valid ... why then is there so much of violence and mayhem. And I think the answer to that question is that the greedy and those who are ethically challenged see opportunity, and are taking advantage of it ...

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and in the process are pushing the good folk to the side. Greed is facilitated by guns, and increasingly, organized terror.

They are aided and abetted by a distant world that is interested, but with no patience for long and complex stories. The popular media provides what the world wants ... and anything long and boring, no matter how important gets cut, and is eliminated from the news. The media and the public both have to contend with misinformation, spin and propaganda that distorts the information that is easily available.

In spite the visibility of bad new, I am sure there is a lot of good news ... and I expect that there is success that few people know about. More than anything else we need to know a lot more about the success ... and build on it. And where we learn there is failure, we need to know why, learn from it, and do better in the future.

There are people that know

I start from the premise that I do not know the answers, but that there are people who do know the answers, and what solutions might work to address even the worst of the problems.

Education, I was once taught, is just as much about where to find the answers as it is knowing the answers. In a situation that is, literally, foreign ... and where culture and language can get in the way of understanding, it becomes imperative to know where the find the answers, and even first to learn exactly what are the problems.

What I Know is Not Much

I have worked in a lot of places over the past 30 plus years, and it is a long time now that I learned that my own knowledge need not constrain progress. The fact that I do not know something does not mean that it is not known.

And some of the people who know what I don't know, don't know some of the things that I do know. Put the two sets of knowledge together and there might be answers. The starting point is listening ... and learning.

And the solution to many problems might well emerge when we let information and knowledge drive decisions.

Before answers, what are the questions?

According to the media, some \$300 billion has been spent on the US interventions in Afghanistan and Iraq since 9/11 in 2001. Which leads to the question of why this use of wealth has not been able to produce a great outcome.

In part, the answer is that it does not matter how much if the resources are not used wisely.

What I Learned in Nigeria

I learned in Nigeria in the late 1970s that money does not ensure good results. In the late 1970s Nigeria was experiencing oil wealth as never before ... but more than anything else, it facilitated a deterioration in values and the creation of a super-wealthy corrupt class on top of a society that is very poor.

The amount of money in the society was plenty ... but how it was used was the problem.

My career path changed when I was faced with dead children in the center of Lagos on the steps of Western House, at the time, perhaps, the most prestigious office block in the country.

The fund flows authorized in response to the situation in Iraq have been enormous ... but the accomplishments have been limited. At any rate, the easily available information and the media news stories suggest that the results have not been very good.

Where are the answers?

Local people know most of the answers ... but getting to know what the answers are requires a lot of effort, and most of all, an effort to build and sustain confidence that local priorities are important and will drive decisions.

Experience suggests that the answers are better at the bottom of the pyramid than they are at the top ... whether it is in a corporate organization or in the planning and management of relief and development. The amount of management information used for decision making at the top is usually a very limited sub-set of all the knowledge that is embedded throughout and organization or society.

One of the great successes of the modern corporate business model is that management has started to make much better use of this wealth of knowledge within the organization than it ever did in the past ... it is one of the big untold business stories of recent times.

But management information of high quality is much less available in the relief and development sector, and the sort of information ... intelligence ... that is usually used by the military has little value in building success in the area of socio-economic progress. In relief and development, the outlook for success is going to be much improved when we mobilize the knowledge that exist

everywhere and make it easily accessible everywhere and make effective use of it.

Why did the military win the war and lose the peace?

The quick answer to this question is that the military is designed to wage war and win ... they are not trained or equipped to engage in peace. The military can do amazing things, but they all revolve around being a successful military organization.

What the general public does know is that the coalition forces, mainly US military seem to be taking casualties almost every day, and that too many Iraqi people are also dying as a result of violence. There is talk of political progress ... but also talk of the complex difficulties that local political leaders have to handle.

Looked at from New York or Chicago or London ... the situation in Iraq seems to be near hopeless. The flaw in the policy was expecting that a military solution could do much to build a durable political framework and a sustainable productive society.

The Foundation of Economic Strength

When I first crossed the Atlantic from the UK to the USA in the 1960s I used to observe that the big strength of the United States was that its society and its economy was built around Detroit (cars), Pittsburgh (steel), Chicago (agriculture), Houston (oil), New York (finance), etc. and not around Washington (politics). The corporate world was pushing for productivity and profit, and being very successful at it. The economy thrived.

Before I came to the USA I understood the idea of the American industrial might, but after my first travel across the country I also realized the importance of the American agricultural might. And 40 years later it is concerning that political-economics is center stage rather than performance-economics.

After the fall of Baghdad it seems now that everyone got in line to profit from the fund flows that were deployed courtesy of Washington and its bottomless source of dollars. How so much money was able to be disbursed and do so little is difficult to explain without concluding that most of the people and organizations concerned were either corrupt or incompetent or both.

How has it been that the possibility of a huge political and economic success has morphed into a recurrent image of destruction and mayhem.

In the economic arena, one gets the impression that the only goal was to stay alive and get rich ... and it is no wonder that this has translated into hate on a

scale that was unimagined when Baghdad fell and Saddam Hussein was toppled from power. I do not get the impression that the work of rebuilding and putting the economy of Iraq back on track was done with the sort of single purpose that characterizes the military when they have a clear objective. Rather the work of making peace became more about politics and security ... and about power and spoils.

Iraq ... what went wrong?

The war went well ... but managing the peace is proving to be very tough. Something is wrong.

Experience in other parts of the world suggests that success is a result of people finding common ground ... and ordinary people seem to have more common ground than powerful people. Ordinary people want to improve their quality of life ... usually quite modestly. Powerful and wealthy people have a very different agenda that includes the maintenance of power and wealth and positioning so that they are in an advantageous position when new opportunities emerge.

This is not new ... it is as old as recorded history. What is new is that the stakes for the rich and powerful are bigger than in ages past, and the technological capacity for destruction is bigger than ever, and getting bigger all the time. And while the rich and powerful engage in counter-productive strategies that are likely to end up in mutual destruction, ordinary good people are left in a world society that is deteriorating even while possibilities for progress are available.

Ordinary people have a life that is family centric, and beyond that, community centric. Mother is central to the family ... and children. Father and other members of the family complete the family and help it to be able to provide for itself and contribute to the broader community. Members of a family respond to initiatives that are going to improve quality of life for the family. For fully half the population of the world (3 billion people) ... and a lot of families in Iraq, a modest improvement in the quality of life would not take a lot.

Thinking in terms of community ... many communities do not yet have access to basic services ... life is not easy. On a world scale access to safe potable water is by no means universal ... nor electricity ... nor health services ... nor schools ... nor communications. Iraq has vast areas where the basic services are not working as they should be ... and it would seem that this should be a priority.

In the media, all the talk is about security and sectarian violence and improvised explosives and roadside bombs ... nothing much is about the progress or lack of progress in improving the quality of life of the Iraqi people in their communities. There is not much in the media about how the money has been

spent, and what results have been achieved ... rather it seems that this issue is “off limits”.

Cost Control

My first residence in the United States was in Texas. I was the field accountant for a consulting firm supervising the construction of a pulp and paper mill just outside Houston. The general contractors were Brown and Root, now part of the Halliburton Group.

When my cost accounting showed that we had completed just 1% of the work and Brown and Root had spend 2% of the money I did some analysis, and realized that the contractors had a huge amount of payroll padding. After my analysis was shown to Brown and Root they dropped their on-site payroll from around 1,400 to just 700 people ... and eventually the factory went into production on time and on budget.

Brown and Root were good contractors ... but they did need strong oversight.

When there is talk about resources it is too much about how many billions of dollars in aggregate have been appropriated for Afghanistan and Iraq ... less about how it has been disbursed, and less again about what it has been used for and what the results have been. Finding useful analytical information about fund flows and the use of resources is not easy ... in fact it is almost impossible. The accounting and the accountability seems to be severely compromised ... and in my experience when there is poor accounting there is corruption and worse.

And then there is the question about oil revenues. The oil revenue fund flows are huge, but where are they and what is the use of these funds. So much of what could and should be public knowledge is kept out of the public space ... out of the public dialog ... and away from any form of accountability.

In the early days after the fall of Baghdad it seemed that some of the contractor performance was impressive ... but it did not seem to hold. I am not sure whether this is a failure of media reporting, or a failure of the administration's reporting, or a failure of physical performance. It seems that nobody is willing to pull this information together in a meaningful way ... and without this information it is very difficult to come to any reliable conclusions.

The origins of the book

This book pulls together several different threads of information to make the case for a better way to peace and progressing relief and development in Iraq.

This book draws on experience from a number of consulting assignments over the years including: (1) A study for a cross border program for Somaliland and Ethiopia prepared in 1999 (the HOA Study); (2) a planning study for

Mozambique refugee hosting in Malawi in 1987; (3) a planning study for Afghanistan after the Soviet withdrawal; (4) development planning in Namibia after its independence; and, (5) a variety of other consultancies in the Middle East, in Central, South and South-East Asia, in Latin America and Africa from 1974 to the present.

Of these, perhaps the work that has motivated me the most to write this book has been the work in Afghanistan. This is because some serious planning done in Afghanistan with the support of UNDP and a lot of input from local experts was totally ignored by the “top” bureaucrats, policy makers and planners in Washington, New York, Brussels, London, etc. so that quite foolishly the big leaders left a huge vacuum for unsavory groups to thrive.

When I retrieved the work-papers from these old plans, I was very surprised to find how consistent my views have been over the years. The theme of my work over the years has changed rather little. The general approach has been (1) get facts (2) do analysis; (3) draw conclusions; (4) prepare report. But it is depressing how little progress seems to have been made. The issues that needed to be addressed ten and twenty years ago still need to be addressed today. The issue of management information has not been addressed. The issues of process ... and accountability ... and corruption, were important then and remain important today. The issue of how and why there is relief and development failure has not been very much addressed.

Chapter 2

New Direction Strategy

Iraq – New Direction Summary

Introduction

This book about a new direction for Iraq is based on lessons learned over the past 40 years or so in as many as 60 different countries. It is based more than anything else on the idea that ordinary people want peace and a decent quality of life and not war, violence and mayhem.

There are just a few ideas: (1) focus on a civil economy; (2) a new strategy for military and police; (3) a role for organizations; (4) a role for people; (5) a role for community; (6) use of management information; and, (7) a structure to manage resources.

Focus on the civil economy

The civil economy of Iraq has a huge potential, but it will be wasted unless the country moves to focus away from military solutions to ones that embrace the civil society. Accordingly the primary focus for the new direction is to have multi-sector development in the civil economy as the driver of socio-economic progress. There is a great potential for the civil society of Iraq to have a durable enterprise driven equitable economy as long as it is encouraged and not sidelined by powerful interests both local and international that would prefer to see a failed Iraq. The civil society needs to have a priority for the economy more than for politics and the military.

A new strategy for military and police

The US and coalition forces have demonstrated that they have great power and can be successful in a military situation. History shows that a strong military capability does not transfer easily into the work of policing the citizenry of a whole country. The primary focus of the coalition forces going forward should be: (1) to protect contractors as they go about the business of building up the infrastructure of the civil economy; and, (2) to train and give support to the new Iraqi army and the police force. The goal is for security derived from the force of arms, to be replaced by a widespread security resulting from the good behavior of a civil people. A force of 20,000 doing the right things is going to be more effective than 150,000 tasked to do things that have little benefit.

A role for people

There are millions of people. Most people are seeking to have gainful employment, and the more there is economic opportunity the less the attraction of becoming associated with the militias and groups engaging in anti-social

violence. People should have a full role in helping to improve their socio-economic situation through both economic and political participation in governance at both the community level and at the national level. This is a valuable freedom that is worth fighting for.

A role for community

There are thousands of communities. All communities have some features in common and some features that are different. Each community is unique, and each community is where people live and have their friends and go about their daily business. Community is where priorities should be identified, and ways found so that local people and local organizations can become engaged in doing things that result in socio-economic progress.

People are the biggest resource on the planet, and it is in their community that people can have the most impact. A community is usually identified as a geographical place, but it is the dynamic of the people that makes the place special.

A role for organizations

There are many thousands of organizations. Every community has some, and there are thousands of communities. Every organization should be encouraged to expand so that the process of building the economy can be accelerated and more people in the country can be gainfully employed. Every organization should have an opportunity to be part of Iraq's success.

There are some organizations in Iraq that dominate parts of the economy because of their power and influence ... as there are in most places. These organizations should be challenged by a better understanding of the value dimension of the work they are doing.

A structure to manage resources

Iraq has had some of the biggest fund flows in all of history ... first its oil revenues and now its reconstruction revenues.

The structure to manage these funds has been inadequate ... in some respects, primitive. There needs to be a simple network of trustworthy organizations that commit to excellence in accounting and full reporting of fund received, activities funded and results achieved. There needs to be adequate staffing and operational budgets so that there can be timely oversight of everything that is going on, and a capacity for internal check and internal audit so that funds are well managed.

The structure needs to reach from the source of funds, local and international to the organizations that are doing the work and the communities where the

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results are to be seen. There should be an accounting to the public ... information that is visible and understandable to the public as the primary stakeholder.

The Central Bank and the Iraq Government Treasury should be a part of the network for accountability and a focal point for some of the information. The implementing organizations are also part of the network of accountability, and they should be doing adequate reporting and be the subject of appropriate oversight.

Management information

There needs to be an easy way for information about fund flows and socio-economic progress to be accessible to both decision makers and the public. This information is the foundation for making it possible to hold decision makers accountable. The management information needed is not only the accounting for resources received and the disbursement or consumption of resources, but also assessment of the value of the results being achieved. The ultimate value of socio-economic progress is most clearly seen at the community level and in the quality of life of individuals and families.

More Focus on a Civil Economy

Civilians should be the focus

What are civilians doing in Iraq? Are they going about their business or are they going around in fear of everyone with guns. For most civilians, people with guns are bad news, and it does not really matter who is carrying the gun. When there is a lot of fire-power, guns do collateral damage.

So put a lot more focus on what is going on in the civil economy. Make sure that the civil economy is working, that the stores are open, and the trucks are moving and everything is working the way the civil economy wants.

Most of the people want peace and prosperity

Even if most of the people want peace and prosperity, there are usually a few that see violence as a better way to make progress. When guns are everywhere it is not easy for the peaceful majority to be winners, no matter that they are the majority.

When rule of law needs to be enforced by a military presence, there is something wrong. It is not usually fixed by more military, which tends to escalate the problem, but gets fixed by communication and dialog, by getting to understand what is wrong and taking non-military steps to fix the problem.

Who wants guns and mayhem?

There is a violent minority that are happy to use guns and create mayhem. There are issues that can easily be used to inflame tension and justify violence. But this violent minority does not reflect much of the will of the majority. Guns and mayhem are not family values ... and family values have a lot of importance in almost every community on earth ... including almost all the families in Iraq.

Guns are, very sadly, a big part of the global market economy. There is a huge and nasty industry that makes guns and ammunition and distributes these deadly items to those that want to engage in making mayhem. Guns and ammunition have no legitimate place in a civil economy. Where guns are required for security ... civil society is already broken.

And follow the money.

Some of the major corporate organizations in Iraq are beneficiaries of major contracts to rebuild Iraq's infrastructure. The profits are substantial, and the use of these profits may or may not be in the interest of the vast majority of the people of Iraq.

Nobody seems to know much about the profits that are being generated in the Iraq emergency, but we should. And we do not know much about how these organizations use their profits, but we should. If profits fund guns ... and guns then win Iraq ... the prize is control of a country that can generate huge fund flows from its oil. The estimate for Iraq's government revenue from oil in 2007 is reported to be around \$40 billion and control of this is a rich prize indeed.

There was talk that oil control was the prize that motivated the US and the coalition to become engaged in Iraq ... nothing much to do with the global war on terror ... but everything to do with the control of oil. But if this talk is valid about the powerful in the world outside Iraq, the same question is just as legitimate with respect to those with wealth and power inside Iraq, and other parts of the region.

A durable prosperity can be achieved with everyone participating and not just a powerful elite ... but profiteering by any elite can become seriously destabilizing and end up with chaos for many and a dangerous minority of powerful people in control of everything.

Comprehensive civilian multi-sector investment

More than anything else, a comprehensive civilian multi-sector investment for socio-economic development is needed. Development can proceed when efforts are going on in all sectors. One sector's success always depends on the capacity of the other sectors. Economic growth can only go as fast as the underlying capacity of the economy and critical constraints will allow. All the elements of a comprehensive development framework are well known, but rarely put together. The underlying objective is to create income generating opportunities and jobs. These investments go a long way beyond emergency intervention to building the community economy at all levels so that there are income generating opportunities and employment for all. It aims to improve the community at large by changing in a very real way the level of opportunity that exists in the local economy.

Respecting the causes of conflict

A new direction must work on understanding the cause of conflict. It is imperative in planning development that sources of the present conflict are addressed and sources of future conflict eradicated to the extent possible. A lot of work has been done on conflict resolution ... far too little on ensuring that the basic sources of conflict are addressed ahead of time. Two issues have been highlighted in my previous work with UN missions. The first is that most conflicts are rooted in economic disparities, though often manifested as religious, ethnic, ideological or other symptoms. The second is that most people do not want to be involved in conflict, especially violent conflict.

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A new direction program should be designed to help to reduce tension and promote development so that security that has been such a problem in the area for such a long time can become a matter of history. The program is designed to allow a balanced allocation of development resources so that all areas and community groups are able to participate in an equitable way in the benefits of the program. This will be done through community participation in the development planning and resource allocation and overall program oversight of the resulting resource allocations.

Beyond conflict

The strategy for this program is not to be engaged in conflict but to have a proactive program to build the socio-economic foundation of the community ... and while doing this to be protected by military forces and police in the event of attack. The overt strategy for this program does not have a focus simply on hunting down the potential attackers but protecting valuable work in the event of attack. The aim is to achieve socio-economic growth and progress in this so that more people are attracted into employment and productive activities and less into missions of destruction. The aim is to strengthen the economic foundation of the community and area so that inappropriate external destabilizing efforts have little influence.

Less Focus on Military

Focus on economic development above all else

There has been success through supporting modest economic development activities ... but it is not systematic enough to get the most value for the effort and the money. These initiatives should be done in a framework that has the support and understanding of the community in all sectors deemed priority by the community. None of this is rocket science ... it is mainly applied common sense.

A lot of the work that needs to be done can and should be done by local contractors. Oversight can be provided by the funding source organizations and the military, and the military should also assist with security.

The public should be able to get easy information about the activities going on, and the progress being made. Above all else the public should be able to relate the spending of money with the results being achieved.

No Need for Cut and Run

I have been in several countries when coups and civil uprisings have taken place ... and in each case the immediate diplomatic response from the political leadership of the countries of the “north” has been to order evacuation of their citizens in the country.

I have argued that this usually means that violence is the speedy winner. Rather I would argue for getting the military to help so that expatriates ... most of whom are usually in the country trying to be of socio-economic or humanitarian value ... can be protected and can keep on doing worthwhile work.

This is not as silly as it sounds. A gun battle a mile away in the next valley does not kill you ... and economic activity can go on. More damage is done when all vestiges of law and order, and international eyes are removed and violence is used to wreck the economy ... steal the crops ... steal the animals ... burn the homes ... rape the women and abuse the children.

Define new objectives for the military

The primary objective of the coalition forces should be to protect the work of contractors working on rebuilding and development, both Iraqi and international, so that these contractors are safe and the work they do can progress efficiently. If the military is tasked to protect contractors ... this is

peaceful ... this is valuable ... this is, in my view, legitimate. And just as important, it is something that the military knows how to do.

A second important objective is to train the Iraqi military and police. This is a very important job where the coalition military can be very valuable ... and something that the military can do. Training is a big part of any military force's strength, and this strength certainly exists in the US military.

Occupation and security should not be center stage ... the military is not good at it for any length of time, and in any event occupation and security should be subsidiary to the active work of rebuilding physical infrastructure and getting essential services so that they are available to people living in Iraq.

Do more of what works

The key to this strategy is to do more of what works and has local economic value, and less of initiatives that have only an anti-personnel anti-terror component. The economic support activities are easier ... and justify the presence of foreigners. The other component highlights the military and puts focus on their presence in the country. Rather the military should be in support of security for the development activities ... and can help when a community needs to have its security situation improved because of local security service weakness.

Success has rather little to do with military, and a lot to do with economy and society. Success has a lot more to do with the people throughout the society than the politics at the top of the society. Most families do not want violence and death and mayhem ... but powerful interests are willing to have these things if the end result is to their benefit.

People

Establish priorities that benefit people

To the public at large, in the “north”, the “south” and in Iraq, it appears that the priorities that have been established bring benefit to an “establishment” much more than they do to ordinary people. It seems that big contractors, the global oil industry and friends of friends in the international community are beneficiaries while ordinary soldiers, policemen and ordinary civilians are dieing and ordinary people see not very much of benefit.

Ordinary people rarely see much of the benefit of big programs ... it is the way things usually are. But what used to be normal in the 19th century need not be normal in the 21st century. We know how much military technology has progressed in that time ... and in fact, civil technology has progressed as much, though its deployment is delayed as entrenched interests struggle to maintain control over their turf.

What do people want?

People want to be safe and to have hope for an improving future. More than anything else people want their families to be safe and to prosper.

This needs to be translated in practical terms that are relevant to the community. A big step is to give people a chance to make local decisions that will enhance the community and be of benefits to the people in the community. This can be done in a community in part using the organizations that exist or new organizations that can be set up to facilitate a dialog.

Any planning that is done at the “top” without having a really good understanding of what people want is destined to be a failure.

Where is dialog with people?

As far as one can see, up to now there has not been much dialog with people. There have been visits to Iraq by “top” people in politics that have helped to drive a debate in the US and in the UK ... and presentations by the top brass of the military ... but not much about a dialog that involves much the people of Iraq.

When there has been dialog with the ordinary people it seems that all is not lost and possibilities are huge ... but less and less appreciated as the politicians and military chiefs get more and more frustrated that socio-economic progress is slow and violence seems to be escalating.

Where does dialog lead?

In order to be useful, a dialog must lead to some results. There has to be some sort of liaison with appropriate people from outside the community who have the ability to help turn hopes into reality.

This is a role for Government Ministries ... sector by sector. It is also a role for private and public sector intermediaries who are able to serve to bring tangible activities to the community.

The intermediary arena is not simple and clear, but when it works best it is often chaos and competitive. A single monopolistic intermediary has the potential to be exploitive, and usually is. In chaos and with competition, there is choice and people can get what they want, and often on a good basis.

There is a role for good information. One of the best ways to reduce bad economic behavior is for the information to become public and to be easily seen.

Which leads to community

People are best served at the community level ... as close to where people live their lives as possible ... as close as possible to where people work ... as close as possible to where people have their homes, and go about their daily lives.

And also information

Unless there is viable data about what is going on the decision making is going to be based on misinformation and spin rather than good facts. This must not happen. Good information is an essential component of society and should be given due consideration.

And organizations like the police

People need help in having a peaceful society ... one of the organizations that can help in this are the police. At their best, the police are friends of the people and help to make society civilized.

Community

Community Centric Planning

A good starting point for planning is to plan around the idea of community centric development ... in other words putting together multi-sector thinking around each community, and to do this for all the communities in the country.

Comprehensive Community Centric Development

In my experience socio-economic progress is much more practical when the community is made the central focus of analysis and support.

During some work in West Africa I was extremely impressed by the success of a community project in Shenge, Sierra Leone (described later ... page 155). This was a multi-sector project ... single sector initiatives do not work unless there is enough infrastructure and economic activity going on in the other sectors.

During some work in Namibia, I was impressed by a health sector plan prepared by the Ministry of Health that detailed what was needed in EVERY community in the country as regards physical infrastructure, staffing and working supplies. This made budget dialog easy around good information, and good plans could be made.

What is very clear in my own experience is that modest resources well used can support socio-economic progress that is substantially greater than a lot of resources poorly used. This is an essentially Keynesian idea, but it is also something that becomes very obvious in the corporate planning world. If there is cash flow, additional improvement can be implemented ... but once there is no cash, nothing can be done. In years of talking to development experts, I hardly ever heard talk of this sort of analysis, yet it is critical for socio-economic progress. Keynes is also consistent with some of the ideas of engineering thermodynamics, where the relationship between energy, work and efficiency is similar to the idea of cost, value and performance.

What does the community want?

A community wants what the people want ... but there is often a dynamic in a community so that what people actually want may not be what the community gets. Local power and local politics can easily get in the way of what ordinary people want and what would be best for the community.

Most people in a community may want one thing, and another part of a community may want something else. The community needs to decide what they want to do first and what to do next. The community must decide the priorities. This may not be instant ... but it is an important part of creating a sustainable future.

This is not easy. Iraq is an old and complex society, not at all easy to characterize in a few simple phrases. Families are mixes of religious sects and ethnicities ... while being Iraqis. Outsiders seem to have too much a simplified version of the mosaic of Iraq's religions and ethnicities.

Metrics about the community

One of the ways of minimizing the abuse associated with mis-allocation of resources away from good community priorities to more inappropriate use is to have good metrics about the community and its socio-economic situation. There are legitimate reasons for having disagreement over priorities at a planning stage, but good community metrics can show results and help to improve progress as time goes on.

Metrics about a community need to be accessible to the people of the community, as well as being easily accessible to the broader public. Transparency and accountability on top of metrics about the community can be a powerful incentive for socially responsible community progress.

Community governance

Local governance may be formal or informal, but there needs to be some structure that facilitates the process of deciding what needs to be done and to prioritize, and then some way to make implementation happen.

Rather than the military having a big security presence, it would be better if they deploy units to serve as liaison and help get socio-economic activities accelerated. Combining local people, local contractors and development finance has value in terms of creating jobs and salaries as well as creating things of value for the community. Done well, there can be significant community progress very rapidly.

Security considerations

As long as the security situation is reasonable the community development activities should be operating as fast and as big as possible. If security deteriorates, the activities of the civil economy should be protected as much as possible by effective police initiatives. If more intervention is required, then more aggressive military tactics should be implemented. If it becomes too

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dangerous for the civil economy to function, the contractors will close down, civilians will relocate and the location will go on a war footing.

The police is the organization that can help in a practical way to keep a security situation under control. In the broadest way, the police need to be part of the community, and able to respond to all the variety of threats that are designed to disrupt the security of the community.

Integrated ... multi-sector

A community needs to have everything that makes life livable. Every sector of the economy that serves people and families needs to be present. Every issue that affects life needs to be addressed.

Most of the energy of a community comes from its people. The work of development is to make it possible for the energy of people to build value for the individual, the family and the community. External inputs can make development progress possible and accelerate the pace ... but success, more than anything else is determined by the potential of people.

Who wants community to fail?

There are some people in Iraq and outside who want Iraq to fail ... and by proxy to have the US fail. As long as the US and the coalition forces operate with a blind faith in the military component of the work, those who want community to fail will win. This is a very unsatisfactory outcome.

At the moment the US and the coalition seem to be operating as if they do not know who is behind the violence ... and I cannot pretend to know for certain. But we would know a lot more if we knew about fund flows in Iraq and around the area and the profits of the various organizations that are operating in Iraq and surrounding countries.

Who wants community to win?

Families ... women ... children ... good people ... decent people ... the majority of the people ... wants the community to win. The wants of the majority are not going to be a driver unless there is a willingness to use information in ways that make bad decisions too hot to handle.

Community focus and area fairness

The new direction program is designed with a focus on community priorities. The initiatives must reflect community priorities. It is secondary that they might also reflect thematic development issues of international organizations and donor priorities. The strategy is for there to be ongoing community participation in development planning on an ongoing basis, using participation mechanisms

that are suited to the community. For this to succeed, the program must be flexible and able to change to so as to reflect the real needs of the communities as seen by the communities.

In order to minimize conflict potential, all areas everywhere in the country should have the same access opportunity for socio-economic support and assistance

Fairness

At one time, as a UN adviser, I helped develop a comprehensive area development plan. But we scrapped it at the last minute because all the development resources were being allocated to an area controlled by one single ethnic group. We then reworked the plan so that all clan groups had equal opportunity to have resources based on specific need. The reworked version was fair, and these resources had a role in keeping the peace rather than fomenting conflict.

A multi-clan Cabinet quickly approved this revised plan and passed it to the Head of State. The Minister of Plan immediately recognized that the plan had been prepared, above all else, to be fair to EVERYONE in the country.

Implementing Activities

Planning, organization and funding

The socio-economic activities of rebuilding, rather than the political involve planning, getting an organizational framework that will work and putting funding in place. These functional actions need also a management framework in order to be effective.

There are governance and security issues that the government should be addressing as a constitution is developed and the structure of government evolves. The police and the judiciary should be the institution that handles security under normal conditions, and where there are special circumstances and excessive violence in the society, there should be limited assistance from the military authorities.

Essential implementation structure

The first essential is some community consensus about some works that need to be done and some sense of priority.

Another essential is that there is an implementation structure that has the capacity to do what needs to be done. Contractors' work is based on contracts. In exchange for remuneration contractors are expected to do specified work. Contractors must be good enough to do the work. Frequently, contracts have loop-holes that enable contractors to be paid, even though the work does not get done ... this is commonplace, but it is not good. In the case of international contractors the loop-holes are probably larger and even more subject to potential abuse. These abuses must be addressed and ended.

A further essential is a way for resources to be delivered to the community and to the contractor so that the works can be done. This can be through a development loan fund.

And lastly there needs to be some structure that provides oversight and can take a role in holding responsible parties responsible for the control and use of resources and the results being achieved.

Contractors ... that do the work

At the moment the public knows very little about what contractors in Iraq are doing ... what they are accomplishing. The reports are limited and seem to reflect conflicting information. Contractors ought to be working everywhere in the country to get the economic foundation back into shape so that basic services are working well. I am not at all sure that an adequate amount of infrastructure

and basic services work has been accomplished in spite considerable funding ... but I just do not know ... and I don't think many others know either.

As an ordinary member of the public I have absolutely no idea what the contractors are doing. It is difficult if not impossible to find much information about how much money they are getting, even more difficult to find out much about what they are doing, and yet again difficult to find out much about the value of their work as perceived by either the funding organizations or the communities where the work is being done.

Media stories about contractors is not enough ... these stories may be interesting to the public at large ... but they are not the sort of information that is needed to assess performance.

Some Contractors Do Amazing Work

Over the years I have worked in places where local and international contractors were operating. Sometimes the security conditions were poor and the environment was dangerous ... but people got on with the job. Many of the organizations working on humanitarian relief for the UN are contractors whose people put themselves in harms way and do wonderful work that is much respected by all who know about it.

Of course, as in all fields, there are organizations that abuse the system ... and more than they should, are able to get away with it.

The Keynesian impact of getting support to contractors, especially local contractors, and into local payrolls, can be used to advantage ... but it needs to be done thoughtfully. A lot of money without it being related to a lot of work and a lot of value is irresponsible, naive and dangerous. Accordingly, the work of contractors should be supported, but there should be a management component so that contractors are using money well and the communities are getting value from the work.

Socio-Economic Dynamics

Keynesian thinking about economic dynamics has gone out of favor, but it is what I learned, and I have no reason to change my opinion of Keynesian economics based on my international experience.

The role of the multiplier is very important ... and valuable. It works to advantage as fund flows grow, but has equal disadvantage when fund flows decline.

As IBM used to advise in the 1960s and 1970s ... THINK.

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There is not much information easily available about where contractors are working and what are they accomplishing. It should be possible to identify where contractors are doing work, and it should also be able to find out the impact of their work on the community. Knowledge is comfort a lot more than it is a security risk. Secrecy that is not absolutely needed is the first step in losing citizen support.

Projects are one way used to keep track ... but by good corporate standards the amount of information that is presently available about project performance is abysmal.

If the contractors are doing good work ... value adding ... there will be socio-economic progress, and a first step in getting the citizenry hopeful about the future and grateful to the people who have helped.

Money resources ... a development loan fund

A development fund is a possible modality for funding community works. The resources available through a development fund will be used on a short term loan basis for activities that are requested by the community. This is a sustainable development model that uses financial resources over and over again. Financial resources available to the program will be used on a loan basis to help finance community projects of all types.

The funds will be used to purchase items that the community group would not normally be able to afford and allow the group to go ahead with some works that they consider important. Typically the group will provide labor and local material, with the funds being used to purchase non-local material and possible rent equipment. The funds can be re-used by the community if the loans are repaid to the fund. As an incentive to repayment, funds will be augmented if the repayment track record is good. Groups that do not repay development fund loans will be penalized by the permanent diminution of the loan fund resources. The community can make use of the funds to build something they need, and then pay the loan back so that the resources can be used again. The community has the responsibility to make arrangements for repayment resources to be available.

The objective is not to build a lot of projects, but to build good projects that satisfy community needs. The objective is to encourage investment and establish the concept of saving and repayment as a sustainable modality for continuing development and improvement in economic performance and the quality of life. This has been the tradition of the area for hundreds of years, but now severely damaged over the past two decades by the impact of humanitarian assistance. This assistance has been on a massive scale and provided in a “welfare” mode with no consideration to the unfortunate and very damaging message that it

sends to the beneficiary community, particularly the laziest elements in the community.

The community development fund can become the basis for a national level community funding mechanism either run by government, the Central Bank or a private financial market.

Implementing - Management Structure

The function of management

The function of management is critical. It ensures that resources are used in an appropriate manner and that reasonable results are achieved. Management identifies problems and makes decisions to get them solved.

Who is in charge?

In most organizations the answer is that the person “at the top” is in charge, but in most successful socio-economic environments there are many people in charge ... all pulling the best they can ... and coordinated by common goals, similar purposes and the hidden hands of economics. Management is not “in charge” but management is a catalyst and management can play a very important role in helping to remove obstacles to progress.

Oversight structure

There needs to be the ability to do oversight, and this requires structure. There has to be a structure for oversight. This is much more than ex-post facto monitoring and evaluation ... this oversight is whatever it takes to ensure that the money disbursed is getting results.

When there is poor oversight, there is usually poor performance. People are human, and most will do as little as they can get away with. At the limit, when there is no oversight of any sort, people will do little or nothing. Why bother?

Standards of performance

In any good corporate organization there are standards of performance ... a lot of people in the corporate organization know what things should cost, and know how performance relates to cost ... and know how performance can be improved by better deployment of the organization's resources. But in the relief and development sector there is very much less of this type of knowledge.

In the information about Iraq's performance there should be a dataset about standards so that more people are in a position to understand how well different organizations are doing. This is critical to getting optimized performance because on the one hand there is local cost that is low, and productivity that is low as well ... and international costs that are high, but productivity higher. What is best depends on the facts. It should be evaluated.

Avoid doing the impossible

There are a lot of things that are relatively easy to do, and some things that are impossible ... or at any rate, very difficult. It makes sense to choose to do things that are relatively easy, with people who want to cooperate. We need, therefore to avoid trying to do difficult or impossible things, and focus on doing things that are easier and have the most value.

Remember the Maginot Line

The Germans wanted to attack France and take Paris ... but France was protected by the formidable Maginot Line fortifications. What to do? The Germans knew their objective, and also knew that the Maginot Line fortifications were likely impossible to penetrate without unacceptably large losses.

Solution ... the Germans went round the fortifications through Holland and Belgium and were in Paris in a matter of hours.

Implementing - Management Information

Open access to information

We need to have information easily accessible about the socio-economic situation in communities ... and there needs to be dialog about how resources can best be used within these communities to improve the situation in the communities. At the end of the dialog, the priority should truly be the priority of the community and not the priority outsiders think that the community should have.

Performance measurement ... value adding

The most important metric is value adding which is the delta between the cost and the value of any activity. But rather few people think in terms of value adding and what this means for activity design and the best way to use resources. Most people understand the idea of cost as a component of performance ... usually less cost is better than more cost ... and in general this is right. But this idea is also limited. With this idea doing something that costs nothing ... staying in bed ... in the ultimate in performance, and this clearly is not the case.

What is important is the delta between the value being generated and the cost being incurred. To measure the value adding, it is therefore necessary to measure the value. Value is, of course, subjective, but it is also the most important. What value do people in a community see when the contractors are spending money and doing the work? This is why work done that reflects what people need and people want is so important. If people can see value ... or even if people have reasonable hope for value ... then the work of contractors is worth paying for.

Accounting and accountability

Accountants should be required to do much more to report information for public accounting and accountability. To the extent there is no requirement in law, it makes sense for the public to agitate to get the information. It also makes sense for decision makers to call for better information because they are aware that there is going to be an accounting and the people who are responsible will be held accountable. People avoid responsibility and accountability if the opportunity to do so exists. It is a reason why there needs to be a robust structure to ensure that accountability does not get left out.

Reason for Accounting

My approach to accounting is simple. Assume that everyone is a crook. Design a system so that even in a world where everyone is crooked and corrupt, the money stays where it is meant to be, and is used in ways that are intended and that value is received from the use of money.

And the same goes for other parts of the system that are needed to control other valuable assets, especially inventory and easily movable assets.

One of the key elements of control in a good accounting system is the idea that not financial transaction can take place without two people being involved and that everything is checked. I like to see an additional measure, and that is the amount of resources consumed should have a right relationship with the amount of value in the transaction.

The idea of “transparency” and “accountability” needs to be put into play as a practice rather than merely being conceptual dialog. What this means is that there needs to be easy and open access to a lot more information. If there is adequate and quite basic accounting applied everywhere, then there will not be space for corruption and abuse, and they will be substantially diminished or not completely eliminated.

Though accounting and technology are both less costly and easier to implement than at any time in history, there are vast areas of the global economy where this information is either non-existent or very secret and not accessible to the public. When it comes to setting the stage for peace ... these sorts of information are powerful in terms of demonstrating that the funds are being disbursed and being used in ways that are of value to the community.

Community information

People who live in a community have a lot of ideas about how their community can be improved ... but there is rarely any support for these local ideas. Once there is a mechanism in place so that local ideas can be turned into local action, it is amazing how much latent potential can be mobilized.

One of the keys is to figure out how the potential of people can be maximized ... and then the potential of the place. Some places are richly endowed with resources, other places are less endowed. And it is essential that planners understand the difference.

As much as anything there needs to be a lot more information about socio-economic status and performance. This information needs to be about the civil economy at the community level. This information includes all aspects of the

local civil economy including the accounting of relief and development fund flows, their use and the value of the interventions.

Accessible information

The idea that information about fund flows into relief and development activities in a community should be secret is nothing more than a huge excuse for hiding information about performance, and indeed incompetence, and corruption. Make this information easy to access, and a big part of the problem of corruption will go away.

Specifically, there should be an easily accessible database about all the communities in the country with some key metrics about the community and its socio-economic status, together with some basic information about all the community development activities that are going on, and the fund flows associated with them. What this database will show more than anything else is how little money can make a big difference in the quality of life of a community when it is used well, and how large amounts of money often do very little. This is a dirty little secret of the international relief and development community, and the big spenders in big government and especially the military establishment.

In order to have a new era of accounting and accountability, there should be a public version of the corporate idea of an “open books” policy. In other words, all these fund flows should be visible to the public, and accounting and explanations available. The accounting principles are not complicated at all ... and the technology to keep track of accounting transactions ... the relational database ... has been around for almost 30 years, but now vastly faster and more powerful since it was first described in 1978 courtesy of Moore's Law and the rapid increase in power and the decrease in cost.

Information ... Intelligence

There may be some differences between information and intelligence, but more of both is needed. Without adequate information the civil economy does not progress, and without intelligence military activities are not successful.

Getting intelligence to ensure security for the community is impossible when the community is at war with the police and the military ... and indeed, at war with itself.

But getting intelligence in a community that is embracing a civil economy and getting help in accelerating socio-economic progress is quite possible. A community that has hope and is progressing rarely wants to have the future compromised by violent intervention ... by guns and mayhem.

Chapter 2 - New Direction Strategy

Successful policing depends on intelligence, and this comes from the police knowing their community and learning things slowly and right.

Chapter 3

Millions of People

Put People at the Center of Everything

People are the key engine for development

People need ways to do what is essential for themselves and their family in an efficient way. People are essentially enterprising, and will do a lot if it benefits themselves, their families and their community.

People will work long and hard to make a living ... and they would prefer to work long and hard for good money than just enough to get by. This is a function of the efficiency of the work available and the buying power of the community and the country.

In poor places, people walk long distances to get health care. They would prefer to walk a short distance, and not lose so much working time. People have their children walk long distances to go to school, but would prefer it if the children could go to a school that is close by.

People are often constrained by a lack of education and experience. Don't try to get people to do what they cannot reasonably be expected to do, but figure out what it is that they can do that is valuable, needs to be done and is worth paying for.

People ... human resource

People are the most under-appreciated asset, and because of this planning often excludes their impact on the process of development, and little goes as planned. When people are pulling the process there is a very different outcome than when the process is trying to push the people.

The best way to make a person valuable is to organize so that they have something valuable to do, and they can do it efficiently. People who are educated and healthy and unemployed doing nothing are of little socio-economic value ... worse they can create civil strife ... but give people like these an opportunity to work in a good organization and get paid for it, then there is a big value and good progress.

Some of the most successful organizations give credit for their success to the quality of the staff ... and they are absolutely right to do so.

Rebuilding after World War II

The rebuilding that took place after World War II was funded ... but the success is attributable not only to money but also to people and motivation. People can

do almost anything if they want to do it, they are encouraged to do it, and there is a reasonable level of funding so that the needed materials are available.

Rebuilding Europe after World War II

The success of the Marshal Plan in helping to rebuild Europe after World War II is explained in large part by the willingness of the people to do a lot of the work. Provided there was some money, some food and some materials, people could put the society back together.

There was a lot of red tape, but it was not doing planning as much as it was trying to be reasonable about the allocation of scarce resources. The speed of Europe's recovery, and especially Germany, was frequently referred to as a miracle.

More Good People Than Bad People

Iraq is full of good people

Most of the people I know seem to be “good” people. Wherever I have worked (something like 60 countries) I have found that most people are good. This experience transcends both religion and race ... I have had the good fortune to work with good people of many different religions and races.

In spite of this, global society as a whole and especially the socio-economic situation is a disaster. There has to be a reason why good people do not have a more livable global society. Good people need income to pay their bills. To support their family, good people have to work and are constrained by the opportunities available.

When good people meet bad systems

A lot of good people are stuck in jobs where systems are not very good and the organizational culture is ethically challenges, but they can do little to change the situation. Good people get beaten by bad systems, bad processes, and ineffective or unethical organizations. They work where it is very difficult for them to perform well and get good results. The situation in Iraq is no different ... plenty of good people with an enabling environment for socio-economic progress that needs help.

Good people live in bad societies ... and no matter how hard they try, they are stuck in a bad situation and can do very little about it without help.

Good people ... working hard

In government ... public service ... and in the international relief and development sector, there are a lot of good, ordinary people who work hard and willingly put themselves on the line to get good outcomes. From time to time these good people put themselves in harms way, and sometimes get into the news as they work against all odds to mitigate the impact of disaster.

I have become convinced that most people are good people at heart, in spite of some outward appearance to the contrary, and some aberrant behavior from time to time. If people can be as successful being good as being obnoxious then

there would be more people looking good, but sadly, being obnoxious is often the best way to get ahead. The challenge, then, is to give good, hard working people more of a shot at doing well.

How Should People Organize?

People organizations

There are all sorts of ways that people can organize informally to do collectively what they may not be able to do individually. An example of this is the way children will organize themselves in order to play a team game like soccer.

People organizations like trade unions have had a very important role in getting a balance between the greed of capital in the 19th century and the dignity and value of the worker. Eventually a strong middle class emerged and later the role of collective bargaining and the union diminished. There is still a legitimate role for organizations to advocate for good conditions and workplace safety for workers around the world.

How does this get coordinated?

Broadly speaking ... the less coordination the better. Sustainable development will perpetuate itself as soon as there are incentives that pull development, and decisions are made automatically ... organically, if you will ... by community groups. It is a distributed decision model. It has been described in economics as the working of the “invisible hand”.

Some modest level of active coordination is required in order to get the best possible results. A market that is manipulated because of the lack of balance between buyers and sellers, or inappropriate access to information or the exploitation of monopoly power does not result in good outcomes from the market.

Getting people organized - teamwork.

People can do a lot when they are organized, and all pulling in the same direction. There is a lot of people energy wasted on disagreement and conflict. People will not put a lot of energy into doing something that they oppose ... but will put a huge amount of effort and energy into doing things that they want to be done.

This is not a complex idea ... we see it everywhere.

When people have opportunity, they usually make good use of their abilities. But the most value usually comes when people are part of a team and the team acts together to do something of value. This leads

to the question of how teams can be established and how people can organize to get things bigger done.

How do you build teams? The better question is how do teams get built ... because a team that works is going to be one that has a natural birth. They can be encouraged, but they cannot be created from the exterior.

How everyone can help ... a little bit

There is a need for everyone to help. A small amount of help many times over works very well. Everybody should be doing something to help.

Everyone can be a part of this. Planning becomes local and is not dominated simply by Soviet style Gosplan or the World Bank style equivalents. Planning is done in a “distributed mode” where people close to the problems identify priorities and how progress can be made. And people who are remote from the problems and can help have opportunities to build linkages that can assist in a practical manner.

It is understandable that there are busy people who are fully committed to their work, their families and their social activities ... and already do more than their fair share in their own communities ... so cannot reasonably become engaged in helping the “south”. But they can help by ensuring in their day to day activities that they are not supportive of anything that is fundamentally wrong and doing socio-economic damage in the “south”.

Ordinary people can have an important impact wherever they are. When everyone is intolerant of global bad behavior, and is prepared to make just some modest action to make things right, there can be a sea change in relief and development performance.

There are many competent people who are not able to do very much of value because present organizational structures do not embrace merit very much and opportunities are limited. Competent people are doing good work, but at nothing like their full potential. Getting the most from a community of people is not done from the top of the pyramid, but by a lot of knowledge at the bottom ... something that is possible in a community and in a small organization, but rarely of much effectiveness at the top where everyone has become a number.

What Do People Need?

Basic needs

Everyone needs the basics ... food, water, shelter, clothing. At the bottom of the pyramid it is not self-evident that even the basics are going to be available.. and if they are available, are they going to be affordable. In Iraq, the national wealth should make it easy to all to have a lot more than the basic needs. Everyone should be able to share in a quality of life that is of an internationally high standard.

People need opportunities

If people have opportunities, almost everything else will fall into place. But in the real world there are constraints on opportunity that are draconian. Developing opportunity requires a careful matching of people and possibilities.

People need opportunity, and not to be constrained by everything around them. Everyone needs to think more about what people are doing, can be doing and should be doing.

Making better use of people is a huge opportunity. Local people need opportunities to go to work and do something useful. Organizing so that people in the community can do things that are needed by the community and valuable is one of the big opportunities.

Possibilities at the bottom of the pyramid

More than anything else the opportunity at the bottom of the pyramid should be something that does good for the community. People need places to work where they get paid and do something of value. They need jobs. They need profitable ways of using their time.

People have all sorts of skills ... there needs to be some sensible matching of skills with needs. Education can help, but it is the vocational rather than the academic that is probably the most use ... the practical rather than the theoretical.

What someone does is not important, merely that what someone is doing should be of value to the family and the community.

People need health

People get value from a good health system. A good health system is one that makes it possible for all to get adequate health care without an undue economic burden, and be better able to contribute productively to society.

People need education

People get value from a good education system. The cost of education is low compared to the life-time value of being educated ... but of course that value is only realized in a society where people have the opportunity for work and pay. Though one of the biggest successes over the past 40 years has been the increase in the number of the “educated” around the world, this has not been matched by an increase in the number of decent jobs. Because of better education, things are possible today that could not have been reasonably contemplated a generation ago. But the number of people who have opportunity for gainful and productively employed is not enough. There are very large numbers of people who are either unemployed or underemployed ... and there are also people who are employed but unpaid.

People need religion

And people get value from their religion. Religion and the spiritual dimension of life and the society should be adequately recognized, and taken into consideration when trying to understand what priorities should be given to various options.

I like to think of religion as an enormous force for good ... and when that is not what I am seeing, it is usually because guns have taken over and religion is merely being used as a front for secular militarism.

Chapter 4

Thousands of Communities

Communities ... Where People Live

People live in communities

People live in communities. If the community is working, being successful and progressing, then people are going to be progressing as well. The community appears to be the best place to put the main focus for development.

The idea of community being the center of anything has all but disappeared in the analysis of the modern economy. Everything but community seems to be of importance ... national politics ... national economics ... national security ... the global organization ... all sorts of macro-information ... but nothing much about the community.

Community focused development is probably the best modality to facilitate development. It is more practical than a single person. A community has a scale that is perhaps optimum for progress. Resources that are available can be used in the best possible way. Local people often know what they need, but don't have all the resources to do what needs to be done. It is up to the community to lead development and use outside support to facilitate its priority works.

Community is for ever

People live somewhere. That somewhere is the community. The place where one lives, where one has been born, where the ancestors are buried has a unique character in human history. While it is not anymore in the forefront of thinking in the "north" it is still very important in the "south".

One of the questions asked in accounting exams is to identify the reasons for adopting the corporate form of organization. One of the reasons is that the corporation has perpetual existence. But it is not as permanent as a geographic community.

Maps that are hundreds of years old, in fact thousands of years old make reference to the same communities that exist today. And historians ask what it is that has changed over the years. My home town in the UK is a good example. When I was growing up it had a population of around 4,000 ... 50 years before it had had a population of around 3,800 ... and 900 years before the community was written up in the Domesday Book compiled by William the Conqueror

shortly after 1066. Places really do have a continuity that can be used to track progress.

And if we apply the same thinking to places in Iraq we go back to Biblical times. Each and every community has a past, and this can be used to support a positive future.

Paying Attention to the Past

At one time I worked with Winston Prattley, one of the elder statesmen of UNDP. He recounted that he had been a junior officer in Iraq in the 1950s working on an FAO/UNDP irrigation project. During this work they discovered some archaeological remains, and suspended the project so that the archaeologists could study what had been found. It turned out to be the remains of an old irrigation project ... that apparently had fallen into disuse because of salinity some several thousand years before.

What goes around ... comes around. Salinity remains a problem with irrigation in the present day.

Community Centric Planning

Planning with a community focus

A community focus results in a very different dynamic for development than what has prevailed in the past. When planning is community centric, the priorities are much more likely to be of socio-economic value to the community. Plans that originate in the community have the possibility of “ownership” by the community, and there is a strong correlation between what is priority and what is done. Plans with community focus can be simple and understandable, and at the same time can be totally suitable for the community. Small is efficient and allows for the optimization of plans within a community without the compromise inherent in super-scale projects intended to satisfy everyone, and ending up satisfying no-one.

Gosplan does not work

Central planning ... Gosplan, as it was known in the Soviet Union ... is a system that makes decisions and allocates resources based on what the government thinks. A community focus for planning puts the community first, and it is the community that drives the allocation of resources and the priorities for socio-economic development.

In Iraq since the fall of Baghdad, most relief and development resources have been sourced and controlled within government ... and mainly the within the US government and its military. All the planning is essentially at a high level with little input from the communities where people live.

Community goal - quality of life

Quality of life is something that is determined as much as anything by what goes on in our own community. What goes on at any distance from my community may be interesting, and may have an indirect impact, but is nowhere near as important as what goes on in my community.

And within the community, my family is the most important. To the extent that people are interested in far away places, it is often because a family member is there.

What is quality of life is very subjective ... it is what an individual and the family wants.

Components of community planning

The components of community centric planning are the same as for any other planning. That is: (1) Get facts; (2) Analyze and optimize; (3) Organize; (4) Implement; (5) Measure; (6) Feedback; and, (7) Analyze and adjust.

People in the community may not be well educated or academic. Most will not speak an international language. Some who know the most may not be literate, but that does not mean they do not know their community. In practical terms, they will know a lot more about the facts of their community than outsiders. They may have plans to make things better but not the resources, and they may have a rather limited appreciation of what is truly possible.

By making community the focal point of development, organizations in the community can benefit from assistance in ways that translate into tangible help for people and value adding for the community.

Importance of trust

Nothing works very well unless there is of trust. Trust is about knowing people and respecting people. It is an ethical or moral concept more than it is a legal construct. Trust facilitates progress in a very important way.

Most poor, small or remote communities do not have an incorporated structure and any global visibility that is “trustable” by the “north” ... and in due time this has to be addressed. But a lot can be done when trust is established with a community, initially on a personal level, and then on a bigger level.

Though it may not be possible to get major external funding assistance into a community without a formal legal structure of “trust”, a lot can be done with a combination of information, organization and personal relationships.

Good place to optimize performance

I have always enjoyed visiting new places. Within a very short time it is possible to get an impression of what sort of a place it is. This is a function of geography, of people, of history, of culture ... it is a big mix, and almost every place has a different feel to it. This seems to suggest that “progress” is going to be optimized by different approaches and priorities in different places. It suggests that a universal standard “silver bullet” approach is never going to work,

and it also suggests that this is a good place to do performance and progress measurements.

The community has many benefits that make it an ideal entity for planning and tracking development progress. Every community has a unique combination of resources and potentials and constraints. Each community has reached a unique place in the process of development and has a certain unique standard of living and social structure. A community can benefit the most when the planning and development actions are optimized for the specific community and its unique conditions.

And we also know that there is some corporate operating information in remote communities in the “south” that is better not easily accessible to the general public and those who want to monitor and assist in community progress.

So while community information should be easy ... it is not as easy as all that.

Multi-Sector in the Community

Linkages ... chaotic multi-sector dynamics

There are more or less important linkages between people, communities, organizations, projects, sectors and functions.

By moving from donor centric development to community centric development, the performance of the relief and development sector can be improved substantially. A community centric development focus is a better way to approach development. It puts community needs as the priority and power into the hands of local people.

In a community there are usually a number of different sectors at various stages of development. Some sectors have potential, others do not. Some sectors are needed to support other sectors ... development of one sector is a prerequisite to success in another sector. It is not rocket science, but simply advanced common sense. Planning should take into consideration the considerable interplay and linkages between the sectors. A key sector that is non-performing can be a severe constraint on the overall success of the community.

Success with a multi-sector focus

Most community development “projects” do not have much thoughtfulness about how best to use scarce resources. I have helped evaluate hundreds of projects, and almost all of them failed because they were limited to a single sector, and though well designed with respect to the sector, ignored the realities of failure in the other sectors.

One great success was an FAO fisheries community development project in Shenge, Sierra Leone. It was multi-sector and implemented with continuous performance improvement for the community. It would have created an amazing level of durable value for the community if the country itself had been sustainable. This project took resources and made the best possible use of them. It was wonderfully successful ... so much so that the two expatriate CTOs were honored with chieftaincies by the local community. This project worked on the basis of doing what is best for the community ... using scarce resources in the best possible way, and the results were remarkable.

The FAO Project in Shenge, Sierra Leone

I had the good fortune to do the evaluation of a wonderful FAO project in Shenge, Sierra Leone some years ago (around 1989 I think). This project used its rather limited resources and created community benefit that was perhaps as much as 100 times more than was anticipated for the project. How was this achieved? Two very competent Chief Technical Officers (CTOs) controlled the money and used it to do what would deliver a lot of value in the community ... and people paid for it. Economics 101 says, if I remember well, that price is determined by supply and demand. If you offer something that has a good value, people will pay for it, if they possibly can. So everything done by the project had a price, and to the extent that it was valuable people paid for it.

The project had a valuable inventory of spare parts for fishing boats and outboard motors, and fishing gear. These were not given away, but sold at the local market prices with the money flowing back into the project. The project bought more inventory, and expanded to have a fuel store with a substantial inventory. The fisherfolk went fishing much more rather than having to spend valuable time hunting for fuel, gear and spare parts. The project trained a mechanic to fix outboard motors, and in turn this mechanic started to train other young men to be mechanics. His salary was paid for by small fees paid by the students, and all of them (teacher and students) made money being paid to service the outboard motors in the community.

The same dynamic took place in the fish smoking area. The project was meant to teach six local women about fish smoking, but an initial six had expanded into a group of 60 who were learning new skills and applying them in the market, and prospering. More fish were being caught. More fish were being processed for the market. The community was on its way.

But the community needed to expand its horizon. The road was impassable in the wet season, and the government was not maintaining the road. The government had a road crew in the area, but not paid all the time and never with any material for repairs. Courtesy of the project resources, some modest amount of gravel and cement was obtained, culverts were installed and the road was made functional. The fisherfolk and traders later paid back the project.

What else could the project do? The IDA school built some years before and idle for years because of government budget constraints had great facilities, but no operating funds. The project started to run evening courses at the school using the facilities including electric generators, carpentry and metal working shops, sewing equipment, etc. with people in the village learning and earning at the same time, and the project being paid so that the project could pay ... and never have to stop.

Sectors

There are many sectors involved in a successful community development, these include the public and the private sectors, the formal and the informal sectors, the production, infrastructure, service and social sectors, governance and so on. In the production sector there are, inter alia: agriculture, manufacturing, construction and more. In the infrastructure sector there are roads, seaports, telecom, airports, water, etc.. In the services sector there is banking, transport, trade, religion, tourism and more. In the social sector there is education and health.

Sectors are a somewhat artificial construct, but they do serve to help organize thinking and the specialized expertise needed in that area of socio-economic activity.

Much more information about sectors is set out later in the book.

Linkages and community

The importance of linkages between the various sectors was recognized in the earlier work. But what was not taken enough into consideration was the importance of value chain. There are more or less important linkages between people, communities, organizations, projects, sectors and functions ... but they remain theoretical constructs until there is an understanding of the value chain, and structures that can take advantage of the value chain.

It is said that “All politics is local” and I like to say the “All life is local”. Quality of life is something that is determined as much as anything by what goes on in our own community. What goes on at any distance from my community may be interesting, and may have an indirect impact, but is nowhere as near as important as what goes on in my community.

And within my community, my family is far and away the most important. To the extent that people are interested in far away places, it is often because a family member is there.

Functions

Within a community, an organization and a sector there are a number of common functions. Functions are the activities that are needed in a community, organization or sector that have common characteristics. Accounting for example is a function that exists in communities, organizations and sectors. Marketing is a function. Transport is a function, as well as being a sector. Thus,

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an ambulance is part of the transport function in the health sector. The success of relief and development and socio-economic progress depends on how all of this comes together.

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Organizations in a Community

All sorts of organizations

There may be thousands of communities, but there are a lot more organizations. Every community has a few ... formal and informal. There are organizations, big and small, that help to do everything.

There are all sorts of organizations. In rural areas the dominant form of business is the family business where almost everyone is trying to make ends meet in agriculture on a small amount of land with not enough water. In urban areas, a lot of people are engaged in informal petty trade and service work.

My Good Fortune

I have had the good fortune to visit and spend time in a lot of remote communities. I have been in these communities in connection with refugee movements, drought, attempts at community planning, assessment of project performance ... all sorts of reasons.

One thing I learned was that what appears at first sight to be a simple small community has all sorts of organizations and activities that are critical to its present situation and future performance.

Development that ignores this, does so at its peril.

What is an organization?

More than anything else any organization is people ... the human resource element of an organization is its most important component. An organization is really not much more than a container that makes it possible for people to function as a team and to have access to tools and resources that make it possible to do things that cannot be done individually.

When people stop being involved with an organization, it loses a lot ... most of all it loses a lot of its energy. Organizations need people ... either the staff of the clients in order to be meaningful.

Helping organizations to have staff come to work, and clients come ... students to school, patients to clinics ... is very important.

Community governance organization

A community, no matter how small, is likely to have an organization of some sort that is the governing body. It might be quite informal, or quite organized.

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In many communities, the organizing body in some ways represents the community, and holds office with the assent of the people. Some of the traditions of these governing units go back a very long time.

In some places there may be local organizations that are affiliated in some ways with national organizations. Local political organizations can have this characteristic. In some places there may be a revenue department that arranges for taxes to be levied. Taxes can be raised in many different ways, often on trade and the movement of goods. The amounts can be sufficient to provide for many local needs.

Business organizations

While most economic activity is likely to be in the informal sector, it is possible that there will be activity undertaken by a larger business organization. A larger business organization should be engaged with development activities in the community. The contribution of a larger business entity to the community should be the subject of value analysis so that there is some equity between the value created and the value shared with the community.

Religious organizations

Religious organizations of some sort exist in communities. They are one of the stronger links between local organization and organization that spreads nationally and internationally. Local religious groups can be a valuable resources for local activities. I have been impressed how religion has a role in all communities, even those in the direst poverty. Religion ought to be a force for good, and in broad terms I argue that religion has an important role in society as part of the foundation for ethics. But the history of religion being used to foment trouble also is a reality. Religion and freedom together work well and need to be encouraged. Most people who practice their religion are good people with values that are universally common.

Self Help Groups (SHGs)

The community probably has organized itself to have Self Help Groups (SHGs) that do collectively what individuals cannot do on their own. This applies in the area of microfinance, and also many other informal economic activities.

Health - hospitals and clinics

Some health organizations are likely to be in the area ... perhaps a health clinic, but perhaps some distance from the community ... perhaps just a nurse who lives in the community.

Education - schools

Perhaps there are schools in the community ... perhaps there are schools in the area, but some distance from the community. Perhaps the only education is provided by parents.

Telecenters

A growing number of communities are finding ways to have some organization build a telecenter in the community so that there is access to the Internet and all the services now being made available with Internet access.

Water committees

Perhaps there is water committee to manage and maintain the water supply for the community ... maybe this is done by the community as a whole. Maybe the water is just for household use, or maybe it is also used for irrigation.

People to people networks

It is difficult to have constructive connections with people unless there is some organization, network or community to serve as a focus. The idea of “people to people” contact is good, but difficult to organize and manage. But it becomes more practical when there is community, network or organization also involved. There is considerable experience with networks and organizations, but rather less with communities, yet it is communities that are likely to be the most effective.

Organizations for community security

Organizations for community security are needed. The local police ought to be such an organization, and good police can be. But it is likely that more is needed than just the police. Local people have to be a part of the solution as well. Some security activities can reasonably be provided by civilian security companies, but they should be very limited in their mandate, and should be working within strict guidelines prescribed by law and the community authorities. People working through local committees can be very powerful in gaining control of communities and making them peaceful ... especially women and respected family people.

Courts and a justice system

A functioning justice system helps to maintain security and a civil society. Small criminal activity is wrong, and should be punished in an appropriate way before it leads to bigger and badder things. Experience shows that taking care of little things helps prevent more anti-social behavior later.

Issues in the Community

Hundreds of issues

There is more on issues in Chapter 6.

If there are people ... there are issues. But at the community level, issues are more tangible than in a bigger setting. Issues can be addressed in modest and practical ways, and issues need not get out of hand. There are hundreds of issues, but at the community level, those that are important are more obvious and can be addressed as a priority.

Do powerful people want community focus?

Though many local people might be delighted to be part of a strategy that embraces community knowledge ... there are some that do not want community information to be a freely accessible good but something that is tightly controlled.

Powerful people in the “south” and the “north” may not benefit as much with community focus ... or at any rate universal application of community focus. Political people the world over favor their own communities rather than ALL communities. Community focus is a big shift in the balance of power in society, good for a majority of the people, but perhaps not as good for the incumbent elites. Confronting a powerful elite and prevailing is not easy.

Establishing priorities ... addressing the key issues

In a community, it is easier to have a consensus about priorities than in the larger area of the country as a whole. Some of the same issues will appear in many communities ... but the solution to the issue might be different because of the underlying conditions.

What is the best pace?

In most communities, slow is usually better than fast. The US is perhaps the only place in the world where haste is revered ... in most other communities the culture works best on a slower time scale.

Problems can be solved in many cases with a deliberate use of time ... time to discuss, and consider ... over a period of weeks and months and not hours and days.

What is the language?

The best language is one that people in the community understand ... and in most communities that is not English or French or Spanish. In many places the language is the spoken language and not the written language ... but ideas can be expressed very well without having them written down.

Record keeping is best done in a written language ... and I will argue that a lot of the record keeping should be in money terms and in numbers.

Information can flow from a community that does not read or write into a modern database system as long as there is a clerk who can do the recording ... and if there are two clerks there can be a system of validation right from the start.

What is the culture?

The culture of the community should be a major determinant of what priorities should be ... people should be free to determine their own set of what they want. Planners tend to ignore the role of culture ... but success is usually heavily determined by things that are important locally.

What is the religion?

Religion can be considered part of culture but it might well be more than that. Religions have a history of being of tremendous importance, and history has been very much shaped by religion. Religion should not be taken lightly either by planners at a geo-political level or by people engaged in helping at the community level. Religion is, as much as anything, an omni-present force.

But religion can be a great force for good ... it is a great determinant of values, and it behooves everyone concerned to take an interest in religion and try as well as possible to understand.

What determines what?

Great care needs to be taken in understanding priority ... even in the most homogeneous of communities there will be differences, and it is a tremendous art to build consensus so that everyone can move forward in the most appropriate way so that there is progress that will be appreciated by everyone.

The Idea of Community Information

Community information ... meta-data

It is vital to get to know a lot more about communities. In order to be of value, however, these data need to be compiled in a useful way that can be used for meaningful analysis. Data are most valuable when they can be used in some form of numerical analysis. Information that comes from accounting systems is denominated in money terms, and this is the conventional way of getting both financial and economic information.

In order to be supportive of community activities, information about local community and country organizations needs to be valid ... accurate and meaningful. But information also needs to be accessible, and current.

Modern technology allows community information to be updated easily, and can have considerable depth. It can document what is happening today in the community, and how the community can do better?

Good information starts to give answers that make sense, and can be the basis for some sustainable progress. Up to now remote rural communities that are also poor do not have access to much information, but perhaps more important, planners at the top of the pyramid rarely plan in ways that will get desirable socio-economic development at the bottom of the pyramid.

Metrics of community progress

The community is a good place to see socio-economic progress ... or regression. It is very obvious what is happening, and how it is happening. Sometimes it is less obvious why it is happening. The community is where the measurement of relief and development progress should be taking place, and where incremental resources should be used. The metrics of community progress can be quite simple ... or very detailed and complicated.

Accounting gives a simple construct for measuring progress. If the corporate idea of balance sheet is applied to a community, then the change in the balance sheet is a measure of progress.

If the resources and situation in a community are documented at a point in time, and then the same documentation is done a some time later, for example the beginning and the end of a year, then the difference shows what has happened over this time.

There is “progress” if a year later the same set of information shows there has been an “improvement”. There is regression if the information shows that there has been a “deterioration”.

What is a Profit?

Sir Henry Benson (later Lord Benson), at the time one of the Senior Partners at Coopers and Lybrand in London, was asked in the High Court “What is a Profit?”.

After a moment of deliberation, Sir Henry replied “My Lord, a profit is the difference between two balance sheets”.

This is, in my view, one of the most powerful concept in all of accounting ... it is totally principled ... and allows for all of the issues that seem to confuse in modern legalistic accounting.

In most communities to stay the same requires a year of hard work from everyone. If the rains are good, and the harvest is plentiful, then the work for the year may show a situation that is significantly improved over the prior year situation.

On the other hand if there is drought, then the crops fail and the situation will deteriorate over the prior year situation.

Progress can be measured looking at the change in the status of the community over time, and without having to know very much about the activities of the community in the time. But if there is also some measurement of the activities, it then becomes possible to see why the community has performed in the way it has. When this is understood it is possible to design development interventions that are the least cost way of improving the communities performance.

Much is possible ... framework for good information

Much is possible, but it requires a new framework for the management of information. Such a framework is technically feasible. Maybe because powerful people do not want management information that shows performance ... or lack of it ... socio-economic performance at the community level has never been on the agenda and has never been implemented on a broad scale

Compiling Community Information

Getting to know about a community

There is nothing particularly difficult about getting to know about a community. Basic information about any community in the world should be reasonably easy to find. But the fact that information about communities is very difficult to find suggests that there are some important constraints.

Village People Know About Their Communities

I learned a long time ago that village people, and especially some of the old people in the village had amazing knowledge about the community, its history, its people, its problems and its opportunities.

I made visits to villages over several years and in many countries, and often with a female colleague from Ethiopia. Together, we learned a lot more than I would have on my own, especially about women and the community from their perspective. One thing that became clear was the need to design development initiatives so that they were what the village needed, and not merely to do things that would satisfy our own, the donors', prejudices. Almost everywhere we went there were some modest and very tangible things identified that would have improved the village situation significantly

After one visit to a village ... it was in Mali in the late 1980s ... I was able to learn an enormous amount about the history of rainfall in the area, going back to the 1930s. I started saying to myself after this experience that "the fact that I do not know something does not mean that it is not known".

I learned from this that one of the big opportunities to improve the process of relief and development is to incorporate community information into the planning process, and use community priorities to drive the decisions.

The relief and development sector data collectors have done a lot of data collection, but almost none of it is about community nor organized in a useful way for relief and development performance analysis. Sometimes there is a focus on individuals and households, or some aspect of sector activity, such as health, but nothing very much about the performance of the community and the impact therefore on people and families. The leaders of the community probably know what to do to make the socio-economic conditions better, and they also know the constraints they have to face.

Collecting community information

A lot of information about communities is known, but it is often in forms that are difficult or impossible to access using any form of modern technology. Old people know lots about their communities, but it is in their heads. It needs to be collected and put into some sort of record. And some of the information then needs to be put into some sort of electronic record. This is easier said than done, but I believe it is both worthwhile and quite possible.

Probably the best way to do this is to encourage it to be done by community people for their own information and guidance ... and to get it put into a form that can also be used as a component of a universal system of public information.

It is worth noting that some of the best information about communities is contained in travel books. The information included in travel books is information that the authors consider will be useful for people who are visiting, mainly for their own amusement and pleasure. Much of this information is also of considerable value for understanding the socio-economic status of the community and what the community should be doing as a priority to improve its socio-economic situation. Travel books are often improved by feedback from travelers. Community socio-economic information can be improved by feedback from anyone with better or more information.

Sometimes there is a lot of interesting information compiled in political party data systems. This information is not usually easily accessible, but it is sometimes of considerable value.

There may also be valuable information about communities in military information systems. This information is not usually easily accessible by the public at large, and much is geared to destruction rather than construction. Sadly, in our modern world, more is probably known about communities so that they can be bombed than is known so that they can be helped ... something that ought to be changed.

Community information to support a development process is needed. The technology to do it is quite easy, but it is not yet organized to be used in this manner.

Important Caveat

Making the World a Fairer Place

A community focus for development should be for all communities and not just for a select few. Over the years there have been a number of initiatives where a lot of money has been deployed in limited areas ... in my view a very bad idea. The idea of outsiders selecting communities to support seems to me to be totally inappropriate. I have seen UN experts trying to do this in the past, and it goes on today, but it is just plain wrong.

Focal Point for Development – A Wrong Idea

I am reminded of a discussion in Ethiopia some years ago with (I think) the UNDP Deputy Resident Representative who was explaining that because of a shortage of development resources that the UNDP was recommending that there be focal points of development, that is the scarce development resources would be concentrated in just a few locations in the country, leaving the rest of the country unserved by the international relief and development community. I was horrified by the idea ... the development experts essentially choosing to play God in terms of who deserved assistance.

In a place of chronic resource scarcity, this was a potential death sentence for people in the unserved areas ... but a convenient rationalization.

Making community development a “reward” is not a good strategy ... such a strategy does more to set the stage for future conflict than it helps to move to a peaceful future.

Chapter 5

Many Thousands of Organizations

Chapter 5 - Many Thousands of Organizations

Organization and Organizations

Organizing, organization and organizations

Organizations have a role in society, but it is an artificial role, or a role that is needed for efficiency, rather than being something of inherent importance to society.

Do as much organizing as possible but only do what is essential. Do what is easy, and do not waste time and money trying to do things that cannot be done reasonably easily. Move on to the next stage, and come back later to do more organizing.

The process of organizing needs to be iterative. In the organize stage, identify who or what organization is doing things and where the resources are going to come from.

The result of organizing is organization. But getting into a state of organization is frustrating in a complex arena, and in any chaotic situation organizing has to go on for ever.

Organizations are structures that help to do things, to get things done. They can have many forms, and the best organizations are ones where the metrics of performance are the best ... that is where the value of the results are the most relative to the resources used.

Organizations have a role in society, but it is an artificial role, or a role that is needed for efficiency, rather than being something of inherent importance to society.

A critical determinant of success

An individual rarely has much power or influence. An individual cannot be very efficient. The industrial revolution was successful because of the invention of all sorts of new technology, and also helped by the emergence of ways to organize large groups of people and to manage and control these huge organizations.

Getting the organization right and staying in control using effective management techniques is a key to success.

Just as a community serves to be a way to manage activities that support socio-economic progress when there are many people in a geographic location ... an organization serves as a way to manage more specific activities either within a community or over a bigger area.

Community

There is a need for the community to have a good level of organization, and there is also a need for the community and the area to have organizations that can do things.

It is in organizations at the community level where the most important activities of socio-economic progress are seen. The organizations at the community level have already described (starting on page 65) and will not be repeated again here.

Some, perhaps many, of the organizations at the community level are part of a larger area, national or international organization.

Business organizations

The economy of a modern prosperous country is based very much on the success of its business organizations. Virtually all modern wealth is created by business organizations ... and is a part of the national wealth by virtue of its location and the domicile of its owners and its employees.

Governance organizations

The civility of a modern prosperous country is assured by its governance organizations. For these to work well they must be fair and they must reflect the values of the culture. The exact form of governance organization needs to evolve over time, and be arrived at by a process that achieves consensus between all the parties affected. The process is complicated, and the stakes are high when there is a lot of wealth involved.

At the National Level

The organizations of government

There has been a lot of focus by the coalition on establishing the organizations of government in Iraq so that the country could become peaceful and prosper. There has been a focus on the idea that this government would operate on “democratic” principles and therefore the country would be a success.

At some level, there has been progress ... I think ... but I really do not know.

There really is rather little information that is reliable and validated about what has been accomplished that I can easily access.

But this ought not to matter too much, because socio-economic progress takes place, not at the national level, but at the community level and is driven by people and organizations carrying out useful activities all over the country.

Government ministries

Government ministries have, broadly speaking, sector responsibility, and are the apex organization of the sector with responsibility for the whole country. The performance of these organizations will have a considerable impact on the performance of the sectors all over the country. There are a number of issues that need to be monitored: (1) the budget allocated to the ministry; (2) the allocation of resources to various programs that are supported by the ministry; (3) the spatial allocation of money round the country; (4) the performance of the programs, and the relationship between costs incurred and value delivered.

Area organizations

There may be value in having area organizations so that programs can be more suited to the area. In the governance of many nations there is a system of regions, or states, or provinces that has government structures for the area that supplement those that are at the national level. There is a lot to be said for area organizations because of the possibility that they can be more sensitive to issues of physical geography, local cultures, religious beliefs and history. Designed well, and implemented well, area organizations can be a great benefit to the socio-economic performance and to fair governance. The downside is that area organizations can also be another level of overhead that adds little, and make it easier for funds to be misappropriated and used uselessly.

The oil sector

The oil sector is big and the fund flows coming out of the Iraq oil sector are large by any standard. The government is expected to earn more than \$40 billion from its oil revenues in 2007 ... and perhaps more than anything else it is this fund flow that is causing a lot of the instability in Iraq and in the region.

Big contractors

Big national contractors can do a lot of the work that is required for the reconstruction of Iraq. With money they can buy any technical support and equipment they need, and they can employ local staff to get the work done. A few big contractors can concentrate economic power in Iraq in ways that are not good for competition and maybe not good the Iraq.

Health sector

The health sector is coordinated at the national level ... but operates at the local community level.

Education

The education sector is coordinated at the national level ... but the students all come from communities.

At the Supra-National Level

The global corporation

The global corporation has proved to be a very efficient way of generating wealth ... but the success of the global corporation in generating wealth for its stockholders has been out of proportion relative to the contributions these organizations have made to the common good.

A global corporation has all sorts of ways of moving wealth from one jurisdiction to another and in so doing deprive some countries of the wealth they need and deserve while facilitating the expansion of wealth for stockholders.

The efficiency of these organizations and their ability to create wealth is impressive ... but their role in creating the maximum of socio-economic value is much less impressive.

The oil industry giants

The oil industry giants have a lot of power in the global market place ... and though there will, one day, be a shortage of crude oil ... at the present time there is crude oil in considerable abundance. The money is made as much as anything during the refining, transport and marketing of the refined products.

While the producer countries have the crude oil ... it has little value as long as it stays in the ground ... and it is the oil industry giants that presently have the control of the markets.

The oil industry giants are huge. Each of the major international companies in the oil industry are bigger by almost any economic measure than most of the countries in the world ... and by virtue of their scale they are powerful. And while Europe and North America have spawned the biggest oil giants in the past, more and more there will be giants also from countries like Russia, China and India.

Banks and financial institutions

There are a growing number of global giants in the banking and financial services sector. They have the potential to be a powerful force for good ... but what is good for an economy when they choose to fund an economy is bigger, more powerful and worse when the capital they control is in flight.

Big banking and finance is very impersonal ... and though the industry has been very profitable for a number of years, and very good for some of the

Chapter 5 - Many Thousands of Organizations

stockholders and senior management and traders, it is far from clear how much damage has been done by the industry at the bottom of the global economic pyramid.

Drugs, arms and human trafficking

The illegal international trade in drugs, arms and human beings is very large, and very profitable. Trade in these areas is illegal, but goes on with the authorities charged with stopping the trade quite impotent. The profits can fund almost anything ... and anything goes, including murder.

In the case of Iraq, what this means in practical terms is that any weaponry needed is easily obtained ... it just requires money, and money is one thing that Iraq has in abundance.

Chapter 6

Hundreds of Issues

Not a Single Silver Bullet

Hundreds of Issues

Success in relief and development and the achievement of socio-economic progress is possible ... but only when the constraints on success are addressed. In my experience, there are hundreds of issues that constrain success, all of which need to be addressed.

Analysis of Relief

I have done many ... hundreds ... of evaluations of relief and development projects over a period of many years. Most had a single sector focus, and most did rather little in terms of creating durable value.

A big part of the failure was the hope that improvement in one sector would be of value ... when success was constrained by all sorts of issues that also needed to be addressed.

Even multi-sector initiatives failed because almost all the institutions engaged in relief and development work have limited mandates ... and at some point they are constrained from doing everything that is needed.

One of the nasty examples is how corruption has been protected by ideas like “sovereignty” and it being construed as “political” and not “economic”.

The relief and development process is not simple ... in fact it is complex and chaotic. But so is life. A strategy for success must recognize complexity and chaos and organize so that can be progress.

Making sense of chaos

The challenge is to address a lot of issues ... all of the issues that are applicable to any single situation. My approach to handling chaos is to have sensible simplification, multiple solutions, many alternatives rather than a single solution, not just one way but many ways to progress ... and if something goes wrong, there are many things still going right.

Separately, I write about people and communities, and suggest that it is more practical to look for solutions at the bottom of the pyramid rather than simply at the top of the pyramid ... one set of issues in one community, and maybe another set of issues in another community. Or perhaps some issues apply to a set of communities, and another set of issues apply to another set of communities. The

need is to appreciate a lot of issues, and to act to address them in an appropriate manner.

And in this regard, addressing one issue, and creating another is not a good outcome.

Managing a complex set of issues ... managing chaos ... is a challenge. What we do know is that simple, heavy handed solutions are not going to work.

Some of the issues

The following is by no means a complete set of all the issues ... but it is a start. A companion book "Hundreds of Issues that Impact Relief and Development" that was published in August 2006 contains more than 300 different issues ... and is by no means complete.

Immediately following some of the bigger issues are described ... and then in alphabetical order a lot more of the issues. Hopefully, this will make the point that managing in the face of so many issues is a challenge and not at all suited to the sort of management that is practiced in huge hierarchical organizations like the military and government, even the most democratic.

Violence ... or Peace?

How peace can be achieved

Peace can be achieved by removing the causes of conflict ... but what are the causes of conflict.

Peace takes time. The process of making peace takes a lot of dialog ... it takes months rather than days or even weeks. At the end of the process a peace that reflected the values of the community can be established and a balance of power and influence that reflects the wishes of the communities that make up the country. The area authorities, the community leaders as well as the people in government, need time to build a framework for peace that is workable.

Keeping the peace

Long term peace is only achieved when the outcome of negotiations is a fair outcome, and especially important that they look fair in the urban streets and in rural markets.

A peace oriented program enhances the peace by making development resources available on an equitable basis to all the communities and not just selected priority communities.

There is a need to understand and respect community traditions, and understand how the people of the area live together. Development and peace are facilitated by respect for these matters.

The problem of inequity

Inequitable distribution of wealth and the opportunity to get wealth contributes to tension. This is often aggravated by the incompatibility of centralized government with clan-centric governance. The centralized model of government is practiced in a variety of forms in Washington, London, Paris, Moscow as well as Baghdad.

It takes time to work out something that is fair, and it gets complicated. The Washington model includes the concept of town meetings and the idea of "States' rights" and the idea that almost all the laws are State law, and not Federal Law. It took twelve years to go from US independence to the US constitution and generations longer to add several key amendments.

The British still have not written their constitution, though they have a framework of law that goes back centuries and indeed integrates the basic fundamentals from Roman Law. The tradition of clan law goes back a long way

too. There is little written about traditional clan law, but in spite of this, the rules are clear and well known to everyone in the community. Clans want their rights respected, and in turn, respects the rights of other clans. This is very similar to John Stuart Mill's concept of liberty. When the rules are not respected, there is a penalty, and at the limit, there is war.

Poor Transparency and Accountability

Lots of talk ... not much walk

The lack of transparency and the lack of accountability is one of the great shortcomings of modern governance. In the last two decades there has been a great deal of talk about transparency and its importance, but very little action to make transparency the norm rather than the exception.

Instead of reasonable transparency that would allow an interested public to be able to understand how things are being done and what is being accomplished, there is instead a growing amount of selective information ... arguable pure spin and misinformation ... that serves the interest of the people of the organization and not much the interests of the public. This “public relations” driven transparency is not at all what is needed.

In Iraq, the fund flows associated with the oil industry and reconstruction are huge, and it is absolutely imperative that there is a high degree of transparency so that the public can be informed about the use of these resources. Because of the vast wealth flows that are presently taking place, senior people are playing for high stakes, and when there are big stakes, it is “hard ball” and not smart to get in the way.

Accountability

The issue of accountability is also problematic. There is strong accountability in the corporate world where failure to live up to profit performance expectations has quick consequences. In a political structure loyalty more than performance has a higher value ... and at the limit, there are many who are involved in governance structures who have loyalty and are held to account for nothing.

More generally, it would be valuable if there is an expectation that there should be an accountability to the public. The public should expect that resources are being used in ways that are effective and appropriate.

The US General Accountability Office

The US General Accountability Office (GAO) is a watchdog agency in the US Government structure, and there are other oversight agencies that have been charged with looking into the accounting and performance issues in connection with US fund flows to Iraq ... but nothing much of substance seems to have been produced. There is a lot wrong about this, and someday there should be an accounting about this. From what appears in the press it is multiple \$ billions that are unaccounted for.

A Lot More Issues in Alphabetical Order

Administrative capacity

Administration capacity is often identified as an important issue. My own experience is that administration is often a lot better than an outsider can ever appreciate, in large part because of the barriers of language and culture. I usually work in English ... reading, writing and talking in English ... it is my mother tongue. Sometimes I work in French ... a language I learned at school ... and improved over the years when doing assignments in Francophone countries. Sometimes I am stuck with only being able to read numbers and having no idea what the descriptions mean ... and sometimes I cannot even use the numbers without translating them to the form I am used to.

An clerical officer in the government of Iraq may be perfectly competent in his own language ... but most expatriates are not going to have much appreciation for his/her work simply because of the language and culture barrier. This is not administrative weakness ... it is a weakness of the expatriate. I would estimate that perhaps as much as 90% of all the consultancy that has ever been delivered to strengthen administrative capacity has been wasted simply because it never got communicated to those at the bottom of the pyramid where it would have been most useful.

Allocation of resources inefficient

The resources that have been available for development have not always been used in the most efficient ways to get the most of socio-economic development. In an emergency when lives are in danger it is appropriate to do almost anything and everything to rescue people and save lives. But the rescue stage only lasts hours, or at most a day or two. After that emergency rescue changes to become emergency assistance, rehabilitation and rebuilding ... and in these stages it is appropriate to have some level of planning, accounting and accountability.

What seems to have happened in Iraq is that many billions of dollars were disbursed as if it were a rescue ... when in fact it was rebuilding, and there should have been excellence in the accounting and accountability. Instead, it appears that money was distributed without much attention at all to the accounting and accountability ... a tragic and foolish behavior.

Border control

Once upon a time travel was difficult, and border crossings were relatively easy. Now travel is easy and crossing of borders at approved checkpoints is difficult ... the paperwork, passports, visas, etc. is now difficult to negotiate.

With a lot of economic advantage arising because of economic disruption caused by borders, there is almost a sub-economy associated with facilitating border crossing, whether it is the physical crossing of the border, or getting the paperwork organized.

The control of borders is an issue ... with some people thinking that crossing should be very tightly controlled, and others arguing for much easier movement of people, goods and services around the world. It is an issue ... it should be on the agenda.

Capacity for development

Development capacity is not limited so much because people cannot do development and do not wish development, but because the modalities for delivering development assistance are complex and difficult to negotiate.

The technical capacity of the country is also often cited as a constraint on development. Again, it is now possible more and more to find very competent technical people in the private sector of the country while the government offices do not have the appropriate technical staff and capacity.

Absorptive capacity is also cited as a development constraint. If the scale of the activity is wrong for the area, this is to be expected, but when the scale is right, then this is less of an issue. In a multi-sector development environment the problem of absorptive capacity diminishes.

Communications ... Internet infrastructure

Communications is a key priority, but the telecommunications infrastructure is a constraint though somewhat improved more open than in the Saddam Hussein era. It still has a long way to go. The development of a strong communications sector is very important. Without a strong communications infrastructure there will be limited access to the Internet and the possibilities of the 21st century global knowledge economy.

Corruption

The role of corruption in distorting the decisions of government and all activities in the economy should not be underestimated. There are many forms of corruption. In some forms money is simply diverted to inappropriate purposes, in other situations there are kickbacks and decisions made that are not in the

best interest of the public. Corruption can be quite petty, or it can be on a grand scale. All corruption is a problem and a challenge, but grand corruption is debilitating for people at the bottom of the pyramid.

Development resources insufficient

In Iraq there are vast resource flows both from locally generated oil revenues and from the international community for security and rebuilding. Substantial resources have been disbursed, but have been delivered in the form of military activities and mainly very large scale contracts. Many of the major contracts that have been funded do not appear to have done much relative to the amount of money disbursed and relative to what would appear to have been important local priorities. More than anything else, it seems that there has been funding for profiteering rather than funding for socio-economic progress.

Donor procedures

There are many donors, some of them very important, and many of lesser importance ... but all of them have their own procedures and ways of processing proposals for relief or development assistance.

From the beneficiary country's perspective, donor procedures seem very complex and it is not easy at all to figure out what is important and what is not. A single beneficiary country has to follow the procedures of each and every one of the donors in order to get assistance, and this represents a lot of effort.

Of course, a donor is best off when it has a set of procedures that it applies uniformly in every country in the world ... and that is what all the donors have done.

It would not take a lot to figure out how to have a uniform core set of relief and development assistance proposal forms ... but that is too much like common sense for the experts of the relief and development community to embrace.

Durable solutions ... sustainability

The socio-economic problems are huge, but the problems can be mitigated, if not entirely solved with good policy and international financial support. Progress can be made if the right policies are pursued and a sufficient amount of resources are available for the implementation of changes that need to be made. More than anything durable solutions are ones where there are low costs and substantial values that are appreciated by the community. To the extent that there is value, a community can support the initiative simply because the goods or services are worth buying.

Economic distortion

Rarely discussed, but economic distortion diminishes socio-economic progress and is a common result of external programs for “development”. It also appears in economies where there are large fund flows accruing to government leadership and powerful parts of society, and rather little is allocated to the public at large ... especially common in oil rich economies.

Economic security

The understanding of economic security is different at the different level of society. It is one thing for the family, another thing for the State. It is good for the family to be the first source of economic security, and then the extended family and the community. In a rich country, the State can be a source of economic security for ordinary people, but not so in a poor country, and then it is the international community that becomes the security net of last resort.

There are all sorts of ways that families can have economic security, For example in the nomadic pastoral livestock economy, economic security is mainly derived from the livestock herds. In a modest drought food security is assured by the animals, but in a severe drought crisis the animals die and family level economic security is lost. At this point the State and the international community have to provide the security net of last resort.

Emergency interventions

Any situation where emergency intervention have become the norm, it is a failed situation. Emergency interventions are economically inefficient and not a good way of building sustainable economic development. Military deployment is, in my view, an emergency activity, and it is not surprising to me to see soldiers being rather unsuccessful at the work of building sustainable economic development.

Employment ... jobs

Employment in the formal sector is one of the best ways of making socio-economic progress successful. Salaries and wages help people to pay bills ... and this money is a critical part of the economic dynamic that is needed to keep a modern monetary economy thriving.

Work in the public sector is a substantial part of the employment pool ... but it is best when there is significant employment in both the public and the private sectors.

Empowerment

The relief and development sector talks a lot about empowerment, but this talk is not much about productive work that generates income and tangible socio-economic progress in the local community. Rather it is to do with political and organizational leadership which does not quickly or easily translate into food for the family. A good way to achieve economic empowerment is by creating productive jobs and having people go to work and earn wages.

Enabling environment

A favorable enabling environment for development and a favorable policy framework for investment are required for a successful economy that will attract investment ... but more than anything else it is profit potential and the ability to profit and keep the rewards that attracts investors. Iraq has the potential to be a very successful economy, and at some level it does not need to attract outside investors ... rather it needs to attract leadership both internally and internationally to embrace a program that will make Iraq peaceful internally, and a catalyst for peace internationally.

Environment

The environment is frequently ignored in order to facilitate economic progress. Environmental issues should be made a part of planning, especially at the community level, and steps taken to encourage environmental improvement as an integral part of development.

Food security

The food security situation in Iraq should be easy to handle ... Iraq has adequate fund flows to finance stocks and the storage facilities needed, and the potential for sustainable employment is significant. But food security will be an issue in Iraq if the matter is ignored.

Funding ... allocation of resources

Funding needs to be allocated to the sorts of activities that are capable of delivering good results. There has not been a shortage of funding in Iraq, but it appears that there has been a huge problem with the way the funding has been used.

Rather little information is available easily concerning the way in which the fund flows in Iraq have been used. Though it is reported that there is in excess of \$300 billion that has been authorized for Iraq and perhaps another \$100 billion arising from oil revenues from Iraq ... a total of some \$400 billion ... and almost nothing in the way of accounting to the public for these moneys.

It is likely that a large portion of the funding has flowed into organizations that have powerful friends in the local and the international community ... and in the end, this has become a more important aspect of decision making than performance and what would be good for the public.

Governance

Governance is important ... but it is only one part of a big canvas. For many years there has been a disconnect between much of the activities of governance, and the people who have to go about their daily lives with very little that is positive coming from the top of the pyramid and all sorts of distress caused by lack of governance and agents of governance that use their position in all sorts of inappropriate ways.

Human resources

Human resource capacity is a constraint on development, but more in terms of the administration and structure of development than in the actual capacity of people to do productive work. There are many with education and training who are underemployed, and even where literacy is low as in some of the remote rural areas, there is a willingness to work, and not much opportunity.

Landmines and unexploded ordnance

Landmines and unexploded ordnance are a common problem in the aftermath of war, and significantly deter development. There are many places in Iraq where mines have been laid and not fully retrieved. Similarly there is a lot of UXO material around. It is not an issue that has been much in the news, but it has the potential to be a hazard for years to come.

Lawlessness ... organized criminality

The vast majority of the population go about their lives in a reasonable manner, but a few embrace lawlessness as a way to advance an agenda. In some cases the agenda ought to be addressed ... but lawlessness and organized criminality are not ways that are usually appropriate. The fact of lawlessness and organized criminality should not be dismissed out of hand ... legitimate gripes should be understood and addressed ... preferably within a framework of civil dialog and not at the muzzle of a gun.

Livestock

Livestock is very important in the rural economy of Iraq. The livestock industry has many different forms from very intensive systems to the ancient nomadic pastoral lifestyle that has changed little over thousands of years.

Efficiency of the Pastoral Livestock Economy

I have worked a number of times with pastoral livestock economies ... and my simple conclusion has been that it was amazing how life could be sustained so successfully with so little of resources ... in other words, how efficient the economy was.

I try to remind myself of this when I am reading about the wealth of the “north” ... which is really built on top of a vast current consumption of the accumulated wealth of the planet from the beginning of time.

Media ... misinformation and spin

The radio and television media are a powerful force. Little of the Arabic language media is understood by non-Arabic speakers, and translation is prone to mistake. The English language media is not much appreciated in Iraq because of the perception that it is mainly propaganda. The stage is set for a lot of misinformation in all directions.

The problem of misinformation manifests itself in many ways. The media contributes to misinformation simply by having to communicate complex stories in tiny bits ... impossible to do. The media does good in-depth stories, but does perhaps 1% of what needs to be done. The choice of the 1% contributes to the misinforming of the public.

And on top of the practical problems of time the media has to contend with spin, where stories are purposely biased to a point of view. Spin in politics is a powerful and dangerous tool ... it is the equivalent of propaganda that is so vilified because of its association with the Nazi regime in Europe and more broadly through the world's totalitarian regimes. Spin is a major act of misinformation.

Metrics are weak ... inadequate measures

The metrics of socio-economic performance are very weak. There is measurement related to the performance of sports stars, and the revenues of films at the box office, and the prices of stocks on the stock exchanges ... but information about socio-economic performance is virtually non-existent. The measures that are needed are just not being done, and it would seem that the leadership of the political community and the relief and development sector are very happy to have it this way.

Money ...

Money is both a source of a lot of evil, and is also a resource that can be used for amazing good. Plans should ensure that money is used for good purposes, and there should be follow up to see to it that money gets to where it is doing good. Money feeds greed and corruption and all sorts of negative behavior, but it also serves to enable very good things to be done. Money is a challenge.

Natural resources

The most valuable natural resource in Iraq is petroleum ... oil and gas. This is both a wonderful resource and a terrible catalyst for the escalation of tension into dangerous conflict. It is estimated that the government of Iraq will earn some \$40 billion from oil in 2007, not an inconsequential amount. The reserves are thought to be as much as the reserves of Saudi Arabia.

Iraq also has water with two major rivers flowing through the country ... the Tigris and the Euphrates.

There are likely to be many other minerals in the country, but these are not on the immediate agenda as long as oil dominates the economy.

Oil ...

Oil is an amazingly valuable resource, but also a problem resource. The distortion that results from oil exploitation and oil wealth is a destabilizing influence, and great care is needed to get a balance right between all the stakeholders. This has to be a part of any dialog about planning and peace and security ... and the fund flows associated with oil should be a lot more transparent than has been the norm in the past.

Policy framework

The policy framework in Iraq needs to evolve in ways that satisfy all segments of the population. Attempts to impose a policy framework from the outside and on a rapid timetable are unlikely to be successful, rather there needs to be months of dialog and a sharing of ideas amongst all the myriad of groups that make up the society in Iraq.

Population demographics

Depending on your point of view the demographics of Iraq are either good or bad. With a large proportion of young people, I would argue that there is a lot of developing human potential and that this should be a good thing ... but it is also possible to argue that an emerging population of young adults can easily end up with society being very violent and out of control.

Iraq – A New Direction – Multi-Sector Area Development

Population are people, and people have all sorts of interests, prejudices, beliefs and hopes. Simple demographic statistics are not a good basis for policy formulation and decision making ... while more detailed understanding of the demographics of Iraq can help enormously in helping the country move forward.

Private sector resources

There are huge financial resources in Iraq, and the control of these resources is a key factor in the violence and the unwillingness of various factions to relinquish control ... to anyone. While it is common knowledge that Saddam Husein and his family and friends were enormous beneficiaries of Iraq's oil wealth ... the extent of wealth distribution to friends is less clear. It was probably very extensive and sufficient to fund substantial efforts to regain control of the State apparatus and the control of oil revenues.

The private sector ought to be the driver of the economy ... but the profits of the private sector should go towards building a national economy and not merely get diverted to activities that result in a failure of governance and an opportunity to gain an unseemly control of the fund flows from the oil sector.

The private sector should have great opportunity, but to the extent it is impacting the national economy, there should be an accountability to the public.

Public administration

See Administrative capacity

Public finance ... public sector resources

The availability of public finance ought to be a solution to many problems that must usually be faced in the building of a national economy. Thanks to revenues from oil, the revenue base of the Iraq state is on a very favorable footing. More than anything else, there should be adequate public accounting so that there is effective use of the State's resources.

Public sector resources ought to be more than adequate. The revenues from the oil and gas sector should be sufficient for all the needs of the public sector and with substantial surplus that can be used for a future generation fund and long term national investment.

Rangeland management

Livestock is a primary economic driver and the major source of income in the rural areas. The success of the livestock sector is linked closely with the way in which the rangeland performs. Rangeland management is not just about the management of water resources, but goes way beyond this. Though shortage of

water is one cause of livestock (and human) mortality, lack of fodder for the livestock also has a critical role. There is a natural dynamic that links many different aspects rangeland management which needs to be well understood by policy makers.

Religion

Religion has potential to be a solution to conflict, but it is also used in terrible ways to foment anger and violence that really has no place within the teachings of any religion. Dialog between people of different faiths and different sects within a faith are of great importance, and good people in all faiths seem to want this a lot more than the violence that has become all too common in modern times ... and has been all too common in most of history as well. Modern communications should make it easier to build bridges between people of different faiths ... but modern technology also makes it possible for bad things to travel around the world at the speed of light as well.

Remittances

Individual families in Iraq have benefited from flow of remittances from various places into Iraq. Remittances have been a significant component of the income reaching individuals and families, even while parts of the local economy were closed down.

Sectarian tension

Sectarian tension is common ... but sectarian tension that escalates into terrible violence usually has more to it than mere sectarianism. It is healthy to have differences, but it is plain wrong for these difference to be an excuse for violence and terror. Usually there is something else going on, and it is more than likely to be something associated with power and money, and a battle over who is going to have control of these.

Security

Development ... rebuilding ... is stopped dead in its tracks if the security situation is unsatisfactory. The lack of security has made area economies fail in many places. The part played by insecurity in constraining development is well known, but rarely are the steps taken to improve the security situation before the damage is done. When violence gets out of hand, it is difficult to stop ... but if it is not stopped the results are catastrophic.

Sustainability

Sustainability should not be difficult in Iraq ... there is an underlying strong revenue source at the national level from oil, and using some of these fund flows

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to support a variety of community programs should set the stage for a high performing economy. Violence, however, can end up making sustainability a mirage. Sustainability is much more easily achieved when the private sector is the development agent rather than government, and loans are used for financing rather than grants.

Systems are dysfunctional

The progress of development is not constrained by people, but by systems and processes that are way outside the control of good people. The progress of development is constrained by systems and processes, and the situation is then made even worse by the complexity of trying to make different bad systems work together. Good people and good development are held to ransom by systems and processes that have to make development inefficient.

Trade

The commercial private entrepot trade is a big economic driver in Iraq, as it is throughout the world. People in the Middle East are traders from ancient times, and the “souk” is a big part of any community. There is a market economy at its best, and one of the more efficient parts of the economy in the region. Sadly, the market is also ignored as an economic driver in most planning for economic development, just as the community is also ignored.

Transport

The transport infrastructure is an essential for the development of the area economy. Inefficient physical infrastructure pushes up the cost of transport, and makes it more difficult to operate a successful and profitable business. Roads need to be the least costly yet capable of doing the job that is needed.

Value destruction

The issue of value destruction needs to be put into the center of economic analysis and planning. So much of what is done in modern society is resulting in massive value destruction rather than being used in ways that build value and benefit society. This is happening in a lot of high technology industries where value is being concentrated simply for the short term benefit of stockholders, the oil industry where the major actors are gaining wealth while society is losing wealth, and in the relief and development sector where money is doing rather little of durable value.

Water

Water has a critical role in the economy. There are two rivers that are sources of water, but areas distant from the rivers are less well supplied with water. The

management of water needs to be high on the planning agenda and every community should be helped to have a coherent water strategy. The management of water investments can result in substantial economic value enhancement for the area.

Chapter 7

Implementation: Process - Activities

About Implementation

Not the usual model

The implementation model that is needed is one where ALL the citizenry can be engaged, see results and GET durable benefits.

The American Opportunity Model

In most regards, the American economy is the most productive in all of history mainly because it is built on the idea that ordinary people are able to work productively and benefit from their own efforts and the efforts of the whole of the society.

The American economy could be better ... but it has more great stories about rags to riches than anywhere else.

The quality of life all over the world would be substantially better if the opportunity model for economic development was universal, rather than being limited to just a very small proportion of the world's population.

The challenge is to find a way to have all the population engaged in a process that delivers socio-economic progress and development. It can be done, but it requires a rather different mindset than is commonplace in the present national and international leadership, and among the experts of the military and the relief and development sector.

Process.

The process that works for relief and development where there are huge opportunities and limited resources is one where there is: (1) getting facts; (2) planning; (3) mobilizing resource; (4) activities; (5) measurement; (6) feedback; and, (7) improved activities.

None of this can be done efficiently unless there is a management function ... and management information for decision making.

Implementation is not ... or should not be ... limited or constrained by the implementation structure, but is constrained by resources and by people, their knowledge, their initiative and their culture.

Structure

Structure can be anything

There is no need to have structure ... at any rate not a formal structure. What is needed is anything that can function to take resources and use them so that the results are of value to the community. The activities are valuable and value creating when the resources used have less value than the results being achieved.

Structure can be informal. Formal organizations are not a requirement ... what is needed is getting results and getting socio-economic value created. All sorts of organizations can provide the structure, including private organizations, faith based organizations and not-for-profit organizations.

Informal initiative and formal entities

The structure for implementation needs to take into consideration the enormous value of informal initiatives and not focus only on formal entities. The structure should make it possible for good informal activities to expand and replicate, and not be a constraint on their success. Formal entities should be assisted, but only to the extent that they are doing things of value.

Projects

Projects are widely used to implement relief and development activities ... and there is no reason why the project framework should not be used to handle the administration of resources including the approval, control and disbursement of funds. But a project should not be used to “push” activities into the community, but to help the community get activities it wants and needs into the community. The project should get its priorities by listening to the community and learning from the community about the priorities and what would really be helpful in the community.

Oversight ... accountability to the public

There needs to be a well recognized structure, process or system to ensure that there is oversight and accountability to the public. Many different groups should be doing oversight including (1) the community itself; (2) the central governing authorities; (3) the funding organizations; and, (4) representatives of the public. Oversight should not be onerous and should not “get in the way” of success, but it should be clear that oversight that turns up unsatisfactory performance will attract consequences.

Oversight helps to make activities more effective ... people do better work when there is someone paying attention. And oversight helps to get feedback about help and improvement needed. Oversight also helps to get the information that is needed so that the public can be informed.

Reaching the community

The community is the primary place for implementation. There are all sorts of community organizations that make a community what it is. All of these organizations should be assisted in appropriate ways to improve the socio-economic condition of the community. Within a community there are some organizations that benefit because, for example, something is built, and other organizations that benefit because they are doing the building. The catalyst for both of these benefits is money that is being deployed to facilitate the development process.

A typical example of this might be a hospital that is being upgraded in some way, and a local contractor that is being paid to do the work.

Getting the Facts

Getting the facts ... getting reliable facts

Facts ought to be easy to access, but in general there is very little baseline fact that can be used without considerable effort. Effort is needed to compile data so that that can be used for analysis and planning ... and care has to be taken that the data are not compromised because of misinformation and spin.

Some facts ... not all the facts

Some facts are needed in order to start anything, but all the facts are not needed.

At the outset, enough facts are needed so that a strong strategic plan can be formulated ... something being done in part in the writing of this book. There are some facts known that have enabled this book to be written, and perhaps serve as part of a strategic blueprint.

More information would enable a strategic plan to be improved ... and corrected where it has major flaws. But the value of more information is to start to get action plans formulated where activities can be implemented that will deliver value to people and communities around the country.

More information about more things

Information has costs, and more information should be about more things rather than being merely more information about something where there is already adequate information.

I consider I have enough information to write this book at this level of strategic abstraction ... but I do not have enough information to do a good plan for any community in Iraq ... or any specific organization in Iraq. Getting this information in a systematic manner is something that will facilitate success ... trying to operate with inadequate information makes socio-economic progress much more difficult.

Planning a Strategy

Planning with a lighter touch

Planning is needed, but it needs to be something that facilitates and improves rather than being a part of a process that ends up being simply authoritarian.

Planning needs to have a strategic component so that the overall concept for progress is articulated. Arguably this should be done at a national level, but it should be done with a light touch, and not have a strong hierarchical element. Rather it should serve more to guide than anything else, and be a framework to help move things in a progressive direction.

More than anything else ... the American way

The purpose of planning at a strategic level is simply to get implementation on the right track ... and to get something moving that might be successful.

The American Way

Soon after I first crossed the Atlantic from the UK to the USA in the 1960s I realized that Americans optimized their business and economic activities far more rapidly than was the norm in Europe. The Americans did the least amount of planning before they built something and made money with it. Of course, in the 1960s Europe had embraced planning almost as much as the Soviets, and was moving rapidly towards economic stagnation and inflation (stagflation) and was losing wealth rapidly.

But for me the lesson was clear. It was doing something that mattered ... you plan simply so that you can do something, and do it now. If it works the plan was good, and you do more of it. If not ... fix it and try again. For decades this strategy worked very well for Americans and gave the Americans a dominant position in a lot of industries.

Eventually some other countries understood, and for some years now others are now doing this better than the Americans.

In the context of Iraq, the aim of the exercise is to get people in Iraq to do things that are going to be of value to them as individuals, as families and as communities. The goal is to help this to happen as quickly as possible and with the minimum of death and disruption.

Planning ... how this is to be done

The planning that is needed more than anything else is actually how to enable others to do it all ... without too many false starts and failures.

How does one structure something so that the structure does not get in the way but simply facilitates someone making a success?

And at the same time, how does one use money as a catalyst, as a major resource, and concurrently maintain a high level of accountability?

None of these questions are easy to answer, but in practice they have been answered many times over by successful corporate executives over the years. High performance corporations have figured out how to get people throughout the organization to make good decisions with rather little interference from the top, and they have a system of management information so that when things are going well, the top has no need to interfere and get in the way.

This is not a result of democratic process ... but it is how management has evolved so as to use economic resources efficiently. More management information flows in this management environment in one day than flows in a typical government setup in years. Something like this needs to guide the use of resources in the context of rebuilding Iraq and moving Iraq forward to a prosperous and peaceful future.

Planning Activities

Distributed planning

The aim is to have socio-economic development initiatives that are the main priorities of each community. Part of planning process at the community level is to encourage leaders of the community to articulate what they would like if there were no constraints. This can be pulled together into some form of community master plan. It does not have to be perfect, but it should give a strong sense of the direction the community wants to go.

After local authorities and traditional leaders have determined priorities, rapid plans need to be made about how this can be done and what resources are needed. This should be done as fast as possible, but no faster than a pace that suits the community. Getting local community consensus about development investment priority might well have a bigger impact on peace and security than any number of tanks and soldiers with guns.

How is something going to be done should be answered locally, and constraints identified. It is easy if everything is available except money, but usually there will be any number of other constraints that need to be addressed. Mainly these constraints need to be solved at the local level with local people ... and as needed with interaction with people in the Iraq system of governance and control.

The process is important as well as the outcome ...

And the plans must ensure that there is an adequate level of transparency and accountability so that the results of the socio-economic development interventions are on the record and accessible to the public stakeholders.

Mobilizing Resources

Getting funds for priority activities

In most circumstances, getting funds for priority activities is not at all easy. All the donors have their own processes for project planning, appraisal, approval, implementation, reporting and evaluation. From the beneficiary country's perspective each donor has a very different procedure. A single beneficiary country has to follow the procedures of each and every one of the donors in order to get assistance, and the result is very unsatisfactory.

My Experience as Acting Aid Coordinator

I was called in to help with aid coordination in Namibia soon after its Independence. A UN pledging conference attracted more than \$700 million in pledges, but converting pledges into useful development assistance was a big challenge. Every single donor had a unique set of procedures ... and priorities ... and understanding of what they had pledged. The process was totally determined by the donors and totally ignored all of the beneficiary country's priorities, planning and its financial control processes.

To add insult to injury, the issues of currency and language had to be taken into consideration ... and when it came time to report on project performance ... each country had its own way of requiring the reports.

Looked at from the point of view of the beneficiary country ... a chaotic mess.

In addition to the problem or procedure there are people problems. Most funding is controlled in ways that rarely have much to do with using the funds in the best possible way for the public and society at large, but more to do with a narrow agenda that gives benefit to decision makers and their cronies.

The public knows a lot about where they would like resources to go, but the process of getting available resources in the right place is much more based on politics and power than equity and performance. While there are a lot of fund flows that ought to be going to the best possible activities for socio-economic progress, virtually nobody knows what these might be ... a lack good of information and a preponderance of misinformation, some of it approaching the level of fraud.

The unusual situation in Iraq

Far more than usual there is the opportunity now to get available resources in the right place in Iraq. At high levels, resources are available ... the challenge is

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simply to make it possible for these resources to get to places where the resources can be used in a valuable manner.

One has to expect a lot of powerful organizations to try to maintain a dysfunctional status quo so that the “leaks” in the fund flows can be exploited to their advantage ... that is, business as usual. This is not what should be allowed to happen.

Implementation - Activities

Small is Beautiful

I like to think that I understand macro-economics. Macro-economic performance, as I see it, is a result of lots of small decisions throughout an economic system.

Small activities that use small amounts of resource and do wonderful things for the community, for the society, for the family, even for the individual are worth doing. When small activities are encouraged, and everyone that has the ability does what they can, the economy soars and the socio-economic situation improves. Lots of small activities add up ... and really means something in the aggregate.

Big things promise a lot ... but in the implementation most of the promise is replaced by a less optimistic reality. What might have started out as a huge value adding solution often ends up as value destruction and another problem to be fixed.

There is no one best way

Where there are hundreds of things to do, and all sorts of people and organizations engaged in doing things, there is chaos. I have some modest understanding of chaos theory, and have some appreciation of the problems of organizing for good results in complex and chaotic conditions. The situation in Iraq has a lot of the characteristics that make chaos theory the most suitable management regime.

Getting the best results out of chaos is not something academic planners do very well ... in fact the record shows that they do it very badly. The “gosplan” type economy of the Soviet Union is one example, and I will argue that the “project” planning of the World Bank is another example.

Small activities can easily be done with very little formal organization and management. Other things needs to be done at a larger scale and with more planning and oversight. Some things are best organized on an even bigger scale at the national level.

Everything should be done in the manner that is best for the particular effort. It is not only scale that varies. The mix of resources also changes from one situation to another. In order to get the best possible results, available resources should be used in the most efficient way.

Getting Good Results When There is Chaos

I was a participant in a Organization and Management Conference in the early 1990s run by OSI. One of the sessions was about managing in chaos. I forget exactly how the game was played, but I think we all had numbers, and a number of balls circulating in the group. If a ball was sent to a person number 10, the ball then had to be sent to number 11 ... but where was number 11?

When the game started it was absolute chaos, and balls were all over the place. In a few minutes people figured out where to stand so that they were next to the person with a number different by 1 from ones own.

And then the rules were changed ... for example 10 had to send to 20, 11 to 21 and so on ... another period of chaos, but fairly quickly everyone figured out where best to stand.

There is a powerful capacity for human beings to problem solve. In complex chaotic conditions many small decisions can get a workable answer far more quickly than the academic planners , no matter how big their computers.

Human resources and natural resources are two key resources that should be used as effectively as possible for success in development. Frequently, they are more abundant than money and machinery, and should therefore be used in preference to money and machinery. Money and machinery should be used to the minimum and to compliment locally available resources to achieve maximum value adding.

What this suggests is that we should organize to empower a lot of people and organizations to make decisions, and then encourage people and organizations that seem to be getting it right and getting good results. There should be metrics to identify good performance.

Make best use

In almost any organization there are some people that know how to improve performance, either because, for example, they have long experience or they have good analytical abilities or they can bring in some relevant knowledge not presently being exploited.

Good management will figure out how to use this improvement potential in a practical way ... either by some form of ad-hoc effort or by some systemic change

in the organization. But it will get done. Procedure, rules and regulations will not get in the way of doing something that is worthwhile.

Getting the Most for the Least

I was responsible for running a factory at one point in my career. There was a serious capacity constraint in the foundry, and something significant had to be done quickly and at modest cost.

The first step was to use some high end corporate consultants to advise on the problem ... they charged a big fee and recommended a \$5 million capital expenditure project. The second step was a rather less prestigious consulting firm ... who had rather more modest fees and recommended a rather more modest capital expenditure program. My third step was to figure out myself what would be best to do, consulting with the experienced staff in our organization, some of whom were not at all academically trained.

The local factory workers and supervisors knew what would work, and what would increase production enormously, at a very modest cost. Instead of investing millions and waiting for perhaps 2 years, we invested around \$150,000 in some incremental equipment, and also two weekends of maintenance overtime installing and making changes ... and got the same results that the first consultants were projecting at an investment that would have exceeded \$5 million.

Lots of small initiatives

Lots of small initiatives that are within the capacity of the beneficiary communities to absorb can deliver rapid progress. Initiatives that the community considers to be priority and implemented by local people with mainly local resources can have a big value adding impact. Many small projects can be implemented by the private sector, community groups, NGOs etc. as soon as activities have been identified and there is an implementation arrangement agreed. If funding is available communities can plan their own development with their own priorities and draw upon the program resources according to what they see their needs to be. The expectation is that there will be a very large number of small initiatives that are the right size for each individual community.

Measurement

Make measurement ... do the accounting

Nobody in a good corporate organization does very much without there being some sort of measurement, and for everything to do with money, there is the accounting. Measurement and accounting is the norm, and is everywhere in a good corporate organization.

But in the public sector, in the relief and development sector, and in almost everything to do with Iraq there seems to be very simplistic measurement and the minimum of accounting ... and almost nothing visible to the public.

Performance metrics ... cost and value

The community is the place where results should be most visible, and within a community there are some organizations that benefit because, for example, something is built, and other organizations that benefit because they are doing the building. The catalyst for both of these benefits is money that is being deployed to facilitate the development process.

A typical example of this might be a hospital that is being upgraded in some way, and a local contractor that is being paid to do the work. In this example, the performance metrics have three primary elements: (1) the cost; (2) the activities paid for; and, (3) the results.

The cost is the total funds disbursed and resources consumed ... a relatively easy accounting exercise. The activities paid for is a bit more complex, but still fairly normal analytical or cost accounting. The results need something that goes a little bit beyond more metrics about the activities, but more into the value to the beneficiaries, whether it is a group of people, a community, or the society at large. Good results have value ... and good development performance is when the value of the results is considerably in excess of the cost. It should be possible to put a money value on results ... not always easy, but something that ought to be possible.

There is another useful metric which is to relate the actual cost of the activities with a norm for the cost of these activities. This has always been a standard practice in any position where I have had a management responsibility, and it helps to encourage good operational performance as well as being a strong technique for the control of inappropriate disbursements.

In an environment where value basis analysis is being done, the process of development can be of great value to many, and be financially sustainable for all the organizations without requiring subsidizing fund flows from outside.

Benchmarks

The complexity of the linkages in multi-sector community development makes measurement, analysis and managing of linkages difficult, if not meaningless or impossible. However, it is comparatively easy to measure some of the results, commonly referred to as benchmarking. For example, a community can decide that it wants to build classrooms for an addition 1,000 students, and it can quite easily report progress against this benchmark. In many situations benchmarks are not enough to constitute a useful complete framework of management information.

Feedback

Without feedback ... there is no management

And when there are metrics, and there is information about costs, activities and results ... there also needs to be somewhere for the information to be used. There are two ways in which this information should flow: (1) within the organization to improve performance; and; (2) to the public so that they are informed.

The feedback within the organization should result in a culture of continuous improvement. While this is not easy, continuous improvement is the best way of getting the most out of available resources. Why do something the same old way, if it is possible to do better.

The feedback to the public is an essential to help maintain the ethics of leadership. When powerful people can do anything they want ... they will, not particularly because they are worse than anyone else, but simply because that seems to be human nature. Conversely, when people know that their actions will be seen and they will be subject to public scrutiny, behavior is always much better.

Improved Activities

Without improved activities ... there is no point

The implementation process goes from planning to organizing to implementing to measurement to feedback ... and then starts all over again.

The process is very basic and builds on simple control theory. By learning, it is possible to improve what is being done, and get better results in the future than has been achieved in the past.

This has been a major weakness in the international relief and development sector in the past because almost all of the implementations were designed within a project structure and were “one-off” initiatives. This does not facilitate learning, and explains in large part why the relief and development sector has exhibited a very weak learning ability.

By establishing metrics that integrate the community itself into the measuring framework, there is a perpetual basis of measurement, and a reality to performance that can be tangible for ever. A community has a perpetual life, and measurement of the community's progress has meaning at any time.

Chapter 8

Implementation: Management Functions

Structure for Managing

Management structure

Management cannot happen in a vacuum and it needs people. Management is a key component of success ... it helps turn resources and energy, that is people energy, into valuable results.

My View of Management

I think of management like being the driver of a fast car ... perhaps a Ferrari. All the performance is built into the car, but it still needs the driver to get that power and performance going in the right direction and doing it safely.

The activities that deliver socio-economic progress do not happen in a vacuum either ... they deliver in a community. The role of management is to help, through oversight to ensure that everything stays on track and through accounting to ensure that resources are used in appropriate ways.

Caveat

Management is not merely getting studies made and having meetings and workshops. Management is an integral component of the implementation process that helps get implementation to be cost effective and valuable.

Local experts and consultants

Local experts and consultants are the best people to be involved in the management functions. The cost of international experts and consultants is not at all justified unless there are very difficult situations that need experience over and beyond what is available locally.

Information should be easy and drive decisions

Getting information ought to be easy, but it is not. The management information needed is just not easily accessible, even if it exists at all. There needs to be an information structure so that information is easily accessible. There are many problems that need to be addressed, including: (1) the academic practice of being secretive about the data; (2) the basic lack of relevant data collection, especially simple, basic accounting information; (3) the practice of doing very small samples and using statistical method for analysis; (4) the lack of any systemic framework for logical storage of data in the public domain and easy access to this information.

Nothing here is new

There is nothing being suggested here that is new. The need for better management of the relief and development process has been on the agenda for a long time. What might be new is that in this strategy there is an integrated process from the bottom of the pyramid to the top ... comprising activities that are value producing in the community with a management structure and information that helps ensure resources are used to the best effect, and be supplemented with additional resources as needed.

Mobilizing Data ... Getting Started

Getting data should be easy

Getting data should be easy, but it usually is not. Most of the data that are compiled are not easily accessible, and to the extent that they are accessible are not in a form that is easy to use and suited to rapid management analysis.

Data for management information

The best data for management information are easy, quick and cheap ... and of course relevant to the activities. If the data are not easy to obtain, they are unlikely to be quick and cheap. Data that are not quick are often of little value when they become available. And if data are too costly, then the advantage of the data is diminished. But when there are data that are easy, quick, cheap and relevant ... management can function, and performance can be optimized.

Getting the Easy Data

My work in the international relief and development sector has always been driven by data, and I have always been working with very limited time. The way I was able to operate more effectively than many was by making the most possible use of what I referred to as “easy data”. Rather than me developing an optimum dataset to be requested from respondents, I collected such data that were already available in the area of interest.

Frequently there was no data available in the format of the optimum dataset, but there were huge amounts of data in some other format ... sometimes already containing a lot of additional data that would be of additional interest, though not directly needed for the initial data analysis.

Working with a focus on the “easy data” cut data collection time down significantly and improved respondent willingness to be involved at the same time. Win ... win.

Organizing the data

Organizing the data and cleaning the data are always required, and not easy to do unless people have some understanding of the analysis that is to be done. The use of simple software like a spreadsheet or a simple database table can be of enormous value ... but it requires an understanding of the data and an understanding of how the software can handle the data in a logical manner. With data understanding a lot of data can be organized and cleaned rapidly, and then it can be used for analysis.

Validating the data

Using invalid data is going to make any analysis useless. Data that are not validated in an appropriate way should be avoided ... but the validation used throughout the relief and development arena is almost universally very weak.

If data that are used one time are validated well, it is very costly ... but data that are used many times can be validated and the cost spread over many uses. In addition multiple use of data results in bad data starting to surface as sources of inexplicable results. These data can then be corrected ... or the system that produced the bad data can be corrected.

Use of data tends to result in improved data ... and multiple use of data gives ongoing improvement of data until the data are very reliable.

Unwillingness to share data

Unwillingness to share data is very common ... in fact just about universal. The good news is that there is enough information already in the public domain that a lot of analysis can be done that suggests a result ... without being able to show the results are conclusively reliable. The analysis can be shown to be without foundation IF A FULL dataset is used for the analysis ... but without the full dataset the results are the best available. Now the onus is on the organization that possesses the data to make a determination about whether to be cooperative or not.

Analysis does not have to be all logic ... some of it can reasonably be common sense. Common sense is still a good way of “connecting the dots”.

Planning ... As a Management Function

Not Gosplan ... something different

Planning in the context of a community focus on development and socio-economic progress is not as much about planning, but setting the stage so that the appropriate planning is done.

This is an interesting challenge since leadership in a lot of communities does not have academic training in planning ... though they may well have a lot of knowledge and local respect.

Above all else, the aim is to have positive socio-economic progress with the least of collateral tension.

Planning with a community focus

Planning at the community level can be very effective. The phrase “the devil is in the detail” is the truth, and planning that is done without a good understanding of the implementing location has a lot of the critical detail missing.

A community focus results in a very different dynamic for development than what has prevailed in the past. When planning is community centric, the priorities are much more likely to be of socio-economic value to the community. Plans that originate in the community have the possibility of “ownership” by the community, and there is a strong correlation between what is priority and what is done. Plans with community focus can be simple and understandable, and at the same time can be totally suitable for the community. Small is efficient and allows for the optimization of plans within a community without the compromise inherent in super-scale projects intended to satisfy everyone, and ending up satisfying no-one.

Components of planning

The components of planning are the same wherever they are used: (1) Get facts; (2) Analyze and optimize; (3) Organize; (4) Implement; (5) Measure; (6) Feedback; and, (7) Analyze and adjust.

But in the context of distributed responsibility for the performance of the economy and socio-economic progress, then the role of management is more to ensure that appropriate planning is being done than actually doing it.

Coordination, optimization, assistance

Coordination may be a good way to think of the management role with respect to distributed planning. In other cases it might be optimization that needs to be improved ... in my experience people in remote communities know what they want to do, but wider experience would suggest that there are actually much better ways to do things. Maybe some assistance would be helpful in order to achieve some reasonable progress in the community.

Maybe the assistance, more than anything else is helping to get the funding and the resources needed in a timely way.

Accounts ... Accounting

Good accounts ... strong accounting

Basic good accounts based on old fashioned bookkeeping can make a huge difference to the way in which fund flows are accounted for, and the ability of society to have an improved level of accountability.

Accounts ... old fashioned bookkeeping ... is not a highly intellectual activity. Rather it is basic and boring, and puts absolutely every financial transaction on the record, and in a way that is logical and easy to understand. The basic system of double entry bookkeeping helps to make accounts 100% accurate. When the books are balanced and all the transactions are recorded, the accuracy of the accounting is likely to be good. When this is coupled with other fairly simple controls and reconciliations, then the accuracy can be even better than just good ... very good.

Accounting for implementation activities

Accounting is part of implementation. It should be an integral part of the implementation process, and not an add-on or after-thought. Accounting is the most basic management tool and one of the most powerful. All the implementation activities are expected to keep a record of expenditures and progress and implement quality bookkeeping procedures. They are expected to provide clear, complete and timely financial reports in an appropriate format.

Control of money

One of the primary jobs that accounting should be doing is to keep control of the money. All the money that is received should be put on the record and included in the accounts. All the money that is disbursed should be put on the record and included in the accounts. The difference between what is received and what is paid out is the increment or decrement in the cash balance ... and the cash balance can be counted and verified at any point in time. No money transaction should be missing from the accounts ... NONE.

Control of inventory

A similar mindset is needed for inventory. Inventory can be stolen and sold for money, and the money can be used for whatever. Good control of inventory is required to stop this behavior. Inventory accounting requires a lot of discipline, but is a critical part of any system of resource control, and is missing in many large governmental systems.

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Inventory accounting has the same basic “in-out-balance” logic that is everywhere in accounting. And the balance can be checked by a physical count at any time.

All receipts of items should be recorded (ins) ... all use or shipment of items should be recorded (outs) ... and the balance calculated. This is a lot of detail work because it has to be done for each inventory item, and there may be many thousands of them. This used to be done successfully in big companies in the days when all accounting was done manually in pen and ink on paper in the “books of account” ... and there is no reason that it cannot be done today either manually or using computer electronic data processing (EDP).

There is also no reason why computerized accounts should not be very accurate ... with errors and sloppiness not tolerated.

Control of all the other assets ... and liabilities

Accounting provides ways to put on the record all the assets of an organization, and to account for them in the reports, and to provide ways to keep track of assets over time. This is very easy to do using the tools of accountancy, but sadly is not done very well most of the time by public entities and government accountants, in part because the government accountants are trained in government accounting that is a cash based system, rather than an accrual system.

Under cash based systems there is no integral control of assets ... either inventory or fixed assets ... and it is easy to ignore them and lose control. Oftentimes this is politically convenient ... though an outrageous tactic.

Under cash based systems there is also no integrated control of liabilities. Under a cash based government accounting system the receipt of moneys is a good event, and it is not required that there is a corresponding addition to liabilities when the receipt is associated with borrowing and the creation of a debt. In part this made the build up of global government debt easy ... and ignored until it reached crisis levels.

There is considerable confusion in Iraq today about the state of the government accounts and the assets and liabilities of government. With a cash based system of accounting it is likely that the amount of debt will be determined more based on politics than on accounting ... which is highly undesirable, but very common.

Internal control ... internal check

Good accounting always has an adequate amount of internal control and internal check. I think of the former as a systemic way of making sure that the data are being handled correctly, and the latter as a specific check to see that a statistically significant number of random checks shows that the transactions are

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being handled correctly. There is room for slight difference in the way these definitions are phrased ... but there is no room for having accounting information that is anything but absolutely correct.

Budget ... Budgeting

Good management tool

The budget is a powerful management tool when it is used by good people with operational understanding.

In its essence, a budget is a financial representation of an operational reality. It is used to show how much something is going to cost, and the way the money is going to be spent. In a corporate budget, a link is made between costs and revenues so that profit performance, cash flow and a balance sheet can be projected. In a government budget the amount of money to be spent is usually linked rather weakly with the activities that are expected and the value of results anticipated.

In my version of good budgeting there is a projection of costs, a projection of activities and how each of these will cost, and information about the results to be achieved and what value these have. These are the data needed for good decision making, and for holding people responsible for decisions and implementation performance.

Authority to spend

Much too often a budget is considered nothing more than a license to spend. This has its origins in the government concept that the budget law and budget resolutions are the authority for government departments to disburse government funds ... something that is very important, but it does not, in my view, give the departments license to waste money.

Budget more of a benchmark

In most cases where there is no statutory requirement for the budget process, I see the budget as a management tool, where it is a financial representation of what is expected and a framework for the limit for expenditure. The budget then serves as a benchmark against which performance can be measured. I look to see performance that is better than in the budget, in other words, I look for more output from the expenditure of the funds than was anticipated in the budget planning exercise.

Measurement of Performance

Basics

Performance can be measured in many ways. In anything involving economic activities money is usually part of the performance metric.

Cost, price and value is one key set of data. With this information is easy to identify whether or not something is value adding and worth doing or not.

Performance should be measured “relative to what?”. Some of the possibilities are: (1) compared to a prior period or previous performance; (2) compared to a different place or a different organization; (3) compared to the best ever; (4) compared to the plan or to the budget; and so on. Comparison gives perspective to the measurement.

Some measurements are useful without any reference to a money unit. Fuel consumption can be measured in miles per gallon, and this gives a better measure of engine performance than when the measure is converted to cents per miles which will vary whenever the price of fuel changes.

The idea of profit in a corporate business organization is common. Its equivalent in the not for profit organization should be value adding associated with any activity and the organization as a whole, but this is rarely computed. Most not for profit accounting systems are not set up with this sort of analysis in mind.

Early rapid measurement of progress

Early and rapid measurement of progress results in early rectification of problems. Problems fall into different classes, those resulting from bad plans, those that reflect a need for some technical support intervention, and those that reflect bad implementation performance and bad implementation management. Early measurement of progress permits intervention in a timely manner to eliminate problems that have been identified.

Benchmarks

Benchmarks can be used as part of the management process to measure progress towards visions that have been identified. The goals of a plan can be expressed in terms of socio-economic benchmarks that can be measured in some way. The corporate world uses a variety of benchmarks to control performance and get improved results. Again, the benchmark process does not substitute for hard decisions and the reality of costs and values.

Monitoring and Evaluation

Beyond traditional monitoring and evaluation

The traditional process of monitoring and evaluation is very labor intensive and expensive. Rather than having a good management system with information that covers 100% of all activities, traditional monitoring and evaluation is a process that usually only covers a very small proportion of all the activities, in many situations under 5% of the fund flows, and is done usually at the end of activities.

Rather, there should be management information that covers 100% of all activities, and based on desk review of this material, a sample of these activities will be the subject of further analysis and assessment. This might be considered to be monitoring and evaluation, but it is fundamentally different since it is triggered by a mechanism that is designed by management to get the most cost effective incremental value into the oversight function.

Oversight

A critical way of maintaining performance

Oversight is an essential part of the management structure. When oversight is missing, anything goes. With oversight, the organization is motivated to maintain an acceptable level of performance.

Oversight need not be expensive in order to be effective. People in the organization need to be paying attention and seeing enough so that if something is going wrong, then there can be action to fix the problem.

Enough Rope

When I have been designing organizational structures the idea of oversight has always been a part of the structure. The goal has been to do oversight in a way that enables people who know what they are doing to do what they have to do in the best possible way, and at the same time to have enough control so that in the event that something bad happens, the unit does not hang itself and drag down the rest of the organization as well.

Enough rope to give reasonable freedom, but not enough to hang yourself.

Oversight does not need to be formal, but it does need to exist. It is part of the feedback that any system needs in order to be stable and efficient.

In part, it is possible to exercise oversight through the management information system and the reports that are flowing through the structure ... but reports that are never checked are worthless, so some physical oversight is a needed supplement to just desk review.

Good oversight is also timely ... and it can also be really valuable.

The Horse Has Gone

There is no point in doing oversight and reporting back that the horse has gone ... it is better to do the work in time so that the feedback is to fix the barn before the horse gets out.

A stitch in time saves nine.

Transparency

The prevalence of secrecy

There are some things that should, arguably, be private and be secret. But most of the things that have an impact on society should be open and be available to an interested public.

When there is secrecy, the natural oversight that the public provides is missing. This should not be a problem, but, in fact, it usually is. When there is no chance that others will see “behavior”, it is a fact of the human condition that anything goes. Greed and self-gratification are powerful drivers of decision making ... and possible without limit when there is secrecy.

Transparency ... accounting to society

In much of global society, a culture of secrecy that has emerged allows a lot of economic and political power to become highly concentrated without being very much accountable to anyone. This is absolutely wrong, especially when economic power has an impact on the public. There should be enough openness or transparency to ensure that the abuse of the public by the activities of the powerful is kept in check.

I argue that when any individual or organization is rich enough or powerful enough to have an impact on society as a whole, then it should be obligatory for that person or organization to do accounting to the society. I argue that where an organization is using public funds, then there should be accounting to society as well as to the source of funds and the intended beneficiaries.

The privacy of accounting

In the United States, a CPA is a Certified Public Accountant, but the accounting and audit that is done by CPAs is essentially the private accounting and audit within an organization rather than something for the “public”. The accounting in the corporate world is to inform the owners, the primary stakeholder is the stockholder. In the relief and development arena the accounting is primarily fund accounting that does little more than keep track of the way the funds are accounted for inside the organization, and do next to nothing to inform the public about anything, and especially about performance and the efficient use of resources.

Accountability

Accountability

Accountability is normal in any well running organization. It is an imperative for good performance.

The concept of accountability is very basic. If the results are not good ... then the reason should be understood, and the organizations and individuals concerned should be held to account. What this also means is that there should be consequences.

If there is failure to achieve something of value, and the reason for failure is reasonable, that is OK ... once, maybe twice. But after that failure is incompetence or worse and changes should be made.

Internal accountability

Most organizations have internal accountability. It may not be very rigorous, but in general there is measurement, there is feedback and analysis, and there are consequences.

External accountability

In the for profit corporate world there is external accountability to the stockholders, or the owners, but rather little accountability to the public at large and to society. Whether or not there is any public good from corporate profit is of little consequence, unless there are legal issues that arise.

In most cases the law is not strong in respect of the public good ... probably wisely, but it still leaves an important open question about the accountability of an organization with respect to public good. One way forward is for an organization to be sufficiently transparent and reporting in a complete manner so that judgments can be made by the public about the performance of the organization with respect to public good. This is an accelerating trend for major corporations, though the value of this is still not proven, in part because there is only relatively small interest in getting analysis done that serves the needs of the public for this information.

In the case of organizations and activities that use public funds, there is a legitimate need for the public to be able to understand the performance of the organization with respect to the use of these resources. This ought to be a requirement that goes far beyond the periodic and rather infrequent inquiry of an Inspector General's department in the government or legislative oversight and committee hearings.

Human Resources

People are central to everything

People make the difference between things that work and things that don't. People need a reasonable organizational and societal framework, and can achieve all sorts of amazing things if they want to.

Management is, in part, making sure that everyone has the right incentives and therefore wants to do things of value. Sadly, a lot of the biggest incentives are fundamentally wrong, and a great temptation for anyone ... this is the root cause of corruption. The incentive and the reward are huge, and in our modern global system, it is rather rare for the rich and powerful to be held to account.

People can be of tremendous value in getting peace to win out over violence. I know of no good people who would prefer a violent solution when a peaceful solution is possible. But I fully understand good people being violent when there is little or no hope for a reasonable solution to a problem and the rich and powerful refuse to pay any attention.

I am also aware of how many good ordinary people are prepared to take risks and put themselves in harms way because it will do some good, and some people will be helped. Many of the UN staff are like this, and many of the staff of the NGOs that are working in different parts of the world.

People need opportunity ... and people need to be able to satisfy the needs of their families. Good work, and being able to pay the family bills needs to be combined, because there is a need in a lot of places for good work to be done, and for bad works to be ended.

Audit

Overview

There are many variants of audit. Audit is very valuable when used in the right place and for the right reason. There are, inter alia: (1) internal audits; (2) external audits; and, (3) audit investigations.

An audit is absolutely no substitute for good accounting and any of the other components of a management system. Too often, non-financial executives seem to think that by having an audit on top of bad accounting, that an accounting problem will be solved and an issue will go away. It rarely happens that way. An audit, more than anything else is to confirm that reports generated from an accounting system reflect the accounts, and that the accounts have been completed correctly. An audit corrects nothing.

If there is an accounting problem, there needs to be some analysis of the problem and solutions applied in the accounting area. This is accounting, and it might also be systems work ... but it is not audit work.

Internal audit

Internal audit helps internally to ensure that the accounting system is working right. An internal audit can result in the external audit being a lot less costly, as well as having value in the organization in its own right.

Independent certification

An audit that provides an independent certification has important value in the corporate world. Not only is the independent professional audit certification required by law, but it confers reliability on the financial reports and makes analysis of these reports credible as well. This has big implications in the capital markets.

There is no equivalent analysis function in the not-for-profit area, though some small steps have been made. There are some organizations that do analysis using the financial reporting required by the Internal Revenue Service (IRS) in the USA but this is very limited in scope and quite inadequate to get an understanding of the underlying performance of the organization and the organization's activities.

Chapter 9

Implementation: Management Information

Management Information

What is management information?

I think of management information as being the least amount of information that will enable good decisions to be made reliably. It is not a lot of information ... just enough information so that a good decision can be made.

There are several levels of information: (1) data; (2) information; (3) Intel.; (4) knowledge; (5) wisdom. They are all part of a family, and the best results are achieved when all are in play together. Management information is a subset of all of these levels, optimized to have the most value at the least cost.

The value of management information

Management information only has value if it is used ... and if it is good enough so that good decisions can be made. Information that has gone through the media edit and selection processes is rarely of much management value.

Management information is valuable not only when it informs with good news, but also when the information advises about bad things. Whatever the facts, there needs to be information, and there needs to be a way for the information to be used to make decisions and make things better.

Good for planning

Management information is good for planning. Plans need to be prepared based on a solid understanding of the situation ... something that is best done with an appropriate set of management information. Planning is not done well when it is merely a set of scenarios sitting on top of almost no information about the situation, and planning is not the mere collection of information about the situation, and rather little analysis of alternative possibilities.

Good for monitoring performance

Management information is excellent for monitoring performance. A good plan will call for a certain level of expenditure and a related amount of activity and result. Measurement of performance, and the resulting management information facilitates comparison of actual performance with the planned or anticipated performance. It is then easy to see whether or not performance is worse or better than expected, and as a next step, it is possible to get an understanding of why there are differences between the plan and the actual.

Good for identifying improvement opportunity

Management information helps to clarify key aspects of performance ... if actual is better than plan, and there are some reasons for this, how can these reasons be integrated into future planning and ongoing better performance. Management information needs to feed into analysis and feedback and the planning and implementation of improved performance.

Good for oversight

Management information is good for oversight. If everything is going according to plan, based on review of management information, then there is little need for additional physical oversight, but if the management information shows performance issues, then the use of physical oversight might be appropriate. With management information the oversight effort can be used to best effect.

Good for coordination

Management information is good for coordination. Coordination is easy when there is an adequate framework of information. The basic information that is needed to support the coordination work is information about the community, the activities going on in the community, the projects, their funding, their location, and so forth. By making the community ... the place ... the anchor for the information, the relief and development activities can be related to a location, and efforts made to get a fair geographic dispersion of activities around the country.

Good for monitoring and evaluation

Management information is good for monitoring and evaluation. Many of the issues that are addressed in a monitoring and evaluation exercise would normally be included in a good set of management information and be available in a timely way. In many situations good management information would make the need for monitoring and evaluation redundant.

Accounting Information

Accounting provides a lot of information

Quite simple accounting provides a lot of information. Accounting should not be just a vehicle for authorizing disbursements, but also a tool for managing funds and managing performance.

Rather simple analytical methods will provide a lot of information about how resources have been spent. At organizations like the IMF, this is sometimes referred to as analysis by economic classification. In the corporate world there is usually a code of accounts that provides a breakdown of costs in ways they best suit the organization.

A little bit more analysis and all this information can be available also for each of the cost centers or the activities of the organization.

All of this is from a standard accounting system.

More analytical information can easily be obtained

More analytical information can easily be obtained to start to understand more about the performance of the organization, and the performance of the individual activities. I used to refer to this as key item control ... we used to get some key measures that would be usefully related to the costs to get a measure of how we were performing.

The key items were always the most relevant to the work that was being done ... in one department it might be something to do with the way the trucks were running ... in another department it might be related to the production of castings and the use of energy. These measures all helped benchmark our performance, and we were able to stay in control and make changes that resulted in practical improvement.

But what about value?

In the end however, what we are trying to create is durable socio-economic value, and this is not easily calculated by reference to classical accounting. However, one of the best ways of getting at value is to have a good understanding of what good is being created as a result of the activities ... and then using accounting common sense to put values on the outcomes.

Performance Information

Some of the best metrics are the simplest

A good place to look for examples of performance metrics is in sports. In competitive sport, it is all about measurement. In individual sports, the metrics are usually very precise but many are quite simple. In team sports some of the measurements are very sophisticated, but very much understood by the fans.

There are also a big range of measures in most corporate settings. The main measure may be profits, profit growth and stock value, but there are all sorts of other measures throughout the organization so that everyone can monitor performance and work to improve it.

In general terms the relief and development sector, government and the public sector are woefully behind in measuring performance. The prevalent data is far too aggregated to be of any real value in measuring performance .

Cost, price and value

Cost, price and value are very basic measures, and very useful to have for any activity. How much does something cost is a very basic element of information, and there is no excuse for not having this information about all activities.

Price is normal in the for profit world, and again is an easy element of information to have.

Without going into too much detail, the difference between cost and price is some measure of profit. In many activities that are conducted in connection with social services and support, the price is zero ... the recipient of the services does not pay anything.

But hopefully there is value, even where the price is zero. What is the value? And how does this value compare to the cost? The difference between cost and value is some measure of value adding.

Even though cost and value are of tremendous importance in measuring performance, there has been very little systematic work to establish norms and make them public.

Performance comparisons

Performance should be measured “relative to what?”. There are many different comparisons that are possible including: (1) compared to a prior period or previous performance; (2) compared to a different place or a different

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organization; (3) compared to the best ever; (4) compared to the plan or to the budget; and so on. Comparison gives perspective to the measurement.

Some measurements are useful without any reference to a money unit. Fuel consumption can be measured in miles per gallon, and this gives a better measure of engine performance than when the measure is converted to cents per miles which will vary whenever the price of fuel changes.

The idea of profit in a corporate business organization is common. Its equivalent in the not for profit organization should be value adding associated with any activity and the organization as a whole, but this is rarely computed. Most not for profit accounting systems are not set up with this sort of analysis in mind.

Accounting provides a lot of information

A good accounting system is a source of a lot of information, especially information about costs. Integrating cost analysis with the general accounting has advantages, but also can become too detailed and too clumsy. There are techniques that can be used to get at useful information without getting buried in detail, including making use of standard costs and doing variance analysis to validate the standards.

Other source of data and analysis

In the corporate world industrial engineering, operations research, value chain analysis and other approaches all help to build an understanding of how costs behave and how operations can be improved to reduce costs and improve the outputs. Something similar is needed in the relief and development community, and something similar is needed in Iraq.

Bottom of the pyramid

Results are best seen from the bottom of the pyramid ... how has the quality of life of the ordinary person improved? How can this be measured in an efficient way ... low cost, reliable, accurate, timely.

It seems that measurement of progress at the community level has potential. The community is where people live, and it is the economic and social activities in the community that provide most of the elements for quality of life. Measure progress at the community level and it serves to measure the progress at the bottom of the pyramid. If the community makes progress ... the people progress.

Progress must be converted in some way into value, something that can be done using the balance sheet concept from corporate accounting. And the cost of getting this progress should be ascertained from fund flows and the activities that have been funded.

Socio-Economic Statistics

Accounting rarely uses statistics

Accounting rarely uses statistics ... rather accounts make lists and add them up. A good accounting system will probably make several lists of more or less the same thing and reconcile any differences ... and if they cannot be reconciled, will find out what went wrong and then be in a position to ask some pointed questions about how and why resources have gone missing. This is basic boring work that gets control of money and other assets, and keeps control of them. This may be boring ... but it is important work. And when it is computerized, it is still important.

This contrasts very much with the statistics that abound in the analysis of socio-economic issues. The same sort of accounting information is not available for many of the measures that are interesting in the socio-economic arena, and statistical methods are the only way ... but too often in my experience statistical method is used where more basic techniques would have given better answers.

Massive amount of socio-economic data

There has been decades of work collecting socio-economic data, and there are a multitude of profiles of the failure of development. The data on this are overwhelming. It is disappointing to find that almost none of the data concerning results is related much to the activities and costs that were involved in reaching this state.

Massive amount of writing ... rather less numbering

There is a massive amount of writing, but not very much information about costs and values. The writing is replicated and used for workshops and reports, but rather less for decision making and the mobilizing of the resources needed to make substantial progress.

When information become useful, in so many cases, it needs to be made secret. The lack of open access to information means that poor performance cannot be seen, and nobody is then held accountable.

We know the results are unsatisfactory, but we have very little ability to see the information that would tell how much it has cost and how little has been done ... and specifically who is accountable for poor performance.

Collection of Information

Getting facts ought to be easy

Getting facts ought to be easy, but it is not. The management information needed is just not easily accessible, even if it exists at all. There are a number of problems that need to be addressed, including: (1) the academic practice of being secretive about the data; (2) the basic lack of relevant data collection; (3) the practice of doing very small samples and using statistical method for analysis; (4) the lack of any systemic framework for logical storage of data in the public domain and easy access to this information.

Nothing here is new

There is nothing being suggested here that is new. The quest for more data has been on the agenda for a long time. The difference is that we are looking for decision making data, and not merely data that can be analyzed and included in some ad-hoc research or annual publication.

Maybe a lot of information has been collected

One of the constraints on decision making in Iraq appears to be the limited availability of management information and much depth of knowledge about the country. I do not know how much information has been collected about Iraq, but it is not easily accessible and I doubt that it is the sort of information that I would want to make decisions about making progress in Iraq.

Maybe a lot of information exists but few know it exists, where it is and how to make use of it.

As much as possible, collection of data done for one purpose can be used for other purposes. Data that are collected initially to make local implementation as effective as possible can be used to provide information at a more aggregated level. Data that are needed for the best possible implementation are normally a lot more comprehensive than the reporting that is needed for donor oversight, and it should be relatively easy to format the information in a range of different ways to satisfy a number of users.

High cost to collect, low value unless used

Information costs a lot to compile and analyze. It is ridiculous that the information and knowledge about development should be so difficult to find and use. As it stands the cost of information is very high, and because of its very low utilization for development planning and implementation it is low value.

Think value management

Think value management and cost effectiveness in any work done related to data collection and information analysis. Constantly looking for the best relationship between resources used and value realized will result in better knowledge for development.

Small samples and statistics is not accounting

The practice of doing very small samples and using statistical method for analysis is academically satisfying, but in terms of accounting and management information it is unsatisfactory. Decision makers need very reliable data, and statistical method only gives this in limited circumstances. It may work for research, but for management unreliable statistics is a poor substitute for a modest amount of good accounting information.

Data Design - MetaData

Organize the data

There is a need to organize data and start to get it into the relational format so that it can be accessed easily by anyone with a basic knowledge of SQL.

There is a need for logical organization of management data. There is no widely used logical organization of management data for relief and development decision making. There is no universal metadata system so that the data are comparable.

There is text ... a lot of it. There are few numbers, and the numbers are difficult to understand. Until the information is organized so that it has the characteristics of management information, it will be difficult, if not impossible to get a relief and development sector that is driven by facts and especially facts about performance.

Incredibly badly organized

In the international relief and development sector, there is a lot of data, but most of it is incredibly badly organized. There are a very large number of different database systems in use and almost no compatibility and coherence between the different sets of database tables. There are a large number of data collections that have been compiled using spreadsheet software without consideration of the (meta)data design and long term implications of spreadsheet data administration. On the other hand, there are data stored within very sophisticated and expensive systems that could just be as well be in a simple spreadsheet environment.

Need for database design improvement

There is a lot of data, but little of the data are organized so that the database structures can be used in an easy and analytically powerful manner. Even some of the most well known large international organizations still use disorganized spreadsheets as their “database” more than 20 years after the relational database model was adopted for large scale information management. There are a lot of data hidden behind software that is good, but too expensive for most people to be able to afford, including most of the GIS software.

Use database technology

Modern database technology enables information to be much better able to be stored and retrieved, but use of the technology should not limit access but

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improve access. Much more use should be made of the relational model for data storage, and there needs to be much more training in how to design efficient, easy database systems with proper normalization.

Data Quality and Reliability

Problem of misinformation

There is a problem of misinformation that manifests itself in many ways. Heavy reliance on aid for most of the last two decades has created a need for a continuum of crisis in order to sustain the community that benefits from the crisis industry. This is unfortunate, and makes it difficult for true development success to be recognized and success replicated.

Drought ... or Just a Dry Spell?

In the past few years there has been dry weather in Niger. It is difficult to tell whether this was a serious drought crisis or a mere manipulation of the information so that the donor community could mobilize emergency assistance when it would have been better to use resources in a more developmental fashion.

The data and the presentation of information are easy to spin ... and the result is poor decision making, and continuing failed outcomes.

Use peer review to reduce bad information

There needs to be quality control over information on development and socio-economic progress. One way to get better information is to have systems of feedback so that there can be comment about the data and some sorting out of data that are valid and data that are unacceptable. This has some of the characteristics of peer review.

Use the data ... they get better

When data are used, the data are rapidly improved. People will not tolerate criticism based on data that is wrong, and they will explain exactly what is wrong, and what would be right. Correct the data based on this feedback ... correct any systemic data management problems if that is needed. Soon the data and the analysis will be improved, at which point people getting criticized are faced with good information, and perhaps really poor performance that needs to be improved.

Easy Access to Important Information

Secrecy ... hiding corruption and inefficiency

By having easy access to important information, there are all sorts of good benefits, notably making corruption more difficult and making inefficiency less acceptable.

Easy access means more than putting information on a website ... though that is better than nothing. Easy access means that the information can also be seen in ways that are meaningful.

Important information ... or management information is not have one little bit of information in a multitude of different forms ... it is about having rather little information in a way that is useful and tells the story clearly.

Reports ... report design

Easy access to important information is probably best obtained from well designed reports. Easy access to important information implies that information is being delivered in some form of report ... not merely as a bit of information that still has to be related to a lot of other bits of information in order to have much meaning.

Repositories to facilitate easy access

Knowledge about development should be available both in public and private institutions. It is much more cost effective to have multiple copies of information than to have to recompile basic information.

MetaData ... and organizing data

Having a strong organizing function for the data can go a long way towards getting the information into a form that is easy to access and produce useful management reports.

Academic Community

The academic community and information

The academic practice of being secretive about the data, though promoting the conclusions derived from the data, may be something to do with the way in which academic credentials are evaluated and awards made. The effect of the practice is to make use of data much more difficult, and the reduce the socio-economic value of the academic efforts.

The academic community has a key role to play

The academic community is a community around a common interest. In another context I have written rather unfavorably about the academic community.

A View of the Academic Community

The academic sector has several important impacts on relief and development performance including: (1) substantial use of relief and development funds; (2) a substantial influence on thinking and public perception about relief and development; (3) a big role in “teaching” relief and development to students and future policy makers; and (4) being controllers of information about relief and development.

The academic community has a challenge to show that its work in the relief and development area is net value adding. There is some evidence that relief and development resources are being used to a considerable extent to fund academic programs while there is little tangible benefit at the community level in the “south” where needy beneficiaries live.

But in the situation in Iraq the academic community has a huge and urgent role to play. There is so little knowledge about Iraq in the world community ... and without knowledge it is wishful thinking that policy will be optimized. Accordingly it is important that academics in Iraq become as much engaged as they can be in helping well-wishers to understand the depth of the culture and the issues that bring Iraq together and might possible make it break apart.

For our part, that is the international community, we should make it possible for Iraqis to talk about their country in as many places as possible and help with better understanding of the possibilities.

Chapter 10

Projects ... ???

About Projects

Where there is meant to be accounting

I was under the impression that the project was the entity that permitted organizations like USAID, the UN and the World Bank to manage their assistance programs ... but rather than providing a foundation of information that helps to understand the use and value of fund disbursement, they seem, rather to add to the confusion.

Project cycle

The standard project cycle is usually described as follows: (1) Identification; (2) Preparation; (3) Appraisal; (4) Negotiation; (5) Disbursement and Implementation; and (6) Evaluation.

The basic cycle is reasonable ... but when applied in most of the present relief and development organizations there is a lot of effort associated with the first four elements, and insufficient attention to the fifth. Within the disbursement and implementation part of the project cycle there is a totally inadequate amount of accounting and measurement of performance.

Where was the money disbursed?

It should be relatively easy to get a listing of where the money has been disbursed ... that is a listing of the projects, the implementing organizations and the amounts of money disbursed.

The amount of money disbursed can be either in the form of a listing of disbursements together with dates, or a cumulative total with date of the cumulation.

A list of this sort is about as basic an accounting report that one can design ... it is lists of this sort that are the basic of good accounting control, and it is incomprehensible that such lists are not easy to access from the public space.

What was the money used for?

It is also reasonable to expect to be able to have a listing of what each of the organizations used the money for ... the cost of the various activities carried out by the organization. Every well run organization has this sort of analytical or cost accounting data ... and if there is an organization that does not have this data, then one has to wonder why this organization was selected to be a project contractor.

With information about activities carried out by the organization, it should be possible to compare the work done under this project with similar work done by other contractors both in the same country and in other parts of the world. In an efficient relief and development sector one would expect the costs to be somewhat the same, with easily explained differences based on the special circumstances of each of the project ... in fact this information is not at all similar, mainly because few of the organizations are doing this sort of analysis and they merely spend the money without much attention to cost effectiveness and performance.

Did the project produce any socio-economic value?

If the relief and development sector was serious about measuring performance there would be a requirement for projects to be evaluated based on the socio-economic value created. While this is a part of the appraisal at institutions like the World Bank, it is very much a theoretical construct at the time of the appraisal and not very much in evidence during the management of implementation and in the subsequent evaluation ... but this value creation is the central *raison d'être* for the project ... and not having any metrics about this is nothing less than mind-boggling.

What about information in Iraq?

The situation in Iraq seems to be very much “business as usual” ... in other words no more and no less accounting than is normal in the international relief and development sector.

But there is a difference that should have caused accounting to be made a central feature of project management, and that is the scale of the fund flows that are involved. Having poor accounting in a project that is disbursing \$50,000 is bad enough ... but when the projects are disbursing perhaps as much as \$20 billion a year ... then not have excellence in the accounting area is absolutely scandalous.

Chapter 11

The Money Dimension

Money is Important

Money is important, but mere money does not solve the problems of society. Money needs to be used in a constructive manner.

Money and greed can easily end up making a good situation intolerable. Money, it is said, can buy anything ... and in situations where there is secrecy about financial transactions and no transparency whatsoever, then money is used in all sorts of inappropriate ways.

Reference has already been made to the idea of “small is beautiful” and this has application with money as well. Big money doing bad things in secret almost inevitably ends up with a bad outcome.

The success of the United States had a lot to do with great natural resources, an entrepreneurial spirit and adequate money derived from creative financing. In time it became possible to get the country organized with a government that was too its liking ... but only after a revolutionary war and years of arguing about how the government should be organized.

In Iraq the problem is not the lack of money, but what the money is being used to do. It is not at all clear what money is being used for ... neither the local money derived from the oil industry, nor the funds that are coming from the outside to fund the deployment of coalition forces, rebuilding and development.

Money ... should not be a gift

Money is not a gift, but something that is being used to facilitate socio-economic progress. What this means in practical terms is that money is loaned and not given to the communities to facilitate their socio-economic progress.

Some of the organizations that are engaged in the international relief and development sector consider the accounting for small loans to be an excessive burden and have decided to use their resources as grants rather than loans. This is, in my view, a mistake, and encourages a culture of dependence that has all sorts of undesirable consequences.

Requirements for Money

Many needs

There are many needs including: (1) funds for public purposes; (2) funds for private investment; and, (3) funds to invest for future generations.

Public purposes includes funding the programs of government and funding investment in the national infrastructure.

Programs of government include the funding of the army and the police, and the funding of development initiatives.

Financing development initiatives

The argument has already been made that development initiatives are best implemented at the community level, with pull from community leadership rather than push from a central planning authority.

Many types of development financing are required to support community centric development including: (1) financing to help at the individual level – micro-finance; (2) financing to help the small to medium sized enterprise; and (3) financing to help the community itself. The three financing components work together to facilitate the economic activities needed for a vibrant community.

Financing infrastructure

The building of infrastructure has two components: (1) the money to pay for the work; and (2) the capacity to do the work. In Iraq, there is capacity to do most, if not all, the work needed for infrastructure construction, and there is money to buy whatever equipment is needed from anywhere in the world. To the extent that there is not enough current cash, Iraq should be able to raise finance with relative ease on financial markets.

But in fact, Iraq may not be in such a good position. It is not at all clear to what extent the regime of Saddam Hussein mortgaged the future and borrowed and spent in quite profligate ways.

It is also not clear how much physical damage was done to the infrastructure in Iraq in the course of the initial military operations that led to the fall of the regime and the fall of Baghdad.

Control of the Money

Control of the Money

An absolutely rock solid system for accounting for the money is needed ... and with accounting there can be control.

Secret systems for money control

There are systems for control of money that are complex and secret. The systems are not widely known about. This may be as it should be ... but it also facilitates grand scale diversion of funds and nobody any the wiser.

Cabin Trunks of \$100 Bills

I have seen cabin trunks with millions of dollars worth of \$100 bills that I was told were stolen from a banking institution in the middle of a civil war. Each of the bills was stamped with a mark that made these bills easy to identify ... and I was shown a chemical process that removes the mark from the bills to enable them to be circulated openly.

I have seen airtight packages in army green containing large amounts of US currency ... chemically treated to disintegrate when exposed to air unless the treatment is nullified by another chemical cleansing.

These funds were in the possession of people who probably had no business whatsoever having them. They seemed to know how the system works, and I have little doubt that they would find a way to use these funds in spite the advanced chemical systems being used to protect the US currency.

This experience predates the Afghanistan and Iraq war where people talk a lot about the huge bundles of US currency that were being used all over the place with little or no oversight, accounting and accountability.

These secret systems for the control of money are useful for the funding of war and funding in an emergency crisis. They are not, however, a reasonable way of funding a program of national rebuilding and controlling the money. Secrecy is a characteristic that correlates strongly with inappropriate use of money. It would be very much better to have much more public knowledge about fund flows. From this it starts to be possible to have some reasonable knowledge about what is going on and to be able to establish accountability.

Accounting for fund flows

The accounting for fund flows should have two main dimensions: (1) the accounting within an organization; and, (2) the accounting between organizations. At the present time it seems that both of these are inadequate, and given the scale of the fund flows this is absolutely inexcusable.

It should be quick and easy to follow money ... fund flows ... from the origin as a budget authorization, through the responsible agency of the donor government to each of the recipients of disbursed funds ... and then to track the use of these funds through program activities and eventually to the results being achieved.

None of this is anything more than lists of transactions with a certain amount of key data ... and added up in a logical manner. If the organizations involved cannot do this, then they should be held to account for incompetence.

Check the spending ...

Spending needs not only to be authorized ... but it also needs to be worth doing. A good way to verify this is to check the spending so that all the disbursements result in something of value.

Checking a proposal about a future disbursement is a step, and an important step in ensuring that spending money results in valuable outcomes ... in fact all it does is to authorize the spending and pretty much hopes that there will be a good outcome.

Checking that the actual disbursement actually produced something of value is a true reality check. Where this checking is routine results are usually very good ... and where this checking is infrequent or never, results are frequently terrible.

Actual Far More Important than Plan

I was once told that if the company added up all the cost savings that would result from proposals we would be making all our production for nothing.

In fact the company was totally out of control ... and it was not until there was strong measurement of actual that things got under control.

And as soon as there was control ... there was improvement.

Micro-Credit ... for the Individual

Financing for the individual

Micro-credit has been popularized over the past 30 years by Mohammed Yunus, founder of the Grameen Bank in Bangladesh. Though informal credit schemes can be tracked back a long time in history, they were not embraced by development experts until after the Grameen Bank had come on the scene.

The Grameen Bank experience showed, inter alia, that poor people could make valuable use of small amounts of money, and that they could be trusted to pay it back. The conventional wisdom in the commercial banking community is that borrowers cannot be trusted and therefore all lending should be heavily secured ... and the corollary, no security, no loan.

I also observed in my own work that small loans were able to be repaid more easily than big loans ... big loans held out the promise of bigger success or bigger failure, and when the failure happened, there was no way for the loan to get repaid.

I also observed that in the micro-credit space there are two types of lending ... there is social micro-credit and there is enterprise micro-credit. In the case of enterprise micro-credit the borrower makes money and the loan can be repaid without too much difficulty. In the case of social micro-credit ... lending because of personal or family difficulties ... there is much less capacity for repayment, and a higher proportion of the loans can never be repaid.

Community micro-credit

Most communities can benefit from both enterprise and social micro-credit. In many communities there are already some form of self help group or other way of extending credit within the community. In some cases it is a “money lender” that is able to profit substantially, and many would say, excessively, from the unsatisfied need for money.

Funded from the development fund

Community level micro-credit initiatives should be funded from a development fund, and there should loan administration and accounting so that the development fund can be sustainable.

Mini-Credit ... for the Business

Financing the small and medium scale enterprise

There is a need to have access to financing for the small and medium scale enterprise. These are the organizations that are best able to accelerate job creation, but they need access to financing for growth.

These organizations need finance for working capital ... they need to be able to buy inventory and pay salaries before they get paid for their products or their services. Growth requires working capital, and few small businesses have the working capital to grow.

These organizations also need finance to buy production equipment and vehicles, or to expand their space. The financing of this equipment needs to be available on terms that allow the business to prosper. Equipment leasing or rental might be the appropriate modality. Expansion of a building may need some form of real estate based financing.

These financing modalities are bigger than micro-finance and more sophisticated. I will argue for community based financing that has a component of trust and group responsibility over a strategy that simply relies on asset based security.

Muni-Credit ... for the Community

The municipal finance equivalent

There needs to be financing accessible to the community that will help the community have local contractors supply or build things the community needs. I refer to this as muni-finance. Municipal finance is a very big component of the capital markets in the “north” ... a micro-community version of this is needed for the “south”.

Most poor communities finance themselves. It is the only way. There is usually little money in the community, and there is no formal banking and financial service access. People in communities do the best they can. Communities impose taxes and levies to raise money for things that are wanted by the community. Some of these are substantial efforts, and can serve as important sources of funds for community needs. My experience in Yei in South Sudan is an example of this.

My Experience in Yei, South Sudan

Yei is a small agricultural town in South Sudan to the west, about 150 miles from Juba. When I was in Yei in the 1980s there were about (as far as I can remember) 150,000 refugees in the area, all engaged in small scale agriculture, and assisted in the first instance by UNHCR. With decent agricultural land, good weather and hard work, Yei had become a thriving little town with a good surplus of food.

I knew the “administrator” of the town of Yei ... a friend of a friend of a friend of my wife's from college days who was interested to find an accountant in the middle of a UN refugee review. He showed me with a lot of pride the “books” of the town that documented all the financial transactions of the town, and showed in summary form the monthly history of the town finances over the past several years.

The refugees were generating a lot of agricultural produce and the petty taxes collected at the local level to pay for local needs had increased with the success of the refugees. Now the town had some money for some of its priority needs. The school got a locally paid teacher, and the electric generator got some fuel. All of this carefully recorded in the books, just as it should be.

What is the lesson? Local success can be used to generate some local revenue that can be used for some local priorities. Sustainability that is real.

Few of the big cities in the global “south” have structures so that they are able to raise money through existing formal channels. Smaller communities are constrained from borrowing in the formal municipal finance markets because

they do not have a formal sector economic base and the tax revenues to support external formal finance. Some small communities, like Yei, have potential to be prosperous, while others do not have much potential.

Organization ... at the Community Level

Funding community activities

Development funds can be the primary mechanism for delivering development resources into the community and engaging the private sector in ways that can encourage socio-economic progress. Growth of private sector activities is a powerful way for income generation and jobs to be created that engage a large part of the community. The private sector needs resources for expansion, but should use these for profitable expansion and increased earnings, from which the development fund should be paid back. Development funds can be used as an efficient modality for delivering incremental resources to the area economy.

There are to be many small development funds each with clear development objectives and areas of operation. A fund will be rewarded with additional resources if the performance of the fund in terms of development benefit and in terms of timely repayment have been good. Keeping the funds separate will help in determining what funding areas should be supported on a continuing basis and which should not.

Many short term small loans

The development funds will be used to provide financial support on a short term loan basis for activities that are requested by the community, either as micro-credit, as mini-credit or as muni-credit. The implementing group may purchase items that the group would not normally be able to afford and allow the group to go ahead with some works that they consider important. Typically the group will provide labor and local material, with the funds being used to purchase non-local material and possible rent equipment. The funds can be re-used by the community if the loans are repaid to the fund. As an incentive to repayment, funds will be augmented if the repayment track record is good. Groups that do not repay development fund loans will be penalized by the permanent diminution of the loan fund resources.

Fully commercial basis

The management and operation of the development funds will be on a fully commercial basis with fees charged for the use of the money, the administration involved and loan losses. The development fund has many of the characteristics of the lending operations of a business bank. There is no reason why the development fund operations cannot evolve into a full banking operation, and become part of the much needed community level banking and financial services sector.

Chapter 11 - The Money Dimension

Though experience over the past 30 years with Development Banks established with a similar objective was not good, the primary reason for failure was misappropriation of the resources. There were usually very clear errors made in the management with too much grandiose lending to politically motivated ventures and failing public enterprises. The capacity for economic and financial analysis of proposals was poor with politics more important than financial analysis. On top of all of this, there was usually a complete lack of accounting, accountability and oversight management.

Central Bank and Government Treasury

The purpose of a Central Bank

A Central Bank serves as the anchor institution for the financial sector. But a Central Bank also serves as an active component of the national governance framework, and a controller of the economy.

The Central Bank is the treasury for the country.

The Central Bank also acts as the intermediary between the national currency and the currencies of other countries, including the US dollar and the European Euro.

The purpose of the Government Treasury

The Government Treasury is a unit of government and is responsible for the moneys that are managed by government.

Most government treasury units around the world are organized around the principle of the single treasury account, a system where all receipts of government are deposited into the treasury account and become under the control of the treasury. The only disbursement from this account has to be under the authority of the government through legislation ... usually called the budget legislation.

What this means is that the government is responsible for the use of the funds received by government, and usually there is a requirement that the treasury prepare and publish periodic reports and the income and expenditure of government.

In some countries the treasury reports are prepared daily and distributed to key people in government, and then a full report is prepared monthly for presentation to the legislative assembly. Each year there is an audited report that is presented to the legislature and they are called upon to approve this report.

Informing the Public

The Iraqi public is the primary stakeholder in the management of government and national resources, and they should be able to see and understand what is being done in connection with the resources of the country and the operations of the government.

This is an area where there is a need for huge improvement. The information that is easily available to the public about the national and the government accounts could be and should be very much better.

Investment Fund for Future Generations

A mechanism to invest for the future

Oil rich countries have an opportunity to convert their present income from exploitation of their oil and gas assets into a source of perpetual income for the future. Some oil rich countries have done this with great success, notably Kuwait and the United Arab Emirates.

The value proposition for Iraq is something of great moment. In the short run, there is a lot of oil, and it should be of huge value for the people of Iraq and of value to a world that is hungry for energy ... primarily oil.

But Iraq oil's potential has little meaning if it is squandered by doing nothing more than funding local chaos and mayhem. ... or it becomes hostage to anyone, including the global "north" and the international oil oligopoly.

More than anything else the financial dimension of the Iraq oil sector needs to be made visible to an interested public so that there is an equitable sharing of the value of these resources between Iraq's society and the investors and developers of these resources.

Possible models for a development fund have already been demonstrated in the investment funds of Kuwait and the UAE.

Chapter 12

Dozens of Sectors

Types of Sectors

Dozens of sectors and sub-sectors

There are dozens of sectors and sub-sectors. This is just a small part of a comprehensive review of sectors, but needed because sector thinking has become commonplace in the relief and development sector, and a lot of organizations are organized along sector lines and have a single sector focus.

Most governments have ministries that are responsible for sectors: Ministry of Education, Ministry of Health, Ministry of Transport, etc.

The United Nations has established a range of organizations to focus on different sectors: FAO for agriculture and fisheries, WHO for health and UNICEF that has a focus on children's health, UNIDO for the industrial sector and UNESCO for education, science and culture. There are hundreds of UN agencies and offices with focus on specific parts of the global economy and society.

Each sector has its own technologies and best practices. But in the developing “south” the success of one sector is often constrained by the limits of some other sector. This argues, therefore, for a relief and development approach that ensure that there is a multi-sector involvement. There is little consensus about what is the best approach to making relief and development more effective and getting more rapid progress.

Various Types of Sector

There are a series of commonly used ways of looking at sectors. They are useful ways to simplify the dialog.

Hundreds of Sectors and Sub-Sectors

This is perhaps not a complete list of sectors, but it is enough to give an idea of how many sectors are involved in making society work in a reasonable manner. The relief and development sector will succeed when all the sectors are able to function appropriately in any place in the world.

A more comprehensive view of sectors is being developed for publication in a companion book that will probably be titled: “A Sector Perspective on Relief and Development”. The following list is in alphabetical order.

Characteristics of sector

A comprehensive mix of sectors in any community is important. I have been told over and over again that people will not come to remote rural areas because something they need is not available. It can be health services, or schooling or the social situation ... but it emphasizes again the importance of the totality of sector and function in order to have success.

The previous tables show how many sectors and linkages there are. Because of complexity in the linkages it is difficult to optimize with formal “planning”. The process is simply too complex, and the variables too many. The invisible hand of the market mechanism will make order out of this apparent chaos and complexity. Every community in the area knows what it needs to better the community. This knowledge will drive the process if it is allowed to. The program has embraced the concept of “participation” because participation allows families and communities to decide themselves how resources can best be used.

A sector is not tied to any location, though what is best in a sector can change from place to place. My experience has been that single sector intervention in almost any community is likely to fail, simply because critical constraints are being addressed. One sector can improve, but all the other constraints remain in place. Nothing is optimum until all the constraints have been addressed.

Sector expertise

Sector expertise is very important, and the products and services associated with all the sectors should be accessible everywhere they are needed. In the poor “south” only a limited amount of sector expertise is available, and a lot of things that ought to be easy to fix never get done.

The relief and development community has responded to this in some measure. Instead of agriculture projects, the World Bank morphed into rural development projects, which was a reasonable response to the problem within the construct embraced by the World Bank.

From a community perspective there needs to be the sector expertise that is needed to improve the community. There are many sectors that might be needed ... very much depending on the nature of the community and what the community wants to make as a priority.

Table – Sector Types

Sector Type	Note
Employment sector	The part of the economy that generates jobs ... part public ... part private
Enterprise sector	A shorthand for the part of the economy where people are entrepreneurial and benefit from the fruits of their efforts.
Formal and informal sectors	The formal sector is the part of the economy that is organized, registered or incorporated. There are identifiable entities, jobs and taxes. Everything else is the informal sector.
Governance - government	The part of the economy that is engaged in making laws, rules and regulations and seeing to it that they are followed.
Infrastructure sectors	The infrastructure sectors include all the hard assets used in the economy like roads, housing, telecom, etc.
Knowledge sector	The part of the economy where knowledge is the underlying driver of the value and the activities.
Luxury sector	The economic activities that provide goods and services to the wealthy in society.
Production sectors	The part of the economy where the essentials of the economy are produced, from raw materials in mining and agriculture to manufactured items.
Public and private sectors	The public sector is owned or operated by government. Private sector ownership is in private hands rather than government.
Relief and development sector	All the organizations working in international and local relief and development ... it is part public and part private.
Service sectors	All of the sectors that provide services in the economy
Social sectors	Education and health are the main components.

Inter-Sector Linkage

Linkages between sectors

Development succeeds when all the key linkages are in place. It is possible to understand the failure of development through an understanding of inter-sector linkages. This program has been designed to take advantage of the potential of the economy with the appropriate linkages in place. There are therefore initiatives in a variety of sectors, short term, medium term and long term, and through a variety of implementing mechanisms.

When I was first engaged to work in relief and development planning I worked with “projects” and I worked with “sectors”. With relief and development results so bad, it is clear that not just one but many things needs to be fixed, that a single sector approach to project design is insufficient. Even if a single sector project is well designed, a project needs performance in many other sectors in order to be successful.

Multi-Sector Linkage

My own experience operating in the “south” showed me very tangibly how much inter-sectoral dependence there is.

In the “north”, when something goes wrong, the solution is easy. Use the telephone to call up a supplier, pay money and almost instantly get the goods or services. Someone operating fishing trawlers in the USA could get all the maintenance needed simply by telephoning. Spare parts are easy to get, and do not have to be sourced from half way round the world.

I did not realize how much this is taken for granted until I became involved with running fishing trawlers based around the world in the “south” ... in Africa, the Middle East and Latin America ... and frequently a long way from the big cities. We needed to be able to do everything for ourselves. We had water wells for water, electric generators for electricity, maintenance technicians and spare parts for everything electronic or mechanical, and took care of absolutely everything ourselves. When a trawler needed maintenance, we did it all ourselves.

But while our main operations were the fisheries sector, keeping ourselves operating required support from every other sector.

The following table sets out the main sector initiatives that are included in the program for implementation through the government and the private sector.

Table: Inter-Sector Linkages

	Systems and Processes	Training	Organization	Employment	Materials and supplies	Equipment	Financial resources	Know-how
GOVERNMENT AND SOCIAL SECTORS								
Administrative capacity	x	x	x	x	x	x	x	x
Education and Training	x	x	x	x	x	x	x	x
Health	x	x	x	x	x	x	x	x
Security, police, judiciary, prisons	x	x	x	x	x	x	x	x
Food security							x	x
Economic security							x	x
Government revenue, public finance							x	x
Trade and investment environment	x	x	x				x	x
INFRASTRUCTURE								
Water	x	x	x	x	x	x	x	x
Roads	x	x	x	x	x	x	x	x
Cargo and fishing ports	x	x	x	x	x	x	x	x
Airports	x	x	x	x	x	x	x	x
Housing	x	x	x	x	x	x	x	x
De-Mining	x	x	x	x	x	x	x	x
Energy	x	x	x	x	x	x	x	x
Environment	x	x	x	x	x	x	x	x
Communications	x	x	x	x	x	x	x	x
Banking and financial services	x	x	x	x	x	x	x	x
Knowledge dimension of development	x	x	x	x	x	x	x	x
INCOME GENERATION AND EMPLOYMENT								
Private professional sector	x	x	x	x	x	x	x	x
Livestock and range management	x	x	x	x	x	x	x	x
Crops and other agriculture	x	x	x	x	x	x	x	x
Fisheries	x	x	x	x	x	x	x	x
Construction	x	x	x	x	x	x	x	x
Maintenance workshops	x	x	x	x	x	x	x	x
Agro-Industry and Manufacturing	x	x	x	x	x	x	x	x
Minerals and Mining	x	x	x	x	x	x	x	x
Transport	x	x	x	x	x	x	x	x
Wholesale trade	x	x	x	x	x	x	x	x
Services, retail and petty trade	x	x	x	x	x	x	x	x
Hotels and restaurants	x	x	x	x	x	x	x	x
Tourism	x	x	x	x	x	x	x	x

Public and Private Sectors

Private sector

The private sector has proven to be a powerful engine for wealth creation, for innovation and for economic efficiency. On its own, however, the private sector can succumb to a culture of greed, arrogance and entitlement.

The private sector and its associated enterprise and “can do” attitude is a critical element in making relief and development a success. Private enterprise can organize and run production sectors so that there is the maximum of value adding ... the public in the broadest sense must see to it that the value adding is used in a fair, equitable and just manner.

The private sector is everything else ... and especially the corporate for profit sector, private philanthropic organizations, and not for profit organizations. Some health and education establishments are in the private sector.

Public sector

The public sector is owned and operated by the government. In many countries a lot of social services are operated by the government, including education and health services. In countries embracing socialism, the government also nationalized major production industries and operated them in the public sector.

Enterprise Sector ... Employment

Enterprise sector

The “for profit” organizations are sometimes referred to as the enterprise sector. These organizations have been vitally important in the “north”, and especially in the United States, in building wealth. The incentives in the enterprise sector are all favoring the use of least resources for maximum revenue ... the least cost most value idea that is essential to economic value creation.

The enterprise sector in the “south” is also very important and accounts for almost all value adding activity. Because the “south” economies are weak, and failing, if not failed, the enterprise sector is struggling. Where most of the financial resources are controlled by government and indirectly by donors and the international financial community, the enterprise sector is sidelined.

Getting the enterprise sector to grow and be profitable has multiple benefits including the multiplier impact of more jobs and the impact of tangible value adding in the community. A healthy enterprise sector attracts other investment, and encourages other entrepreneurs to become involved.

Employment

Employment ... jobs is a critical component of socio-economic success. More jobs usually means a more successful economic situation.

Jobs can be in both the formal and the informal sector. A larger number of wage paying jobs are in the formal sector. Formal employment is possible in both the private and public sector, in the productive sectors and in the social sectors.

A job is the most value to the economy when the cost to the employer is lower than the value accruing to the organization, and more valuable again when the work is of value to society as a whole.

Formal and Informal Sectors

Formal Sectors

The formal sector is probably most easily described as everything that is incorporated or registered, as well as what is in the public sector, the government organizations, agencies and structures.

The formal sector is, generally speaking, fully monetized and is included in most of the economic statistics that are compiled. The formal sector has payrolls, pays taxes, and buys products and services in a regular manner recognized by law.

Many people only think in terms of the formal sector.

Informal Sector

But there is an informal sector as well. In poor parts of the “south” the informal sector is the only sector that operates ... it is everyone doing just a little to make the local economy function as best it can. Often the best is not very good. In the informal sector nothing is incorporated and nothing is registered. There may be some exchange of cash, but there is also simple barter and the exchange of goods and services in kind.

In the poor “south” the informal sector can be bigger than the formal sector, not only in terms of the number of people engaged in it, but in terms of the economic product associated with it. Even so, the informal sector does not usually appear in the economic statistics that are compiled, and to the extent that it does, the methodology for assessing its scale and its value may not be particularly well conceived.

Productive and Social Sectors

Productive sectors

There are many sectors that make up the productive sector: agriculture, fisheries, manufacturing, mining, energy exploitation, forestry, tourism, transport, etc.

All of the activities in the productive sector transform input resources into something of more value ... when this is done in a for-profit organization the outputs are goods and services that are sold and a profit for the organization.

These are value creating operations ... and to the extent that there is tangible value creation in the productive sector, there is value that can be used for social value creation on the social sector.

Social sectors

The social sector comprises activities like education, health, support services for the vulnerable, and so forth. Social services have been a major focus for the relief and development sector, as well as for left leaning governments that have a commitment to social justice.

Expenditures in the social sectors are very valuable because they contribute significantly to quality of life, and they also serve as an investment in the future. But success in the social sectors does not translate directly into economic progress ... it merely removes a major constraint to economic progress. Without opportunity in the productive sector success in the social sector is for nought.

Relief and Development Sector

Relief and development sector

The relief and development sector is the subject of this book. But success in the performance of the relief and development sector depends as much as anything on the relief and development sector doing less, and all the other sectors doing more. We have argued in this book that the relief and development sector has performance badly, and cannot reform itself to be successful ... and that therefore there needs to be improvement in other sectors to improve socio-economic progress.

But when that happens, there are very valuable roles for many of the institutions of the relief and development sector.

The World Bank, for example, is an organization that can easily focus on rebuilding the “Public Finance” sector in the “south”. The World Bank is well suited to doing this work, and could do it easily within its present mandate. The World Bank could also be a useful financial partner in helping large scale public works projects for infrastructure improvement get funded. Broadly speaking, I would like to see much less policy intervention coming from the World Bank, but a strong commitment to being engaged with universal public accounting and accountability.

The UN needs to maintain its critical role in convening meetings and encouraging dialog, but should deemphasize providing finance and technical assistance. I would like to see the UN also committed to the idea of universal public accounting and accountability.

Central Banks around the world should be much more engaged in the relief and development sector representing the financial interests of their respective countries. They ought to be much more central stage than they have been in the past, and should be at the forefront of efforts to ensure that there is universal public accounting and accountability.

Luxury Sector

A very profitable sector

The luxury sector is a driver of a lot of the apparent wealth creation in the “north”. The value chains associated with the luxury sector are unusual ... and while profits are real in an accounting sense, the value associated with the profit makes little sense.

When a fashionable pair of shoes is priced at over \$2,000, or a handbag a similar amount ... there is a huge profit in being the supplier and being in the supply chain.

But at the end of the chain a person only gets a pair of shoes or a handbag ... and a basic pair of shoes or a handbag would be more correctly priced at something like \$50.

The same thing is going on in the automobile industry. Various types of automobile are being built and then being priced at luxury prices from \$50,000 to \$250,000 and up. Basic transport can be priced at (say) \$20,000 and be perfectly functional. The “phantom value” in the supply chain is not real value at all, but merely a process of value destruction subsidized by the very wealthy.

Concentrated wealth and huge personal fortunes is very good for the luxury sector, whether it is for the sale of jewelery or the sale of luxury yachts ... neither of which have very much socio-economic value ... but the wealthy still buy them. The bubble of the luxury sector may go on for a long time. The capital markets have concentrated a lot of wealth into relatively few hands, and these people may sustain the luxury market for a long time ... but not for ever.

Chapter 13

Sectors: Governance - Government

Government Administration

System and processes

In Iraq, there are administrative systems and processes that are long standing. Whether or not they are adequate to satisfy all the needs of the government at the present time needs to be assessed. In general it is likely that the systems and processes that carry over from the autocratic regime of the past will be effective, though needing change to reflect new leadership priorities.

While government goals and policies have been changed very substantially, the systems and processes can be effective without much change. There is a need to review these systems and processes and revise the way the work is done so that they are easier to operate and more effective from a financial and administrative perspective.

Administrative capacity

Administrative capacity in Iraq is substantial. Some new administrative offices have been established and some modest progress made towards building a framework of good governance. The administrative system to sustain the initiatives for good governance has to be established, preferably by taking as much of the present system as the foundation.

Technical planning

The capability of the Iraq administration to do planning is untried. There are some staff with good knowledge and capability, and there are staff with substantial knowledge about the region and the technical subject matter. But to what extent these people are engaged in the present planning process is unknown, and the extent of cooperation with the international experts and the local experts is also unknown.

Planning and budgeting

The capability of the Iraqi staff to do financial planning and budgeting is unknown, but I would expect it to be good. There are many educated Iraqis who can easily take technical plans and convert them into financial plans and budgets. It is more likely that the planning constraint is more to do with language and the international experts than it is to do with Iraqi competence.

Policy framework

The policy framework needs to be strengthened by adding substantial new areas of policy that have not yet been formalized.

Training staff

The administrative capacity should be strengthened for the long term with a continuing program of training. Training should be carried out so that all of the staff have access to training, and are able to learn skills that are of practical use in their work. The training should be organized expecting that a large number of staff who benefit from the training will choose to use their new skills in other organizations. While this does not strengthen the organization, it is of value and importance to the community at large, and should be part of the national plan for human resource development.

Upgrading available equipment

Government offices are sometimes short of needed equipment. The staff should have access to the equipment that they need to do their work. There should also be a good system for tracking office equipment, furniture, fixtures and fittings.

Governance and administration sector

The essential activities of governance and administration are supportive in nature, and only result in tangible economic benefit when there are also productive activities in the economy. Bad governance and administration can be a huge constraint on success, and improvement or diminution of the bad activities in governance and administration can be very favorable.

Getting rid of corruption is the obvious big issue, but there are a lot of other smaller issues that can be addressed. For example, reducing the complexity of procedures to do routine administrative activities, and shortening the time to do these things all helps.

The public sector's most important job is governance and administration. It is important, but it does not in itself create wealth, and is an “overhead” of society and socio-economic development.

These functions facilitate success in a society, and bad governance and bad administration can be a huge constraint on the performance of society and the progress of socio-economic development.

There are a whole host of activities that “government” is expected to provide for the citizens. In the “south” the government has often found itself in a financial bind, and the delivery of services is impossible because of the funding constraints.

A lot of services are best delivered at the local government level rather than by an organization controlled and funded by a remote central government, such as local public works such as street repair and waste removal.

Government Accounting

A basic system of governance

Government accounting is one of the most important tools for establishing strong and fair governance.

Government accounting

In Iraq, it is likely that the government accounting systems are reasonably good, though obviously done in Arabic. Most international experts do not have much accounting expertise and even less Arabic expertise ... yet it is important to know how effective the government accounting systems are for both budgetary control and for project control.

Planning and budget process

Government accounting is usually part of a planning and budget process ... with the budget giving the organizations of government the authority to use government resources.

Budget execution

Sometimes the process of operating the government agencies and organizations is referred to as budget execution. In essence, though, this is the process of implementation and the accounting associated with the implementation.

Reporting

In some jurisdictions the government accounts are placed before the legislative branch of government monthly ... but in too many places the accounts of government are not reported on in a timely way. Where there is timely reporting, there are fewer problems.

Audit

In some jurisdictions there is a requirement that there is an audit office in the government, and that this office carries out both ongoing checks of the financial transactions and periodic checking of the accounts and the reports. In many places this is an effective way of validating the accounts of government, but in some cases the audit is totally ineffective.

Weakness

Most government accounting is done on the cash basis, with little attention paid to the accrual component of the accounts. Cash basis accounting is a weak

compared to accrual accounting, and it is very much preferable to have accrual accounting.

Government accounting is also weak as an analytical tool. It serves to control expenditures relative to a budget authorization, but it does little to measure performance against an ideal set of standards or some broader benchmarks.

System and process improvement

There is a need to review the government systems and processes and revise the way the work is done so that they are easier to operate and more effective from the technical planning, budgeting, financial and administrative perspectives.

Government Revenue and Public Finance

Sources of government revenue

In Iraq a large part of the government revenue is derived from the oil sector.

Government borrowing

The government has borrowed substantially from the international community in the past and Iraq is going to be expected to make good on these loans even though most of the benefit accrued to contractors and the ruling elite.

Grant finance

Iraq may be benefiting now from considerable fund flows that are in grant form. aid, but a large part has been as a result of emergency and humanitarian

Improving government revenue base

The government revenue base is substantial because of oil, but arrangements need to be made so that this fund flow is sustained after oil is consumed.

Customs, export taxes and port fees

Customs duties, export taxes and port fees are additional sources of public sector revenue. The basis systems for collection and accounting for these revenues are sound, but it is likely that there are some losses due to inappropriate practices by some of the more prominent traders and businessmen.

Creating a formal public finance capability

It would be appropriate to create a formal public finance borrowing program to tap the available resources both in the country and in the Diaspora. A system of short term treasury bills and longer term notes could be implemented.

Establishing a development fund

A development fund could be established for use as a mechanism to loan funds to communities. The advantage of such a facility is that all transactions would be in local currency and the impact of exchange rate fluctuations would be minimized.

Public finance

In Iraq, there should be very little development constraint caused by a public finance constraint. The essential services of government should be easy to fund, as well as a lot of development essentials.

The potential economic growth and the general wealth building in the economy can build a solid tax base to fund government in a sustainable way.

Pay scales in the civil service

The pay scales in the civil service should be sufficient to attract good staff who are qualified and experienced enough to do the work that they need to do.

Policy Framework

Huge need for critical controls

I used to think that less government was absolutely the best government until I watched corporate and societal behavior when regulations were removed and unfettered economic behavior was allowed. This made me change my mind, and has convinced me that enterprise and opportunity and the behavior of markets are better drivers of economic progress than anything else ... but that there also has to be official oversight and regulation so that abusive excesses can be controlled.

The natural order of things is for excellence to lead to success and for success to lead to abusive excesses. It is seen in behavior in the multi-billion dollar corporate world, in politics everywhere, and in petty market traders and middlemen in remote markets in poor countries.

Natural resource policy framework

The oil resources of Iraq dominate the economy. It is of critical importance for the future peace and stability of Iraq that there are appropriate agreements about how this wealth is to be managed, and specifically for whose benefit.

One strategy is to keep information about the oil wealth secret and use the resources for the benefit of a powerful corporate and private elite, or the wealth can be managed in the open with the wealth used for the benefit of the country, and to support the future prosperity of the country.

Corporate wealth policy framework

Merely knowing about the value chain and having the information easily available will have a substantial impact on corporate behavior. As long as the corporate world can profit and remain in the shadows and anonymous, bad things will happen as long as there is profit in it. But big companies do not like well informed bad publicity.

Corporate wealth is largely created because a corporation is able to mobilize financial, material and human resources in ways that are better than the competition, and give benefit to its customers at a profit. This is a key source of modern world wealth and explains how and why this segment of the world is wealthy. To the extent that low costs are achieved by abusive economic behavior, or high prices are achieved by abusive market control, a corporation deserves to be held accountable ... but not for being efficient and highly productive.

Military

National defense and emergency assistance

The main reason for the military is national defense. Few would argue that this is a legitimate goal of government and reasonable that the military are maintained for this purpose.

A good army is a national asset ... and can prove to be very valuable in an emergency. The US Army has been of help from time to time in US natural disasters ... for example Hurricane Andrew in Florida in the early 1990s. More recently, the performance of the Indian army in connection with recovery after the South Asia tsunami disaster of December 2004 was valuable, and the Indian army has conducted itself well in many other situations of this type. So also, the performance of the Pakistan army in the aftermath of the earthquake in remote areas of Pakistan.

National politics

But the army does not always produce good results, as for example when it becomes the dominant political power and serves to empower strong man regimes that have little interest in the wellbeing of the people. In many countries over the past many years the military has also been a player in national politics, either because of coups and the establishment of military governments, or because of alliance between the military and the head of government or head of state.

US military in Iraq

The US military in Iraq is a huge constraint on success. The US military were very successful in defeating the military forces of Iraq, taking Baghdad and forcing the end of the Saddam Hussein regime. They are not the organization that should be tasked with the rebuilding of Iraq or policing the population.

The Iraq military

The Iraq military should be reestablished to have the ability to serve as a national defense force. There are major borders, and the Iraq military should have the capacity to defend these borders.

The difference between the military and the police

The big difference between the military and the police is that the military win in one move ... and the police are required to win using a judicial process that gives some appropriate protection to the public. The military have no role in internal governance, except from time to time when there is a state of emergency and martial law is declared.

Good Reasons for the US Model

There are good reasons for the US constitutional system which precludes the US national military from carrying out any activity in any State in the Union without the specific request of the State.

While “security” is a legitimate concern, the military should not be engaged in protecting privilege or maintaining illegitimate power. The military is often used to these ends. Building back the power of the military in Iraq is not a good idea ... rather there should be a broader set of organizations that work together to achieve security, but would not easily subvert the civilian nature of government.

Worry About the Power of a Big Army

I was in on an assignment in West Africa when the Falklands war was in progress. I was surprised that my African colleagues were supportive of the British response to the Argentinian takeover of the islands ... until they explained that they were all worried that a “big army” should not have any right to come into a nearby country and take it over. They were from a variety of African countries, and big armies were everywhere.

Making sure that the military use their power in an appropriate way depends more than anything else of the quality of the leadership and the training of the soldiers. There is a lot of good military leadership, but it is not universal.

Getting a high professional standard for all soldiers around the world is a valuable thing to do.

Demobilized soldiers

Some of the demobilized soldiers are still loyal to the regime of Saddam Hussein. The former combatants are a security threat in part because they had a strong loyalty to the deposed Saddam Hussein and they had a good training.

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These people need to be given the opportunity to participate in the new economy. They should get training and they should be helped to get employment and get started on a life that has a future.

Police

Police

Police are NOT soldiers dressed in blue. The work of the police is fundamentally different and the techniques for success totally dissimilar. The British police have a good reputation, and it is not by accident that they do their work unarmed. It is but rarely that police work requires armed confrontation.

The police in Iraq should be recruited and trained and their salaries funded so that they are able to do the sort of work that a good police force should do. They should be organized so that they know what is going on in the community ... this might mean community organization rather than national organization. The police should also trained so that they understand the issues of their own society and can work in ways that has respect for the way communities have lived for hundreds of years.

The New York Experience

Some years ago the New York Police were not highly regarded by the populace ... but today things are very different. The police force now is highly trained, and professional, and there is a level of management that gives the community a lot of confidence in the police.

Behind the scenes there is a lot of hard work and technology deployed so that criminals are apprehended and the community at large is not bothered too much by the criminal element.

Is the system perfect? No ... but it is very good, and trying to be better all the time.

20 years ago, nobody would have thought it possible that NYPD would be one of the most highly regarded police forces in the world.

Community police

Community police have the advantage that they know the community and some of the good aspects of community policing can be achieved. But a community police force also has the potential to be diverted to working for the local elite rather than the people as a whole.

National police

National police can be better or they can be worse than community police forces. They can have better resources and be better trained. They can also be subverted to a national agenda that is not in the best interest of local communities.

Local and national police in combination

Some countries have adopted a combination of police systems, with both community police forces and national police forces. This results in a balance of power between community interests and national interests that can serve for the good of society.

Handling sectarian violence

A police force is not going to be successful merely by force of arms. Force is likely to add another front to the fighting and add complexity and another level of violence rather than bringing peace. The police should bring police knowledge to the community ... and police knowledge should support moves that result in judicial proceedings against those engaged in unlawful activities.

Gun control

There was a time when the only guns in society were controlled by the army and the army kept its guns under tight security in an armory. The global world market in guns is a feature of modern society that is nothing but obscene for a civil society, and something that makes it very easy for guns to be obtained for anti-social purposes, and makes it very difficult for police and law enforcement to be effective without themselves having to resort to lethal arms.

Preventing police abuse

The prevention of police abuse needs to be at the top of the police agenda, as well as the oversight authorities. If there is no oversight authority or the oversight is weak or ineffective, it must be expected that there will be police abuse.

Judicial System

Legal and justice system MUST be functional

A legal and justice system needs to be in place. This can be either a central system or a local system, but it must have a functioning and have enough people and money to operate. It does not matter so much whether the system has a modern or traditional form ... what does matter is that it functions and that there is a socially acceptable ethical foundation for the society.

There are a lot of pieces in a fully functioning legal and justice system including (1) police; (2) courts; (3) prisons; (4) lawyers; and (5) legislators. The system is labor intensive and only works when there is sufficient reach for the criminal and illegal elements in society to have a reasonable expectation of being caught and convicted.

The rule of law needs to be fair, and justice needs to be universal. There is a lot of work that needs to be done so that everyone has some of the benefits of fair laws and equal justice. There are too many situations where the law serves to make something unethical, immoral or unjust, legal. This is particularly true in a lot of areas of commercial law, real property law and intellectual property law. In the case of Iraq, the whole question of fund flows related to oil has the potential to escalate into some form of violent power struggle.

Justice at the end of a gun is far too common around the world. Guns are bad news and guns are not a good part of a system of justice.

The judiciary should be trained and their salaries funded so that they are able to build an enabling environment for the local communities, for international trade and investment, and assure security. They need to be trained and the framework established so that the government judiciary is compatible with traditional local law and its procedures.

Customary Law

Places where there is social tranquility usually have a system of local, traditional or customary law that is functioning well. In my experience, even where there is no visible presence of "modern" law, a society still functions on an ethical basis that is for all practical purposes universally acceptable.

Iraq seems to be in chaos without very much respect for law ... but at the personal level and the family there is a lot of respect for law, both secular and religious. The fact that there are factions with guns and bombs and no respect

for law and civil behavior does not translate into anything like a majority of the people being in favor of this kind of behavior.

The role of traditional law should be taken into consideration. The role of clan law needs to be better understood by those seeking to give advice and assistance in development, economic management and governance. Good governance in countries with poor economies and weak public finance requires a clever combination of what is good from traditional law and governance and what is generally accepted in the modern context.

Costs for a legal and justice system

I have helped prepared government budgets and plans in various parts of the “south” and have been faced with the need for legal and justice activities to be paid for through the budget. A modern legal and justice system along the lines of the systems used in the “north” is beyond the financial capacity of most “south” governments. When staff are very lowly paid, or paid late or intermittently, then all sorts of petty corruption starts, but when there is only a small reasonably paid staff it only reaches as small part of the population.

Increasingly communities in the “south” have had to address the issue of a working legal and justice system by reverting to traditional systems ... in many cases with excellent results.

During my work in Somaliland, I was able to learn something of the traditional system of clan justice, and was impressed with its reach to every single member of the clan. The fact that all of the society was part of the same system of traditional law made it more useful than the modern law, that had little impact on daily life for anyone except a very few.

In Mozambique, after its long civil war, it was impractical for the government to go through lengthy modern legal processes for all the young soldiers who had committed various forms of atrocity in connection with the war. They did not have the money nor the people to do it. Instead they reverted to community level traditional systems to punish and reintegrate everyone into their society. The system made it possible for the country to become a lot more stable and reintegrated than would have been possible using a more modern formal “north” approach.

And of course, the Truth and Reconciliation Commission in South Africa broke tremendously valuable new ground in bringing together people who had been sworn enemies and committing atrocities for years in a reasonable length of time and at a manageable cost.

Prisons

A prison service

A prison service is needed in addition to police and courts. The prison service is needed so that there can be punishment and people can be incarcerated where the courts have determined that there is a breach of law and incarceration is called for.

Handling violent offenders

A prison service is a specialized activity that requires considerable expertise and it also requires a substantial budget.

Handling petty crime

Petty crime should be taken seriously, but it should not be handled in a way that encourages petty offenders to move on to more serious crime. Rather, a first offense should be handled in a way so that a first offense is also a last offense.

Prisons

Prisons need to be improved in terms of their physical facilities and the recurrent costs associated with their operations. These establishments are not nice places. Some work on rehabilitating inmates needs to be available as well as resources for their general operation.

The prisons in Iraq are terrible. Prisons are needed in almost any society, but they ought to be able to meet certain minimum standards of human dignity. Neither system at the present time comes up to the minimum standards that one would hope to see.

Disarmament, De-Mining and UXOs

Extent of the problem

After more than eight years of war with Iran, a major campaign against coalition forces a decade ago and now the present campaign, it is likely that Iraq has many areas with mines and UXOs.

The danger from mines

According to reports of the International Committee of the Red Cross (ICRC) and Physicians for Human Rights (PHR), the mine injury crisis is significant. Injuries from land mines are a dangerous health issue because of the very limited health services available in rural areas, and even at hospitals in the area urban centers.

Mines also do damage to livestock.

Funding de-mining

There are funds available internationally for demining, but these funds should not be needed in the Iraq situation.

Important in terms of safety and employment

The demining programs are important not only in terms of safety but also employment. The work of de-mining is dangerous, but the former combatants who had a role on putting these mines in place already have some knowledge that is needed for the demining process

Funding needs to be available

There is a need for funding to complete this work in the shortest possible time.

Economic Security

The oil resource

There should be no issue of economic security in Iraq. The oil revenues for the next few decades should be sufficient to ensure that all Iraqis are well taken care of, to the extent that they do not individually accumulate substantial wealth.

The commercial economy

The large scale commercial economy has economic security in the form of savings, some in the form of overseas holdings. The small scale trader also may have savings, but small. The latter group needs the economy to succeed in order to have economic security.

Employees

The formal employment sector is not the only economic sector in Iraq. The current rules about employment and wage levels do not provide much economic security. Employees need the economy to succeed in order to have jobs in order to have economic security.

Vulnerable groups

Vulnerable groups, particularly female headed families, disabled and aged are a particular problem. These groups have traditionally been cared for within the community as a whole, and this is the best way for this problem to be addressed for the long term. The community will do a good job caring for these groups if the community itself is stable and reasonably economically secure. For these groups, the value of caring and belonging is important, just as getting money or getting food.

From emergency to development

Analysis of the development process suggests there must be a very strong commitment to ending emergency interventions and putting the available resources to work in a development mode to build economic growth. In an emergency intervention, the assumption is that the beneficiaries have no economic security, and must rely totally on the provision of emergency goods and services. Sustainable economic growth will not result in an end to the “need” for emergency assistance as long as there is the possibility of emergency assistance.

Income generation and employment

The foundation for economic security is a solid base of income generating activities and employment. Almost all the initiatives proposed for the sustainable development of the area and the reintegration of refugees, returnees and displaced persons are based on the concept that the economic base must be strengthened. To this end, the various proposals for upgrading of physical infrastructure are seen not only as long term investments for the improvement of the economy, but also as critical short term stimulus to employment in the economy.

Vulnerable groups

Vulnerable groups make up a special case. Many people in this group have lost the community links that would have helped them in more ordinary times. This is a problem that must be solved in a manner that is compatible with the social structure and community structure. Money and assistance may continue to be given to this group during a transition period, but must be taken over by a community based initiative within a limited time frame. Funding for the community initiative should be systematically transferred from official international aid to becoming a local responsibility together with other forms of aid and charity.

Enabling Environment

Iraq has potential to be a good business environment

The private sector needs to be the driving force behind success of the Iraq economy and peace. This is probably a widely held belief in the business community in Iraq.

Though the oil industry is big in Iraq, and generates huge fund flows for the country and the government, the climate for business investment is not good because of the government's instability and widespread insecurity.

The legal structure and the rules and regulations could be improved, and the rule of law is subject to a constitution that is a long way from being finalized. Foreign business people want clear and favorable rules and regulations, and want to be sure about the way they are enforced.

And even though the law, policies, rules and regulations may be written to encourage trade and investment, it is also important that the operating systems and processes at the bureaucratic level also function to encourage trade and investment.

Trade and investment promotion for the area should be initiated in neighboring countries as well as in other key centers around the world.

Improve infrastructure and services

Sustained expansion of trade and investment requires that telephone, fax and Internet communications are improved. They need to be efficient and available at internationally acceptable prices.

In addition the transport services need to be efficient both in terms of frequency, reliability and cost. Logistics today has become one of the most important components of competitive advantage.

Chapter 14

Sectors: Infrastructure

Infrastructure

The Centrality of Infrastructure

Enormous catch is needed to get infrastructure in the “south” up to an acceptable basic level of performance. There needs to be investment not only to build new needed infrastructure, but also to catch up on maintenance.

There are many facets to infrastructure including (1) Roads; (2) Railroads; (3) Seaports; (4) Airports; (5) Housing; (6) Water; (6) Sewage and sanitation; (8) Hotels and restaurants; (9) Tourism destinations; (10) Public buildings; (11) Schools; (12) Health facilities; (13) Telephone and Internet; and, (14) Electricity.

The investment needed to upgrade infrastructure to “north” standards is not sustainable in the “south”. There needs to be incremental upgrading so that constraints caused by infrastructure are reduced. As economic performance improves, more upgrading becomes possible.

Construction Strategy

Most of the construction associated with infrastructure ought to be done by local construction enterprises ... and the planning of infrastructure initiatives should be based on the idea of creating the most value adding in the community as the infrastructure is built, and as much longer term benefit for the community when it is in use. The aim should also be to build infrastructure using the minimum of external resources, and the maximum of the resources that are available in the community.

Building infrastructure in the “south” should not be a totally uncontrolled profit bonanza for multinational construction corporations, with additional debt the only certainty from the projects.

Large scale modern infrastructure is expensive, and it is only in rich countries that the economy can justify making these very expensive investments. High cost infrastructure in a low productivity economy is a formula for financial crisis. Infrastructure investment to upgrade needs to be done in an incremental fashion.

This can be done working from the community level. When infrastructure is looked at from a community perspective, what is the most important to the community can easily be identified, and there can be an investment focus on what gets the best results for the community. This has the potential to increase the socio-economic return from infrastructure investment from something that

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will not justify investment to something that is gives an attractive socio-economic investment yield.

Housing

Urban housing

Much of the housing stock in Baghdad and some other urban areas of Iraq has been badly damaged in the past few years. There has been damage and complete destruction in some cases and there has been damage caused by looters. Many houses have been rebuilt using private financial resources and funding from the US programs, but a lot still remains to be done.

Capacity to build houses

There is a good construction capacity in Iraq which can grow to build more houses. It is constrained by the economic conditions, the lack of security and the state of the housing sector overall.

House construction is employment

House construction is employment as well as being a valuable addition to the community. New housing and upgrade building can be used to contribute to total employment and to the reintegration of returnees into the economy.

Strengthening the capacity to build houses

Workmen to build houses to an improved standard need training in either a formal setting and while on the job working in a training capacity.

Housing sector

The housing sector has not kept pace with the growth in population, and the quality of shelter for many in the poor "south" is less than satisfactory. Urban slums are common, and rural shelter is poor reflecting the poor state of the local economy.

The solution to housing should be one that involves both the private sector, government and the financial sector. With thoughtful planning, the housing sector can be a valuable component of economic activity and serve to upgrade the housing sector and the employment sector at the same time.

Seaports and Airports

Seaports

There has been a productivity revolution in modern ports, with almost total containerization and using powerful materials handling equipment. Modern cargo vessels are highly automated requiring small crews, and their cost is remarkably low, but they can only use ports with modern equipment. There is no reason why Iraq ports should not be to a very high international standard.

Iraq also must have terminals to handle its oil exports. These need to be world class, and there is no reason why they should not be.

Airports

Iraq needs to have a world class international airport, and there is no reason at all what it should not have one.

The country also needs to have a network of local airports to facilitate local air service development. Though air transport is expensive relative to land, there are times when speed is a priority, and there should be the infrastructure to handle this.

Roads

Arterial roads

The main roads are a major factor in national productivity. The road network is very important for trade. The roads should not constrain trade, but serve to help it. Roads are important for all sorts of product shipment including livestock shipments

Community roads

Every community I have visited has always made reference to the need for easier transport in the rainy season. All weather roads are valuable, but they need not be to European or US standards. They just need to be usable when it is raining, instead of totally stalling traffic.

Construction and maintenance

There are some major contractors with the capacity for major construction and major maintenance of roads. There needs to be a strategy to upgrade and maintain the whole system and not just a privileged little bit of the system.

It would be best to make many small interventions rather than a few large interventions. The country needs to have balanced development all over the country, not just in a single area or corridor. The country needs employment opportunity everywhere, not only on a single axis of the country. Furthermore, the country's internal capacity is better suited to doing small works successfully than single large projects.

Employment

The road sector has the potential to be a major employment source for the next several years. This can be done not only by using "labor intensive work methods" but merely by doing the work using local capacity to the maximum extent possible. Employment is needed not only at the laborer level but also among trained engineers and local contractors, some of whom have had important international experience.

Telecom and Internet

Telecom

In general terms, the telecommunications infrastructure in the global “south” is poor.

Iraq should embrace the idea of very low cost communications as a way to encourage development, but Iraq has not yet embraced the telecom sector in this way.

Internet

An Internet infrastructure can be built in coordination with the telecom ... the underlying Internet backbone uses much that in common.

Water

Importance of water

Water is more important than anything else. When water is abundant, this is not obvious. But in places where there is very little rainfall, the importance of water becomes very evident. Without water, everything ends. With water, a lot is possible. Water is essential to human life, and is essential also to animal life and growing food crops. Water is also important since it is also a contributing cause of violence, injury and death. There is a lot at stake in the water sector.

Knowledge about water

Knowledge about water is spread about a lot of organizations and should be systematically consolidated into a complete database that can be accessed easily by people with a legitimate interest. The database should be operated by a national institution, private or public. The data should be available easily from a number of access points. The data should be accessible for technical planning, and is also a part of the knowledge needed to have informed community dialog about what priorities are needed.

Competing demands for water

Where there is limited water in the area, and several competing uses, there is the potential for conflict. People need water for drinking and personal hygiene. Animals need water for drinking. The rangeland fodder and agricultural crops need water to grow. The interrelationships among water, range, animals and humans, both nomadic groups and settled groups, rural and urban, etc. are complicated and not well understood.

Sources of water

Iraq does not have a lot of rainfall, but it is blessed with two major rivers that have been a source of water for thousands of years. The average rainfall numbers are not a good indication of the way the rainfall is experienced. Often when there is rain, it is torrential, and a lot of rain falls in a very short time. Nearby, there may be no rain at all.

Quality of water

The availability of water is the first issue, but after that there is an issue of quality. Much of the available water has high salinity. In many rural areas the water quality is low and often has high bacteria content, and by most standards

is unfit for human or animal consumption. Water quality is one of the most important issue in the health condition of both humans and animals in Iraq.

Community water sources and water storage

Remote communities have several different ways of obtaining water:

- From the rivers, with water treated at water treatment facilities.
- Boreholes, which often must be very deep and still then with low production. They are expensive and steel linings do not last long in the corrosive conditions of the area,
- Shallow wells, which serve both people and animals in many communities,
- Birkas, a swimming pool like structure, usually about 3 m deep, 3 m wide and 20m long lined with concrete that is used to catch and store water, often owned by an entrepreneur who sells the water,
- Hafir Dams, a dug out area with earth dam structure on the downhill side used to catch runoff during the rains, and mainly used to water animals

Urban water systems

Urban water systems are essential for the health of any urban community. Not all of the main towns in Iraq have enough water available. The systems are not sufficient to satisfy the present need, and certainly do will not satisfy the demand of longer run economic growth. Urban water systems need to be upgraded in various urban centers in the area. There are shortages of water in some urban areas, and sanitation is not sufficient. There needs to be both study and expansion of the urban water capacity.

Plans for water supply improvement

Plans for water supply improvement need to be prepared based on what is best for the local community, and what uses the least of money and other resources.

There are many contractors capable of doing work in the water sector. These contractors need to have the opportunity to gain more experience and improve their skills. Professional water engineers need to be encouraged to take a leadership role in the planning and management of water resources in the area.

Chapter 15

Sectors: Agriculture, Fisheries and Food

Crop Agriculture

Important sector

Crop agriculture is part of the productive sector, and of huge importance in the global scheme of things. Without food, there is no life. The revolution in agricultural productivity set the stage for the “north” to become wealthy a long time ago, and it is often overlooked that “north” agriculture remains amazingly productive. Under 5% of the “north” population is engaged in agriculture and there are embarrassingly large surpluses.

In contrast poor “south” countries might well have 80% of the population engaged in rural agriculture and associated support activities, and the country is hungry because there is not enough food. This is all about productivity, and a terrible failure of the relief and development community.

Irrigation

Iraq does not have much rainfall, and irrigated agriculture is one way to improve agricultural productivity. There are many lessons to be learned from history. The human and social dimension have to be taken into consideration as well as technical considerations like managing salinity.

Israel has demonstrated that irrigation can be used successfully to change the productivity of arid land. So also has South Africa and Namibia in Africa and California in the United States.

Rainfed agriculture

Rainfed agriculture is limited because of the very low and erratic precipitation in the area. Some drought tolerant crops are possible in some areas. The way in which the low and erratic precipitation problem has been solved in traditional agriculture has been in a very practical way. Periodic torrential rainfall in the watersheds of the various river systems produces flash floods that inundate large areas of very dry land. The water and nutrients associated with these flash floods create opportunities for crop agriculture, and very large areas can be seeded very quickly when these situations occur. If the crops mature, there can be large surpluses that then add to family and community level food security.

A variety of crops

Various fruits and vegetables can be grown in the area very successfully, but they do need an adequate supply of water. Very small plots have produced

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substantial amounts of tomatoes, onions, garlic, etc. but these plots compete for water with human and animal needs.

There are many tree crops that could be successful in the Iraq conditions. These include various citrus fruits as well as date palms.

Small farmers usually have some cattle that are the basis for dairy products, primarily milk. The exploitation of the market for milk has been growing and dairy is now an important part of the agro-pastoral revenue. When there is serious drought the settled agro-pastoral community is more at risk than the pure pastoralist who has the opportunity to move to a better location.

There is an existing bee-keeping industry that provides the community with honey that is used in a lot of traditional area food.

Water

Water is the foundation of everything. The success of settled agriculture in the area depends more than anything else on water. There are many ways in which water can be provided to achieve success in the development of settled agriculture, but anything that is done must be acceptable to the community and be done on a way that serves the best interests of the community as the community sees it. Furthermore the development of water for one community group must not have a damaging impact on the way of life and economy of another group.

Tractors

Community groups can also make productive use of tractors. Some groups have found used tractors to buy at reasonable prices and have done so. Good used tractors would be a suitable subject for loan financing under the project development fund.

Training and extension

Training and extension is needed to add to the knowledge of the community about agricultural and development possibilities.

Livestock and Range Management

Important part of agriculture

Livestock is an important part of agriculture in some parts of the country. Livestock are the source of revenue for the nomadic pastoral community and also represent family wealth, food security and economic security. The lifestyle of the nomadic pastoralist is very different from that in urban and even settled rural communities. Water is the most important factor in the success or failure of the pastoral livestock economy. The role of water in the economy is complex, and it is not just a simple matter of more water is better. The economy is quite productive in the sense that a very small amount of water generates a significant amount of economic value added, but it is a fragile economy and a very high risk economy. Animal health is very important to the pastoral community.

Rangeland management

There has been little impact on rangeland through management initiatives, though rangeland management could increase the productivity of the range and its carrying capacity.

Livestock markets

Livestock markets at the producer level are not as fair as they should be, with middlemen traders taking advantage of the producer to the maximum extent possible. This is an age old problem, and not easily solved by direct government or development intervention.

Livestock health and veterinary medicine

Livestock health is an important factor. Health services are needed, but they should be created subject to the discipline of market economics and expansion of the service capability funded by the beneficiaries.

Veterinary medicine has not been delivered effectively to the pastoral livestock community, though technically it has a lot to offer. To the extent that there has been veterinary extension and availability of veterinary drugs, there has been an improvement in animal health, but the use of the capabilities of modern veterinary science has been very small to date.

Animal quality improvement

There are many ways in which animal quality can be improved, but the time frame is not fast. Culling poor animals from the herd is a starting point, and doing selective breeding starts the process of improved animal quality. The process of implementing an animal quality improvement strategy can go as fast as the community wants it to, but the results are not immediate. Eventually, it is to be expected that some communities will reach the stage where their animals are bred using artificial insemination (AI), and as this stage is reached it can be expected that other aspects of rangeland management, animal health and livestock marketing will all have progressed as well.

Fodder and feedlots

Food security for animals is a serious development issue that can be addressed through commercial fodder production and storage. The loss of value as animals go to market can also be addressed through commercial feedlot operation.

Marketing centers

Livestock marketing centers should be encouraged. These centers should be of value to the livestock owner wanting to sell and to the commercial community as a whole. These centers need to be able to handle not only the water needs of the animals, but also the fodder requirement. They should have access to market information to assist in the operation of a fair and efficient market. They will naturally evolve into more comprehensive commercial centers with hotels, restaurants, shops and a full range of commercial services. To the extent that they are created at existing commercial centers, there will be substantial economic growth.

Fisheries

Fisheries not particularly important

The fisheries sector has not been important in Iraq. There are some fishing operations in the Gulf, and there is some river fishery activity. Compared to the major fund flows from oil this is inconsequential, but in terms of communities that live in the riverine areas it is important.

Fish resources

Fish resources are becoming more and more problematic. There is overfishing almost everywhere and Iraq is likely to be in the same situation. Fish resources probably already constrain the fishery.

Resource management

Data concerning the fishing resources of the country should be collected and analyzed so that a sustainable management regime for the resources can be established. Almost every country in the world with fishing resources has exploited the resources beyond their sustainable yield and has experienced a decline in the value of the fishery product.

Fish marketing and cold storage

Fish needs to be fresh, or processed so as to be in a form acceptable to the market. A primary requirement is a lot of ice, and cold storage capacity. For a high volume fishery it may be desirable to have fish processing capability including filleting, etc. It should be noted that fish is one of the few products where the value is highest with the least amount of processing, with additional handling and processing reducing rather than adding value.

Fish transport needs to be fast and efficient. Fish is high value, but also loses its value rapidly if there are any delays. The roads along the coast are totally insufficient for a successful fishing industry, and most refrigerated trucks are not going to last long traveling over the rough roads that are the norm in the area at the present time.

Food

Food

Food is an essential, and should be easily available for everyone. The food sector is driven by markets ... with more or less intervention from government to encourage a sustainable supply of food. This translates into government subsidies and various incentives to produce more or produce less, and modalities that put food into the market at prices that are below cost.

One of the purest examples of market is to be found in remote rural areas where food is exchanged in the market and reflects supply and demand in its most basic form.

Food in Iraq

Food production in Iraq should be highly productive ... there are the conditions for food production.

Food supply should also be more than adequate because there is the financial capacity to import any food that is required.

Food security is an important, and there should be no difficulty with this on a national level.

An area focus for food security

Some areas of Iraq may have local food shortages, and the local markets may be sufficient to handle shortages that last for a long time. On balance, Iraq should be a food surplus producing area and can be an exporter of food. In spite of this, from time to time there are local food shortages. The area needs to have adequate capacity for food storage at the area and the community level.

An area focus for livestock security

Some areas of the country may need a mechanism to provide price stabilization for livestock. The normal cycle for livestock in the agro-pastoral context is for herds to increase in size when times are good, and then decline in difficult times. Good times produce over-grazing and accelerate the arrival and seriousness of bad times. At the same time, livestock prices follow a pattern that weakens the economy, just when it will do the most damage. A livestock price stabilization mechanism would make an immense difference to the economic performance of the sector, for the benefit of all. The price stabilization mechanism requires not only the funds to make purchasing interventions in the market, but a way for the

product to be processed in a way that allows for the food value to be conserved for future use.

Infrastructure

Food security is enhanced if it is possible to move food stocks easily and at relatively low cost. Food security is also enhanced if it is possible to store food stocks with minimal loss in places where food stocks are needed, or likely to be needed. As part of the overall area proposals there will be significant improvement in the storage infrastructure. Food security is improved when there is an efficient transport system.

Chapter 16

Sectors: Industrial Production

Energy – Oil and Gas

Great possibilities ... huge challenges

The Iraq energy sector has an abundance of oil and gas reserves. There is a huge resource that is already a major producer and future potential that might exceed any other country including Saudi Arabia.

The way in which this energy wealth is managed will determine the future of Iraq more than anything else. Whether Iraq will be able to do this depends a lot on the manner in which both the economic sectors and the governance sectors evolve.

It must be expected that everything to do with the oil and gas sector is going to be “hard ball” and that Iraq is going to have to work very hard to ensure that its interests are fairly treated.

Within Iraq different communities are going to have an interest not only in the outcome of international agreements regarding oil and gas, but also what sort of arrangements are made internally so that oil and gas benefits are fairly allocated to different groups.

From an international perspective, the energy arena is not getting easier, but a lot more difficult. The oil and gas industry is not just big “western” companies, but also companies from Russia and China. In addition, companies from other countries like Venezuela, Mexico and India are going to change the energy sector landscape even more. Whether this will make the sector more beneficial to people at the “bottom of the pyramid” is not at all clear ... but there are interesting possibilities.

There is an opportunity for wealthy oil and gas enterprises to embrace the moral high ground and start doing a lot more for communities in places where they operate. Though politics is often controlled by the gun, people power can have an enormous impact. Guns did not get the British out of India, but people power with Mohatma Ghandi in the vanguard. Martin Luther King did not catalyze progress in racial relation with the gun, but by mobilizing people peacefully.

Energy - Electricity

Electricity generation

The electricity generating infrastructure is inadequate. Major upgrading is needed and there has been some work done on it since the end of the Saddam Hussein regime, but it is not at all clear how much work has been done and at what cost. This is essential management information that should be easily accessible to the public.

A major program to create adequate electric generating capacity should be a priority and done efficiently to the highest of standards.

Electric grid

The expansion of a nationwide electric grid is clearly desirable. This requires substantial capital funds, but the advantages are huge and long term.

The lack of electricity in poor places is a chronic problem. The technology exists to have adequate electricity supplies, and to distribute electricity to where it is needed. It takes investment, and it takes a reasonable approach to profit expectations. The key requirement is that electricity investment and electricity management and operations are done efficiently, ethically and without being dominated by greed and corruption from any quarter.

Rural distribution

The cost of rural distribution is high, but the value is substantial. Iraq should make an investment in rural distribution so that its remote communities have a chance to move forward without being constrained unduly by the lack of electricity.

Energy - Non-Petroleum Fuels

Overview

Iraq is in a good position. It has abundant fossil fuel resources, especially oil and gas, and also coal.

But, on the other end of the scale, there is a dramatic shortage of fuelwood and charcoal for household cooking in remote rural areas. These energy sources are contributing to an environmental crisis caused by the loss of trees and the production of carbon dioxide.

Fuelwood is in very short supply and increased production of wood for household use should be a priority. Trees need to be planted and existing trees cut in a way that does not destroy their capacity to grow again. The manufacturing of charcoal should be considered to be an anti-social act.

Coal ... natural gas

The possibility of using the coal deposits as an alternative to wood and charcoal should be explored. This may not be a viable option if the coal is not suitable for use in the household environment. Bottled natural gas would probably be a better intermediate step forward.

Windmills

The use of windmills to drive pumps and produce limited amounts of electricity may be an option. Windmills have been an important source of energy in the past and modern windmills are well suited to use in pumping water in remote areas.

Solar

Solar technology has reached the stage where it is a viable option for driving remote electrical equipment.

Minerals and Mining

Summary overview

Mining and the exploitation of minerals in the “south” ought to be generating a lot of wealth for the “south”. It will do so when the agreements are fully understood by all parties, especially the signers for the “south” and there is a solid framework for value analysis.

It is not clear what role bribery and corruption plays in the sector, but it is probably significant. It is likely that substantial fund flows do not benefit the country but only benefit individuals. This is difficult to address, because the amounts involved are huge. Without addressing this, however, the wealth creation that is possible will never materialize.

The international mining companies are at an interesting stage, and they are likely to have some advantage when they are seen to be of benefit to the local communities where they operate. This is not an easy balance to achieve, because large scale mining causes a lot of change ... but it is possible, and could result in mining being pulled to communities rather than having to be pushed into the communities by the mining companies and a small elite.

There is every reason to expect that Iraq has mineral deposits that could be exploited on a more commercial basis. The knowledge about the mineral deposits in Iraq is not well substantiated. Much of the information is old and not supported by verifiable geological reports. There has been little exploitation of the mineral resources in Iraq.

Iraq has little capacity to do the work needed to provide a basis for a rational exploitation of the mineral wealth of the country.

The administration in Iraq should be supported so that better knowledge about the mineral resources in the area can be obtained. The knowledge gap should be closed as soon as possible with thorough geological analysis of the main mineral deposits.

Policy about mineral resource exploitation

The administration should be supported in work to establish a policy framework so that the exploitation of mineral resources is fair to all concerned and contributes to peace, security and economic development rather than having a destabilizing influence.

Training in mining skills

In order for the minerals and mining sector to succeed there needs to be basic skills training on a substantial scale. If there are exploitable minerals then there should be skills training to complement the other resources needs for successful industry development.

Manufacturing

The state of manufacturing

Iraq is not known for its modern manufacturing, with the exception of its production and export of crude oil.

There are parts of Iraq that have a history of handcraft ... but this is small scale and artisanal, of historic value but not of great economic value as a driver of modern Iraq.

Jobs ... employment

The manufacturing sector is usually an important area for job creation ... but in Iraq more of the jobs are in the services sector.

Many things need to be brought together in order for manufacturing to be successful: (1) availability of materials; (2) availability of productive low cost labor; (3) a reasonable enabling environment ... that is laws, regulations, culture, etc.; (4) working infrastructure including transport and energy; and, (5) markets and profit potential. Of these it is the markets and profit potential that are missing. Most of the market needs can be satisfied by products from other places at lower cost and more profit than from local manufacturing in Iraq.

My Experience in Madagascar

For some years I was a consultant to a manufacturing group in Madagascar. I have described this group as one of the best managed companies that I had ever seen, in large part because of their commitment to training their staff. Even though Madagascar had tremendous socio-economic problems, and was faced with terrible foreign exchange shortages, this company still put its staff training as a top priority.

As a result, the company was able to produce world standard quality and was able to participate in the global market on an equal basis with other world class producers.

The company invested in good production equipment, and the staff were able to use this equipment to make the very best quality product at very competitive costs.

But all of this took time.

What might be possible?

It is not easy to identify manufacturing that would be profitable in Iraq ... a lot depends on the willingness of an entrepreneur to take on a challenge and go into business in competition with the world.

There might be possibilities in the agro-production area using processing animal products ... processed meats and skins.

There might be possibilities in the petro-chemical area using the feedstocks that are available from the oil and gas sector. This could be very big business and profitable if done in cooperation with organizations that have access or control international markets.

Construction

Overview

Almost all the construction work in Iraq should be undertaken by local organizations and using local professionals. Performance may be enhanced in some cases with external technical input, but it should be limited and relevant to the issues at hand. Almost all of the infrastructure building that is needed can be done by local organizations with rather modest amounts of external technical assistance. The goal should be to construct infrastructure of an adequate quality at the lowest possible cost so that the economy can be more productive.

Rebuilding ... housing

The local construction industry should be funded to do the essential rebuilding needed as a result of war damage. All the essential utility services should be brought up to a level of service that should be normal in a country of Iraq's wealth.

Road construction

Road construction should be advanced where it is needed. Efforts should be made to ensure that the road network not only serves the main urban areas but also reaches remote communities. Not all the roads need to be built to international standards, but should be all weather roads.

Employment

The construction sector should be an important source of jobs in Iraq. Rebuilding should help increase paid employment in the economy of the area. The economy will be strengthened in lots and lots of little construction projects can be undertaken. Well planned development will not only provide jobs for laborers but to all levels of supervision, management and administration.

Training

In some areas training may be needed. Training should be available to the construction industry through a range of modalities. There should be skills training available through vocational training centers and "on the job" provided by cooperating contractors.

Chapter 17

Sectors: Services

Banking and Financial Services

An important sector for success

A broad range of banking and financial services help socio-economic development progress. While these services are readily available to the rich and in wealthy communities, they are not universally accessible, and the poor at the bottom of the socio-economic pyramid are not well served at all.

In fact, the mainstream banking and financial service companies have either retreated from service to the poorer segments of society, or have increased the pricing of services that are used by poorer people. To add insult to injury interest rates are high and fees are also high making the total cost of service more like loan sharking than mainstream banking.

Community needs

In the last four decades rural banking has stagnated and in many places has disappeared. Perhaps for the last 25 years there has been some growth in microfinance, but this is a very limited subset of banking and arguable not an important subset. The growth of micro finance is progress, but it is not the single silver bullet that is going to solve all the socio-economic development problems of the south. In any community, there is a need for at least three main financing components: (1) micro finance that serves the individual and micro-business; (2) mini finance to satisfy the needs of the small and medium sized businesses; and, (3) muni finance that provides financing for economically desirable community projects.

Commercial banking for enterprise

The Commercial Bank sector in Iraq either through national banks or in association international banks has the ability to provide a full range of financial services to major business enterprises. The challenge is to expand the service to included smaller businesses and those that have the potential to grow, but not the financial strength to grow.

Informal systems for financial services

Where the formal commercial banking and financial services sector is weak, a range of informal systems for financial services are available. These systems are very important to the local economy, especially the informal sector and the small business. Some of the informal systems, however, while providing a needed service, also exploit the poor in a very aggressive manner.

Public finance

The mainstream banking sector should be in a position to assist with the financing of the public sector and be available to make funds more easily available in areas distant from Baghdad.

Communications

Telephone

The telephone service in Iraq has become much more wireless in the past few years. The technology is insufficient and service leaves much to be desired. Urban areas are being targeted, but remote areas are not being served. Getting a good telecom infrastructure is a good basis for other progress.

Internet

In Iraq the Internet is available through a variety of services, none are cheap. The Internet ought to be working on top of a good local infrastructure and be accessible easily and at low cost.

Private sector

The most effective strategy is going to be to make sure that the development of communications is handled by the private sector, with the public sector authorities having a regulatory role that ensures a quality service and pricing and service agreements that are reasonable.

Logistical Services

Transport

The transport systems in Europe, in North America, in Japan are incredibly efficient. Transport is a very innovative sector in terms of the adoption of technology. This needs to be applied to the “south” where transport infrastructure, roads, rail, ports, have not been developed to the optimum. There is the need for a huge investment by both the public and private sector. Some valuable progress can be made by doing as much work as possible on a small scale in and around communities.

Truck fleets

The truck fleets in Iraq have expanded based on the profits of the private operators. The financing associated with the truck fleets is likely a huge cash cow for those that are engaged in the financing.

Truck maintenance is handled by a large a competent workshop sub-sector. Parts are not a problem as long as funds are available. The fuel situation that is often a problem is not a problem in Iraq where refined products are widely available.

Air transport

Air transport service operators can be in the private sector. There can be financial support from the government to facilitate the funding.

Airport fuel and service

Baghdad airport is international standard and all fuels and services from an international airport are available.

Port operations

Port operations are going to be a major issue in the future success of Iraq, and especially the oil and gas sector. A modern port capacity is going to be vital in the handling of energy products exporting product using the largest of the modern supertankers.

Pipelines

Pipelines are the main means of transporting petroleum products. They are an easy target for bombers and have not been adequately protected so are not all presently in service.

Warehouses

Warehouses are now a critical part of logistics operations. They serve much more than merely to keep stock in a safe place out of the weather. They are now fully equipped so that information about stock movements is facilitated in real time.

The old era warehouse is still needed at the community level ... while the 21st century warehouse and integrated logistics system starts to operate in the country.

Maintenance

Repair shops, welding and machine shops

There is an ongoing need to strengthen the national capacity to maintain equipment and do welding and machining. Much equipment, especially in small enterprises, is old, and needs ongoing maintenance. There are a lot of small facilities that do work at a basic level, but few that have the capability to pdo the higher end work.

Access to training

Training will help improve the sector, and help increase jobs and employment while also providing value for the community. It should be possible and easy for people to upgrade their skills. All maintenance and machine shops of good standing should be encouraged to train people to a higher level of skill.

Media

Radio and Television

Radio and television have been under government control in Iraq. However private channels can be picked up from satellites and from broadcasts originating from other countries.

These are powerful ways of spreading news, entertaining people, spreading propaganda and influencing people.

While the English language is used to some extent, the primary language in the country is Arabic. While programs in English reach the international community in Iraq, it is the Arabic programming that reaches the population at large.

Print media

There are a variety of newspapers in Iraq. A lot of material printed in the media has originated from some official source. Newspapers are an important communications medium and should be used not only for entertainment but also for serious news and analysis.

New media ... Internet

The Internet must be thought of as a major component of the media sector. The Internet has a combination of characteristics that have never been seen before ... it can be extremely fast ... combine digital video, audio, text and interaction in a bewildering range of combinations. It can be private or it can be very public, depending on how the user chooses to interact with the Internet and the Internet community.

Professional Sector

Professional sector situation

The professional sector includes professions like accountancy, law, medicine, teaching, engineering, architecture, accountancy, the religious, etc. These professional people have standards for their work that enable society to rely on what they do. They serve to improve productivity in enterprise and in society and in so doing create tangible value in society.

As long as there is instability and a lot of violence professionals are going to move themselves and their families to safe places. The professional is a great value to the society and to the economy, and emigration constrains success.

The private professional sector is very important for sustained development. The government is able to set a legal and policy framework for civil society and development, but there also needs to be the private professional community that can provide a technical input so that the laws, regulations and policy are compatible with global professional principles.

Professional employment is not a large number, but is an area where higher incomes may be earned.

National professionals should be recruited to do professional work that is required to strengthen the national frameworks for development. The state of knowledge about development, about the law, about the society, etc. all need to be improved, and this can and should be done by funding work to be done by national professionals.

There should be active cooperation between local professional societies and equivalent professional societies in other countries. Many professional societies have active international programs and are looking to expand their global connections. These links should be actively encouraged, in particular as a way to facilitate world class training for the leading members of the professional community.

Tourism

High economic value

Tourism is a sector with huge potential economic value. But tourism, like everything else, requires planning and investment to be successful. Some places have developed tourism very effectively and have made it an important part of their economic success, but in many places the opportunities of tourism are totally ignored.

In Iraq, there were few visitors during the Saddam Hussein era. Visitors since the 2003 Iraq war started have been mainly soldiers intent on making peace and some international contractors engaged in making money. There have also been lawmakers and journalists who have been able to see Iraq from the Green Zone and a few other “safe” places in the country.

Destinations ... What To Do?

I have traveled a lot almost always on work assignments ... and I am amazed at how many places have wonderful destination activities that nobody knows about.

Iraq has an interesting and very long history ... places in Iraq were determinants of history in Biblical times. The rivers in Iraq are part of Biblical history. The archeology of Iraq is fascinating.

Iraq ought to be one of the must see tourist destinations ... one day ... maybe.

But building back a tourism industry is important. Tourism is successful when safety is sure, there are good places to see, good transport, good hotels, good food and good entertainment.

Hotels, restaurants and entertainment

Hotels, restaurants and entertainment that serves local business does not attract the international tourist community. For upscale international tourists there needs to be a higher class of hotel and restaurant. International tourists look for air-conditioning, spotless bathroom facilities and their own style of food. For this they are willing to pay. There also needs to be entertainment value as, for example, in various forms of destination that show of local history, culture and sights.

Trade

International trade

International trade has been a key driver in making some countries prosperous. It was the driving force behind a lot of wealth creation during the mercantile and colonial era, and it remains important today. The success of Japan, and then South Korea and now China and others are based on international trade. India's success has been more trade in services than in manufactured goods, but it is still very much international trade.

In the case of Iraq, crude oil is very much a component of Iraq's international trade.

Wholesale trade

There are parts of the economy where the wholesale functions are still provided by independent organizations. For example, spare parts for automobile maintenance are carried in inventory by wholesalers who provide rapid delivery to auto repair shops in their service area. It is a very efficient sharing of roles.

In Iraq and many countries in the global “south” wholesale is often linked to import / export. Wholesale is also associated with traders and middlemen. Wholesale and distribution in the “south” is often high margin, but it is also often high cost and profits are not as large as they might superficially appear.

The wholesale trade, and import/export are less important in the modern global economy because of a growing tendency of global companies to handle all the logistics from original manufacture on one country to retail marketing in another.

The wholesale trade may not have the same structure that it has had in the past, but the functions of transport, distribution, warehousing, break-bulk, etc. still have to be done. Though a larger part of the modern retail trade goes direct from the manufacturer to the retailer, all the intermediate distribution and wholesale functions are still done, but done in-house.

Wall*Mart is a very good example of a modern corporate organization that has brought all the functions from manufacturing through final sale to the customer under its control. While many operational activities are subcontracted, the overall operation is controlled by the Wall*Mart logistics system.

Wall*Mart

What is Wal*Mart? Is it a retailer, a wholesaler or a distribution company? Perhaps the best answer is that Wal*Mart is a success. It is also perhaps the best example ever of an organization that has used management information to optimize what it is doing to supply its customers with what they want.

It has been one of the world's leading users of management information for a very long time. It deployed mainframe computers for data analysis long before it was fashionable. They have been ahead of the curve in understanding customer behavior in their stores for years, as well as understanding the detail operations of their organization. They know their business and they know the data associated with their business.

As they grew it was not analytical genius that made them decide to integrate their supply chain backwards to the manufacturers of their products. But they were among the early adopters of integration of operational data near real time into every aspect of the supply chain so that inventory availability to customers at the stores went up and inventory investment as a whole went down.

I thought it was interesting on the second day after the 9/11 disaster to learn in the media that Wal*Mart knew its customer buying activity hour by hour at all its thousands of locations and knew precisely what was being bought by a population in panic. Milk and bread, then guns and ammunition as the hours progressed.

And Wal*Mart was able to divert hundreds of truckloads of supplies to hurricane affected areas in the aftermath of Katrina days more quickly than government organizations like FEMA.

There is a lot to learn from Wal*Mart. Excellence in the use of management information has been one of its key strengths.

Retail sector

When I was growing up in the UK, the country was referred to as a nation of shopkeepers ... a remark originating, I believe with Napoleon. At the time the UK was still very much a manufacturing country, but the quality of life was increasingly associated with consumption. The UK was probably behind the USA in embracing consumerism, but it was emerging. Today the retail trade ... shopping ... is a huge industry catering to the market in every way imaginable. In the USA, big box retailing epitomized by Wal*Mart is now the largest employer in the country. But the multi-store malls, department stores and urban shopping centers also are a huge part of the modern US economy.

Arguably shopping is the top entertainment in the rich societies of the world.

And in the “south” shopping is rather more of a challenge. There are much higher distribution costs because of poor transport infrastructure, there are few economies of scale, there are constraining import export and customs procedures and duties and the market demand is limited by peoples' buying power. It is nevertheless a very important part of the economy, and one that can play a great role in establishing sustainable socio-economic progress.

Informal trade

The informal trade in all sorts of merchandise all over the world is remarkable. The prices reflect the costs of getting product from the exporting area to the local market, and the prices sometimes reflect the non-payment of onerous customs and other duties and taxes. The scale of the informal trade around the world is difficult to assess, but it is huge. Markets ... where trade takes place ... help to keep everyone fed, and everyone clothed. They do better when the community is prospering than when it is not.

An important sector for income generation

The services, retail and petty trade sector is one of the largest sources of income for the poor and for women. For many, it is also the starting point for more substantial business enterprise.

Regulations ... some are needed, most are not.

There are few formal regulations that apply to this sector. The sector thrives with a minimum of regulation. In circumstances where the trade is made illegal, as it was in the former communist regimes, the informal trade disappears, and with it a very large part of the foundation of the economy. Though the sector is untidy, it is where most larger businesses start.

Chapter 18

Sectors: Social Services

Education

Education sector

Education is, more than anything else, the investment that will facilitate a successful future. Education is a prerequisite for jobs and opportunities and to be able to have valuable lives. The value of education is not a “certificate” but the training of body and mind so that a person can do valuable things. Education needs to move from basic to higher levels where a person is not only challenged academically, but also is prepared for a productive life. Accordingly there needs to be not only primary, secondary and tertiary education, but also vocational and professional education.

Education does not need to be done in traditional or old-fashioned ways, but in any way that works and is cost effective, including using electronic resources of various sorts. In the future, the education sector is likely to include activities related to the use of Internet resources.

Educational policy

Some appropriate goals of an education policy in Iraq might be the following. No specific goals have been included here. Thus:

- Expand primary education
- Address priority needs in secondary, technical and vocational education
- Improve quality and equitable distribution
- Extend new curriculum to all levels,
- Increase the number of certified primary teachers
- Lower textbook ratio
- Achieve more efficient use of teachers,
- Raise female participation
- Increase the proportion of female teachers
- Rehabilitate all schools damaged by wartime activities

Under-served areas

Iraq has some areas that are under-served regions. The literacy rate in Iraq is very variable depending on the place. In the main urban centers literacy is around 80%, while in remote rural areas it is more likely to be 20%. Literacy among women is 50% of the literacy rate for men.

Curriculum and text books

Iraq has a well developed curriculum of education. A laudable effort has been made to revise the curriculum and prepare textbooks and teaching materials. A lot remains to be done to improve the curriculum and the teaching materials.

Textbooks are also needed for the schools and training centers. The program will support the preparation and the purchase of textbooks for schools and training centers.

Teachers

The number of teachers in secondary schools in particular is less than optimum. The proportion of female teachers in primary school is low and there are almost no female teachers in secondary schools. New teachers need to be found, and most important, new teachers need to be trained. Iraq needs capacity to teach teachers. The teaching of teachers is needed for primary grades and secondary grades, but also for skills training and the non-formal basic education initiative.

Planning and management

Planning and management capacity at every level is very weak. The decentralization process implies that a lot more is expected from regional and local government. There are a lot of vacant posts in the regional education bureau and almost all the zonal offices are a one man offices. Most people in responsible position at all levels lack the required qualification and experience.

Women and girls

The situation of women and girls in education in the area should be addressed by the program in a practical way. There are ways in which women can expand on skills they already have to become of very much more value to themselves and to the community. Health skills training, for example, already known at an artisanal level can be upgraded so that health skills can be used for the benefit of the community at large. Informal, but nevertheless real, knowledge can be mobilized so that it forms the basis for teaching in the non-formal educational environment.

Skills training

Skills training for mature adults is critical for the growth of the economy and to enable unskilled mature adults to participate in the opportunities of wage employment. The skills training that is needed ranges from the very basic to quite advanced, from how to be a laborer to doing repair work on computers. People need to have an opportunity to learn skills so that they can make the best of their capabilities.

Skills training is needed for all, young and old, male and female. There is, however, an important need to address the skills training of young adults, many of whom have lost many years of education and are now uneducated, unskilled, unemployed and potentially a source of future difficulties.

Employment or jobs

Jobs is not really a sector or sub-sector ... but employment and jobs are very important. The effort to creating self-employment opportunities that require a lot of labor for very little return needs to be supplemented by much more effort to make it possible for small employers to become bigger employers, and for employees to self-improve so that they can do bigger and better paying work. The jobs that are created need to be profitable, that is value adding, in order to be sustainable. Where the value is social, as in health and education, there also needs to be jobs in productive sectors that generate the cash flows to pay all the wages.

Health

Health situation

The health status of Iraq has deteriorated relatively in the past years. Health and health related services are limited because of shortages arising during the economic sanctions and the war conditions. Coverage is low with the distribution biased towards the urban population. Most health facilities in Iraq are understaffed and the quality of training of some of the current health workers is poor. Moral is low because of the state of chaos.

Management capacity at all levels is very limited and whatever management information system existed previously has almost ceased to function.

Rehabilitation of health sector

The rehabilitation of health sector is a priority. Funding is needed for the necessary construction work that needs to be done to rebuild and expand the infrastructure. There is also a need to rehabilitate equipment and funding is needed for this. The infrastructure includes both urban hospitals and health clinics in smaller communities.

Many of the projects are an integral part of the Health Ministry's program and are designed to facilitate their integration into the mainstream of the health development of the region.

Education and training

Training nurse is a very high priority. There are not enough nurses. The need for nurses is very high. Furthermore, nursing is a training and employment opportunity for women. Training of nurses should be encouraged through all means.

Training doctors and medical professionals is a long (and expensive process). However, the long terms success of the area economy depends on having trained professionals from the area in the area. Funding long term professional training should be a part of the ongoing development strategy for the area.

Mother and child health programs

Mother and child programs should remain a priority in the health sector, with continuing efforts to reach the mothers and children of pastoral families.

Immunization programs for children should remain a priority in the health sector, with continuing efforts to reach the children of pastoral families.

Mental health

Mental health is a problem that is not enough of a priority. Mental health practices are ones that became unacceptable in industrialized societies several decades ago. The traumatic experience of the area in the last twenty years (or more) has created a serious mental health problem.

Chapter 19

Conclusions and Afterword

Can We Have Success?

Absolutely

Two things seem to be important: (1) the military are capable of winning almost any war; and, (2) the modern ability to manage relief and development and manage social change is little better than at any time in history, and is certainly not going to be done very well by a strategy that has the soldiers the main actors.

But the modern world has two very important tools that need to be deployed: (1) an amazing technology to manage and communicate important information; and (2) a population that can understand a lot more now than at any time in history.

The war is more about ideas and values than it is about brute power and bullets. While explosions get on the evening news, the quiet battle of ideas and values is playing out ... and it is important that this battle is won with freedom winning.

Freedom is a powerful value ... and difficult.

Difficult mainly because it requires that others have a freedom for themselves that I want for myself. It takes time to understand freedom and to embrace it ... but when it is embraced it is very powerful.

This is not just freedom to vote ... but freedom to live ones life in ways that can improve the socio-economic situation of the family, and freedom to worship, and freedom to discuss and participate in a wholesome society, and to decide what are the norms of society ... without sidelining freedom. It is not easy ... but it can be done. Freedom is something that people love to have.

Freedom is the incentive more than anything else that will facilitate a win.

What about greed and oil?

Greed and oil are the big challenges. Greed will win and oil revenues will be diverted to anti-societal activities if freedom loses, and if information is hidden and everything of importance become secret. So far the money flows have not been open to clear scrutiny ... nobody seems able to track fund flows, and without this, there will be problems ad infinitum. With transparency there can be an open dialog, and people can be held accountable. With accountability, it is likely that a more just society will emerge.

The Transparency and Accountability Network (Tr-Ac-Net)

Tr-Ac-Net's mission is to help people and organizations engaged in, or interested in, the performance of the international relief and development sector, to improve performance and help to ameliorate the poverty, hunger, disease, lack of education and lack of opportunity at the bottom of the socio-economic pyramid.

Tr-Ac-Net offers consulting services and is publishing a series of books that address various aspects of the problem. The aim of the books is to identify problems and then help to focus on possible ways to mitigate the problems in a practical way.

The underlying theme is always that good management information can help improve decision making, and that secrecy and the lack of transparency, accounting and accountability will always constrain performance and serve the interests of those that are rich, powerful and, too often, also corrupt.

The books are published by Tr-Ac-Net Inc. and available through the www.lulu.com print-on-demand website (Search using Peter Burgess to find the Tr-Ac-Net material).

More information about Tr-Ac-Net is available at www.tr-ac-net.org

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