

Rethinking Development Assistance:

From Trains to Transportation

White Paper

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Imagine a world with *unprecedented* opportunities for people to improve their own lives and the lives of those around them.

Background: from trains to transportation

A popular business school case study reviews the plight of North American train operators in the early 20th century. The case reveals that by the time they realized they were competing with cars and, ultimately, buses and planes in addition to other trains it was already too late. The lesson of the case is that train operators were in fact in the *transportation* industry, not the train industry as they had thought and acted all along. Trains were only one means for what people actually wanted – to get from one place to another. As cars and planes provided appealing alternatives, the role of trains became much more limited.

Most current development assistance projects operate like trains. By design they are expatriate-driven, top-down, and time-limited. They seek to lead countries down a set track, with a set speed and schedule, and towards a set destination. An outsider drives, advising and supporting government, business, and other leaders to adopt certain policies, create certain institutions, implement certain initiatives, and *presto!* achieve development goals. While this analogy may seem overly simplistic it is by-and-large accurate. Even when projects are country-led, those who set priorities and design projects are rarely the intended beneficiaries. At best, the beneficiaries, the ‘end clients’ of development assistance, are given a marginal choice as to the support they receive. They can board the project ‘train,’ but they don’t get to drive. It is those who conceive and implement projects who decide what these end-clients need and receive, not the end-clients themselves.

Like today’s trains, development assistance projects depend heavily upon donor subsidy. This funding, rather than coal, is the fuel they require. As money is scarce, they focus on limited areas and, where successful, achieve targeted results. The rationale is that benefits will trickle down, provide a demonstration effect, or continue via local organizations. While limited in what they can accomplish, projects remain the predominant development delivery mechanism of today.

Yet projects are not the only way to achieve development. Like trains vis-à-vis transportation, development projects are but one means to achieve what people actually want: *better lives*. Just as the industrial revolution made the widespread production of automobiles and other forms of transportation possible, so too the information revolution makes possible new ways to achieve better lives on a wide scale.

Development as a driving school

Imagine if donor assistance encouraged ‘cars’ (and bicycles, buses, etc.) as well as trains. Such assistance would support people to go where *they* want, when *they* want, as fast as *they* want, and along any route *they* chose. It would empower them to chart their own development paths, taking established routes or creating routes that reflect their own preferences and priorities (i.e., going ‘off-road’). Such assistance would provide vehicles that empower individuals to create a better life as they define it. People would drive their own development efforts, plug in to the support they desire, and invite others along for the ride. This type of support – that which *empowers* people to chart their own development course and to support others– is within reach and can be offered at great scale. Consider the following:

People have the will to drive

People have an innate desire to control their own destinies. They know their own interests better than anyone else, and act accordingly. Given the freedom to do so, a wide range of possibilities, and a small dose of inspiration, *they will work harder than anyone else* to create a better life for themselves and for those they care about.

Ideas and information are renewable fuel

Capturing and sharing ideas, information, and support is easier than ever. The information revolution has made the creation, capture, replication, and distribution of diverse resource types, such as *human, knowledge, and social* resources, possible at drastically reduced cost. Such resources are ‘renewable’ and exponentially expandable, as people build upon what others have done. Moreover, once created the cost of making ideas and insights available to infinite numbers of other people is nearly the same as providing it to one.

While *financial* resources for development may be limited, the potential of other resources is huge and largely untapped.

New technologies are paving the way

New information and communications technologies (ICT) are critical conduits for the capture and distribution of such renewable resources and enable new development approaches. ICT in its varying forms is creating a growing system of roads, highways, and flight paths along which ideas, insights, options, and possibilities can travel to the people who want or need them, and to people who can use them to support others. ICT is thus greatly reducing the degree of separation between those who have valuable insights and opportunities from those who want or need them.

Cell phones, for example, have been widely available for barely two decades, and are already in the hands of almost a quarter of the world’s poorest population. Newer generations can play video and even convert text to voice for the illiterate. Voice over internet protocol (VOIP) and VOIP enabled services such as Skype, all but eliminate the costs of phoning, file transfer, and information distribution.

These are but a few examples. There are many more, and more still to come.

Keys to the car

The central argument of this paper is that new development assistance delivery mechanisms are needed made possible by the information revolution, and capable of achieving better lives on a broader scale. Ultimately, they will transform the nature and impact of the development industry.

While new approaches are now possible, it is incumbent upon all development stakeholders to enable and hasten their creation. Donor support could do this in the following ways:

Empower local intermediaries: Defined here broadly as local individuals and organizations that are educated and online, local intermediaries are *best suited* to adapt and apply international lessons learned and best practices to their cultures and contexts. This group – growing rapidly in most countries – is a critical bridge between global knowledge and local needs. They can bring outside ideas and insights to groups of end clients who do not have direct access to online resources, or the means to understand and apply them. Development assistance should encourage local intermediaries to draw resources from all available suppliers, and to tailor them to offer products and services of local value. Similarly, regularly connecting local intermediaries with each other and international experts in networks of their own can keep them abreast of cutting-edge ideas, products, and services that they can adapt locally, and gives them the support to do so.

Support vibrant social networks: Social networks support niche groups of individuals to identify, connect with, and strengthen one another. Far from virtual reality, they enable real people to make real changes in real lives (ask anyone in Egypt). They create opportunities for local professional peers to meet those who share their common interests, and to form interest or professional groups to exchange ideas, experiences, and insights. They also empower groups to capture their most valuable insights for others to see. Members of such groups can provide significant value to each other. Collectively they are an attractive market for relevant product and service providers, much like chartered buses in our transportation analogy, driven by local intermediaries.

Encourage and facilitate resource capture: Development's end-clients have as much or more to offer their professional peers as do outsiders. A typical rural farmer is as interested in what more successful farmers in a neighboring village are doing as he is in the donor-sponsored training farm. Similarly, a Trade Minister is keenly interested in how her regional counterparts have handled the challenges she currently faces.

Much of the vast content now widely available in the public domain can be useful in development contexts. Many of those who create it are willing to share their material and often even their time with anyone who would value it, particularly those in the developing world. The expertise of diverse development practitioners, already paid for by donors, should also be captured for further use. Standard formats and rules would greatly facilitate this. Support local intermediaries to adapt and apply this content locally. This will compound the return on donor investments.

Leverage markets: Markets are critical to this new mode of development and ultimately will propel its expansion. While many products and services do not yet extend to lower levels of the socio-economic spectrum, and often these consumers require different things altogether, precedents are on the rise. The challenge lies in extending self-sustaining markets for as much support to reach as many people as possible, and in incentivizing the provision of such support. Well-functioning markets can incentivize local intermediaries to apply new ideas and opportunities locally and support end-clients to use them to improve their own circumstances.

Not all roads will be paved with gold

Creating new development delivery mechanisms will not be easy. Learning how to empower, but not dictate such development on a wide scale will require plenty of learning along the way, just as was required for the efficient production of cars, planes, and other new forms of transportation. Decentralized by design, it will be impossible to fully control. And like cars, which have emerged as one of the world's greatest polluters, there will be unintended side-effects. People will distribute resources of dubious value. Others will even advance egregious objectives. Accidents are likely along the way. But ideas, opportunities, and assistance will flow much more freely, as will the benefits for those who seize them. For the billions who create better lives, it will certainly be worth the ride!

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