My name's Patrick Fine. I'm the Chief Executive Officer at FHI 360. I'm very pleased to welcome today Carla Koppell, Vice President at the Center for Applied Conflict Transformation at the United States Institute of Peace or USIP, who has agreed to come and join in a conversation around the theme of ending extreme poverty. Carla, before joining USIP, you were the Chief Strategy Officer at the US Agency for International Development. And you brought to your role as Chief Strategy Officer a wealth of experience in international development and politics.

While you were at USAID, USAID adopted a new vision, which is really guiding the organization, around ending extreme poverty. That's a theme that we've heard not only from the US Government, but we've heard it internationally as well. And the first question I'd like to ask you is in framing that vision, can you say a little bit about why the US Government decided to focus its vision on ending extreme poverty as opposed to poverty more general and what the implications of that are going forward?

First of all, let me say it's a real pleasure to be here chatting with you.

And I think the narrow answer is that there was a lot of debate about whether our mission should relate to ending poverty or ending extreme poverty. And –

– there were a number of factors that went into the decision to talk about ending extreme poverty.

One is that we really wanted something where we felt there was a positive trajectory and something where we thought we could seek to achieve our goal. In this case, ending extreme poverty in partnership with others around the world.

And if you look at the projections and trajectories that have been put together by the World Bank and others, you can really see that if a concerted effort is made to drive forward along an objective in ending extreme poverty, it could be achievable by 2030.

The second was we wanted to align ourselves with the international community.

That said, similar to the World Bank, which talks about shared prosperity, we also talk about resilient democratic societies, and we don't look at the ending of extreme poverty in the absence of
the need to promote resilient democratic societies because we think the two are mutually supporting. And also are both necessary components of enhancing development around the world.

[00:03:00] I know there often is a hesitancy to look at extreme poverty 'cause people tend to devolve that to some line that you draw across the population, whether it's a $1.25 or slightly higher, to say, "Oh, well, now we've checked that box and we can move on because they're – everybody's earning $2.00."

Patrick Fine: I think that is a concern that some people have that by setting the bar at ending extreme poverty, it sets the bar too low.

And that we can say, "Well, people are above that line, that $1.25-a-day line, and so we can declare success and go home."

Carla Koppell: Yeah. And I think we've made a very, very real attempt to say that's not the way that we're looking at it.

What we're talking about is something multifaceted. What we're talking about is reaching everybody in societies writ large. We're talking about lifting all boats within those societies. We're talking about improved wellbeing along a series of indicators and measures. –

[00:04:00] – And I don't mean indicators in the narrow sense, but proxies that would say that our societies are not just surviving, but thriving, and are moving along a path and a trajectory that enables them to move forward in ways that they will also not fall back so easily. That are durable and sustainable. And that they are increasingly able to improve the wellbeing of their citizens independent of the donor community and its partners.

Patrick Fine: If you look at where the extreme poor are, most of them are in countries that are not well governed. And one of the reasons why they're living in extreme poverty is because of poor governance and weak state institutions. So I'm wondering about the focus on countries that are poorly governed, –

[00:05:00] – what the strategies for addressing extreme poverty in those countries will be.

Will they focus on economic growth or will they focus on the governance and institutional issues that seem to be obstacles to economic growth?
Carla Koppell: I think it's a great question. I don't think there's necessarily a black-and-white answer to it. I think over the last year in conjunction with the sort of series of conferences that we saw around development, you saw an increased and much more laser-light focus on the need for domestic partners to be engaged starting with the financing for development conference earlier in the year where for the first time you had donor and aid recipient countries all standing up to say, "At the end of the day, we're only going to meet the goals of development if we are equally engaged, if local partners and local actors are as invested or more invested than donor nations and implementing partner organizations." –

[00:06:00] – And I think that was an important signal.

At USAID I know there's been an increasing focus on governance being a critical component of work that you're doing, whether it's to promote improved health outcomes, whether it's around environmental protection, whether you're looking at education investments, that all of those things we strive to have components that relate to improving local governance and local ownership of the path towards success.

That said, I think it's a work in progress. It's governance programs focused on improving governance and government entities and the extent to which they deliver for their populations. And it's also about integrating components about governance into sector programs. And those two then have to be coupled with increased financial investments by local actors in their sector programs because at the end of the day if you're putting skin in the game, that's gonna make a difference in terms of –

[00:07:00] – the extent to which you want dollars to show a return on their investment in terms of development outcomes.

Patrick Fine: Plus that's ultimately where you're going to get country ownership.

Carla Koppell: Yeah.

Patrick Fine: When the countries are putting their own resources into it, then they're owning those resources.

Carla Koppell: Yep.

Patrick Fine: And they're going to be able to really call the tune.
Carla Koppell: Yeah. I'm curious whether you feel that that is the right fit as an important implementing partner of the US Government, but more broadly, for the partner and implementing partner community as we push to end extreme poverty and to elevate societies around the world.

Patrick Fine: I think the tactics that you described are the ones that we're going to need to advance the global agenda. And that is of integrating issues of governance and institution building into our sectoral programs. I think that we're in a world right now that is so connected and where the challenges we face are –

[00:08:00] – sophisticated and interdependent that unless we take more sophisticated approaches that do look not just at delivering, say, a health treatment or in the education sector, revising a curriculum or even in livelihoods at setting up micro finance institutions, but unless we take a more holistic look around the institutions that are going to support those initiatives, as well as the domestic financing to sustain those institutions that we won't see the kind of long-term progress that will allow us to achieve the goal of ending extreme poverty.

So it's great to hear you articulate that vision of bringing together the governance, the institution building, and the individual sectoral initiatives. And from an implementer point of view, I think that the international NGOs and –

[00:09:00] – international organizations want to see that kind of action because on the ground, it makes sense to do it that way.

The thing that worries me is as our attention focuses increasingly in fragile states where institutions are weak, whether it would be possible to find that balance and whether we'll have the local partners who really support taking the steps to strengthen institutions so that you've got stronger rule of law so you've got protection of property rights, so you've got recognition and protection of human rights. I think there's one set of countries where they're launched and on their way down that path. And those countries I think will make progress, they'll mobilize resources, they'll be able to use external resources from donors to leverage their own initiatives and ideas –

[00:10:00] – in a positive way.

The question in my mind is what about the countries that have remained stuck at the bottom?
Carla Koppell: As a development community, and I say this now in civil society and previously in government, I think that we need to refine the way we're working in some of these countries. I think we need to invest more in building those local institutions. And if we're talking about partner organizations to the US Government who are recipients of funding, then I think more of the collaborative relationships that are structured to say we're gonna be here for X amount of time, but our role as international organizations will over time diminish as we increase the role of local organizations so that we're sort of building that capacity as we deliver services in various sectors.

And that we're able to have increasingly more of a partnering relationship, whether it's with local civil society organizations or frankly local governments. –

[00:11:00] – I think the other thing that we probably have to do is work more with local and provincial authorities.

I've seen in many countries where the US Government is hesitant to invest through national governments for good reason either because of lack of capacity or lack of an ability to hold folks accountable for resources. There is real potential at the local and provincial level if you pick the right local entities and the local and provincial governments to work with.

But what I'm framing is, in some ways, a little bit of a theoretical construct. And I would sort of turn it around and say, "Does that make sense to you? Is that too hard? Are the transaction costs of finding those institutions and working with those localities too high?" And what should we be doing to kind of reduce those transaction costs so that we can approach doing business in those ways?

Patrick Fine: Yeah, I don't think the transaction costs are too high. And I do think that it is feasible. I think the issue that –

[00:12:00] – we have to confront and particularly public institutions, whether it's USAID or DFID or even multilaterals, like a World Bank, is the risk associated.

So in my experience, I've seen local governments at the district level, provincial governments, and national ministries that we could do great work with through their systems, through negotiated arrangements that required them to take extraordinary measures
around accountability and around reporting on what was being done on visibility and transparency. And I found partner governments that were willing to do that.

What was more difficult was to get our government to take the risk of working with those partners. So there's an issue around risk management that, in my view, the main bilateral –

[00:13:00] – actors don't fully understand or haven't fully come to grips with.

Carla Koppell: I think probably I would phrase it more as the latter.

Patrick Fine: Come to grips –

Carla Koppell: Because...

Patrick Fine: – with?

Carla Koppell: Yeah. Because I –

Patrick Fine: Yeah.

Carla Koppell: – think that there's a real cognizance of that. The cognizance of how you need to do a better job managing risk. And that – and then how do you translate that into something which enables you to take appropriate levels of risk consistently around the world? Because every big organization is made up of a set of individuals who have different degrees of risk tolerance. And what we were really trying to do when I was at AID – was say, "How can we enable responsible risk taking?" What are the rules that are set and what is your ability to use those rules to do things in creative ways that enable a little bit more risk taking?

One is around the culture. 'Cause you can set a whole regime of rules –

[00:14:00] – and everybody ignores the rules because they're so risk averse, even though you said, "Go forth." And they say, "Well, [laughs] I'm really not all that comfortable going forth."

Patrick Fine: And I think it's because there are a lot of informal sanctions within the culture. You can provide the directions or the leadership. You can even provide the instruments or rules that will make it easier to do. But if you don't address the underlying anxieties or the informal sanctions that exist within the culture, it's really hard to get people to change their mindset.
Carla Koppell: And I think there's a third piece too, which is the folks to whom we're accountable, whether that's in the executive or, our case –

Patrick Fine: Or congress.

Carla Koppell: – congress on Capitol Hill. And we were working really hard to try to create more of a space to say we need to take a little bit more risk to get a bigger reward and to create durable results, but that means sometimes programs aren't gonna be as successful as we would have aspired to have them be. –

[00:15:00] – And that's a different kind of dialogue with folks in congress. And getting them to understand there's a sort of risk-reward paradigm that exists as much in the field of development in foreign policy as exists elsewhere. And changing that conversation takes time.

How should private partners, for profit or not for profit – how can they help the government entities move the needle?

Patrick Fine: We can play multiple roles. One role is as a thought partner to the organizations that we work with – if you look at the implementer community, they are the repository of incredible experience and expertise and commitment to addressing issues of ending extreme poverty –

[00:16:00] – and shared prosperity and empowering people to live a better life.

So that thought partnership role is one of the critical things that we can do. We also play an advocacy role. And you've got parts of our development community that are dedicated to advocacy. You've got other organizations like us who – while we're not formal advocates in the sense of we're not lobbying up on congress for particular positions, we can demonstrate through our experience and show through the programs that we are responsible for that you can combine good stewardship with innovation and with risk taking, and you can achieve important significant impact. There's a couple things that frustrate me about the risk taking. One is when we do estimates of what it costs to go after a certain outcome, –

[00:17:00] – rather than thinking about what will it cost us to achieve that outcome, we often think about what will it cost us in terms of the inputs? And we don't include risk as one of the inputs.
And that's partly gets back to the point you've made is because well, the stakeholders, both the congress, but more [laughs] importantly, the public, don't really either support or understand or subscribe to cost that in. But that then weakens our business models for achieving the outcomes that we're seeking to achieve. The other thing is, is how we allocate risk. And I think this comes down to program design. You spoke of involving more local partners, local civil society. And your conviction that it's possible to do more with local partners. And I agree. I think it is possible to do more.

In my experience, we've had tremendous success –

[00:18:00] – with working with local organizations in partnership. We've had some disappointments too, but on balance, it's been a positive and it's where our sector needs to go. But to do that, we need to align what we're asking local partners to do with, one, what their capacity is – and two, with what their interests are.

Frequently what I've seen is that the governments want pretty sophisticated solutions. So they want to leverage the US Government's funding to put in a sophisticated health information system or to strengthen the capacity of Central Bank to gather data and do compliance monitoring of the financial sector or to do systemic reforms in the agriculture sector to agricultural markets.

Those are not the sorts of things –

[00:19:00] – that most local actors are going to be suited for. And so when the US Government looks for, "Well, who are the partners that can put together these large-scale, sophisticated programs?", they're gonna need world-class international expertise to do it. It's not impossible that you find some of that expertise in a developing country.

Certainly there are lots of examples of very strong institutions and civil society organizations, but there are not as many. So from my point of view, if we want to enable and empower local institutions, we have to design programs that are going to draw on the kind of expertise that they have to offer and address the kind of issues that they're addressing. And that the conflict is – often times that's not what the –

[00:20:00] – bilateral partner government is looking for.

Carla Koppell: I think the point is really important. And I think what it requires is perhaps a different approach either to the solicitation or the
strategy for implementation proposed or a different timeline for the agenda laid out.

You can't do it from day one to the level of sophistication that you might like with local partners in the lead, but you can build a process of technical assistance and capacity building into the way you do business that enables you to arrive at a point where your local entities are able to take the lead or take more of the lead than they once were.

And I wonder whether to your examples, whether it's financial modeling, whether it's government systems, whether it's technology platforms, et cetera, whether we need to look more at structures that have a sort of sliding scale over time that stretch out the timeframe for delivery and enable you to bring along local partners and increase their degree of sophistication.

I think your idea of the sliding scale and being very intentional about what that transition looks like is a great one. One of the rubs that I've encountered in trying to do that is that you have to trade off the time in which impact or results are delivered for building capacity. And so that becomes a negotiation with a realm of stakeholders. The partner government, with the US Congress, with other stakeholders who want to see very quick results for the investment they're making. And if we can get those stakeholders to acknowledge that in return for delayed results, the results on a three-to-five-year timeline instead of a one-year timeline, that there's going to be this very deliberate and measureable –

– transition of responsibility in who's doing what, I think that is great.

And accountability was the other point that I wanted to raise in terms of that transition. So if we're intentional at the beginning in saying, "We're gonna trade off quick results for building capacity and we're going to do it with these plans that we design in right from the get-go that require us to turn over responsibility or to shift responsibility as we go along", then there's got to be strict accountability on that point.

And one of the things that I've seen is that as you get into the programs, the stuff that we're doing is super hard. And so what I've seen happen again and again is organizations start off with a sincere commitment to do this shift of responsibility in tasks. And as they go along and they encounter –
the day-to-day difficulties of implementing the programs, again, they sacrifice capacity building for delivering results because they've got to be able to show that they produced what they were expected to produce.

Carla Koppell: I think your point is an important one because it's another component of how you structure agreements to implement such that they're more likely to result in the capacity building is to have that as an explicit goal of the project. If you're structuring a health program to simply say, "Your deliverable is X number of vaccinated children", then you may, with the best of intentions go out with a program that intends to build the capacity of local health systems, but at the end of the day, what you're being judged on is the number of vaccinations you've delivered...

Patrick Fine: And that's what the incentive is.

Carla Koppell: Right. And so then your capacity building will be thrown out the door as soon as you're failing to meet those targets. So you need to have contracts and agreements set up –

Patrick Fine: So you build the capacity components in as deliverables just like any technical deliverable in the program.

Carla Koppell: Right. As another objective.

Patrick Fine: With equal weight.

Carla Koppell: Right.

Patrick Fine: So then when you're holding people accountable, it's just not for the number of vaccines, but it's also who's delivering those vaccines?

Carla Koppell: Right.

Patrick Fine: And the systems to support the delivery of those vaccines.

Carla Koppell: Yeah. Yeah.
Patrick Fine: One of the things I've been thinking about since the global goals were promulgated is how is this going to affect the daily operations of funders and implementing organizations?

Carla Koppell: First of all, I would say that I don't think there's one monolithic response –

[00:25:00] – to that from the donor community writ large. It will be different depending on different donors. I think that, in general, because we finished with so many goals, people are viewing it more like a menu from among which different donors will choose certain priorities and there'll be certain overarching priorities, and then there'll be priorities within countries.

From the US perspective, there was a lot of energy to try to have the goals and the targets under the goals align with what we felt to be right and had already deliberated around prior to their adoption and that what came from the SDG process was something that was actually reinforcing the priorities that had been identified earlier on with the addition of some valuable other goals, which may not be top tier, but are important to our partner organizations and that we should carry forward. I traveled to Nepal in the Philippines and did conversations with all of the staff and our missions there, and they had a lot of questions about the SDGs. –

[00:26:00] – So it was very much a live conversation with people very interested in how that played out and what the implications of that were. And people intrigued by the concept of a new global framework and moving it forward, but not a discussion that we would have to wholesale, rewrite, revisit, or redirect our attention and our energy.

Patrick Fine: I'm sure that will cause everybody to breathe a big sigh of relief who works with those systems. What came to mind as you were describing the alignment and how global goals really are reinforcement to the agenda that the US has for ending extreme poverty is that in a way those global goals put the wind in the sails of the US agenda for ending extreme poverty.

Carla Koppell: Yeah. I think that's a nice way of thinking about it. I like the sort of metaphor of wind in the sails of the US agenda, and that was very much what we were aspiring to come out with when we went into the negotiating process around the SDGs.

Patrick Fine: This conversation is –
[00:27:00] – the first in a series of conversations, which we're calling "Taking A Deeper Look" where we look at the issues on the global development agenda.

You've brought such insight to the issues we've discussed today. Thank you so much for being with us.

Carla Koppell: Thank you for having me. And I think as a community of committed development professionals, we succeed or fail together. So the kinds of conversations that are happening all around town, around the world, and in this room are really, really important to making a positive difference for everybody globally.

Patrick Fine: Thank you, Carla.

Carla Koppell: Thank you.

[End of Audio]