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**GDN** Global  
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## Financing Development In a Post-crisis World: The Need for a Fresh Look

GDN 12th ANNUAL  
GLOBAL DEVELOPMENT CONFERENCE  
Bogotá, Colombia  
13-15 January, 2011

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*Dr. Ernesto Zedillo (GDN Chairman 2005 -2011)  
at the Opening Plenary of the GDN 12th Annual  
Global Development Conference*



## ■ Financing Development in a Post-Crisis World: The Need for a Fresh Look

We live in turbulent times. In a post-crisis world, we need innovative ideas and a fresh look at a broad range of development issues. A research and policy area in urgent need of a fresh approach and new ideas is development finance, broadly defined to include domestic resource mobilization and financial sector development as well as foreign aid and other external capital flows. In this context, it is not surprising that the global financial 'architecture' is currently once again being questioned and the whole development finance 'system' (or 'non-system') is being re-examined. Many donors are now struggling to honor their aid commitments agreed in Hokkaido and Doha which were meant to accelerate progress towards the Millennium Development Goals (MDGs).

External capital flows are extremely volatile and are concentrated in certain developing countries and emerging markets, whilst private capital flows and remittances are in decline. Add to this, the growing complexity of the development finance 'system' (or 'non-system', which has become difficult to manage due to donor proliferation, fragmentation problems, and the emergence of a new group of donors with completely new aid modalities) and a new context in this area seems to have emerged. At the same time, however, the current problems with external capital flows have prompted a search for new windows of opportunity in the area of financing for development.

As a result, microfinance is currently enjoying another revolution and issues related to financial sector development and the need to improve substantially financial access for those trapped in poverty have attracted a lot of attention as a series of recent reports suggests (e.g. the Report of the CGD Task Force on Access to Financial Services, 2009 and the Warwick Commission Report on International Financial Reform, 2009, among others). Furthermore, the international development community is now more open to new sources of development finance (such as those related to environmental taxation, currency transactions tax and development-focused SDRs among others) which seemed to be unthinkable just a few years ago.

Finally, the rise of the new philanthropy in recent years is an interesting development which is expected to have various impacts in the wider area of development finance. Against this new emerging landscape for financing development the GDN 12th Annual Global Development Conference in Bogotá tried to take stock of what we have learnt so far in the broad field of development finance, delved deeper into the new modalities and mechanisms for financing development and took a fresh look at a broad range of policy issues emerging in this crucial area.

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# FINANCING DEVELOPMENT IN A POST-CRISIS WORLD

**“We never make decisions with 100 percent certainty that it will be right, but institutions like GDN, which the entire world acknowledges is of the highest intellectual level, can give us important guidance and signals to make our world a better world.”**

**H.E. Juan Manuel Santos**

President of Colombia in his Opening Remarks, 12th Annual Global Development Conference

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## ■ OP-ED:

# 'Financing Development in a Post-Crisis World: The Need for a Fresh Look'

*Dr. Gerardo della Paolera, GDN President and  
Dr. George Mavrotas, GDN Chief Economist*



*H.E. Juan Manuel Santos, the President of Colombia, addressing the audience during the opening plenary of the GDN 12th Annual Global Development Conference in Bogotá*

In the shadow of the global financial crisis, development finance has an uncertain and challenging future. External capital flows are extremely volatile and are concentrating mainly in certain developing countries and emerging markets, private capital flows and remittances are in decline in the poorest countries in the world, while many donors are currently struggling to honor their aid commitments. Add to these, the growing complexity of the development finance 'system' and a new landscape in this area seems to have emerged.

The GDN 12th Annual Global Development Conference, held in Bogotá, January 2011, aimed to put the spotlight on this issue by bringing together some of the brightest minds to challenge and develop current thinking. Finding alternative and innovative sources of development finance is crucially important: there can be no slippage in the fight against poverty.

### **How did we get here?**

Cracks began to emerge in the façade of the system that had defined development finance for over three decades, during the final years of the 20th Century. This system, underpinned by the Washington consensus and based on a mantra for stabilizing, privatizing, and liberalizing developing economies, was under attack. Economic instability in countries like Brazil, Mexico, Russia and Thailand highlighted the growing uncertainty and risk attached to this kind of openness.

The transition from the Clinton to the Bush administration brought about an abrupt change in the United States policy to

the architecture of the International Monetary Fund (IMF), underpinning this system. A shift highlighted through the abandonment of the 'stand ready' multilateral insurance scheme used in the past to help emerging economies weather economic uncertainty. The economic freefall in both Argentina (once considered the 'darling' of the IMF) and Turkey in 2001 were indicative of this decline and signaled the end of a regime.

The transition to a new world order was underlined when the United States Treasury bailed out Wall Street's bad loans to the tune of US\$700 billion. A low point captured by Martin Wolf, who declared: "Remember Friday March 14, 2008; it was the day the dream of global free-market capitalism died". The US had not applied those rules which had shaped the global economy under the Washington consensus for three decades. Since this point,



*Opening Session of the 12th Global Development Conference*

emerging countries have understood that they would most likely have to rely on global private markets and international reserves to tackle future uncertainty.

### Which direction should we go in the future?

On this note, the South is much better placed to utilize domestic resource mobilization than in the past due to more widespread economic liberalization. Yet, domestic investment has been disappointingly low, the regulatory capacity of these newly liberalized economies lacking, and as a result there is little that protects the poor and encourages them to save.

In the microfinance area, the Grameen Bank and the pioneering work of Muhammad Yunus has shown that the poorest households are reliable bank customers. However, microfinance schemes are increasingly under scrutiny due to high defaults on payments and excessively high interest rates. Pro-poor policies must help develop the capacity and regulation of such schemes and to fend off this kind of scrutiny. A well oiled domestic capital market is the basic foundation for more advanced growth within the global economy.

In the South Korea High Level Meeting in November 2010, world leaders recognized financial inclusion as one of the key pillars of the global development agenda and a new action plan in this crucial area was agreed, to be implemented via the Global Partnership for Financial Inclusion (GPGFI). The GPGFI will be an inclusive scheme for G20 and non-G20 countries thus allowing for developing country perspectives in the emerging policy agenda.

It's now time to lift the lid on development finance, to explore as a cornerstone how solid domestic capital markets prevent instability and enable growth. We urgently need to find sound alternatives to the West for financial assistance and aid. Rather than continually relying on the USA and Europe, we need to understand the options, to challenge what we know about them, and bring new, creative thinking to the table.

### A bigger role for the South

It's appropriate that GDN's 12th Annual Global Development Conference 2011 took place in Bogotá, on the back of the recent high level meeting in March on South-South cooperation. The South has a bigger role than ever to play, and its economic 'powerhouses' must meet the responsibility that comes with economic growth. It must also look to develop the same culture of philanthropy that exists in the West among its moneyed elites, not only to make up for the vacuum left by the financial crisis, but also to increase overall aid.

Innovation is needed and options are on the table to help make the financial system work for development, but having options on the table is not enough. We need to understand clearly the feasibility of the proposals, their overall potential and how these can promote growth and help bring people out of poverty. Universal agreement will not be found on the choices to be made. If the past has shown us anything it is that a flexible geometry is essential in making sure we make best use of the options available.

There were more than 400 participants at this year's conference, but the debate that took shape needs to be heard across the globe to bring about change.

## Press Conference at the GDN 12th Annual Global Development Conference



*Dr. Gerardo della Paolera, GDN President, speaking to the media at the conference*

The GDN 12th Annual Global Development Conference in Bogotá brought together over 400 participants from around the globe. A press conference was organized for the event which was attended by over 40 journalists from both national and international media organizations.

The conference was addressed by Dr. Gerardo della Paolera, President of Global Development Network (GDN), Dr. George Mavrotas, Chief Economist of GDN and Professor Alejandro Gaviria Uribe, Dean, Universidad de los Andes.

In addition to the topics addressed during the conference, they highlighted the relevance of the conference theme to the local conditions in Latin America which led to choosing Bogotá as the venue for the 12th Annual Global Development Conference.

It was after nine years that Global Development Network chose a country in South America as its venue. The last time it was held in this region was 2001 when the 3rd annual conference was hosted in Rio de Janeiro, Brazil.

## ■ OPENING PLENARY

### Financing Development in a Post-Crisis World: The New Agenda



*The plenary panel - Roberto Steiner, Asli Demirgüç-Kunt, Alan Winters, Ernesto Zedillo and François Bourguignon during the opening plenary session (From L - R)*

The opening plenary of the 12th Annual Global Development Conference, 'Financing Development in a Post-Crisis World: The New Agenda', chaired by Dr. Ernesto Zedillo, Chairman, GDN Board of Directors, set the scene for what was to be discussed over the next three days. The focus was predominantly on the central issues and the new agenda emerging in the broad area of development finance in the aftermath of the recent global financial crisis.

H.E. Juan Manuel Santos, the President of Colombia, welcomed the GDN conference back to the Latin American continent for the first time in nine years. He spoke of the importance of the conference in bringing together critical thinkers to inform good policy decisions. "We never make decisions with 100 percent certainty that it will be right, but institutions like GDN, which the entire world acknowledges is of the highest intellectual level, can give us important guidance and signals to make our world a better world."

The panelists in the first plenary session highlighted that domestic and foreign financing was widely available

for developing countries for the past few years, but the key issue right now, in a post-crisis world, is to look carefully at quality and efficiency issues.

François Bourguignon, Director of the Paris School of Economics, claimed that financing has increased significantly in the last years and the main issue has become finding the most suitable finance scheme to maximize social return and avoid a poverty trap. "Things have probably changed in development finance due to the way in which the global economies were changing before the crisis and will change further in a recovery stage." He further added, "We have moved from the time when what was important was quantity of development finance to the times when what matters more is the quality."

Asli Demirgüç-Kunt, Chief Economist of the Financial and Private Sector Network in The World Bank, pointed out that there are some undesirable effects of having such a wide availability of financing, including the irresponsible expansion of access to credit. But at the same time, she acknowledged that financial systems,

and financing in general, are still crucial to developing economies because they underpin economic development. She termed the financial crisis as not just a financial crisis but "a crisis of confidence in the financial sector policies." She suggested that in order to attain sustainability, the State must play a clear and defined role and that regulations have to be well formulated and enforced.

Roberto Steiner, Director of Fedesarrollo in Colombia, urged the audience to not overlook International Financing Institutions (IFIs) as they are of paramount importance for the sustainability of the financial system. He said that such support institutions will play a crucial role in helping to deliver the expected growth of developing economies in the following decades. He also argued that markets are becoming aware of this, as portrayed by the case of the International Monetary Fund (IMF), which has become bigger recently after almost vanishing. Additionally, Steiner stated that developed nations should comply more strictly with the rules of such institutions in order for the world economy to perform better.

Lastly, Alan Winters, Chief Economist at the UK Department for International Development (DFID) and Professor at the University of Sussex, stated that in spite of the global proliferation of aid sources for financing, there is a pressing need to find new ones and mobilize domestic resources. He warned that we are in serious danger if, "We think of remittances in the same way as development finance. They are private transactions, they are often intra-family transactions and it is very difficult to see that there is a role for the government in there. If the government wants the remittances to be invested the question is why aren't people investing the money that they receive from all sources abroad or at home."

#### **CHAIRPERSON**

##### **Ernesto Zedillo**

*Chair, GDN Board of Directors and Director, Yale Center for the Study of Globalization, USA*

#### **OPENING REMARKS**

##### **Juan Manuel Santos**

*President, Colombia*

#### **WELCOME REMARKS**

##### **Juan Carlos Echeverry**

*Finance Minister of Colombia*

##### **Carlos Angulo Galvis**

*President, Universidad de los Andes, Colombia*

##### **Gerardo della Paolera**

*President, Global Development Network*

#### **SPEAKERS**

##### **François Bourguignon**

*Director, Paris School of Economics, France*

##### **Asli Demirgüç-Kunt**

*Chief Economist, Financial and Private Sector Network, The World Bank, USA*

##### **Roberto Steiner**

*Director, Fedesarrollo, Colombia*

##### **Alan Winters**

*Chief Economist, Department for International Development (DFID) and Professor, University of Sussex, UK*

## ■ With Special Thanks

The 12th Annual Global Development Conference was hosted at the Universidad de los Andes (Bogotá, Colombia), an autonomous and independent institution founded on 16 November, 1948. The institution promotes pluralism, diversity, dialogue, discussion, criticism, tolerance and respect for the ideas, beliefs and values of its members. By having teaching and research programs of international quality in a climate of freedom and diversity, the Universidad de los Andes has as its mission to train professionals of integrity who are responsible and imaginative at the highest levels in their disciplines, strongly contribute to the country's economic and cultural enhancement and strengthen the values of coexistence and social peace.

Dr. Carlos Angulo Galvis, President, Universidad de los Andes, Colombia, welcomed the audience and expressed his pride in hosting the GDN conference. Speaking at the opening session he said, "For the Universidad de los Andes, hosting the GDN conference is an honor as the conference will enrich the vision of our faculty, researchers and students by giving them an opportunity to interact with academics from across the world." He added that, "GDN's annual conferences are unique in many ways. It is very similar to a university, building capacity of young researchers to enable them to make important contributions to the knowledge capitals for informing policy making in developing countries." He also expressed his belief in the benefits of cross-border academic collaboration to produce innovative scientific approaches to address complex social-economic problems confronting the developing countries.

Dr. Gerardo della Paolera, President, The Global Development Network expressed his gratitude to the President of the Universidad de los Andes for giving GDN the opportunity to organize the conference in Bogotá, Colombia. He said, "The conference shows a true intellectual partnership and my deepest

thanks to Dr. Carlos Angulo Galvis, President, Universidad de los Andes, Colombia for providing us with their magnificent campus for the three day deliberations." He also mentioned, "I am particularly thankful to our sponsors and conference donors, without the generous assistance of whom it would have been difficult to organize a conference of this scale. It is with your support that we will continue to serve young researchers and facilitate the generation of policy-oriented development."

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## ■ PLENARY 2

### Rethinking Microfinance



*Professor Victor Murinde making a point during the plenary session on 'Rethinking Microfinance'*

## ■ Plenary commentary

The second plenary session on 'Rethinking Microfinance' was opened by Professor Alejandro Gaviria Uribe, Dean, Department of Economics at the Universidad de los Andes, in which he explained the reasons why he thought there was a need for a fresh look in microfinance. "Information Technology is rapidly changing microfinance in some countries; as a result some countries are lagging behind while a quiet revolution is going on in others." He also demonstrated that there is need for a change in microfinance to accommodate the new and growing middle classes of some developing nations.

Dean Yang, Associate Professor of Public Policy and Economics at the University of Michigan, held the view that we were living in a time of ferment in the microfinance industry. He focused on what people have been learning from recent randomized trials on the theme of microfinance. He claimed, "Recent findings from these Randomized Controlled Trials (RCTs) have forced Development Economists

to rethink some of the conventional assumptions that have driven the microfinance sector for the past several decades."

RCTs, he believed, were also leading the industry in exploring innovative approaches and services. He concluded by stating that microcredit is not a magic bullet and the impact is heterogeneous within the populations.

Victor Murinde from the University of Birmingham began by saying, "It is very timely that we should be rethinking about microfinance partly because of the growth but mainly due to the challenges, especially after the global financial crisis." He further added, "The ability to be able to build the abilities is at the centre of the modern financial system."

During his talk, he concentrated on five ideas: rethinking the structure of incentives, selection bias, institutional factors responsible for maximizing the impact, the trade-offs between microfinance outreach and microfinance sustainability, and

microfinance regulation and social protection.

The session also discussed lessons learnt from the regional microfinance crisis in the Indian state of Andhra Pradesh. As a South Asia expert, Stefan Klonner, Professor at Heidelberg University, emphasized, "Financial inclusion is perceived as an important development strategy although it does not feature in the MDGs."

During his presentation it emerged that most of the growth in microfinance in the studied State had been due to the for-profit microfinance institutions. He cited a prominent business model in South India wherein commercial banks had started lending to microfinance institutions in order to ensure stipulated lending targets were reached.

He concluded by saying that he did not see the current crisis as an indication of a flaw fatal to the entire microfinance system but rather as a need for gradual improvement of the regulatory framework.

## Plenary summary

Appropriately designed financial institutions are crucial to improving the mobilization of savings in developing countries. The poor tend to have limited access to formal financial services and the lack of competition means that they pay a high price. This often takes the form of high interest payments on loans. The poor also frequently pay for the chance to save: the nominal rates received on deposits are in many instances very low or even zero, meaning that the real interest rates are negative.

In the absence of formal financial services, the poor rely on family and friends to provide loans on a reciprocal basis. The number of informal financial institutions that have grown in developing countries indicates the value placed on financial intermediation. Indeed, there exists a group of formal and informal financial institutions around the world that has developed to attend the needs of the smaller saver and investor. Formal, State-introduced mechanisms traditionally worked on the assumption that the poor did not have the capacity to save and needed direct credit to enable them to escape the poverty trap. Consequently, the institutions aimed to help the poor directly, through subsidy, rather than address their need for financial services.

Yet, empirical work has shown that this assumption is incorrect; given the appropriate incentives, even the poorest individuals have savings that could be mobilized. More recently, however, partly due to the increasing attention paid to the overall nexus between finance and poverty and partly due to the phenomenal impact of the Grameen Bank and Muhammad Yunus' pioneering work in this area, the whole idea that poor households are 'bankable' has gained momentum. Founded in 1983, Grameen was serving over six million poor customers in villages throughout Bangladesh by 2006. According to the Microcredit Summit Campaign, as of December 2007 microfinance institutions had

more than 150 million clients of which more than 100 million were women; and recent statistics seem to suggest that microfinance is a US\$6.5 billion business worldwide.

It is important to note that when Muhammad Yunus started the Grameen Bank the focus was on microcredit rather than microfinance. The reason for moving from microcredit to microfinance is the recognition that poor people want to save and insure as well as borrow. Furthermore, perhaps



**Dean Yang**, Associate Professor of Public Policy and Economics, University of Michigan, speaking at the second plenary session on 'Rethinking Microfinance'

the greatest triumph of microfinance is the demonstration that poor households can be reliable bank customers. The microfinance revolution certainly improved access to finance for hundreds of millions of poor people worldwide. Access to microfinance can expand poor households' abilities to cope with emergencies, manage cash flows and invest in the future. However, although there are many success stories all over the world many observers have repeatedly asked for careful differentiation between those changes that can be clearly attributed to financial access and those that might have happened anyway or as a result from other changes in the environment in which microfinance clients operate (i.e. whether the measurement of the true effect is biased by a selection effect).

In recent years, this has resulted in a new and interesting literature on

microfinance, which is still growing. A long-standing debate in this area is related to the sharpness of the trade-off between 'outreach' (i.e. the ability of a microfinance institution to reach poorer and more remote people) and its 'sustainability' (i.e. its ability to cover its operating costs and possibly also its costs of serving new clients from its operating revenues). The use of randomized designs to estimate the 'true' effect of microfinance on the poor is a very promising route for further research in this important area of development finance.

As has been argued recently by Banerjee *et al.* (2009), "the ideal experiment to estimate the effect of microcredit appears to be to randomly assign microcredit to some areas, and not some others, and compare outcomes in both sets of areas: randomization would ensure that the only difference between residents of these areas is the greater ease of access to microcredit in the treatment area." Given the above, it is clear that further empirical work is urgently needed to delve deeper into the various debates surrounding microfinance in order to develop a useful policy agenda for this crucial area of development finance, which is of utmost importance for the poor people in the developing world.

### CHAIRPERSON

**Alejandro Gaviria Uribe**

Dean,  
Department of Economics,  
Universidad de los Andes, Colombia

### SPEAKERS

**Stefan Klonner**

Professor,  
Heidelberg University, Germany

**Victor Murinde**

Professor,  
Birmingham Business School, UK

**Dean Yang**

Associate Professor of Public Policy  
and Economics,  
University of Michigan, USA

## ■ PLENARY 3

# Financial Sector Development and Domestic Resource Mobilization: Another Angle to Look at the MDGs?



*Boris Vujčić, Board Member of GDN, setting the tone for the third plenary*

## ■ Plenary commentary

Opening the third plenary session, Boris Vujčić, Member of GDN Board of Directors and Deputy Governor at the Croatian National Bank, reflected, “There has been quite a lot of liberalization of the financial sector as we have seen in the last ten years in the developing countries. But still there are many questions which are not clear and the research on which is ambiguous.”

The discussions commenced with Fabrizio Coricelli, Professor of Economics at the Universite de Paris 1 Pantheon-Sorbonne, analyzing the link between social protection and financial access and how to increase access of low income people to the formal financial sector. It is known that the less developed world is going through a more favorable situation in comparison to the developed world with a very rapid return of capital to emerging markets and developing markets. He argued that even in a pre-crisis world a large number of households and individuals were cut off from formal financial institutions in developing countries. In explaining this

he stressed that, “the people in areas with low access to formal finance have a large use of informal finance.” He concluded with the proposal that social transfers could be a possible solution to the predicament.

Iftekhhar Hasan, Cary L. Wellington Professor of Finance at the Rensselaer Polytechnic Institute, focused on the alternative perspective, namely, that of the regulators, academics and policymakers and what they may need to keep in mind in order to ensure that the overall flow of access to finance is possible. He highlighted banking institutions as intermediaries which provide access to finance globally, and the capital market being more prevalent in the developed world wherein banking institutions play a large role. “In each country when there is economic development, financial institutions play a big role. In different aspects of development stages the community banks have a role to play in the economic development of the society.” The session also focused on issues related to the importance of small community banks, and the

policies taken to create stability and achieve higher performances in banking institutions.

The last panelist, Guillermo Perry, visiting professor of Latin American Studies at Harvard Kennedy School and Fedesarrollo (Colombia), posited that poverty is reduced when growth is accelerated or when inequality is reduced, and argued that most empirical puzzles could be explained by two facts. These were, firstly, the relationship between ‘financial depth’ and ‘financial integration’ to access is not always strong, and secondly rapid increases in ‘financial depth’ or ‘financial integration’ increases the probability of crisis which in turn leads to lower long term growth. He said, “I don’t think that increasing access leads to a crisis. It is increasing financial depth very fast or opening too fast financial integrations which can lead (to it) so the key thing in my view is to avoid regulatory accesses.” He concluded by saying that, “in developing countries a lot of the firms are restricted in terms of finance, especially in countries with low financial depth/development.”

## Plenary summary

Recent years have witnessed a new interest in the finance-growth relationship, both at the micro and macro level and empirical research has flourished. Yet, the overall relationship between domestic resource mobilization and financial development has not been properly explored. The effective mobilization of domestic savings for private investment can play a crucial role in achieving growth and poverty reduction. Many developing countries have undertaken considerable financial reform over the last two decades (at least before the recent global financial crisis), including financial market liberalization, bank privatization and efforts to build the capacity of central banks and financial authorities to conduct prudential regulation and supervision of the liberalized financial system.

The same has been true in the transition economies, which have undertaken wholesale institutional reform to build a market-oriented financial system. Yet, two problems have become apparent. Firstly, the construction of regulatory and supervisory capacity has often lagged behind liberalization: a number of low-income and transition countries have experienced major bank crises (which in turn have destabilizing macro-economic effects). Secondly, the domestic investment response to financial liberalization has often been disappointing; savings mobilization has continued to be low, and the newly liberalized systems have rarely effectively intermediated savings into new and higher levels of domestic investment.

Moreover, lending to domestic investors continued to be focused overwhelmingly on larger borrowers, with small and medium-sized enterprises continuing to have inadequate access to formal financial lending. Against this background, the effectiveness of financial reform in achieving high levels of investment and growth (let alone development)

remains in doubt. Furthermore, the contribution of the financial sector to the achievement of faster poverty reduction (through the achievement of higher wage-employment growth and self-employment in small and medium-size enterprises) appears to be meager at best in many countries.

And of course, financial crises can result in recession, which endangers macro-economic stability and increases unemployment and poverty. Overall, we have only a limited understanding of

**The people in areas with low access to formal finance have a large use of informal finance.**

**FABRIZIO CORICELLI**

the channels through which the financial sector affects investment behavior, its effects on savings rates and the interaction between domestic financial flows and external financial flows. Needless to say, this is a critical issue in a post-crisis world and in view of the need to accelerate further progress towards the MDGs, to encourage the flow of private capital to developing countries and ensure its effective use for investment and pro-poor development. Whilst the important link between financial development and growth has been explored for many years, recent research has focused on the 'follow-up' link between financial development and poverty reduction.

It is, therefore, crucial to shed light on the channels through which financial development can promote poverty reduction. In addition to the important more 'indirect' link through the promotion of economic growth, thought must be given to making financial development more pro-poor in a 'direct' way, and making the economic growth resulting from it more pro-poor. Promising work in this area seems to confirm the extreme importance of strengthening the link between financial development and poverty reduction. Research findings are also ambiguous when it comes to the

relationship between financial development and changes in poverty and income distribution.

According to some models, financial market imperfections (such as asymmetric information, transactions and contract enforcement costs) are more binding on poor entrepreneurs who lack collateral, credit histories and connections. These credit constraints thus impede the flow of capital to under-privileged individuals with high-returns projects, reducing the efficiency of capital allocation and worsening income inequality. Viewed from this angle, financial development can reduce poverty by relaxing the credit constraints on under-privileged individuals, thereby improving the allocation of capital and accelerating growth. Others question whether financial development reduces poverty, citing that the poor primarily rely on the informal sector and family connections for capital. Therefore, improvements in the formal financial sector do not necessarily benefit the poor. This important debate calls for more reflection and more empirical work so more pro-poor policies can be developed and implemented.

### CHAIRPERSON

**Boris Vujčić**

*Member, GDN Board of Directors and Deputy Governor, Croatian National Bank, Croatia*

### SPEAKERS

**Fabrizio Coricelli**

*Professor of Economics, Université de Paris 1 Pantheon-Sorbonne, France*

**Iftekhar Hasan**

*Cary L. Wellington Professor of Finance and Director of the International Center for Financial Research, Rensselaer Polytechnic Institute, USA*

**Guillermo Perry**

*Robert F. Kennedy Visiting Professor of Latin American Studies, Harvard Kennedy School, USA and Fedesarrollo, Colombia*

## ■ PLENARY 4

# Innovative Sources of Development Finance and the Rise of the New Philanthropy



**Oliver Babson, Ernest Aryeetey, Ann Harrison and Pierre Jacquet** during the fourth plenary session (From L - R)

## ■ Plenary commentary

The fourth plenary was chaired by Ann Harrison, Member of GDN's Board of Directors and Director of Development Policy at the Development Research Group, The World Bank. The session deliberated upon themes such as exploring new sources of development finance, political economic issues associated with exploring new forms of development finance, and whether the new avenues were adding to the official development assistance or instead replacing and crowding out its sources.

Ernest Aryeetey, Member of GDN's Board of Directors and Vice Chancellor at the University of Ghana, discussed the plenary's theme by illustrating the importance of remittances. "Remittances have helped the poor come out of poverty. In Ghana, my own country, the regions where the poverty has declined fastest are the regions where the receipts of remittances have been highest so there is a correlation between poverty reduction and remittances." He added that, "it is important to find out in what ways can government be encouraged to develop

instruments that would help transfer some of these flows (remittances) into development projects." He also pointed out that private donations for development purposes have risen in the recent past and is growing faster than any other form of assistance to developing countries.

Quoting US President Barack Obama's advisor, "You should never let a crisis go wasted and should always take advantage of the crisis", Oliver Babson of the Bill & Melinda Gates Foundation outlined the subsequent advantages of the current financial crisis. He pointed out that there is now a shift in focus on the discussion about international development finance and aid to quality instead of just quantity. He added with a lot of optimism that, "there is a lot of capacity to scale-up and sustain things, and at the same time the qualities of governance and decision making in developing countries is really improving in significant ways." He concluded by saying that, "it is exciting to think how these different pieces are going to combine - increasing private resources, increasing government

revenues, smarter policymaking and on the fringes lots of innovation coming from new individuals and new players taking a new look at these issues and willing to take risks to try out things and fail in ways that really have not been done before."

Pierre Jacquet, Chief Economist at the Agence Française de Développement, suggested that private savings should be mobilized. He said, "Most of the people around the world would like to save in a responsible manner and so why not include development purposes in view of what is responsible to do." He emphasized on creating a joint socially responsible investment vehicle and pointed out that in order to develop resources for development finance it is important to tap into the flow of private savings. The idea of this innovation, he explained, is to connect savers with projects in developing countries and to make development assistance directly accountable to people. He agreed that the suggested innovation may take long to succeed but assured that it was risk-proof.

## Plenary summary

In the wake of the global financial crisis and with progress towards the MDGs faltering, new sources of development finance, beyond traditional sources such as Official Development Assistance (ODA), have become an important dimension of the current discussion on development finance. Considering new sources of development finance is by no means an entirely new agenda in development finance since Monterrey but it has attracted more attention in the aftermath of the financial crisis. Indeed, if more money from existing sources of development finance is not expected to be available shortly due to the crisis implications, then ideas (and action) for innovative sources of finance are crucial.

Various proposals were discussed in detail in the influential Atkinson Report (OUP and UNU-WIDER, 2004) including the taxation of environmental externalities for development purposes, the development-focused allocation of the Special Drawing Rights (SDRs), the much debated Currency Transactions Tax (better known as Tobin tax) and international remittances, among others. Particular attention was paid at that time to three central issues which remain relevant due to the need to think of new ways of financing development in the aftermath of the global financial crisis: (1) the feasibility of the proposals, (2) the revenue potential of the proposals and (3) the issue of the 'double dividend'. Obviously, the feasibility of the new sources for financing development is strongly related to their political economy, namely, the need to consider not only how a national government should behave, but also how national governments do behave in each case.

This also covers the likelihood of the various proposals being adopted. Do we need, for example, universal agreement in certain cases or a 'flexible geometry' approach (i.e. a group of governments can move together in adopting one of the proposals and

implement it, thus generating further revenue for development purposes)? The revenue potential of the various innovative sources of funding is also crucial (i.e. how much revenue can be raised in each case?) To what extent would that fill the current gap in financing development in view of the current level of ODA? The issue of 'double dividend' is also central since it poses the question as to whether the new source of development finance can generate revenue for development purposes and at the same time help

**Most of the people around the world would like to save in a responsible manner and so why not include development purposes in view of what is responsible to do.**

**PIERRE JACQUET**

reduce environmental damage (for example, the taxation of environmental externalities). The 'additionality issue' is another important topic in the search for new ideas for development finance. The issue centers on whether the new source will be additional to ODA flows or will crowd out ODA and other traditional sources. Development focused SDRs are a particularly interesting proposal. George Soros, one of its key proponents, has argued that new SDRs should be created and that developed countries should re-allocate their share of the SDR issue to the funding of global public goods and to supplementing aid flows to individual developing countries.

Needless to say, this is now a very pertinent issue, given the need of developing countries to accumulate reserves in order to cope with the vulnerability arising from financial crises. The recent rise of the new philanthropy is a very important development in the area of innovative sources of development finance. It requires special attention. Although charitable giving in rich countries is considerable (1.5 percent of national income in the USA a few years back), the majority of philanthropic activity in rich countries is aimed at domestic

concerns. Furthermore, a substantial fraction of philanthropic activities are focused predominantly on humanitarian and emergency assistance following natural disasters and also on countries emerging from conflict. There are also a number of private foundations with strong development interests such as the Bill & Melinda Gates, Ford, Hewlett, Rockefeller and Soros foundations and, more recently, the UN Foundation, set up by Ted Turner, among others. The potential for raising private donations for development purposes is sizeable and requires further discussion amongst the international development community because in many cases the example of individual citizens may encourage national governments to be more generous when it comes to financing development. Furthermore, the current forward looking development agenda of some of the new private foundations and their modalities in implementing that agenda may be instrumental in influencing the development agenda of many donors. Finally, very recent initiatives in this area by Bill Gates, among others (June 2010) have already attracted a lot of attention.

### CHAIRPERSON

**Ann Harrison**

Member, GDN Board of Directors, Director of Development Policy, Development Research Group, The World Bank, USA and Professor of Agricultural and Resource Economics, University of California, Berkeley, USA

### PANELISTS

**Ernest Aryeetey**

Member, GDN Board of Directors and Vice Chancellor, University of Ghana, Ghana

**Oliver Babson**

Bill & Melinda Gates Foundation, USA

**Pierre Jacquet**

Chief Economist, Agence Française de Développement, France

## ■ PLENARY 5

### Development Aid: The Emerging New Landscape



*The plenary panel - Elizabeth Asiedu, Patrick Guillaumont, George Mavrotas and Helen Milner (From L - R)*

## ■ Plenary commentary

The fifth plenary session titled 'Development Aid: The Emerging New Landscape' was opened by George Mavrotas, Chief Economist at GDN and a leading researcher in this area. He said that after many years of research in the field of development aid researchers, policymakers and practitioners alike now know more about the macroeconomic impact of aid since they have better data available on aid, along with better methodology and econometric techniques that can be used to delve deeper into aid effectiveness issues. Yet, he pointed out that we need to know more about a number of issues in development aid in the aftermath of the world financial crisis, still of paramount importance for many low-income countries dependent on aid flows. He also emphasized that, "it is not sufficient to scale-up aid efforts by just raising and transferring more money, we need also quality."

Lead Plenary Speaker, Helen Milner, B.C. Forbes Professor of Politics and International Affairs at Princeton University, approached the overall topic of development aid during her presentation from a geo-political perspective. In particular, she explored how political relations amongst countries in the international development finance system affected

aid allocation as well as aid effectiveness, adding that, "Aid policies are probably going to change as they have over the last 60 years with changes in the geo-political environment and how that impacts the larger international system." She also stressed that aid donors are constantly competing with each other for influence in this important area and such a competition in the new multi-polar world will have a lot of implications for foreign aid policy. She referred to the emergence of new aid donors with different types of modalities and instruments, a development that is expected to affect the current status quo of the development aid system substantially.

The need to reassess the relationship between aid and performance in the emerging landscape of development aid was discussed at length during the rest of the presentations and the session. Plenary Speaker, Patrick Guillaumont, President of Foundation pour les Etudes Et Recherches sur le Developpement International (FERDI), during his talk highlighted the common view on aid allocation which relies on a paradigm where performance is misunderstood and neglects vulnerability issues for aid recipient countries. In his presentation he pointed out how the proliferation of

donors, as well as vertical funds, make the adoption of common rules more difficult in this crucial area and this may lead to a global allocation of aid which is not favorable to the poorest and most vulnerable countries. He concluded that vulnerability issues should be considered in the overall aid allocation process and they should be a crucial element of aid allocation policy.

Finally, Plenary Speaker Elizabeth Asiedu, Professor at the University of Kansas, paid particular attention in her presentation to the overall important nexus between foreign aid and Foreign Direct Investment (FDI). She argued that, "aid can serve as a catalyst to FDI through investments in channels like infrastructure development and human capital accumulation." She drew attention to the fact that this is an area that remains under-researched in the voluminous empirical literature of aid effectiveness. Thus, there exists a clear need for more work on this crucial relationship. She also added that, "in addition to providing infrastructure and human capital, aid can also facilitate FDI by reducing country risk on FDI." Her presentation showed that increasing aid would be particularly beneficial to countries in Sub-Saharan Africa and that they subsequently need to pursue policies that will lower the risk to FDI.

## ■ Plenary summary

No topic has had quite such a long, uninterrupted and volatile history as foreign aid. For decades it has captivated academics, policy makers and practitioners alike. As Roger Riddell, succinctly put it, in his recent book *Does Aid Really Work?* (2007), "... aid has managed, repeatedly, to reinvent and renew itself after repeated bouts of uncertainty, doubt and pessimism." Robert Cassen, in his influential study *Does Aid Work?* (1986), argued quite rightly that, "much of the public discussion of aid has been distorted by prejudice, ideology and selective glimpses of parts of the evidence", and that, "most aid does succeed in terms of its own objectives and obtains a reasonable rate of return; but a significant proportion does not."

However, more than twenty years after the publication of this seminal study, aid issues are still vulnerable to domination by politics and ideology. Yet, the overall context in which development aid is now perceived and assessed is dramatically different. The UN Doha Conference clearly stressed that the international context of foreign aid has changed profoundly since Monterrey. In particular, the Doha Declaration on Financing for Development (2008) emphasized that the international community is now facing the severe impact on development caused by multiple, interrelated global crises and challenges which include food insecurity, volatile energy and commodity prices, climate change, and above all, the global financial crisis.

So what might the next decade hold for aid effectiveness? In trying to answer this challenging question we would agree with Ravi Kanbur (2006) who stressed that, "the macro-econometric investigation of aid-growth regressions will no doubt continue into the next century", since, "... there are sufficient issues of data (how exactly is 'aid' defined?), of econometrics (how can the truly independent effects of aid be identified from a mix of independent relationships?) and of development doctrine (what is 'good policy'?) to

keep the debate alive." It is also important to remember that in the long history of the empirics of aid, negative studies (i.e. studies concluding that aid's impact on growth was negative) have dominated the lively debate on aid effectiveness and received substantial coverage in the media.

At the same time, recent calls for increasing aid have generated a new interest among researchers and policy makers regarding the macro-economic implications of such a 'big push' approach. Furthermore, and of



**Patrick Guillaumont**, President, FERDI, speaking at the plenary session on 'Development Aid'

relevance to the above, there exists an ongoing debate as to whether additional aid could be absorbed effectively. Issues related to aid volatility, aid heterogeneity, fiscal response to increased aid inflows and those related to political economy aspects of aid have all also recently been under investigation. A central message emanating from recent work is that it is not sufficient to scale up aid efforts by raising and transferring more money. Insufficient targeting of sector-specific aid must take part of the blame for the lack of progress made towards the MDGs so far. Unless aid is better targeted, scaling up aid is unlikely to have the desired effects.

Furthermore, the 'big push' and 'absorptive capacity' approaches cannot be reconciled without a reform on the aid 'architecture' associated with recent calls for scaling up aid. It would be,

therefore, a missed opportunity to increase aid without considering the apparatus for delivering such large amounts of money. Needless to say, fiscal response issues (i.e. how the aid recipient government responds in the presence of increased aid flows), issues related to the volatility and unpredictability of aid and also research work on aid heterogeneity (i.e. how different types of aid operate) are becoming quite timely now in view of the need to scale up aid to accelerate progress towards the MDGs and more importantly, in order to deal with the triple crisis. Further work is also required regarding aid allocation criteria, an area that has received much attention recently.

Finally, recent years have witnessed the emergence of new aid donors from the South, a development that has implications for the future of development aid. Of relevance here is the recent High-Level Event on South-South Cooperation organized in Bogotá in March 2010, which endorsed the Bogotá Statement towards effective and inclusive development partnerships in the area of South-South Cooperation.

### CHAIRPERSON

**George Mavrotas**

Chief Economist,  
Global Development Network

### LEAD SPEAKER

**Helen Milner**

B.C. Forbes Professor of Politics  
and International Affairs,  
Princeton University and Director,  
Niehaus Center for Globalization and  
Governance, Woodrow Wilson School,  
Princeton, USA

### DISCUSSANTS

**Patrick Guillaumont**

President, *Fondation pour les Etudes  
Et Recherches sur le Développement  
International (FERDI)*, France

**Elizabeth Asiedu**

Professor, Department of Economics,  
University of Kansas, USA

## CONCLUDING PLENARY

### Financing Development: Looking into the Future

**G**erardo della Paolera, President of Global Development Network, opened the last and final plenary on 'Financing Development: Looking into the Future'. Highlighting the importance of the topic he introduced the four distinguished speakers for the plenary session. The panel summarized what was discussed over the last three days at the conference, the central policy lessons emanating from the discussions and suggestions for innovative ways for the way forward.

Mario Bergara, President of the Central Bank of Uruguay, made a presentation on 'Financial Inclusion and Education', and highlighted the need for more inclusive financial systems. He explained how his presentation topic demands immediate attention of policymakers in Latin America and emerging countries as Financial Inclusion and Financial Literacy are the 'two faces of the same coin.' He added that financial systems are underdeveloped in most emerging markets as banks are the main financial service providers but due to limited penetration the banks are also somewhat ineffective. He emphasized the need to promote specific initiatives for increasing access to financial services and improve efficiency. During his talk an important means for improving financial literacy surfaced. "In my view financial education is the other side of the coin of financial inclusion, so we have to work towards a more inclusive financial system and also raise financial literacy."

While pointing out that the emerging market countries are doing fantastically well during the crisis and even after the crisis, Boris Vujčić, Member of GDN Board of Directors and Deputy Governor at the Croatian National Bank, cautioned the audience not to be too optimistic. During the presentation he highlighted how most of the regions have done well except Central and Eastern Europe that have been hit hard by the crisis mainly because these regions are highly

integrated with the advanced economies. He talked about the financial crises in the future and posited that if things go wrong in advanced countries again, spillovers could happen through different channels. He ended his presentation by reflecting that the markets and economies are doing well at present



**Rohinton Medhora**, Vice President, International Development Research Centre, Canada with **H.E. Riewad V. Warjri**, Ambassador of India to Colombia, Ecuador and Costa Rica

but there are multiple factors which decide the well-being of these, and so what happens in the future is very unpredictable.

Mauricio Cárdenas, Senior Fellow and Director of the Latin American Initiative, the Brookings Institution, during his talk argued that access to financial services is not the same as financial development, and urged the audience to not get confused between the two. "It is not just subsidizing access; financial development faces problems like lack of savings and income inequality." He added, "If you do not have savings and some equity, then just access to financial services is not sustainable." He also revisited the discussion that was gravitating through the conference about quantity versus quality and raised his concern equally about both. In view of his recent research work in this area, he dedicated a part of his presentation to

aid effectiveness issues, and used empirical analysis to illustrate the circumstances under which aid seems to be effective. He concluded, "There are no good or bad forms of aid, *per se*, it all depends on political institutions context."

Finally, on the basis of the recently released documents Rohinton Medhora, Vice President at the International Development Research Centre, Canada, felt, "Funding for future productive capacity and future growth is increasing in many developing countries, especially in the countries where the problems are more severe." In addition to looking at investments in science and technology, he also reflected on the need to think about the social and political context in which this investment plays out. He added, "We have to think about using finance creatively to bridge the technology divide between countries." He closed his talk by urging that "both money and ideas matter, and good ideas will always be around. If they are good, money will follow and what we need to do is to ensure that the ideas are good."

#### CHAIRPERSON

**Gerardo della Paolera**  
President,  
Global Development Network

#### PANELISTS

**Mario Bergara**  
President,  
Central Bank of Uruguay, Uruguay

**Mauricio Cárdenas**  
Senior Fellow and Director of the  
Latin American Initiative,  
The Brookings Institution, USA

**Rohinton Medhora**  
Vice President,  
International Development Research  
Centre, Canada

**Boris Vujčić**  
Member, GDN Board of Directors  
and Deputy Governor,  
Croatian National Bank, Croatia

## Parallel Sessions

Various Parallel Sessions were also organized at the GDN 12th Annual Global Development Conference in Bogotá in connection with GDN's Regional Network Partners and external partners.



**Young researchers from the South presenting their research to a global audience at the parallel sessions**

**Parallel Session:  
Financial Crisis and Financial  
Inclusion: What we know, and what  
can be done?**

Organized by the Latin American and Caribbean Economic Association (LACEA)

During this parallel session various policy options to increase the participation of poor households into the financial system were discussed. The session also addressed and summarized the research done in Latin America at the village and household level on developing formal and informal financial contracts. In particular, the session discussed the role that social networks have in the development of insurance informal instruments. It, additionally, addressed the determinants of financial participation among households, and how contracts can be changed in order to increase take-up rates in micro lending and micro insurance. The relationship between financial inefficiencies and income inequality and poverty was analyzed as well. Finally, the session showcased the role that the government plays in facilitating and completing financial markets, particularly focusing on the Government Insurance Program in Chile which successfully provides the guarantees needed by the banking sector to alleviate the problems of micro lending.

### MODERATOR

**Roberto Rigobon**

*Society of Sloan Fellows  
Professor of Applied Economics,  
Sloan School of Management,  
Massachusetts Institute of Technology,  
USA*

### SPEAKERS

**Luis Ballesteros**

*Project Specialist and Researcher,  
Sistema Nacional de Protección Civil,  
Mexico*

**Kevin Cowan**

*Director of the Financial Policy  
Division, Banco Central de Chile, Chile*

**João Manoel Pinho de Mello**

*Assistant Professor,  
Pontificia Universidade Católica do Rio  
de Janeiro, Brazil*

**Parallel Session:  
Financing Development: Domestic  
Resource Mobilization, Past  
Experience and Future Challenges**

Organized by the Fiscal Affairs Department  
of the International Monetary Fund (IMF)

The Millennium Development Goals stressed the need to strengthen Domestic Revenue Mobilization for development progress, and recently there has been heightened interest in this topic from many sides – the G-20 leaders; International Organizations beyond the IMF and The World Bank; and bilateral aid donors. Yet, and despite much technical assistance and attention to this area, revenue ratios in non-natural-resource-rich low-income countries have essentially stagnated. This session looked at past experiences – successful and less so – and at the future challenges and issues. Questions included, among others, the succession of major ideas in the area and the results and promise thereof (e.g. VAT, large taxpayer units, revenue authorities, taxation and governance links, etc.); ‘informality’, and more broadly the taxation of small and medium enterprises; distributional issues (inter- and intra-country, including problems in capital taxation); increasing regional

integration; impact of trade liberalization; and the role of the financial system in low-income countries. Underlying these issues were questions both of tax policy and of administration, which were addressed during the session.

### CHAIRPERSON

**Ruud de Mooij**

*Senior Economist,  
Fiscal Affairs Department,  
International Monetary Fund, USA*

### SPEAKERS

**Ruud de Mooij**, ‘Financing

*Development: Domestic Resource  
Mobilization, Past Experience and  
Future Challenges’*

*Senior Economist,  
Fiscal Affairs Department,  
International Monetary Fund, USA*

**Pierre Jacquet**

*Chief Economist,  
Agence Française de Développement,  
France*

**John Page**

*Senior Fellow,  
Global Economy and Development,  
The Brookings Institution, USA*

**Parallel Session:  
Credit Instruments and Effects  
on Credit Access, Savings and  
Remittances**

Organized by the Bureau for Research and  
Analysis of Development (BREAD)

This session provided evidence concerning the determinants of credit access, savings and remittance flows in Brazil, El Salvador and Malawi, with implications for policies pertaining to design of credit instruments. In the context of Brazil, Rangel's paper examined the impact of a new legal reform enabling direct payroll deductions of debt payments on credit access and entrepreneurship. Giné presented evidence of the effects of offering commitment savings products in Malawi which restrict timing of withdrawals. Yang's paper evaluated a policy experiment with creating financial instruments which allow

migrants from El Salvador greater control over the use of their remittances back home.

#### CHAIRPERSON

##### **Sam Schulhofer-Wohl**

Senior Economist, Federal Reserve Bank of Minneapolis, USA

#### SPEAKERS

**Marcos Rangel**, 'Occupational Choice and Commitment Power: Inferential Evidence from Changes in the Availability of Credit Instruments' (with Gabriel Madeira, Marcos A. Rangel and Mauro Rodrigues) Professor,

University of Sao Paulo, Brazil

**Dean Yang**, 'Remittances and the Problem of Control: A Field Experiment Among Migrants from El Salvador' (with Nava Ashraf, Diego Ayinemo and Claudia Martinez)

Associate Professor of Public Policy and Economics, Gerald R. Ford School of Public Policy and Department of Economics, University of Michigan, USA

#### DISCUSSANT

##### **Sam Schulhofer-Wohl**

Senior Economist, Federal Reserve Bank of Minneapolis, USA

#### Parallel Session: Financial Crisis and the Role of Macro-Prudential Policies

Organized by  
The World Bank Institute (WBI)

The traditional micro-prudential regulations proved inadequate during the recent global financial crisis. There is new thinking on (i) how to reform the global financial system and how to reduce the vulnerability of the system to adverse changes in macro-economic and market conditions; and (ii) which macro-prudential approaches to be introduced to complement micro-prudential policies to deal with systemic risks, such as excessive leveraging by all types of firms and households coupled with liquidity mismatches during a

boom followed by excessive risk-averseness and de-leveraging during busts. There is also the issue of how best to deal with too-big-to-fail institutions. This session focused on the goals for macro-prudential regulation and policies, the indicators and tools that need to be in place, and the remaining gaps in our understanding to deal with the next possible financial crisis.

#### CHAIRPERSON

##### **Derek H.C. Chen**

Economist,  
The World Bank Institute, USA

#### PANELISTS

##### **Mario Bergara**

President,  
Central Bank of Uruguay, Uruguay

##### **Asli Demirgüç-Kunt**

Chief Economist of the Financial and Private Sector Network and Senior Research Manager of Finance and Private Sector,  
The World Bank, USA

##### **Erlend W. Nier**

Senior Financial Sector Expert,  
International Monetary Fund, USA

#### Parallel Session: Micro-credit and Insurance: Design and Experimentation

Organized by the European  
Development Research Network (EUDN)

The three papers in this session offered different perspectives on the design of insurance and credit to examine constraints in the provision of credit and insurance in developing countries. The focus was on how the design of insurance and credit institutions might be improved to increase take-up and access. The first paper examined data from a randomized experiment together with a structural model to study uptake of health insurance in Kenya. The second examined the role of heterogeneity in organizational forms to explain differences in risk sharing within insurance groups. The third examined how the design of microfinance lending might affect access to credit.

#### CHAIRPERSON

##### **François Bourguignon**

RNP Head, EUDN & Director,  
Paris School of Economics, France

#### SPEAKERS

**Jean-Marie Baland**, 'Repayment Incentives and the Distribution of Gains from Group Lending' Professor,

University of Namur, Belgium

**Tessa Bold**, 'Contract Design in Insurance Arrangements' Assistant Professor,

Institute for International Economic Studies, Sweden

**Andrew Zeitlin**, 'Friends, Fear and Finance: Buying Health Insurance in Rural Kenya' (with Stefan Dercon, Oxford and Jan Willem Gunning, VU University, Amsterdam)

Research Officer,  
Centre for the Study of African Economies, Department of Economics, Oxford, UK & Research Fellow in Applied Micro-economics, Lincoln College, Oxford, UK

#### Parallel Session: Recent Trends and Challenges for Financial Development in Latin America

Jointly organized by the Latin America and Caribbean Region – The World Bank & Corporación Andina de Fomento (CAF)

LAC's financial systems are at a crucial juncture. Over the past two decades, most of LAC pursued highly regarded financial sector policies and established much improved macro-economic and institutional environments. As a result, LAC's financial systems appear to have become more resilient while continuing to gain in diversity. For all the apparent gains, however, many challenges remain, with respect to depth, access, international integration, and systemic stability. This session addressed these issues by featuring relevant research that lies behind the forthcoming flagship publications on financial development in Latin America from the Corporación Andina de Fomento (CAF)

and The World Bank. The first half of the session focused on the evolution of LAC's financial systems over the past two decades, benchmarking them vis-à-vis other regions. It also addressed the key developmental and stability issues in the road ahead that need to be taken into account when designing the reform agenda for the financial sector. The



**Professor Guillermo Perry commenting on a presentation at the parallel session**

second half of this session evaluated the limited access to financial services by firms and households and highlighted the role of microfinance as a response to the inability of traditional banking to efficiently attend excluded strata, and its potential to significantly affect the overall level of access to finance. New survey results on the relative importance of the informal sector in providing financial services to households were also discussed.

#### **CHAIRPERSON**

##### **Guillermo Perry**

*Robert F. Kennedy Visiting Professor of Latin American Studies, Harvard Kennedy School, USA & Fedesarrollo, Colombia*

#### **SPEAKERS**

##### **Daniel Ortega**

*Research Economist, Andean Development Corporation, Corporación Andina de Fomento & Fedesarrollo, Colombia*

##### **Sergio Schmukler**

*Lead Economist, The World Bank, USA*

##### **Augusto de la Torre**

*Chief Economist for Latin America and the Caribbean, The World Bank, USA*

##### **Leonardo Villar**

*Chief Economist, Andean Development Corporation, Corporación Andina de Fomento (CAF) & Fedesarrollo, Colombia*

### **Parallel Session: Research Shaping Policy – Latin America's Experiences**

*Organized by GDNNet*

The new buzzword around the world is 'evidence-based policymaking'. But how does this actually happen in practice? How receptive are policymakers to using research evidence in both designing and implementing their policies? And how good, and willing, are researchers at understanding and engaging with policymaking processes? What is the role of strategic communications in influencing policy, and what are the results? A panel of experts from Latin America shared their experiences, both successes and failures to influence policy, in a panel discussion in this parallel session. Moderated by a journalist, the session brought together the Executive Directors of three Latin American think tanks from Chile, Colombia and Ecuador to draw similarities and contrasts from their different approaches to influence policy. They made practical suggestions as to how to behave as a researcher if you want to be policy influential; and they shared two significant organizational decisions they had made to improve their influence.

#### **CHAIRPERSON**

##### **Magued Osman**

*Chairman, Egyptian Cabinet of Ministers, Information and Decision Support Center (IDSC), Egypt*

#### **MODERATOR**

##### **Laura Zommer**

*Communications Director, Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento (CIPPEC), Argentina*

#### **PANELISTS**

##### **Orazio Belletini**

*Executive Director, Foundation for Advance of Reforms and Opportunities (FARO), Ecuador*

##### **Patricio Meller**

*Research Director, Corporación de Estudios para Latinoamérica (CIEPLAN), Chile*

##### **Roberto Steiner**

*Director, Fedesarrollo, Colombia*

### **Parallel Session: Think Tanks in the Developing World**

*Jointly organized by Corporación Andina de Fomento (CAF) & Fedesarrollo*



**Ernesto Zedillo, Enrique García Rodríguez, Patricio Meller, William Lyakurwa and Roberto Steiner (From L - R)**

A think tank, being an independent non-profit research organization providing analysis and expertise in order to influence policymakers, faces two major challenges, namely, (i) how is independence maintained?; and (ii) what are the means to ensure influence among policymakers? It is easy to imagine tension arising between these two challenges, and there is evidence of this being a problem even in developed countries, particularly in the USA. Put bluntly, if you want to be influential, you often have to sacrifice political independence. While this tension might be exacerbated on account of concerns with financing, it can occur even in their absence. Based on their experience, leading particular think tanks, members of this special parallel session addressed, among others, the following issues: How serious are the above-mentioned problems in developing countries? Does the consolidation of political parties help or hinder think tank influence and independence? Can regional or global networks mitigate these concerns? To what extent seeking influence through public opinion may mitigate this tension?

#### **CHAIRPERSON**

##### **Enrique García Rodríguez**

*President and CEO of Corporación Andina de Fomento (CAF)*

**SPEAKERS****Ahmed Galal**

RNP Head and Managing Director,  
Economic Research Forum (ERF),  
Egypt

**Patricio Meller**

Research Director,  
Corporacion de Estudios Para Latino  
America (CIEPLAN), Chile

**Roberto Steiner**

Director,  
Fedesarrollo, Colombia

**Ernesto Zedillo**

Chair, GDN Board of Directors  
and Director,  
Yale Center for the Study of  
Globalization, USA

**Parallel Session:**  
**Financing for Development: What  
Opportunities for Pacific Islands States**

Organized by the  
Oceania Development Network (ODN)

The world has changed dramatically since the 1970s when many Pacific Island countries gained independence and when new programs and funding for development were agreed by independent Pacific Island governments and national and international donors. This was a new relationship, with new perspectives on social and economic development and new ways of providing financial assistance. It was a time of bilateral aid agreements, The World Bank and Asian Development Bank loans, and a commitment to economic development. While metropolitan country non-governmental organizations and churches continued to finance education and health-related development, the major forms of development financing were bilateral and banking loans. In the last 40 years, development theories, development practice, development effectiveness and the forms of development assistance have changed. So has the global political and financial order.

The overuse of resources, environmental destruction, continued rapid population growth, climate change, the volatility of the global financial market and the growing threat of global violence all play out on Pacific Island opportunities for development. How has development assistance adapted to these new realities? Has the aid relationship changed? Are there new ways of financing development? Are communities and Pacific Island government and non-governmental organizations finding their own ways to finance the kinds of development they consider important? Is it time to become less risk averse and more creative in the search for development programs that transform lives? How do we bring about a meeting of minds, based on a resolution of long standing disagreements, the recognition of shared interests across a wide range of issues, and the forging of common expectations for development? Recent changes in approaches to financing for development in the Pacific and their impact on development were discussed during this session.

donors and will undermine the regime of international cooperation and reduce aid effectiveness.

The second issue is on how to mobilize resources in the developing countries in place of those from the developed countries. This question is particularly relevant in Asia where some countries have huge amount of savings. The way to maximize development gains from private capital inflows, at the same time to tame its volatility, should be explored.

The third issue is the development impact of overseas workers' remittances. In some countries, like the Philippines, workers' remittances from abroad are one of the major sources of the foreign currency reserves. It has also been reported that those remittances are the source of liquidity especially in the countryside that has enabled local residents to start micro-enterprises, improve their homes and even build new houses. But do overseas remittances really have some positive development impacts? The session aimed at examining possible policy recommendations on diversification of development finance based on the issues above.

**Parallel Session:**  
**Diversification of Development  
Finance in Asia**

Jointly organized by the  
East Asian Development Network (EADN)  
and GDN Japan

During the last three to four decades of late 20th century, foreign direct investment and development finance from the developed countries and various international organizations played important roles for economic development. However, the situation is gradually changing, as some countries have successfully developed their economies, graduated from a status of 'recipient countries' and emerged as new donors, while most of the developed countries have been buffeted by one crisis after another. It may be difficult for the developed countries to increase aid amid difficulties caused by the financial crises therefore, it is important that alternative ways to fill development finance gaps of the developing countries be examined.

The first issue is with regard to 'emerging donors'. It is expected that the financial flows from the 'emerging donors' will substitute for traditional development financing mechanisms. However, this 'substitution' is not without controversy because it is perceived that the policies and guiding principles of emerging donors are different from the traditional

**CHAIRPERSON****Josef T Yap**

RNP Head, East Asian Development  
Network (EADN) & President,  
Philippines Institute for Development  
Studies (PIDS), the Philippines

**SPEAKERS****Kaoru Hayashi, 'Post-Crisis Trend**

in Development Assistance'  
Member, GDN Board of Directors  
and Professor,  
Bunkyo University and GDN Adviser  
to Japan International Cooperation  
Agency (JICA), Japan

**Jin Sato, 'How do "Emerging" Donors**

differ from "Traditional" Donors?:  
An Institutional Analysis of Foreign  
Aid in Cambodia'

Visiting Fellow, Princeton University  
and USA Associate Professor,  
University of Tokyo, Japan

**Guntur Sugiyarto, 'The Role**

of Remittances in Promoting Growth  
in Asia'  
Economist,  
Asian Development Bank (ADB)

**CHAIRPERSON****Pamela Thomas**

Visiting Fellow,  
Research School of Pacific and Asian  
Studies, Australian National University

**SPEAKERS**

**Priya Chattier**, 'From Beijing to Doha,  
Financing for Gender Equality and  
Development: Evidence of Aid  
Effectiveness in the South Pacific'  
University of the South Pacific, Fiji

**Suwastika Naidu**, 'Financial  
Obstacles Faced by Micro, Small and  
Medium Enterprises in the South  
Pacific'

Teaching Assistant,  
University of the South Pacific, Fiji

**Baljeet Singh**, 'The Microfinance  
Promise in Financial Inclusion:  
Evidence from and the Pacific Region'  
University of the South Pacific, Fiji

**DISCUSSANTS****Anita Latai**

Geography Lecturer,  
National University of Samoa, Samoa

**Milika Waqainabete**

Head of Humanities and  
History Teacher,  
International School Suva, Fiji

**Gordon Nanau**

Lecturer in Politics and  
International Affairs,  
University of the South Pacific, Fiji

**Parallel Session:  
Intra-Regional Capital Mobility  
Between and Within Africa and the  
Middle East**

Jointly organized by the African Economic  
Research Consortium (AERC) and the  
Economic Research Forum (ERF)

Although Africa and the Middle East belong to the developing world, they are characterized by excess capital in some countries and scarce capital in others. The case for regional integration through capital mobility seems strong, at least on the grounds of potentially high returns to investment. However, intra-regional capital flows seem to be sub-optimal and excess capital, both

official and private, tends to travel north and west rather than within the regions. This session explored the extent to which this observation is substantiated, explored the reasons why attempts to integrate through capital mobility have thus far been limited, and proposed mechanisms to enhance intra-regional capital mobility for the benefits of both parties.

**MODERATOR****Ahmed Galal**

RNP Head and Managing Director,  
Economic Research Forum (ERF), Egypt

**OPENING REMARKS****William Lyakurwa**

RNP Head and Executive Director,  
African Economic Research  
Consortium (AERC), Kenya

**PANELISTS****Ibrahim El Badawi**

Director,  
Macro-economic Research  
Department, Economic Policy and  
Research Institute, UAE

**Njuguna Ndungu**

Governor,  
Central Bank of Kenya, Kenya

**John Page**

Senior Fellow,  
The Brookings Institution, USA

**Parallel Session:  
Better Data for Better Policies: The  
Role of Data and Measurement in  
Financial Inclusion**

Jointly organized by the  
Bill & Melinda Gates Foundation and the  
Alliance for Financial Inclusion (AFI)

Initiatives to advance financial inclusion begin with the understanding that approximately 2.5 billion people around the world do not have access to quality financial services. Policymakers, researchers, and the international development community alike are increasingly recognizing the importance of data and measurement in any intervention aimed at expanding and improving access to financial services. From designing and implementing to

monitoring and evaluating financial inclusion initiatives, data plays a critical and indispensable role. For policy-makers, good data that identify the gaps in access, use, and quality of products is particularly important for designing evidence-based policies. Consistent data is also needed to measure the impact of such policies and trends over time.



**Young researchers engaging in discussions during the parallel session**

Leveraging various local and international resources and experts, a number of developing countries have made great strides in improving the quality of their data on financial access, use, quality, barriers and impact. Researchers have also played a crucial role in this dialogue on financial inclusion measurement, particularly in the area of improved methodologies for measurement of financial inclusion and in the assessment of the impact of access to financial services. The Alliance for Financial Inclusion has formed a working group of policymakers from around the world in developing countries dedicated to improving the quality and use of data in the policymaking process towards greater financial inclusion. This session highlighted two examples of countries who are members of this working group that are collecting data on financial inclusion and using it to effectively inform and measure the impact of their policies. The session also featured researchers who study better methods to measure and track financial inclusion.

**MODERATORS****Celina Lee**

Monitoring and Evaluation Specialist,  
Alliance for Financial Inclusion

**Salah Goss**

Associate Program Officer,  
International Monetary Fund, USA

**PANELISTS**

**Raul Hernandez Cross**, 'Financial Inclusion Report No. 2, Comisión Nacional Bancaria y de Valores (Mexico)'

Director General para el Acceso a Servicios Financieros, la Comisión Nacional Bancaria y de Valores, Mexico

**Yoko Doi**, 'Improving Access to Financial Services in Indonesia and enhancing Enhancing Access to Finance for Indonesian Overseas Migrant Workers: Evidence from a Survey of Three Provinces'

Financial Specialist, Financial and Private Sector Development Unit, The World Bank, Indonesia

**Krislert Samphantharak**, 'Measuring the Return on Household Enterprise: What Matters Most for Whom?'

Associate Professor of Economics, School of International Relations and Pacific Studies, University of California, San Diego, USA

**Alfred Shem**, 'FinAccess National Survey 2009: Dynamics of Kenya's Changing Financial Landscape, Central Bank of Kenya' Manager, Research, Central Bank of Kenya, Kenya

**Parallel Session:  
Development Financing in the  
Post-Crisis World: The Role of  
Public Financial Institutions in  
Latin America and the Caribbean**

Organized by the  
Inter-American Development Bank (IDB)



**Participants reviewing their peers' research during the parallel session**

During the recent global crisis, some public financial institutions were instrumental to offset a decline in credit from private banks and cushion the effects of external shocks on economic activity and employment. As the region embarks in a strong recovery, there is a need for a fresh perspective on the role of public financial institutions in financing development in the post-crisis world. Keeping these in mind, the session

focused on (i) the countercyclical actions of public banks in Latin America during the global financial crisis and the effects on banks' balance sheets; (ii) public financial institutions as promoters of financial inclusion; and (iii) corporate governance requirements for efficient and transparent public financial institutions.

**MODERATOR**

**Edgardo Demaestri**

Lead Financial Markets Specialist, Inter-American Development Bank, USA

**PANELISTS**

**Jessica López**, 'Public Banks and the Promotion of Financial Inclusion' Former Vice President, BancoEstado, Chile

**José Alberto Garzón**, 'Corporate Governance for Efficient Public Institutions'

General Secretary & Legal Vice-President, Bancoldex, Colombia

**Alfredo Schclarek**, 'Public Bank Lending in Crisis Times' Assistant Professor, Department of Economics, Universidad Nacional de Córdoba, Argentina



**Keynote  
Speech  
at the  
Opening  
Conference  
Reception**

**Dr. Santiago Levy**, Vice-President, Inter-American Development Bank delivering his Keynote Speech at the Opening Conference Reception held at the Museo del Oro, Bogotá, Colombia

## ■ GDN AWARDS AND MEDALS COMPETITION

### Global Development Awards and Medals Competition 2010



*Keiichi Tsunekawa, Director and Vice-President JICA, addressing the participants of the Global Development Awards and Medals Competition 2010 at Bogotá*

The prize distribution ceremony of the Global Development Awards and Medals Competition 2010 was held at the GDN 12th Annual Global Development Conference in Bogotá, Colombia. The winning entries were awarded for outstanding research proposals and papers in channeling finance to sustainable development, and innovative development projects.

The Global Development Awards and Medals Competition is crucial as it impacts young researchers and development practitioners from developing countries and transition economies. The main purpose of the competition is to channelize funds to where other types of funding cannot reach. GDN's President, Dr. Gerardo della Paolera, says, "Awards and Medals is one of the jewels of Global Development Network's interventions to produce innovative ways of thinking to solve critical socio-economic development issues".

The Global Development Awards and Medals Competition is a unique annual international competition for research on development. Through this competition, launched in 2000 with the support of the Government of Japan, GDN seeks to unearth new talent and recognize innovative ideas.

Around 7,000 researchers representing more than 100 countries throughout the developing and transition world have participated in this competition to date. Nearly US\$ 2.2 million has been distributed in prizes and travel to finalists and winners. In 2010 alone, the competition received 499 applications of which the majority were from Africa and South Asia.

Once again, this year's award recipients formed a multi-disciplinary group, with wide-ranging backgrounds affiliated to various academic and professional institutions around the world.

The Japanese Award for Most Innovative Development Project (MIDP) was received by Edward Rwagasore and Frank Lehmann on behalf of Camara Rwanda for their project on establishing low cost e-Learning centers within schools in Rwanda. Camara

Rwanda, also bagged the additional grant of US\$ 200,000 funded by the Japan Social Development Fund (JSDF). GDN has entered into a five-year collaboration with the JSDF where the first prize winner of the MIDP award is eligible to apply for the additional grant.



*Alvin Ang and Jeremiah Opiniano from the University of Santo Tomas, the Philippines, receiving the first prize in the Japanese Award for Outstanding Research on Development*

The second prize in this category was awarded to Bhuwan Ribhu of Bachpan Bachao Andolan, India, for 'Child-friendly villages for the

## Two-day GNet Research Communications Training for Awards and Medals Finalists



**The GNet Research Communications training workshop for the Global Development Awards and Medals 2010 finalists**

It is increasingly not enough for scholars to be methodologically thorough and to produce robust and objective research. To be effective, they need also to be proficient communicators who can engage policymakers and the media in their results and its implications for wider development debates. A special two-day GNet communications training workshop strengthened the capacity of Awards and Medals finalists to identify the headlines of their research and to write it for a range of different audiences, and to present it in an engaging style to other scholars at the conference and the judging committee.

The training showcased inspiration speakers and worked with participants to develop principles of effective communication in the written and spoken word. It used video-critique and peer-review methods to improve the styles and build the confidence of participants to present their work in different forums, including at the Prize Distribution Ceremony during the Conference.

elimination of child labour in Rajasthan' while Rajat Jay Sehgal from the Institute of Rural Research and Development (IRRAD) won the third prize for his Research on methodology of learning by doing in education.

### **The competition gave me a perspective of the multitude of minds that exist**

*Frank Lehmann, Camara Rwanda  
1st Prize winner, MIDP 2010*

The prize distribution ceremony saw Alvin Ang and Jeremiah Opiniano from the University of Santo Tomas, Research Cluster on Culture, Education and Social Issues, the Philippines receive the first prize in the Japanese Award for Outstanding Research on Development. The duo's research focuses on 'Remittance investment climate analysis in rural hometowns (Ricart)'. The research proposal will pilot a tool to determine where overseas Filipinos from two rural hometowns can best invest their money.

The second prize in this category went to Petar Stankov from the University of National and World Economy (UNWE), Bulgaria for his proposed research on 'Financial crises and reversals in financial development' and Bibek Ray Chaudhuri from The Indian Institute of Foreign Trade (IIFT), India for his research on 'Impact of external capital flows on MFI performance'.

The first prize winner of the International Development Research Centre (IDRC), Canada, Medals for Research on Development: External Capital Flows and Financing for Development was Tomáš Havránek from the Czech Republic's Institute of Economic Studies (IES) for his research on 'Which foreigners are worth wooing? A meta analysis of vertical spillovers from FDI'. The second prize went to Zorobabel Bicaba from Université Paris Sorbonne and CERDI, France for his research on 'Do financial reforms complementarity and reforms sequence matter for international capital inflows?'.

Marc Hofstetter, from Universidad de los Andes, Bogotá and Maria Suce Reyes, from Universidad Mayor de San Simon (UMSS), Bolivia were awarded first and second prize respectively for the Ministry of Finance, Government of Luxembourg, Medals for Research on Development: Domestic Resource Mobilization and Financial Sector Development.

A joint first prize for the Dutch Directorate-General for Development Cooperation (DGIS) and the UK Department for International Development (DFID) Medals for Research on Development: Innovative Sources of Development Finance was given to Joy Kiiru from the University of Nairobi, Kenya for her research on 'The impact of microfinance on rural poor households income and vulnerability to poverty: Case study' and Kala Seetharam Sridhar from Public Affairs Centre (PAC), India for her research on 'Innovative sources of development finance: The role of land in financing India's large cities and comparison with China'.

The themes for the Competition in 2010 were:

- External Capital Flows and Financing for Development
- Domestic Resource Mobilization and Financial Sector Development: Another Angle to Look at the MDGs in a Post-Crisis World?
- Innovative Sources of Development Finance.

## ■ ABOUT US

### Global Development Network

The Global Development Network (GDN) is an independent International Organization that allies researchers and institutes in development globally. GDN supports researchers in developing and transition countries to generate and share applied social science research to advance social and economic development. GDN's core business is building research capacity. Its aspiration is to achieve a critical mass of researchers who are globally interconnected and produce good research to impact public policy.

Founded in 1999, GDN is now headquartered in New Delhi, with offices in Cairo and Washington. GDN partners with various international donor organizations and governments, a worldwide network of research institutes, academic institutions, think tanks and more than 11,000 individual researchers worldwide. GDN also works in collaboration with 11 Regional Network Partners (RNPs). These RNPs form part of GDNs evolving and varied network.

#### Vision and Strategy

GDN's vision is to build:

**A critical mass of accomplished and renowned economists and social scientists in the developing and transition countries who are globally interconnected and produce good research to impact public policy.**

In order to achieve its vision, GDN uses a four-fold strategy to:

1. *Build research capacity in a globally interconnected way* to ensure that southern researchers are equipped to become active participants and key players in the global research environment and to empower them as a cadre of global leaders in development research.
2. *Foster development research* by supporting research on priority policy research areas set by GDN and its partners.
3. Create an *innovative global network* that can be used to discover and interconnect researchers, knowledge, expertise and resources in development.
4. Become a *prestigious and sustainable institution* that is fit for purpose and meets recognized quality standards for research capacity development.

GDN's Global Research Capacity Building Program, being launched in 2011 as the core of GDN's new strategy, will promote broadly based collaborative research as the central mode of research activity by encouraging new ways of producing, structuring, and mobilizing knowledge on important development topics, including those that transcend the capacity of any one scholar, region or discipline. This integrated program includes the Regional Research Competitions, the new Global Research Competition to be launched in 2011-12 and the Global Research Projects. The Global Research Capacity Building

Program will be complemented and supported by a range of networking, outreach and dissemination activities as outlined below.

### Annual Global Development Conferences

The Annual Global Development Conferences are designed to give researchers in developing and transition countries the opportunity to present their research to a global audience. GDN's Awards and Medals Competitions importantly culminate at the conference.



GDN New Delhi

The conferences provide the venue for the exchange of ideas on the most pressing development challenges with internationally influential academics, policy makers, heads of government, renowned researchers, representatives of national and international organizations, and sponsors of research. They are essential for

our understanding of development issues – in the range of issues they discuss, and the regions they represent.

In addition, several parallel sessions organized in partnership with a range of organizations allow researchers from the world over to come together, discuss their research on specific areas of interest and decide on how research can be taken further.

### Global Development Policy Dialogues

A series of consultations, the Global Development Policy Dialogues are designed to stimulate evidence-based policy debates on global issues of interest to developing countries and to dialogue with global and regional partners in the research and policymaking community.

The Global Development Policy Dialogues, launched in 2009, aim to ensure that developing country-perspectives remain at the core of these debates. Specifically, the consultations:

- Provide a platform for evidence-based policy debates on global issues related to development, so that there is greater clarity around the ideas.
- Ensure that Southern perspectives are articulated on the global platform.
- Help GDN partner researchers, policymakers and intellectuals in exchanging cross-disciplinary perspectives and contribute to a body of knowledge that informs policy better.

## GDN Research

The GDN Global Research Agenda provides GDN with a common intellectual ground to structure its capacity building activities as distinct parts of an articulated and cohesive whole.

Developed in consultation with leading development economists, the key themes and research issues under GDN's agenda include: **Urbanization and Development; Development Finance; Agriculture, Development and Natural Resources; Inequality, Poverty, Social Protection and Social Policy; Rule of Law, Governance, Institutions and Development; Human Capital Formation, Education and Development; and Labor Markets, Employment & International Migration.**

GDN's Global Research Projects (GRPs) consist of 12 to 15 case studies simultaneously to explain different elements of one of the priority research areas through a comprehensive, inter-disciplinary and comparative approach. GRPs importantly allow cross-country comparisons, benchmarking, peer-review and cross-fertilization between more experienced scholars and junior researchers working together on the same project to generate high quality research and, in many cases, create new datasets that can be used for further research.

### Ongoing and New GRPs

- Urbanization and Development: Delving Deeper into the Nexus
- Supporting Policy Research to Inform Agricultural Policy in Sub-Saharan Africa and South Asia
- Varieties of Governance: Effective Public Service Delivery
- Strengthening Institutions to Improve Public Expenditure Accountability

### Completed GRPs

- Development on the Move: Measuring and Optimizing Migration's Economic and Social Impacts
- Promoting Innovative Programs from the Developing World: Towards Realizing the Health MDGs in Africa and Asia
- Impact of Rich Countries' Policies on Poverty: Perspectives from the Developing World
- Understanding Reform: A Multidisciplinary Approach to Understanding Reform
- Bridging Research and Policy
- Explaining Growth: Generating, Sharing and Applying to Policy Multidisciplinary Knowledge for the Purpose of Development

## GNet Knowledge Sharing Portal

GNet is the knowledge management and research communications arm of GDN, and it supports researchers from developing and transition countries to communicate their findings to decision-makers. It does this by showcasing southern research, providing members with the latest research and data, and building researchers' confidence and skills to communicate more effectively.

The GNet knowledgebase is a comprehensive online portal containing thematically organized development research. It features more than 16,500 research papers which are accompanied by clear conclusion based summaries.

Importantly, GNet provides extensive research communications training and mentoring at the different stages of the Global Research Capacity Building Program. This is to ensure widespread research dissemination and effective outreach to both academic and policy audiences.



**The Global Research Capacity Building Program acknowledges the distinctive contribution that the southern perspective can make to the knowledge and understanding of complex global issues.**

*Gerardo della Paolera  
President, Global Development Network*



## GDN's Regional Network Partners

The Regional Research Competitions (RRCs) are managed by GDN's Regional Network Partners (RNP), with the main purpose of identifying and unearthing talent in developing and transition countries. RRCs provide early-career researchers the chance to work under expert guidance on development topics that are particularly relevant in their regions. GDN works with RNPs covering almost every region in the world:

- African Economic Research Consortium (AERC)
- Bureau for Research and Economic Analysis of Development (BREAD)
- Centre for Economic Research and Graduate Education-Economics Institute (CERGE-EI)
- East Asian Development Network (EADN)
- Economics Education and Research Consortium (EERC)
- Economic Research Forum (ERF)
- European Development Research Network (EUDN)
- GDN-Japan
- Latin American and Caribbean Economic Association (LACEA)
- Oceania Development Network (ODN)
- South Asia Network of Economic Research Institutes (SANEI)

This ensures that research is generated by those best placed to understand the complexities of the challenges faced by different regions in their efforts to alleviate poverty.

## ■ A Word from our Conference Participants



For the University, hosting the GDN conference is an honor as the conference will enrich the vision of our faculty, researchers and students by giving them an opportunity to interact with academics from across the world.

~ *Carlos Angulo Galvis*  
*President, Universidad de los Andes, Colombia*

The GDN conference is a great chance to meet regional and global partners of GDN. The conference is much focused and some of the facts and findings shared here are very interesting.

~ *Oliver Babson*  
*Policy Officer, Bill & Melinda Gates Foundation, USA*

It is a great idea, interacting with students from the University and meeting participants from across the world adds a lot to the conference experience. It is a very high-level and relevant conference.

~ *Adler Aristilde*  
*Senior Policy Analyst, Canadian International Development Agency (CIDA), Canada*

The Global Development Conference gave me a chance to get feedback on my research and make personal contacts with the researchers I had been trying to get in touch with for years.

~ *Maria Sucre Reyes,*  
*Researcher, Center of Planning and Management (CEPLAG), Universidad Mayor de San Sineon, Bolivia - 2nd prize winner, Medals for Research on Development*

The best thing was that the conference brought together a lot of development ideas and projects from different regions across the globe. The Global Development Conference provides an avenue for an idea to not only take birth in one place but to become global in nature.

~ *Bhuwan Ribhu,*  
*Bachpan Bachao Andolan, Association for Voluntary Action (AVA), India - 2nd prize winner, MIDP 2010*

This conference gave us a global platform and a global perspective into how we can better transform aid effectiveness, development financing in a local perspective, be it in a specific region or local context of a country. It is a great learning and networking experience.

~ *Priya Chattier,*  
*Gender Studies Coordinator, University of the South Pacific, Fiji*

## ■ CONFERENCE PROGRAM COMMITTEE

**Abhijit Banerjee** (MIT, USA)  
**Mauricio Cárdenas** (The Brookings Institution, USA)  
**Gerardo della Paolera** (GDN President)  
**Alejandro Gaviria Uribe** (Universidad de los Andes, Colombia)  
**Ann Harrison** (World Bank, USA)  
**George Mavrotas** (GDN Chief Economist & Conference Director)  
**Pablo Andrés Neumeyer** (Universidad Torcuato Di Tella, Argentina)  
**Guillermo Perry** (Harvard Kennedy School, USA & Fedesarrollo, Colombia)  
**Jean-Philippe Platteau** (University of Namur, Belgium)  
**Vladimir Popov** (New Economic School, Russia)  
**Ernesto Zedillo** (Chairman, GDN Board of Directors & Yale, USA)

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GDN

BOGOTÁ - COLOMBIA  
JANUARY 13-15, 2011



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