



3 DR. GERARDO DELLA PAOLERA is GDN's new president



7 AT THE OPENING session Justin Lin, H.E. M. Al-Sabah, Ernesto Zedillo and Abdlatif Al-Hamad



25 THE WINNERS of the award for 'The Most Innovative Development Project' in 2008

research MONITOR

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Make Natural Resources a Blessing

"The resource-rich poor countries have to learn fast from the resource-rich countries that have succeeded. There is an urgency to find policy solutions, since poor people have high expectations, and natural resources are exhaustible," said Ernesto Zedillo, Chair of the Global Development Network and former President of Mexico.



10th annual global development conference

Development'. In his keynote address, Justin Lin, Chief Economist, the World Bank, called for the global community to find a mechanism to avoid high fluctuations in oil prices. "Developing countries' financial sectors are not as exposed, and may have avoided the first round impact of the global financial crisis. But the second round will affect the real economy and that could have a dramatic impact."

Speakers suggested five ways to transform the curse of natural resources into a blessing:

1. Build good political and legal institutions.
2. If the country has high levels of poverty, invest in raising consumption at home, in education, and in the domestic economy.
3. Diversify economies so that poor countries are not dependent on natural resources.
4. Invest in 'checks and balances' (such as a free media) that improve governance and transparency so that decisions about how to spend revenue from natural resources can be tested by the public.
5. Internalize environmental costs in decisions related to the food system so that either polluters pay, or good practice is rewarded.

In the face of imminent challenges to our environment, natural resource management, along with conservation and restoration is becoming a central theme in the development planning objectives of every economy. The condition of a region's natural resources can greatly determine the social and economic sustainability of a community. At the same time, available evidence over the last forty years seems to suggest that on average, countries which are rich in natural resources have had lower growth than their resource poor counterparts and that resource rich economies have low investment rates and very low real savings rates.

Over four hundred participants attended the annual conference of the Global Development Network in Kuwait, on the subject of 'Natural Resources and

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Natural Resources need not be a curse

GDN President Gobind Nankani says that “this is a moment to look closely at the other tools apart from aid that are available to us... The [financial] disaster gave us an opportunity to deal with one of the greatest challenges of our time – global poverty.”



As the financial crisis hits the developing world, aid budgets decline. After each previous financial crisis in a donor country since 1970, the country's assistance program saw a cut. Three-quarters of developing

countries exposed to the poverty effects of the downturn cannot raise funds domestically or internationally to finance social spending program to curb the impact.

As Chief Economist of the World Bank and Keynote Speaker of the GDN Tenth Anniversary Conference Justin Lin said, growth forecasts for 2009 are being downgraded, global trade is expected to decline in volume, capital flows to developing countries are expected to fall to half their 2007 level, and remittances to developing countries are also expected to drop.

Developing countries are likely to be hit the hardest. Their financial sectors are not as exposed, hence, they may have avoided the initial blow.

But as the damage seeps through to the real economy, it is sure to have a dramatic impact on developing economies.

According to World Bank estimates, almost 50 million people could be pushed further into poverty this year, earning less than \$2 a day.

This could usher in social unrest, political instability, or even war.

Natural Resources and Development

If natural resources are managed well, a strong domestic economy could be a cushion

against the global financial crisis. For instance, according to Justin Lin, when oil prices are high it is good for producers, but it may encourage oil-importing countries to invest in highly polluting synthetic fuels with much larger CO2 emissions than oil.

When oil prices are low, it is good for consumers, but there are no incentives to invest in renewable and energy saving technologies in consumer countries. We need a market-based price mechanism for a 'win-win' situation, said Lin.

“We have a choice. We can choose to despair about this. Or instead, we can look at success stories like Malaysia and learn fast what made them grow, and apply these lessons to other countries, learning from their mistakes.”

We can also try something new - something remarkably cheap, and something potentially more effective than anything else that's been tried: new international standards and norms of behaviour to improve domestic revenue mobilization, public expenditures and accountability, both for countries and for transnational corporations. In other words, we can create a blueprint for how to do business in the developing world.

About a billion people in the world still live in extreme poverty. They are living in the conditions OECD citizens escaped from a hundred years or more ago. A third of them live in countries rich in natural resources, such as oil, minerals and other commodities. The really startling thing is that those natural resources can be one of the main causes of poverty. However, we can choose whether to see the presence of natural resources as a boon or a curse. We can choose whether to help guide these countries and do what's best for them.

The reasons for poverty in natural resource abundant countries are complex. Profits or 'rents' from oil radically reduce the need to tax, and so in some countries citizens are denied the main resources through which they can hold governments accountable to deliver services in the social sectors. Patronage becomes rampant.

Governments dole out favours, such as contracts to extract oil. And the public has no idea how much money has been paid for the right to extract, or the amount of profits being made.

Periods of boom followed by bust result in a cycle where, when oil prices are high, governments invest in public infrastructure but don't necessarily invest wisely. Then in the bust phases, spending dries up all together.

As Nankani said: “my own country, Ghana, has many natural resources, and will soon also become an oil exporter. We need to invest the revenues from oil into high priority sectors such as education. It is only through research and development (R&D) that countries like Ghana will changeover from being exporters of raw materials to sophisticated manufacturing economies. R&D in Sub Saharan Africa has grown by only 20% in the last 20 years, while it has tripled in India and China.”

Potential Solutions

There are more tools available to us than aid, and many more players in the business of poverty reduction. It is possible to leverage research on economic growth into concrete policies to promote and sustain growth in the developing world. We have a chance to do better.

Economists like Paul Collier, Michael Spence and Anthony Venables have come up with a new idea: an international 'Resource Charter'. The idea behind a 'Resource Charter' is to put pressure on both the governments of the poorest countries and on the transnational extraction companies. It could do for oil and other natural resources what the 'Kimberly Process' has done for diamonds.

The behavior of countries can change

because of peer pressure: the countries of Eastern Europe changed their laws and rules to meet the standards of market democracies - not because they had to, but because they wanted to join the EU 'club'. A blueprint for the Charter was launched at the conference. The Natural Resources charter would be launched in May, in Norway.

Development banks need to innovate and find other ways of surviving a crisis, in addition to financing projects. The African Development Bank is looking at alternatives, for example, an emergency lending facility for institutions that are denied access to emergency funds and become 'lenders of the last resort'.

It is necessary to address corruption within oil companies, and often these oil companies are more powerful than the actual governments they are dealing with.

Then there is also the issue of the sustainability of the business model of developing natural resources. Is this conflicting with concerns about climate change and other forms of sustainable development?

Many of the participants at the conference suggested implementing counter-cyclical demand management policies. One panelist posed the question "why oil?" and wondered why don't we start with food? By affecting the oil price, the food price is simultaneously touched.

Calls were made for the international community, through a multilateral organization such as the World Food Program, to explore how to create a public reserve of food staples to reduce price volatility. In addition to this, public reserves could also help correct transient market distortions caused by hoarding, price bubbles or global inflationary pressures.

The future sustainability of the food system will require the internalization of environmental externalities into private costs. This means that revenues captured by the state will be used for investments to repair natural resource damage and create other capital to compensate for losses of natural capital. Major structural and behavioral adjustments would consequently take place in the food system, moving it closer to sustainability.

Concerns were raised about the difficulties of regulating oil prices at an international level. In order to combat this, countries were urged to act at a national level. For example, in Chile, when the oil price gets below a certain level, this is not passed on to the consumer; rather it is absorbed by the government. Hence, when the oil price rises beyond a certain level this effect is mitigated for the public.

Final Words...

Countries with an abundance of natural resources face special opportunities and special challenges. If used well, these resources can create greater prosperity for current and future generations; if used poorly, they can cause lasting damage. This is the moment to look closely at the other tools apart from aid that are available to us. We may indeed to look back and see that the potential disaster gave us an opportunity to deal with one of the greatest challenges of our time - global poverty.

We have a choice. We can choose to despair... or instead, we can look at success stories like Malaysia, and apply these lessons to other countries, learning from their mistakes

GOBIND NANKANI, PRESIDENT OF GDN

GDN set to scale further heights under new leadership

GDN is delighted to announce that Dr. Gerardo della Paolera will be GDN's next President, effective August 15, 2009. Under his leadership, GDN is set to scale further heights in keeping with its vision.

Dr. della Paolera says, "we are, at present, at a point in which some serious paradigmatic doubts regarding the conduct of public policy to spur economic development have appeared in the academic arena. An organization such as the Global Development Network can address some of the most pressing research and policy issues with responsibility, competence and sustained energy. At the same time, it is imperative to create fresh perspectives for and from the Developing World. GDN has an incontestable quality in research, partnerships and networks agenda and this is shown in its prominent yearly Global Development Conference. We need to provide an impetus to make the voice of the developing world heard in academic and public policy forums.

I am firmly convinced of the benefits of multidisciplinary collaboration to produce novel scientific approaches to address complex social and economic phenomena," he stressed.

In addition to being a splendid network of researchers, I believe that GDN has to nurture and house the best ideas at the hour of bridging research to policy; it is a hub for policy discussions providing major inputs into the global and regional intellectual discourse. The world is facing a phenomenal global transition, and being located in India, a major actor in the economic scenario, GDN should be at the forefront of fresh economic development ideas.

In short, I have no doubt that this (the 10th year) is a unique moment for GDN. The organisation has the right structure to take one step further into worldwide recognition: first, as an institution that fosters excellence in applied research, and second, one that aims to effect economic development and poverty reduction in the developing and poorest economies.

The first President of the Universidad Torcuato Di Tella in Argentina and more recently the President of the American University of Paris, Dr. della Paolera is no newcomer to research, policy, or capacity building. In fact we could say that his experience stretches comfortably over these and a wide variety of other related areas.

GDN welcomes the new President.

10th Anniversary

At ten, the GDN tree is now firmly rooted

Isher Judge Ahluwalia, a founding member of GDN chaired the Gala Dinner, a special session to mark the launch of GDN's 10th Anniversary year. The guests of honour included the Founding President of GDN, Lyn Squire and the Deputy Chairman of the GDN Board who has also been associated with GDN during its formative years, Richard Cooper.



Isher Judge Ahluwalia

In an address recalling the trials and tribulations of the founding days, and applauding the achievements of GDN, Isher Judge Ahluwalia said:

We began with a certain amount of pressure and high expectations. Over the past ten years we have achieved a lot and we have learnt a lot.

Sometimes, when we look back, it can seem as if we haven't come very far. We are still struggling with the first theme of the first conference, which was 'Bridging the Gap between Knowledge and Policy.' It is as if that conference in 1999 never finished! We know the gap still exists and bridging it remains one of the great challenges of poverty reduction, Isher said.

She noted that GDN has come a long way. It has played a huge role in highlighting the importance of policy based research.

"You can have money, but if you don't have the right policy you won't get very far. And good policy is based on knowledge," she said.

The developed world has long had a tradition of supporting research designed for

policy makers. There are many research institutes and think tanks in Washington and London designed to deliver useful research to policy makers. But this tradition has not always existed in developing countries.

And yet we know, the best knowledge - the most effective research - is often locally generated. The creation of GDN marked the beginning of an upgrade to the status of local research.

Isher recalled a session at the 1999 conference on the 'GDN Data Initiative.' "I remember a participant spoke out about the low social status of statisticians in some developing countries. Today, I would like to think that GDN has helped to change that, or at least to highlight that problem globally."

Certainly, GDN has alerted the world to the importance of local research. "No-one knows the local context better than local researchers," added Isher.

At the 1999 conference in Bonn, someone used a Japanese concept to explain what GDN is about. They talked about the Japanese practice of carefully taking time to prepare the roots of a tree before planting it in the ground. This was a metaphor for nurturing local organisations and researchers. If you don't look after the roots, you risk throwing trees at the ground in the vain hope that they will grow.

GDN is a model based on empowering people in the developing world in a real and meaningful way, to set their own agenda. It's about preparing the roots so the trees grow.

At ten, the GDN tree is now firmly rooted.

"... The institution is founded on a good idea..."

Sharing his thoughts on GDN's growth, Lyn Squire said "ever since being associated with GDN, in the evolution of think tanks and research institutions, my casual observation suggests that these institutions face some critical points as they develop."

The first occurs after 2 or 3 years when the initial excitement over the new venture wears off, and donors, always looking for the next novel idea, move their resources elsewhere. Needless to say, this comment does not apply to the donors present at the conference who have obviously not behaved in such a frivolous manner. Many think tanks and research institutions disappear at this stage because of lack of funding.

The second arises at the time of the first change in leadership. Many institutions do not have adequate mechanisms in place for the transition, or do not implement it well, but whatever the reason, many disappear from the map around this time.



Lyn Squire

But, if an institution overcomes these two hurdles and survives into its 10th year, then it's reached the third and most important point because survival for a decade suggests:

- the institution is founded on a good idea,
- the idea is being implemented effectively,
- and, therefore the institution is likely to endure.

Well, GDN has not only survived into its 10th year, it's thrived!

Lyn thanked the research community, saying "all those researchers who've prepared papers and given presentations on their research as part of GDN activities are the reason GDN was created, and it is their progress that makes GDN worthwhile."

But, underlying that progress is the exceptional input and unstinting effort of many other individuals:

- the mentors and reviewers who have supported GDN researchers at workshops and conferences around the world,
- our Board members who have guided GDN so skillfully especially during its formative years, and, of course,
- the donor community without whose support GDN could not exist, let alone flourish.

Lyn acknowledged the hard work of many, but wanted to give a special thanks to the GDN staff. "I take my hat off to those who really make GDN work, day in, day out, from one year to the next – GDN's staff. I know from personal experience the commitment and dedication they bring to the task."

On a lighter note, he narrated an anecdote that showed the perils of literal translations

that lead to miscommunication. "We had to submit some documents to the Egyptian government and of course they had to be translated into Arabic. The documents were for a sub-committee of the parliament and naturally the parliamentarians had never heard of GDN or had any interaction with us, so their first exposure to the organization was when their eyes were greeted with the Arabic words for Global Development Network at the top of the page.

"Unfortunately, the Arabic translation of the word 'Network' is generally understood to mean spy ring. And since we were still based in Washington at the time, what else were the parliamentarians to conclude but that we were a clandestine CIA operation cleverly using innocent researchers to transfer secret intelligence around the world?" Thankfully, the misunderstanding was eventually cleared up!

Lyn's final thought related to the future role of GDN. "When I stepped down from GDN, my sense was that the organization had reached a plateau." He based this conclusion on the following observations:

GDN was implementing its programs successfully, donor support was solidifying, its offices in Delhi and Cairo were functioning effectively, and the organization had a strong legal foundation.

Continuation of the same, then, would be the safe, and a worthwhile, path. Or, GDN could choose to be more ambitious. It could choose reach new heights.

"If we take this second route, and I hope GDN does, what would it look like? To date, GDN has sought to build research capacity mainly though supporting individual researchers, but ultimately what the developing and transition worlds need are first-class, home-grown, policy research institutions."

Conference Partners

The Tenth Annual Global Development Conference was supported by:

- ❖ African Capacity Building Foundation, Zimbabwe
- ❖ Arab Fund for Economic and Social Development, Kuwait
- ❖ Australian Agency for International Development, Australia
- ❖ Bill & Melinda Gates Foundation, United States
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- ❖ Ministry of Finance, Japan
- ❖ Ministry of Finance, Luxembourg
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- ❖ Ministry of Foreign Affairs, The Netherlands
- ❖ New Zealand Agency for International Development, New Zealand
- ❖ Norwegian Agency for Development Cooperation, Norway
- ❖ Oxford Centre for the Analysis of Resource Rich Economies, United Kingdom
- ❖ The Vienna Institute for International Economic Studies, Austria
- ❖ The World Bank, United States
- ❖ United Nations Development Programme, United States
- ❖ Veolia Environment Institute, France

It is hard to believe that GDN is so young, given all that it has achieved in the last ten years.

RICHARD COOPER



Conference delegates at the special session on GDN's 10th anniversary & opening dinner

When GDN was being set up they received lots of advice from some very prominent development thinkers and practitioners, and Lyn read out an extract from a letter from one such person:

“Towards the end of my presidency, I was seriously studying ways of establishing institutions, like Brookings, throughout the developing world. I had become so convinced about the importance of such efforts that I was actively considering investing 100 to 150 million dollars a year to that end.”

It's unfortunate that Robert McNamara stepped down as President of the World Bank in 1981, for he is the author of these words. Lyn believes he was right to stress the importance of institutions, and he was right about the required scale of resources.

At the same time, he does not have unrealistic expectations. “Of course, I don't expect GDN to suddenly start assisting institutions at the level envisioned by Mr. McNamara, nor do I wish GDN to abandon support for individual researchers, but it would be great if GDN could start moving in the direction of providing more support for research institutions.”

“It is hard to believe that GDN is so young!”

Richard Cooper arrived a year after GDN was founded, while GDN was still in its infancy. He has watched GDN grow in sev-

eral dimensions: organizationally, geographically, financially and of course in membership. Speaking about GDN, he listed a few points:

1. It takes a lot of work to build an organization. But it takes a lot of effort to make these work well, especially to create them. It is the achievement of GDN's two presidents – Gobind Nankani building on the outstanding work of Lyn Squire - aided by an able set of staff, first in D.C., then in New Delhi and Cairo. The Board has played a role too, on balance supportive, offering counsel and guidance; but the real hard work is by the President and staff. And, of course, there is also the crucial assistance of the regional networks



Richard Cooper

each of which is represented on the Board.

2. GDN needs always to keep an eye on the totality of requirements for and impediments to development, and sometimes lean against the current wind.

3. Good scholarship is not sufficient for good policy. GDN has properly emphasized the importance of policy relevant research, but also sharing it with the broader public, including journalists and of course policy-makers directly. Still trying to find the most effective channels, since many policy-makers and politicians are strong-willed individuals who

become committed to or against approaches to policy before they become policy-makers. Having open minds is not a universal quality of decision-makers. But most can be influenced by senior staff, outside advisers, and by public opinion. We need to think about all of those channels. The surest way for scholars to influence policy is for them to go into government directly.

Directing his next remarks to Ernesto Zedillo, the chair of the Board of GDN, he said, “my best known PhD student did just that, through a fluke of history, he became President of Mexico and was subsequently promoted to Chairman of GDN. Another example, is the Foreign Minister of Kuwait who spoke to you this morning.”

On a final note, he said that everyone gathered here was engaged in a noble enterprise; ultimately to release millions of people from extreme poverty to a level of material worth where they have real choices in life, and to be informed of those choices. We should remind ourselves, that the world in that regard has been successful over the last half century. Analysts living in the 1940s and early 1950s, when the project of global development seemed an uphill task would find it almost unbelievable how far we have come relative to their expectations. But there is still much work to be done, so Richard hopes GDN will be ever more successful in its second decade than in its first. ♦

Conference Roundup

OPENING PLENARY

Natural Resource Management-Key to Development Planning



(From left) Justin Lin, H. E. Mohammed Al-Sabah, Ernesto Zedillo and Abdlatif Al-Hamad at the opening plenary

Policy makers came to Kuwait to work alongside researchers from all corners of the globe. Some of the best minds in the world gathered for the Global Development Network's Tenth Anniversary Conference. Many of these policy-makers had come from Davos, following the conclusion of the World Economic Forum's Annual Conference, reminding us that whilst collaboration with business leaders is vital, so too is forging a bilateral relationship with researchers at the grass-roots level. In the face of imminent challenges to our environment, natural resource management, along with conservation and restoration is becoming a central theme in the development planning objectives of every economy. Speakers warned that it is critical these issues do not become a backdrop on the global agenda in the wake of the global financial crisis, a theme which was echoed by African leaders

in the run up to the London Summit 2009. It was the objective of this conference to answer, or at least make significant inroads into answering, key questions surrounding this issue.

Al-Sabah (who delivered his speech in both Arabic and English) focused his discussion on water, a renewable resource, and on oil, an exhaustible resource. Depleting water supplies are starting to create concern, especially for agriculture. "Inappropriate practices for the consumption of water, are creating imbalances in the ecological system," said Al-Sabah. This, in turn, decreases the ability to support development. This view was echoed by Al-Hamad who said that "all Arab countries suffer from a severe water shortage. Ten percent of the land mass of

This turbulent time we are currently experiencing is an opportunity to change our attitude to natural resources and their usage in the interest of future generations

ERNESTO ZEDILLO

GDN Conference hosted by AFESD



The Arab Fund for Economic and Social Development (AFESD) played host to GDN's annual conference, held at their headquarters in Kuwait. The event was an ideal platform for researchers from developing and transition countries to work collaboratively and exchange ideas with the global research and policy-making community.

When welcoming participants at the Opening Plenary marking the Tenth Anniversary conference, Ernesto Zedillo, Chair of the GDN Board, expressed GDN's gratitude to AFESD for their exceptional generosity that made possible the organization of the conference in Kuwait, a beautiful and vibrant country.

The generosity and hospitality of the AFESD was very much appreciated by researchers, academicians and policy-makers gathered there from around the world. The conference site, the AFESD headquarters' building was an 'architectural treasure chest', each meeting room offered a unique glimpse of the craftsmanship of an Arab country. It was an ideal platform for researchers from the Arab region to present their research to a global audience. The AFESD also funded a Medal for an outstanding research, titled 'Exploitation of Natural Resource Management: Trends and Environmental Implications'.

The AFESD is an autonomous regional Pan-Arab development finance organization. Its membership consists of all states who are members of the League of Arab States. It is an Arab regional financial institution, having an independent juridical personality. Its function is to assist the economic and social development of Arab countries.



The opening (welcome) session of the 10th Annual Global Development Conference at AFESD, Kuwait

the world belongs to Arab nations, but only one percent of water.”

“People in the desert value water more dearly than oil.....But water is renewable and oil is not. So all countries must change the way we use our natural resources. This

CHAIR

Ernesto Zedillo

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

KEYNOTE SPEAKER

Justin Lin “Natural Resources, Economic Growth and Future Generations: How to Create a Win-win Outcome for Everyone?” Chief Economist and Sr. Vice President, Development Economics

The World Bank, USA

SPEAKERS

H.E. Mohammed Al-Sabah

Deputy Prime Minister and Minister of Foreign Affairs, Kuwait

Abdlatif Al-Hamad

Director-General and Chairman Arab Fund for Economic and Social Development, Kuwait

generation does not have the right to consume all the natural resources leaving none for generations to come,” said H.E. Mohammed Al-Sabah.

Growth forecasts for 2009 are being downgraded, global trade is expected to decline in volume, capital flows to developing countries is expected to decline to half its 2007 level, and remittances to developing countries are also expected to fall. “Developing countries’ financial sectors are not directly exposed, and may have avoided the first round impact of the global financial crisis. But the second round effect on real economy could be quite significant” said Justin Lin.

Dr. Lin called for the global community to find a mechanism to moderate oil price fluctuations. In recent years, prices have ranged from \$20 to over \$147 per barrel. Such wide price fluctuations cause problems for consumers and producers, he said. When prices are high it is good for producers, but it may encourage oil-importing countries to invest in highly polluting syn-

thetic fuels with much larger CO2 emissions than oil. When the prices are low, it is good for consumers, but there are no incentives to invest in renewable and energy saving technologies in consumer countries. A market-based price mechanism for a ‘win-win’ situation is required. Reduced fluctuations in oil prices will benefit producers, consumers - and also the environment and the rights of future generations to benefit from natural resources.

“We can only reach a ‘win-win’ situation if we have a price mechanism that firstly, encourages producers to invest in additional capacity and improvement in extraction technology; and secondly, encourages consumers and producers to invest in energy-saving technologies and renewable energies.” Dr. Lin’s call for a win-win situation was echoed by other speakers.

“The turbulent time we are currently experiencing is an opportunity to change our attitude to natural resources and their usage in the interests of future generations,” said Ernesto Zedillo. ♦

PLENARY 1

Natural Resources: Curse or Blessing?

SETTING THE stage for a candid debate was the afternoon session on the first day. A packed auditorium of over 300 researchers heard Ragnar Torvik, Nora Lustig and Rick van der Ploeg make presentations around the theme of 'Natural resources: Curse or Blessing?' Resource abundant countries have had lower growth over the last four decades than their resource poor counterparts. But what is really interesting, said Torvik is the variation. For every Nigeria or Venezuela there is a Norway or a Botswana.

The countries that grow the most have relatively few natural resources and relatively more people. Resource rich countries have had massive improvements in their terms of trade because people want to buy what these countries are selling, but this has not always translated into increased economic growth.

Torvik listed several dimensions in which 'the winners and losers differ'. The countries that succeed save more. It must be recognized that income from oil is not the same as other types of income, as it is merely a transfer of form from the natural resources of a country, and it should be treated accordingly. Good institutions are essential and parliamentary democracies tend to do better than presidential democracies. Oil and minerals have a more negative effect on growth than other natural resources, with diamonds having the worst effect. Countries with offshore oil tend to fare better than countries with onshore oil. And countries, like Norway, that had effective institutions in place before they discovered oil, do best.

Van der Ploeg pointed out that there are many instances historically when a

CHAIR

Andrés Neumeyer

Board Member, GDN
Professor, Department of Economics
Universidad Torcuato di Tella, Argentina

SPEAKERS

Ragnar Torvik

Professor
Norwegian University of Science and
Technology, Norway

Rick van der Ploeg

Professor, Department of Economics
Oxford University, UK

Nora Lustig

Shapiro Visiting Professor of International
Affairs, George Washington University,
USA

Visiting Fellow, Center for Global
Development, USA

DISCUSSANT

Guillermo Perry

Former Board Member, GDN
Senior Research Associate, Fedesarrollo,
Colombia

country has experienced disappointing performance despite the presence of natural resources, for example Spain in the 17th century. He highlighted four key explanations of the resource curse. Firstly, he gave the example of the Dutch Disease. Secondly, the manner in which resources are managed can result in the implementation of an unsustainable policy. Thirdly, the existence of natural resources tends to lead to rent-seeking and corruption.

Finally and most importantly is volatility. Resource rich economies are extremely vulnerable to the high volatility of resource prices, especially as supply is inelastic. "Volatility is the quintessential feature of the resource curse," said Van der Ploeg.

Nora Lustig spoke about the curse of volatile food prices. The cycle of food commodities will, in most likelihood, become

Volatility is the quintessential feature of the resource curse.

RICK VAN DER PLOEG

Workshop:

Varieties of Governance: Effective Public Service Delivery

The main questions to be answered at this two-day workshop were: What are the big gaps in knowledge of the three sectors and the political economy framework of the project? What combination of methods will best fit its nature? How information translates into action?

Suggestions for the project:

- For access and affordability to primary schooling - changes in cost-benefit assessment, an increase in school supply, reduction in class size and improvements in teacher training and development.
- For improving road infrastructure - change the institutional design of the Public Works Authority, modifying how roads are financed, introducing competition for various tasks, and introducing public-private partnerships as a second best solution.
- For improving water supply - appropriate institutional arrangements differ greatly across countries. There should be regional comparison of water systems on a subset of countries from different regions. Greater added value would be obtained from using microeconomic data (either household- or firm-level). GDN should focus on innovation, new paradigms, and public-private partnerships, integrate resource management as well as inter-government and inter-sectoral management.

The role of unions, corporate providers, citizens, media, political parties and different types of market mechanisms will be studied, under the political economy framework, over the course of the project.

similar to those of industrial commodities, for example, oil. The demand for corn and oil-seed based biofuels is a major driver of the increase in food commodity prices.

After 9/11 when the U.S. Fed started to decrease interest rates, investors moved money away from the dollar towards foreign currencies and other commodities. Hence, foreign currencies appreciated and commodity prices boomed. However, this process came to a halt with the realization of the global financial crisis.

Lustig suggested that subsidies to biofuels should be phased out, and if necessary biofuels should also be taxed. She also suggested that the World Food Programme should create a public reserve of food staples. ♦

PLENARY 2

The Political Economy of Natural Resources

OVER THE LAST twenty years the evidence on the resource curse has become much stronger. Evidence is growing that the so-called 'resource curse' (where growth in some of the poorest countries remains stagnant despite plentiful natural resources like oil) is "both a reality and severe," said Paul Collier.

Although the initial explanation for the resource curse, 'Dutch Disease', was purely economic, it is now clear that the key issues are political.

Collier has fresh evidence that the discovery of natural resources has a negative impact on weak political systems, and that weak political systems in turn affect the way in which natural assets are used.

In other words, if political systems are already weak, the discovery of natural resources increases the risk of civil war by helping to fund conflict, and reduces growth in the long term. Likewise, the existence of failing political systems in the first place, mean decisions about extraction and use of



Plenary 2 panel: (from left) Kishore Gawande, Paul Collier, Tarik Yousef, Terry Lynn Karl and Ravi Kanbur

revenues are distorted or corrupt. Basic property rights may not be guaranteed.

In contrast, Norway has done well out of oil because it had a well established democracy prior to the discovery of oil. The better the political system, the more able the society is to harness the potential value of natural assets.

Around 30% of Nigeria's oil is being stolen, and consequently sold illegally. The Kimberly Process has dramatically reduced the trade of illegal diamonds. We need a parallel process to stop the purchase of stolen oil. By purchasing this oil, the international community is contributing towards the problem.

Terry Karl, Stanford University, agreed with other speakers that it is a political and social problem, as well as an economic problem. To illustrate this, she pointed to the fact that 25 countries account for 90% of all known oil reserves. Ten countries hold more than 80% of the world's proven oil resources, and many of these are the countries that rate badly when it comes to governance. The problem is that they rely on rents from oil, rather than tax. This undermines accountability.

The issue is not whether oil countries need democratic regimes; rather it is that oil is actually connected to regime security. In other words, oil rents maintain whatever regime is in power – a democracy or an

CHAIR

Ravi Kanbur

Board Member, GDN
T.H. Lee Professor of World Affairs,
International Professor of Applied
Economics and
Management and Professor of Economics,
Cornell University, USA

SPEAKERS

Paul Collier

Director, Centre for the Study of African
Economies
University of Oxford, UK

Terry Lynn Karl

Professor of Political Science and Gildred
Professor of Latin American Studies
Stanford University, USA

Tarik Yousef

Dean
The Dubai School of Government, UAE

DISCUSSANT

Kishore Gawande

Professor, Roy and Helen Ryu Chair of
Economics and Government
The Bush School of Government and
Public Service, Texas A&M University, USA

autocracy - long past their use-by date. Any government with oil can spend to keep stakeholders content. The advantages of not taxing are huge to regime stability. People are unlikely to challenge the regime, as they are living in a state of 'permanent expectations'.

Terry Karl warned that history shows that increased volatility of oil prices is directly

connected to conflict. More volatility makes governance more difficult.

Tarik Yousef, Dubai School of Government felt that the classic answer to the reason why authoritarian regimes stay in power and retain support is due to repression. However, repression is not sufficient on its own, as citizens may feign support for the ruler, whilst colluding to rebel. Dictatorial regimes survive through an 'authoritarian bargain', in which citizens relinquish their political rights for economic security. Redistribution is necessary in order to maintain loyalty. "Political liberalization and economic transfers are substitutes in authoritarian regimes," said Tarik.

Kishore Gawande closing the session, reminded that "before we get to policy, we need to get the theory and the empirics right." ♦

PLENARY 3

The Challenge of Sustainable Development

PER PINSTRUP-ANDERSEN opened the session, which focused on the challenge of sustainable development. He said that the global food system will struggle to provide sufficient food for current and future generations at reasonable prices, if management of natural resources does not improve.

The food system depends on natural resources. But widespread deforestation, soil erosion, nutrient mining, contamination of water and the rapid increase in greenhouse gases are all evidence of a crisis in the making.

The current and future food demand can be met at reasonable prices only if

environmental costs are internalized in decisions related to the food system. "Polluter Pays" puts the burden of cost onto polluters. "Payment for Environmental Services" pays farmers and others for preserving the environment. Research helps us understand how to get a win-win situation that protects the environment and reduces poverty. Traditional agricultural practices should not be romanticized as being in perfect harmony with nature as opposed to improved production practices and technologies. The real cause of environmental damage is the mismanagement of inputs, including inefficient use of water, overgrazing, and over-use of fertilizer and pesticides. Low cost technologies already exist that can profitably reduce soil erosion by up to 90%. Agriculture produces between 13% and 18% of global greenhouse gasses which is more than the transport sector. Three-billion people – half the world's current population – could face a shortage of clean water by 2080 because of climate change. The amount of water needed by 2050 could be an alarming 50-90% higher than current use.

The world is under-investing in agricultural research. Pinstrup-Andersen stressed the importance of increasing spending on agricultural research, especially in developing countries.

Marianne Fay said that the general view in the economic debate on climate change is that there is a high opportunity cost of acting now: the money would be better invested elsewhere. She stressed the importance of finding the correct discount rate, but recognized that this was extremely difficult. Institutional inertia and the difficulties of governments trying to change

Why are resources a source of growth in some countries but a source of stagnation in others? We set out to answer this question and created a new 'tool' for governments to set about reversing that trend.

PAUL COLLIER

Natural resources charter unveiled

The draft of a new Resource Charter was launched for consultation at the GDN conference. The charter creates a step-by-step guide for governments of resource-rich developing countries to help them make core decisions – beginning with the decision to extract natural resources like oil, gas or minerals, and ending with decisions about using the revenues they generate. The draft was launched for public consultation by economist and critically acclaimed author of *The Bottom Billion*, Paul Collier, Nobel Prize winner Michael Spence, economist Anthony Venables, an NGO called Revenue Watch Institute, and a group of independent lawyers and political scientists. It could help some of the world's poorest countries to lift living standards at a time when the global financial crisis puts pressure on aid budgets.



"A billion people still live in extreme poverty. Around a third of them live in countries rich in natural resources like oil. So why are these resources a source of growth in some countries but a source of stagnation in others? We set out to answer this question and created a new 'tool' for governments and societies to set about reversing that trend," said Paul Collier.

The Charter will also put pressure on others who can make a difference, such as the governments of developed countries and transnational extraction companies. It will encourage them to compete for contracts to extract resources in an open and fair way.

The Charter also outlines ways in which the risk of price changes in commodities like oil could be shared between the governments of poor countries and the extraction companies.



Plenary 3 panel: (from left) Alan Winters, Per Pinstrup-Andersen, Marianne Fay, Thomas Sterner and Priya Shyamsundar

their behavior are proving to be major problems. After reviewing the evidence available, Fay came to the conclusion that it is sufficient to argue that a combination of ethics, inertia and irreversibility provide a strong case for action. Most countries strongly value stewardship, yet most fail to do so. Partial country participation against climate change results in a deadweight loss, with nobody benefiting from it. The cost is likely to be borne by rich countries. Hence, "it is actually in the economic interest of rich countries to provide an agreement which is attractive to developing countries," argued Fay.

The focus of Sterner's presentation was on gas, a natural resource closely related to oil. The precise nature of the relationship between carbon content and ultimate temperature rise is unknown, this is accountable to the fact that the process is so slow. As many economists are aware, the problem the world now faces is a carbon stock problem and not a flow problem. The flow is increasing every year; therefore the stock is actually increasing

exponentially. This poses a very serious problem. An uncertain future looms if we do not take action and limit the increase in

CHAIR

Alan Winters

Chief Economist
Department for International
Development (DFID), UK
SPEAKERS

Per Pinstrup-Andersen

H.E. Babcock Professor of Food, Nutrition
and Public Policy
Cornell University, USA

Marianne Fay

Co-Director, World Development Report
2010

The World Bank, USA

Thomas Sterner

President, European Association of
Environmental and Resource Economists
Professor of Environmental Economics,
University of Gothenburg, Sweden
DISCUSSANT

Priya Shyamsundar

Program Director
South Asian Network for Development
and Environmental Economics (SANDEE)
Nepal

the stock of carbon. The only thing we can be certain of is that sea levels will rise, which is detrimental to low-lying countries, like Bangladesh.

There is a great need for effective policy instruments. Sterner believes that gasoline taxes are more effective policy instruments than other options such as the Kyoto Protocol, ETS, subsidies and the Chinese 'one-child' policy. The rate of tax in some European countries, such as the UK and Italy, is appropriate. If the whole world had prices like the UK, then a large part of the problem we are facing would be solved. The price of fuel in the UK is \$1.2/litre, and the international price of fuel is about \$0.3/litre. The USA has the highest consumption of fuel per capita, yet at the same time they have an extremely low price of fuel. The Middle East has 5% of the world's gasoline usage, because gasoline is available so cheaply to a much smaller population.

Gasoline taxes are an efficient instrument, but many obstacles exist to using it for various political economy reasons. ♦

PLENARY 4

The Wealth of Nations: Revenue and Fiscal Management of Natural Resources

Plenary 4 looked at some of the things that resource-rich poor countries can do to turn the 'resource curse' into a 'resource blessing'.

A recurrent problem for primary commodity exporting countries is how to manage commodity price cycles to avoid traditional 'Dutch Disease' problems that turn out to be costly. Vittorio Corbo, former President of the Central Bank of Chile, spoke about how fiscal and monetary policies can play a central role in its management. Chile has been able to manage the recent copper price boom with a reduced effect on the real exchange rate and this prepared the country well to deal with the substantial shock that the overall world economy is suffering today.

A sovereign wealth fund (SWF) is a state-owned investment fund, comprising financial assets such as stocks, bonds, property, precious metals or other financial instruments. In ideal situations they maximize long-term returns. But in capital-poor countries they are not the best option. These countries should invest in increasing consumption initially, and then invest in the domestic economy. Only when they are close to becoming a 'Norway' should they consider an SWF type scheme.

Some mineral exporters have done well, but many have not. The basic problem faced by mineral exporters is that prices, especially of oil, are very volatile and so they come close to following a 'random walk'.

Alan Gelb of the World Bank said that it was shocking to see how wrong past predictions about oil prices have been. The cost of getting spending wrong is far from symmetric. Over-expenditure is far more costly than under-expenditure. Over-expenditure can turn a windfall into a loss. He believes that saving funds based on oil revenues "can be useful, but are not a panacea." They encourage transparency but are not a substitute for 'checks and balances.'

"Some resource-rich countries have managed to restrain spending levels to avoid major booms and busts, and also to spend effectively." It is useful to look at the common factors that the better country-examples share, such as Chile, Norway, Malaysia



Participants at the 'Migration' workshop

and Indonesia. These countries all have a priority on social and economic stability; strong and credible technocracies; and influential non-oil export sectors. It has also

It is actually in the economic interest of rich countries to provide [a climate change] agreement which is attractive to developing countries

Workshop

Development on the Move

The annual workshop of the Development on the Move project in Kuwait was an occasion for the six country team representatives to present some of their preliminary findings. These presentations covered a wide range of impacts of migration on development.

- The Colombian team explored the new correlations between degree of happiness and remittances.
- Fiji, on the other hand, looked at how the US, New Zealand and the

Australian immigration policies are affecting the current trends of migration.

- The Georgian team revealed that, in the period prior to the invasion, Russia still remained the main destination for Georgian migrants.

- Ghanaian research showed that over 1 million Malians and 26,000

Liberians are currently living in Ghana as well as a recent but not less steady trend of Chinese immigration in retail and construction is emerging.

- With one of the highest emigration rate in Europe, Macedonia is still striving to keep its nationals within its borders as 38% of the people surveyed answered that if they had a choice they would like to live in another country.
- In Vietnam, 40% of returned migrants are happy with the way their country is run.



Anthony J. Venables

been useful to identify savings with an explicit objective, to help citizens to better understand the need for it. During the period 1975-2001, these high performing resource-rich countries have all diversified their export production away from their dominant resource.

Countries have a rich range of options for absorbing rents from commodities. These include public spending, the redistribution of rents to citizens or a wide range of possible transfer programmes. This will encourage private investment, consump-

CHAIR

Louis Kasekende

Chief Economist
African Development Bank, Tunisia
SPEAKERS

Vittorio Corbo

Former President Central Bank of Chile (2003-2007)
Senior Research Associate, Centro de Estudios Públicos, Chile

Alan Gelb

Board Member, GDN
Director of Development Policy, Office of the Chief Economist
The World Bank, USA

Anthony J. Venables

BP Professor of Economics & Director of OxCarre
University of Oxford, UK
DISCUSSANT

Helmut Reisen

Head of Research
OECD Development Centre, France

tion or saving. Methods to redistribute rents to citizens include lowering non-oil taxes and price subsidies on goods such as energy. "All options have strengths and weaknesses, from the perspectives of efficiency (deadweight losses), equity, sustainability, and the potential impact on accountability," said Gelb. The mechanisms currently used by many governments, including price subsidies, are indirect and, usually, inefficient. He said that we do not know much about the impact of transfer programmes, and encouraged research in this area.

Economist, Tony Venables looked at what a developing country should do with an anticipated temporary windfall, aid revenues or foreign exchange income. Traditional advice for economies in these situations is based on the Permanent Income Hypothesis. In other words, before the windfall, the country should borrow on the international market to finance a permanent increase in public consumption and a fiscal stimulus in order to boost private consumption. During the windfall, this debt could be repaid and subsequently assets are accumulated in a sovereign wealth fund. After the windfall, the interest on the SWF pays for the permanent increase in public spending and private consumption.

However, these lessons need to be modified for developing countries, which often



Alan Gelb

have scarce capital. Venables suggests that a country should only invest in a SWF if it is not capital scarce (for example, Norway) or if the windfall is extremely large, otherwise it is best to focus on investing in the domestic economy. It is an implicit assumption that the majority of developing economies are capital scarce economies, and hence, they have a higher social discount rate and interest rate than developed economies. This is



Vittorio Corbo

due to the premium they must pay on high levels of foreign debt. Their citizens are unable to smooth consumption for themselves. Thus, it is suggested that the developing economies' governments increase consumption and domestic investment.

A government of a developing economy faces tough tradeoffs of whether to use the windfall for debt reduction, boosting private or public consumption, and investing in public infrastructure. Venables found that before a small windfall, interest rates are higher and private and public accumulation lower than they otherwise would have been. During the windfall the government can pay off debt so that interest rates fall and the public and private capital stocks rise to levels greater than they would have been without the windfall. After the windfall, there is no SWF and the economy converges to the equilibrium it was converging to before the windfall. ♦

CLOSING SESSION: POLICY ROUNDTABLE

After the boom, must there be bust? Managing natural resource cycles

The conference culminated in a roundtable, mediated by former CNN reporter Hilary Bowker. The diverse range of panelists contributed richly to the discussion, summarizing the findings of the three previous days.

Sultan said that, unfortunately, energy does not create jobs and that “energy, in this part of the world is dominated by

MODERATOR

Hilary Bowker

Founder and President
Bowker Media Communication, UK

PANELISTS

Joachim von Braun

Director General
International Food Policy Research Institute (IFPRI), US

Justin Lin

Chief Economist and Sr. Vice President
Development Economics
The World Bank, USA

Guillermo Perry

Former Board Member, GDN
Senior Research Associate, Fedesarrollo
Colombia

Bader al-Saad

Managing Director
Kuwait Investment Authority, Kuwait

Louis Kasekende

Chief Economist
African Development Bank, Tunisia

Nader Hamad Sultan

Chairman
Ikarus Petroleum
Industries, Kuwait

national interests.” Within a few years the Middle East will be consuming as much gas as Europe and this is not sustainable.

In response to a question from Hilary Bowker on the plausibility of an oil price stabilization mech-

anism, Guillermo Perry said that he believes it is unlikely that something can be done at an international level. However, countries can and should act at a national level. A good example of a country exhibiting this policy is Chile. In Chile, when the oil price gets below a certain level, this is not passed on to the consumer; rather it is absorbed by the government. Hence, when the oil price rises beyond a certain



Workshop on ‘Bridging Research and Policy’

level this effect is mitigated for the public. Kasekende mentioned that the African Development Bank has been thinking about setting up a fund, into which oil producers can put money. However, oil exporting countries have not yet agreed. He strongly supports the idea as he believes that “there is nothing in place that protects the poor.” Many of the panelists suggested implementing counter-cyclical demand management policies. Von Braun fully supported the suggestions made by other panelists, however, posed the question “why oil?” and wondered why don’t we start with food? After all, by affecting the oil price, the food price is

A country should only invest in a SWF if it is not capital scarce, or if the windfall is extremely large, otherwise it is best to focus on investing in the domestic economy.

Workshop

Bridging Research and Policy Activities in MENA

The BR&P MENA (Middle-east and North Africa) workshop attempted to make use of the suggestions and findings of the Dubai meeting, which was held last May in coordination with the Dubai School of Government, and to find ways, avenues and platforms to implement these suggestions.

In addition, the workshop looked at the contribution of Issam Fare Institute for Public Policy and International Affairs (IFI) to GDN's bridging research and policy activities and the means of cooperation and coordination between GDN, the Economic Research Forum (ERF), GDN's regional partner in the MENA, and all other policy research institutes working in the MENA.

Outcomes:

1. IFI is drafting the program proposal of the Arab Think Tanks and public policy program to set up an agenda of activities on bridging research and policy
2. IFI is networking with partners in the region to set up a long term collaborative mechanism where policy oriented research institutes can help shape this initiative



Panelists at the 'Policy Roundtable' (from left) Joachim von Braun, Justin Lin, Bader al-Saad, Hilary Bowker, Guillermo Perry, Louis Kasekende and Nader Hamad Sultan

simultaneously touched.

Questions were then opened up to the floor, and many of the participants had questions for the panel. The real price of oil is roughly \$80-90, and the rest is a political premium, one participant pointed out. It is necessary to address corruption within oil companies, and often these oil companies are more powerful than the actual governments they are dealing with. "It is important to use resources wisely, and it is very important to save for rainy days. A high savings ratio is not welcomed by the U.S. or Europe, but I think it is very important," said Al-Saad. The Kuwait Investment Authority is about diversifying revenue, as opposed to diversifying the actual economy.

Kasekende said that development banks need to innovate and find other ways of surviving a crisis, in addition to financing projects. The African Development Bank is looking at alternatives, for example, an emergency lending facility for institutions that are denied access to emergency funds and become 'lenders of the last resort'. The general consensus is that the government architecture has failed, especially in developing countries. Von Braun said the "World Bank is in a unique position to help the poor. Not only is it a bank, it is also a knowledge bank and it needs to lever its position."

In response to the question of how to manage expectations of the public, the panel responded that transparency is what governments need to implement. The food crisis has shown that expectations were not managed well, and the needs/rights of poor people must be focused on. It is critical not to raise expectations of the public. Sultan said that leaders need to communicate much better, and praised President Obama. The major problem is the capture of rents; open, democratic policies are very important.

Sultan pointed out that the world's population grows by 250,000 per day, and one third of the population live without energy. Hence, Kuwaiti's are blessed by God to be in an energy rich country and it is their duty to share this.

Justin Lin emphasized that on an international level; producers should invest in spare capacity and improve exploration and also extraction technologies. Consumers should invest in energy saving technology, as well as renewable technologies. This will de-crease the impact of the boom and bust cycle.

Kasekende said that the presence of natural resources does not have to be a cost, in fact, growth can be derived from it and we must "focus on opportunities. GDN has

come a long way...and the agenda which you (GDN) have put before us is very important."

Ernesto Zedillo, Chair of GDN Board of Directors and Former President of Mexico brought the conference to a close by thanking all the participants, researchers, donors and the extremely warm hospitality of the people and Government of Kuwait. ♦

PARALLEL SESSIONS

■ Ten Regional Network Partners organized 8 parallel sessions (2 joint sessions) focusing on a broad range of topics such as the costs and benefits of natural resources, issues in sustainable development and environmental challenges for this century.

■ Four other partners organized workshops on a new journal initiative for field actors, resource management lessons from country studies, migration, inequality and development and the forthcoming flagship publication of the World Bank, the 2010 World Development Report.

■ The remainder of the parallel sessions featured presentations by the finalists of the 2008 GDN Awards and Medals Competition and the Winner of the 2006 Japanese Award for 'Outstanding Research on Development'.

'Key Decisions for Resource Management; Lessons from Country Experience'

—a joint session by Oxford Centre for the Analysis of Resource Rich Economies (OxCarre) and Revenue Watch

A series of new case studies which examine the performance of countries that have experienced major resource booms were presented. Oil has been a resource blessing for Kazakhstan, as it was responsible for a huge national economic boom until 2007 when the oil prices fell. The government has been investing most of the revenue in a governmental oil fund and 66 per cent of the oil revenue had been saved since 1997. The strong fiscal policy has enabled the Kazak government to remain a middle-income country thus far in the current global financial crisis.

The discovery of copper had turned into a resource curse for Zambia. Poor governance of resource extraction created a loss of revenue and taxes. Zambia has had a copper driven economy, and copper prices have been extremely volatile. In addition, the Zambian government put minimal taxes on copper production. Thus, even after years of extremely high production levels, very little positive impact was to be found on Zambia's fiscal situation.

After finding oil in Cameroon, all HDI indicators were negatively affected. The government became extremely non-transparent, and could not account for most of the oil revenue. Two additional reasons why oil became a curse were political instability in the country, and the government acted as if the boom was to last forever. Thus, no safety net was put in place for an inevitable bust.

The three presentations from a heterogeneous set of countries illustrated problems of contracting with resource companies, preventing revenue theft, and the macro-economics of spending resource revenues.



The Climate Change workshop in progress

'Natural Resources, Governance and Development'

—a roundtable by Economic Research Forum (ERF)

The session addressed the links between natural resources, governance and development, focusing on countries of the Middle East and North Africa (MENA). It drew on literature and experience on how natural resource endowments and the limited need for taxation impact the nature of governance. The discussion explored how the resulting governance structures in natural resource rich countries shaped the selection of development policies and thereby distributional outcomes.

Oil wealth in the Arab region has allowed for substantial economic growth; rising per capita income and educational standards in the oil rich countries. For the region as a whole, oil wealth, if well-managed in a regional context, can potentially have far reaching effects on advancing the Arab economies. There is, however, another side to oil wealth.

This wealth could have negative impact

Producers should invest in spare capacity and improve exploration and extraction technologies. Consumers should invest in energy saving technology, as well as renewable technologies.

JUSTIN LIN

Workshop

Climate Change - Brainstorming session

The principal aim of the two-day workshop was to take stock of current research and analytical effort on climate change; identify thematic priorities, data constraints and methodological issues. The overall goal was to identify opportunities for contributing to climate change policy and institutional innovations.

Key Issues

1. Both adaptation and mitigation are important for developing countries.
2. We need to measure the impacts across sectors and on households.
3. We need to comprehensively measure the costs of adaptation and mitigation.
4. We need to identify and prioritize the research gaps in developing countries.
5. Perhaps no further, new institutions are required. We need to address what climate change might mean for adaptation; what governance structure could be used to address these, and see where the institutional gaps remain.
6. An important element of research for any developing country is to find the grey area between adaptation and development, i.e. what is the nexus?
7. Research should be focused on whether we have the right institutions to cope with adaptation at the national level.



A parallel session jointly held by CERGE-EI and EERC

on democracy according to the rentier thesis: trade-off between economic welfare and political freedom. In turn, a non-democracy (autocracy) is generally (but debatably) less favorable to sustained development than democracy. In the context of institutional reform and a well founded regional stability, it is quite likely that the positive influences of oil wealth will become stronger and its negative effects weaker.

'The Economic and Political Benefits and Costs of Natural Resources'

—a joint-session by Center for Economic Research and Graduate Education - Economic Institute (CERGE-EI) and Economic Education and Research Consortium (EERC)

The linkages between human capital, industrial growth and the resource curse, and on the political instability (democracy) as a resource curse were discussed. There are significant systematic losses in growth rates of industries with higher skilled-labour relative to those with lower skilled-labour in countries rich in natural resources compared to resource poor countries. Further, low-skilled labor intensity does not differentiate industrial growth across poor- and rich-resource countries. On the discussion around political instabili-

ty (democracy) as a resource curse. The countries were divided into four groups; namely, stable democracies, stable autocracies, new democracies and unstable demo-autocracies. They developed a multi-period model to demonstrate the existence of a conditional political resource curse where if institutions are not good enough, resource abundance leads to instability of democracy. The results show political corruption and fundamental asymmetry - concentration of resource wealth in hands of a small group of owners, which is typical for resource abundant market economies. The model predicts also that resource abundance does not threaten democracy, if the institutional quality is high enough. Under very low institutional quality, a paradoxical effect takes place: the probability of democracy preservation may decrease with an improvement of institutional quality.

'Natural Resources and Development in the Pacific Islands'

—by Oceania Development Network (ODN)

The natural resource rich countries in the Pacific, particularly Melanesia and the issue of a lack of development was the focus. Also, discussed was the emergence of an

embryonic form of pluralism in the negotiation of development projects between local communities and multinational companies as part of the corporate social responsibility commitments in Papua New Guinea.

The importance of understanding deforestation and its relation to Reduced Emission from Deforestation and Degradation (REDD) was also stressed, especially in relation to sustainable development in the region.

The presentation on 'mining, corporate social responsibility and pluralism' in the context of Papua New Guinea saw the fragmentation of community power base and emergence of few 'super' big men. This led to an unequal distribution of resources and development and the emergence of stratified communities and regions.

'A New and Unique Journal and an Instrument at the Service of Field Actors'

—by FACTS Reports Journal

The case studies presented recognized the numerous actors involved in the health, water, and economy sectors. The study in Mulanje Mountain, Southern Malawi sought to understand when communities will help to conserve diversity. People in this area use as resources fuel wood, drinking water, cedar, building materials, tea irrigation and hunting. Over-harvesting of wood, fire, hunting and illegal cedar cutting are an issue. The result shows that community-based forest management cannot protect the forest because the potential revenue is too low to compensate those who would lose use of forest resources.

The study on rice and fish farming in Guinea tested a new production technique to improve food security and promote the creation of a self sufficient operating system in a poor and land locked regions. The idea was to turn lowlands into fish/rice farming ponds. The results show that income per hectare multiplied by six and rice yields by two from soil fertility regeneration.

The implications of community based management of wooded vegetation around pastoral areas in Northern Kenya was another study. Trees around the settlements were under a common access regime. The program was effective and successful.

The conclusion was that one can never use a single strategy to solve problems.

‘Cases of Natural Resource Management in Mainland and Archipelagic Asia’

—a joint session by East Asia Development Network (EADN) & South Asia Network of Economic Research Institutes (SANEI)

The focus was on water, irrigation and fisheries management. The study on groundwater irrigation in North India confirmed that water is becoming a scarce resource in India, with the majority of water being used in agriculture.

Sea, Indonesia showed that the situation has created economic and environmental losses as well as conflicts. National economic loss can be estimated to about \$2.1 billion in loss of revenue (2003) and \$780 million in lost employment opportunities. The author suggested creating incentives for locals involved in these illegal activities, the enforcement of the law and the improvement of the information and management system. In addition, he pleaded for integrated regulations among levels of governments, accountable and coordinated enforcement of regulations, strong monitoring and control over sea territories and equity on distribution of benefits.

The presentation on evaluation of fisheries management options for the Visayan Sea, Philippines. The Northern Oloilo region has seen a depletion of fishery resources, intersectoral and intrasectoral conflicts, inadequate systems and structures for fisheries



The parallel session on Cases of Natural Resource Management in Mainland and Archipelagic Asia

Groundwater is cheaper and more used than surface sources. The results of the study showed that spatial allocation of groundwater appears efficient.

The study on illegal fishing in the Arafura

management. The purpose of this study was to examine the nature of the fishery and to

The research output shows the project to be an excellent example of enhancing policy research competence by harnessing institutional potentials.

ALOYSIUS AJAB AMIN, UNIDEP

Workshop

Institutional Capacity Strengthening of African Public Policy Institutes

Under the project for strengthening institutional research capacity of African public policy institutes in the context of the Millennium Development Goals and poverty reduction in Africa, a diverse range of research was presented.

The Nigerian research highlighted the negative affects on the poor from a rise in the inflation rate. The findings reveal that both price changes and poverty in Nigeria exhibit a positive relationship.

The objectives of the SA paper were mainly to profile Urban Agriculture (UA) practitioners in Zambia and South Africa and to determine its role in poverty reduction or as a coping mechanism. Findings show that proportionally more female-headed households than male-headed households were involved in UA, households not involved in UA are better off with greater food security than those involved in UA.

The Kenyan paper showed that land reform (land title registration) contributes to the reduction of poverty and to an increase of income in Kenya. There was strong evidence that ownership of titled land is positively related with higher levels of household consumption expenditures.

The research on female education in Ghana elucidated the relationship between education and fertility on the one hand, and a woman's labor market participation decision, on the other. The results show that both women's educational attainments as well as fertility determine female labor force participation.

The Senegalese paper tried to examine the relationship between education expenditures and outcomes to see what could be done to improve the educational outcomes with a given education expenditure.

identify policies that would help the dual goals of protecting the fish and helping fishermen earn a living. Results of the study show that to achieve this goal, the state of Philippines should implement a combination of a system of quota, a system of rotational fishing regime or/and closed season.

‘Natural Resource Booms, Macroeconomic Management and Civil Conflict in Latin America’

—a session by Latin American and Caribbean Economic Association (LACEA)

The session addressed the management of natural resource booms and their impact on the economy in Latin America. Venezuela and Chile were picked out because they represent polar experiences. While Chile is recognized for its successful management of copper booms, avoiding the destabilizing consequences traditionally observed during these episodes, Venezuela is in the opposite extreme with regards to oil booms.

The Venezuelan case of the resource curse of oil abundance is unique as the government has been extracting an extremely small part of the immense oil reserves and ‘saving it underground’. It is felt that oil will be even more valuable in future. Other characteristics are poor oil revenue management including lack of tax rules and conflict resolution.

In contrast, Chile had experienced copper abundance as a resource blessing. This is due to a strong fiscal policy structure and framework and optimal natural resource revenue. The Chilean governments' solution has been to create two oil funds and make all copper revenue investments abroad.

The Colombian case study showed a link between a resource curse/abundance and conflict. It is a country plagued by guerrilla, paramilitary and military attacks and clashes. The findings present causality between resource commodity price increases and number of attacks. "The higher the price,



Panelists at the LACEA parallel session

the more attacks," it was noted.

Safety nets are a very important feature in a country's social system for stability and successful resource management. During the discussions, some argued that Latin American countries now provide the political context for successful resource management and turning the curse into a blessing. However, the findings of the paper were also challenged as some participants felt that the resource rich geographical areas in Colombia do not overlap with the areas of conflict. Whether natural resources are a curse or a blessing is not only a matter of good fiscal policy, but also of increasing new negotiators in the field.

‘World Development Report (WDR) 2010 - Climate Change and Development’

— a session by the World Bank

The goal of this session was to elicit comments and reactions on the findings and storyline of the World Development Report (WDR) 2010 on "Development in a Changing Climate". The report argues that while climate change is one of the many challenges facing developing countries, it must be tackled soon, or else it will reverse development gains. Developing countries simply cannot afford to ignore climate change; nor can they focus on adaptation alone. The report therefore argues that climate change does indeed represent a changing climate for development.

It was stated that the WDR would produce

a climate framework that meets the needs and concerns of developing countries. During discussions the relationship between climate change and the increasing consumption patterns was brought out. More attention should be given to analyzing the dynamics of climate change and its integration with the economy. Suggestions from the audience ranged from setting up international governance mechanisms and indicators for a meaningful vulnerability index to implementing tax reduction for zero emissions instead of taxing carbon emissions.

‘Natural Resources and Development in Contemporary Sub-Saharan Africa’

—a session by African Economic Research Consortium (AERC)

The 48 Sub-Saharan Africa (SSA) countries depend considerably on renewable and/or non-renewable natural resources. Indeed, 24 of them depend heavily on non-renewable natural resources, (oil, natural gas, and other mineral products) for exports. Two countries (Ghana and Uganda) are joining the league of oil producing countries. Between 1960 and 1975, virtually all SSA countries benefited from the high demand for natural resources to support the growth and development of the industrialized countries of Western Europe.

The failure of SSA countries to use their earnings from natural resources during the previous boom era to diversify their eco-



Participants at the AERC parallel session

economic base and secure sustainable growth led to the massive growth collapse of the 1980s. At present, virtually all SSA countries are benefiting, to different degrees, from the high demand for these natural resources occasioned significantly by the rise of China and India thus contributing to the contemporary growth revival. The challenge to SSA researchers and policy makers is how to avoid a repeat of the past. This session was, therefore, designed to explore options for utilizing proceeds of natural resources for sustainable growth and development in SSA. Options were explored for transforming transitory resource flows from natural resources to permanent resource flows needed to support a sustainable long-term development process in Africa.

‘Environmental Challenges of the 21st Century’

—a session by the European Development Research Network (EUDN)

This session provided much food for thought as it looked into the environmen-

tal challenges of the 21st century.

The co-relations between decentralization and forest degradation in the Indian Himalayas is not conclusive. Even though centralized forest management by the State in India and Nepal suffers from a number of weaknesses, it is not clear that endowing local communities with long term rights over the forests necessarily leads to better outcomes in terms of resource management. The research compared the degradation of forests managed by local Communities (Van Panchayats), relative to state forests in the Indian state of Uttarakhand. To this end, the research team used a unique data set including ground-level ecological measures of forest quality including canopy cover, biomass, logging and regeneration.

On commodity prices, the researchers found strong evidence of a resource curse. Commodity booms have positive short-term effects on output, but adverse long-term effects.

The long-term effects are

Billions of dollars are spent each year on development. But to achieve this goal we need to enhance the impact of development spending. Our work is about promoting better evidence to help policy makers



3ie Launch workshop

The International Initiative for Impact Evaluation (3ie) launch

event held in Kuwait included a workshop between developing country researchers and 3ie member representatives on identifying priority areas for impact evaluation.



Dr. Howard White, Executive Director of 3ie

Recommendations based on discussion from the workshop will be reviewed by the 3ie Board in determining the priority themes and Enduring Questions (EQs) for 3ie’s grant funding programs.

The impetus for the creation of 3ie came principally from the work of the Evaluation Gap Working Group, initiated by the Center for Global Development (CGD). 3ie aims to improve the lives of people in the developing world by supporting the production and use of better evidence of what works, when, why and for how much. High-quality impact evaluations help measure the net change in outcomes that can be attributed to a specific program using the best methodology available, feasible and appropriate to the evaluation questions and context.

3ie, operating as a grants program, will finance impact studies and quality evaluations in low and middle income countries.



“Migration, Inequality and Development”

—The Vienna Institute for International Economic Studies (WIIW) Session

South-east European countries were the focus of research presented in this session. The first country research was on Romania. Using macroeconomic data on remittances to Central Banks of Romania and Italy, the paper found that new migrants remit more than old migrants; higher educated migrants also remit more than the less educated migrants.

The second paper studied the link between labour supply and the amount of remittances received in the case of Albania. Remittances led to an increase in self-employment and reduced the supply of labour for wage employment. Moreover, the paper shows that in the case of wage employment, remittances negatively affect much more the supply of labour of men than women.

The third paper was on the decision to migrate and the determinants of this decision in the context of a country that is a victim of war. The result shows that educated individuals migrate more than the less educated; the more educated and wealthier individuals also migrate more internationally. It also shows that more educated and wealthier individuals suffer more loss of assets during war, enticing them to migrate outside the country, in order to reconstruct their assets.

The fourth paper studied the effect of public expenditure on inequality on the one hand and the effect of public expenditure on economic growth on the other, in Central, East and Southeast Europe. It noted that public expenditure negatively affects economic growth and income inequality. Therefore, public expenditure has a negative efficient effect (in the sense that it reduces economic growth) and a positive equity effect (it reduces inequality). However, the authors of this paper find that price liberalisation has the two desirable effects. ♦

An EUDN parallel session in progress

confined to "high-rent", excluding non-agricultural commodities. The findings have important implications for non-agricultural commodity exporters with weak institutions, especially in light of the recent unprecedented boom in global commodity prices. This was followed by a presentation on the question of whether social capital exists.

‘Natural Resources and Development - Alternative Ideas for Sustainable Development’

—a joint roundtable by GDN and Japan

An alternative development model, based on field experiences that focus on adding value to unique regional resources to attain sustainable economic development at the community level was presented. A plausible approach to attaining sustainable development for resource-poor countries is to fully utilize, within their own capacity, the regional resources that they possess in their country or with the community.

The presentation from Uganda highlighted an approach for local development whereby declining areas are transformed into economically vibrant entities, through the release of latent local potential and creation of unique and appealing local products and environments. It has been introduced in Uganda by the Ministry of Tourism, Trade and Industry with the help of JICA. It is inspired by the Japanese model of one village-one (OVOP) product.

The factors for success are: a commitment by the top leadership; the adoption of an appropriate OVOP model for the country; the development of local leaders to drive the OVOP intervention; the effective participation of the community, and overcoming entrenched dependency syndrome (people have been long used to looking up to government for all development solutions).

Local initiatives in restoring natural resources were examined in the context of Yakushima, Japan. The study questioned the paradoxical shortage of firewood in Yakushima's densely forested island, interrogating the unexplored connections between dry fish production and broad leaf forests. Human and social dimensions were found to be a critical part of resource systems and thus a social scientific approach is essential in analyzing natural systems.

Mountain villages of Japan are generally facing the serious issues of losing vitality and declining economy due to depopulation and aging. The key points that emerged from the case of a dam project were sharing knowledge and capacity development of practitioners, and a reciprocal collaboration between mountain villages and urban areas through water resources management. The discussion thus focused on institution-building toward endogenous development of resource-poor countries without depending too much on external natural resources.

Program at a glance

Natural Resources and Development The Tenth Annual Global Development Conference

PRE-CONFERENCE WORKSHOPS AND BUSINESS MEETINGS

SUNDAY, FEBRUARY 1, 2009

- ▶ Regional Network Partner (RNP) Heads' and GDN Staff Meeting
- ▶ Workshop (Migration)
- ▶ Workshop (Bridging Research and Policy MENA Forum)
- ▶ 3ie High-level Experts' Meeting
- ▶ Workshop (Climate Change)
- ▶ Workshop (Institutional Capacity Strengthening)
- ▶ Workshop (Governance)

MONDAY FEBRUARY 2, 2009

- ▶ GDN Board of Directors' Meeting
- ▶ 3ie High-level Experts' Meeting
- ▶ Overseas Development Institute (ODI) Session
- ▶ Working Lunch - GDN Board, Policy Advisors and GDN Staff (by invitation only)
- ▶ Workshop (Enhancing Professional Presentation Skills)
- ▶ Workshop (Migration)
- ▶ Workshop (Governance)
- ▶ Workshop (Climate Change)
- ▶ Workshop (Bridging Research and Policy Donor Forum)
- ▶ First 3ie Members' Conference
- ▶ Workshop (Climate Change) Video Conference Session

MAIN CONFERENCE

DAY 1: TUESDAY FEBRUARY 3, 2009

- ▶ Opening Plenary
- ▶ Workshop (Enhancing Professional Presentation Skills)
- ▶ Oxford Centre for the Analysis of Resource Rich Economies (OxCarre) and
- ▶ Revenue Watch Joint Session on "Key Decisions for Resource Management; Lessons from Country Experience"
- ▶ Economic Research Forum (ERF) Roundtable on "Natural Resources, Governance and Development"
- ▶ Center for Economic Research and Graduate Education – Economic Institute (CERGE-EI) and Economic Education and Research Consortium (EERC) Joint Session on "The Economic and Political Benefits and Costs of Natural Resources"
- ▶ Oceania Development Network (ODN) Session on "Natural Resources and Development in the Pacific Islands"
- ▶ FACTS Reports Journal Session on "A New and Unique Journal and an Instrument at the Service of Field Actors"
- ▶ Working Lunch – 'Friends of GDN' Group (by invitation only)

- ▶ Plenary 1: Natural Resources: Curse or Blessing?
- ▶ Presentations by Finalists of the 2008 Global Development Awards Competition– Outstanding Research on Development
- ▶ Presentation by Finalists of the 2008 Global Development Awards Competition – Most Innovative Development Project
- ▶ Presentation by the 2006 Global Development Award Winner
- ▶ East Asia Development Network (EADN) & South Asia Network of Economic Research Institutes (SANEI) Joint Session on "Cases of Natural Resource Management in Mainland and Archipelagic Asia"
- ▶ Vienna Institute for International Economic Studies (WIIW) Session on "Migration, Inequality and Development"
- ▶ GDN Advisory Committee and Board Meeting
- ▶ Special session on GDN's 10th Anniversary

DAY 2: WEDNESDAY FEBRUARY 4, 2009

- ▶ Plenary 2: Political Economy of Natural Resources
- ▶ Resource Charter Session
- ▶ Presentation by Finalists of 2008 Global Development Medals Competition on the various themes
- ▶ Plenary 3: The Challenge of Sustainable Development
- ▶ 3ie Launch Announcement
- ▶ Prize Distribution Ceremony for winners of 2008 Global Development Awards and Medals Competition

DAY 3: THURSDAY FEBRUARY 5, 2009

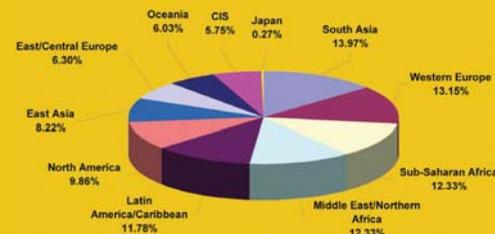
- ▶ Plenary 4: The Wealth of Nations: revenue and fiscal management of natural resources
- ▶ Latin American and Caribbean Economic Association (LACEA) Session on "Natural Resource Booms, Macroeconomic Management and Civil Conflict in Latin America"
- ▶ World Bank Session on "World Development Report 2010 'Climate Change and Development'"
- ▶ African Economic Research Consortium (AERC) Session on "Natural Resources and Development in Contemporary Sub-Saharan Africa"
- ▶ European Development Research Network (EUDN) Session on "Environmental Challenges of the 21st Century"
- ▶ GDN-Japan Roundtable on "Natural Resources and Development – Alternative Ideas for Sustainable Development"
- ▶ Closing Session – Policy Roundtable: After the boom, must there be bust? Managing Natural Resource Cycles

An alternative development model, based on field experiences that focus on adding value to unique regional resources at the community level is key to sustainable economic development.

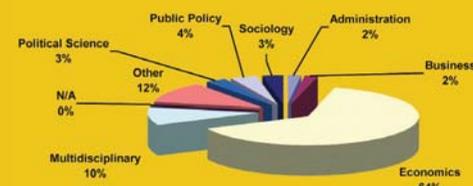
GDN AND JAPAN ROUNDTABLE

Distribution of participants

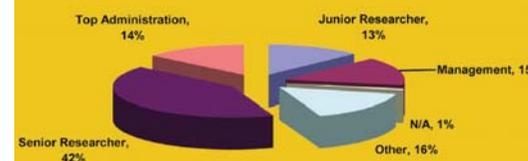
Regional



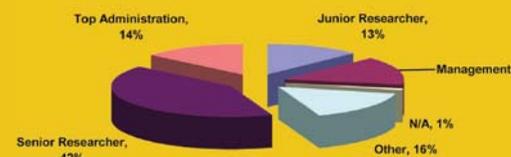
Discipline



Organization/Sector



Designation





Members of the Jury, Donors and GDN's Chairperson, Ernesto Zedillo (back row 3rd from right) with the winners of the 2008 GDN Awards and Medals Competition at the 10th Annual Global Development Conference in Kuwait

2008 Global Development Awards and Medals Competition: 'Natural Resource Management and Development'

The conference played host to the world's largest annual international competition on development research. The heart-warming awards and medals ceremony, held during the course of GDN's 10th Annual Development Conference in Kuwait, showcased the work of researchers and development projects from remote areas of the world and enabled them to get international recognition. This competition confers about \$250,000 in grants each year, and nearly 5,700 researchers and development practitioners have participated to date since the competitions began ten years ago. To bring greater focus to environmental issues the world over, the 2008 competition theme was on Natural Resource Management and Development. The awardees were visibly moved on being selected for the prizes, demonstrating the impact that the prizes will have on their lives. All mentioned how thankful they are to GDN for providing them with this fan-

tastic opportunity and international recognition. Reflecting the global nature of the applicants, the recipients of medals for completed research papers were from Cameroon, Colombia, Chile, India, Nicaragua, Russia, Tunisia and Vietnam. This year's medal recipients formed a multidisciplinary group, with wide-ranging backgrounds affiliated to various academic and professional institutions around the world. GDN Chair Ernesto Zedillo announced the awards. "The research papers submitted under different themes this year represent a gold mine of brilliant ideas and thoughts. The selection process proved to be a very challenging task!"

The Award winners are:

Japanese Award for Outstanding Research on Development (Joint winners)

- Gurmeet Singh (Fiji) for his research proposal on 'Building Resiliency to Natural

Hazards in Pacific Island Communities'

- Jorge Maldonado (Colombia) for his research proposal on 'Governance and Adaptability of Fishing Communities in a Marine Protected Area in the Colombian Caribbean'

Japanese Award for the Most Innovative Development Project

- First Prize: Mónica del Rosario Vásquez (Ecuador) for 'Totally Online High School for People in Educational Risk'
- Second Prize: Bhishma Prasad Subedi and Shiva Shankar Pandey (Nepal) for 'Biodiversity Conservation through a Community-based Enterprise Approach'

The Medal winners are:

Medal for Research on The Governance and Political Economy of Natural Resource Management

- First Prize: Luc Desire Omgba



Mónica del Rosario Vásconez (extreme left) and Bhisma Prasad Subedi (second from right) the winner of the MIDP Awards

(Cameroon) for the paper on 'On the Duration of Political Power in Africa: the Role of Oil Rent'

■ Second Prize: Ana Espinola-Arredondo (Chile) for the paper on 'Free-riding and Cooperation in International Environmental Agreements'

Medal for Research on Exploitation of Natural Resource Management: Trends and Environmental Implications

■ First Prize: Vikram Dayal (India) for the paper on 'Social Diversity and Ecological Complexity: how an Invasive Tree could affect Diverse Agents in the land of the Tiger'

■ Second Prize: Julia Maturana (Nicaragua) for the paper on 'Promoting Valuation of Forest Land by Tree Plantation Industries: Case Studies from Indonesia'

Medal for Research on Societies and Natural Resource Management

■ First Prize: Catalino Trujilo (Colombia) for the paper on 'The Effects of Markets on the Use of Forest for the Livelihood of Indigenous Households in the Colombian Amazon'

■ Second Prize: K.L. Heong, L. V. Thiet et al. (Vietnam) for the paper on 'Entertainment – education and rice pest management: A

radio soap opera in Vietnam'

Medal for Research on The Economics of Natural Resource Management

■ First Prize: Juan Rodrigo Fuentes and Verónica Mies (Chile) for the paper on 'Development Paths, Natural Resources and Dynamic Comparative Advantages'

■ Second Prize: Boubaker Dhehibi (Tunisia) for the paper 'Measuring Irrigation Water Efficiency with a Stochastic Production Frontier: An Application for Citrus Producing Farms in Tunisia'

Medal for Research on Foreign Direct Investment and Natural Resources

■ First Prize: Amarendra Das (India) for his paper 'Do Firm Ownership and Competition have bearing on productivity? An enquiry of Indian mining industry from 1989-99 to 2005-06'

■ Second Prize: Sergei Guriev, Konstantin Sonin and Anton Kolotilin (Russia) for their paper 'Determinants of Expropriation in the Oil Sector: A Theory and Evidence from Panel Data'

Thank-you GDN. You have given me this beautiful experience of coming here, to Kuwait...I wish to dedicate this award to all of those communities that this project will affect and improve their lives

MIDP Awards for Ecuador and Nepal Projects

A project in Ecuador that provides 'Online Distance Education Program for People Otherwise Unable to Complete Secondary Education' won the much coveted prize as the Most Innovative Development Project (MIDP) in the 2008 Global Development Awards and Medals Competition.

The Ecuador-based Iberoamerican Virtual Foundation (Fundación UVIA) is developing a pedagogical, methodological and technological model for high school, implemented through the Colegio Virtual Iberoamericano (Iberoamerican Online High School). The model serves vulnerable persons who for different reasons have not been able to finish their secondary schooling. The project has developed six complete years of High School classes with more than eighty courses available and a prototype online library open to the general public. Tuition is free and open to all persons (young and adult) through scholarships.

The second prize went to the Asia Network for Sustainable Agriculture and Bio-resources (ANSAB) of Nepal for their project on 'Biodiversity Conservation through a Community Based Enterprise Approach in Nepal'. The major objectives of the program are to improve the resource management skills of local communities; to integrate villager's subsistence and commercial needs with biodiversity conservation; to assess policy reforms; to pilot forest management certification; and to implement economic interventions through value chain analysis in rural areas of Nepal

AN AWARD WINNER 2008

About Us

Launched in 1999, the Global Development Network (GDN) is an International Organisation of research and policy institutes promoting the generation, sharing, and application to policy of multidisciplinary knowledge for the purpose of development.

The organisation was founded in 1999, and is headquartered in New Delhi, with offices in Cairo and Washington. GDN works in collaboration with 11 Regional Network Partners (RNPs), with eight of these based in developing countries. GDN's key activities comprise Global Research Projects, Awards and Medals Competition, Annual Conferences, Regional Research Competitions, Strategic Research Partnerships and GDNNet. ♦

GDNNet - Knowledge Sharing Portal

The Kuwait conference was also the venue for the launch of the new and revamped GDN website, GDNNet.

GDNNet is the electronic voice of GDN and a core activity in GDN's capacity building and networking efforts focuses on communication of research knowledge generated in developing and transition countries to inform policy debate. It provides online tools and services to support researchers from developing countries in their work and to help disseminate their research and facilitate virtual interactions.

GDNNet will provide increased user ability, social networking and knowledge sharing tools. The new website will be available in four languages: English, Spanish, French and Arabic. It will also incorporate new highlights such as 'People Count': A series of interviews with eminent academicians, think-tank heads, and policy makers from around the world, discussing key development issues; and 'Focus on', a look at different facets of GDN, the activities of Regional Network Partners, current research projects and news on new publications. ♦

The Economic Slowdown - A Global View

The GDN 2009 Survey

The 2009 GDN survey, carried out by Tom Coupe, of the Kyiv School of Economics and Kyiv Economics Institute, is the first survey that provides a truly global picture of the current economic slowdown, reflecting the views of both developing and developed countries.

The analysis of the 2009 GDN survey shows that while the economic slowdown is expected to imply negative growth in 2009 in developed countries, developing countries are expected to continue to grow in 2009. At the same time, developed countries are expected to see the bottom of the slowdown somewhat later, with the median estimate being Q1 2010 rather than the Q4 2009 for the developed countries.

Developing countries are less satisfied with how their governments have handled the slowdown so far and, consistent with this, prefer policy action at a regional or global level rather than the country level. While a mix of policies (monetary, fiscal and/or structural policies) is believed to be most effective by most respondents, developing countries believe, compared to developed countries, more in the effectiveness of structural policies.

The 2009 GDN survey shows further that the poor are widely believed to be the most affected by the economic slowdown and that there exists a wide support, at least among the development community, for special social measures to protect those that are affected most by the slowdown.

Our Regional Network Partners

GDN works with Regional Network Partners (RNPs) covering almost every region in the world. 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. Many of our partners are networks in themselves and allow for the flexible and effortless production of knowledge and its translation into policy.

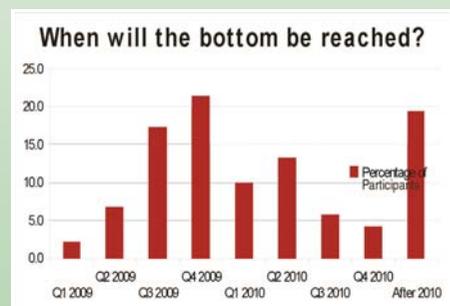
Our network is varied and evolving. Some regional research hubs already existed before the establishment of GDN, such as the African Economic Research Consortium (AERC), the Economic Research Forum (ERF), the Center for Economic Research and Graduate Education-Economics Institution (CERGE-EI) operating in Eastern and Central Europe and the Economics Education and Research Consortium (EERC) operating in the Commonwealth of Independent States. Other networks - the East Asian Development Network (EADN) and the South Asia Network of Economic Research Institutes (SANEI) are more recent. Our network partner in Japan, GDN-Japan, was established in 2000. The Oceania Development Network (ODN), launched in 2003, is a unique network in that it brings together research communities from both developing and developed nations through the involvement of the South Pacific countries, Australia and New Zealand. BREAD is a network of leading scholars engaged in research in development economics, based in the United States. GDN's relationship with the European Development Research Network based in Europe dates back to 1999 when the first GDN conference was organized in Bonn, Germany. ♦

Key Findings

Finding 1 – The average forecast for 2009 GDP growth is positive for developing countries but negative for developed countries.

Finding 2 – The bottom of the economic slowdown is expected to be reached at the end of 2009, beginning of 2010.

Finding 3 – Ninety-four percent of all respondents think the government should stimulate the economy in case of an economic slowdown in their country.



Finding 8 – Ninety-two percent of all respondents are in favor of special social measures to protect those most affected by the slowdown.

Finding 4 – Many respondents are unhappy about how governments have handled the situation so far.

Finding 5 – A policy mix is thought to be the most effective way to counter the economic slowdown.

Finding 6 – Multilateral action is believed to be the best approach.

Finding 7 – The poor are thought to be most affected by the economic slowdown.

The Annual Global Development Conferences

GDN believes that funding research is not enough. Capacity-building in developing countries is at the heart of many of its activities. 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.

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

The conferences are essential for our understanding of development issues – in the range of issues they discuss, and the regions they represent.

In addition, several workshops scheduled and funded by a range of organizations allow researchers to come together, discuss their research on specific areas of interest and most importantly, decide on how research can be taken further. ♦

GDN's programs and activities meet a clear demand of a global market for development-relevant knowledge and are designed to build research capacity in those countries where it is most needed. These programs and activities must continue.

Global Research Projects and Emerging Activities

GDN's Global Research Projects (GRPs) capitalize on the ability of the network to build research excellence across regions, and across disciplines on a global theme.

GRPs seek to explain different elements of development through a comprehensive and comparative approach. Building understanding at the country-level and comparing across countries allows impacts to be tracked.

GRPs also encourage networking and cross-fertilization among researchers from different countries. Key to this effort is the facilitation of high quality work by local authors in partnership with each other and with development specialists from around the world.

Ongoing GRPs:

- ▶ Promoting Innovative Programs from the Developing World: Towards Realizing the Health MDGs in Africa and Asia
- ▶ Development on the Move: Measuring and Optimizing Migration's Economic and Social Impacts
- ▶ Varieties of Governance: Effective Public Service Delivery

Completed GRPs:

- ▶ Explaining Growth
- ▶ Understanding Reform
- ▶ Bridging Research and Policy
- ▶ Impact of Rich Countries' Policies on Poverty: Perspectives from the Developing World

Upcoming GRPs:

- ▶ The Climate Challenge: Sustaining Development Progress in a Warming World
- ▶ Private Sector Development: Learning to Compete: Does Asia's Private Sector Have Lesson's for Africa?

Emerging Activities

- ▶ Policy Outreach
 - a. Agricultural and Trade Policies in Sub-Saharan Africa and south Asia: Shaping Global and Regional Policy Debates and Promoting Evidence-informed Policies
- ▶ Strategic Research Partnerships/ Institutional Capacity Building
 - a. GDN-AERC project on Institutional Capacity Strengthening of African Public Policy Institutes
 - b. Strengthening Institutions to Improve Public Expenditure Accountability
- ▶ Research Skills Training

A word from the participants ...

▶ "The knowledge I attained, as well as the mutual friendships developed with other experts in the world, amongst many others, were the major outputs to me by attending this well organized conference."

Senior Lecturer, Sri Lanka

▶ "The conference was an excellent opportunity for me to meet with many researchers from different countries, and also to exchange ideas and to enrich the discussions during the Conference, as I raised many comments and questions during the various sessions of the Conference."

Senior Researcher, Middle-East

▶ "I thoroughly enjoyed the GDN conference. Not only was our panel very informative, I also really enjoyed the African session after."

Economist, France

▶ "The conference was organized on the highest level and I had a chance to meet really useful people. In other words, everything was great!"

Editor, Business Magazine, Ukraine

▶ "It was great joining the GDN conference in Kuwait. It was really a successful experience by all means. I look forward to participating in GDN's future events."

Dean, Research Institution, UAE

The 11th Annual Conference, January 2010, Prague

The 11th Annual Global Development Conference entitled "Regional and Global Integration: Quo Vadis?" will be held on January 16-18, 2010 in Prague, Czech Republic. The Czech Government and the Mayor of Prague will host the conference and the Centre for Economic Research and Graduate Education Economics Institute (CERGE-EI) will be GDN's local partner.

The venue will also provide the stage for GDN's business meetings prior to the conference (January 14-15) and for post-conference workshops (January 19-20). The conference will focus on key issues such as globalization, regional integration, climate change and international migration against the backdrop of the current global economic and financial crisis, the political and economic repercussions of which are already being felt across countries and regions. The impact of the crisis on financial planning in developing countries cannot be understated. It has prompted many to challenge globalization and this is also likely to hasten the structural shift in global economic power from Western countries to emerging markets.

The European Union (EU) has clearly emerged as the role model for regional integration with no other region coming close to replicating this model. The conference will, in addition, explore synergies and conflicts between climate change and trade flows, post Copenhagen. The 11th Annual Global Development Conference will bring together experts in these fields to discuss these drivers of growth and challenges to globalization. ♦

Global Development Network

Headquarters - New Delhi

2nd Floor, West Wing, ISID Complex, Plot No 4
Vasant Kunj Institutional Area, New Delhi 110070, India
Tel: (91) 11-2613-9494 / 6885; Fax: (91) 11-2613-6893
Email: gdni@gdnet.org • Web: www.gdnet.org

Regional office

Cairo
Building 144/A - 3rd Floor, Smart Village
Cairo-Alex Desert Road, Giza, Egypt
Tel: + 202 3539 2420;
Fax: + 202 3539 2422
Email: cairo@gdnet.org

Regional office

Washington DC
926, Loxford Terrace
Silver Spring, MD 20901, USA
Tel: (1) 301-681-0911, Fax: (1) 301- 592-0442
Toll free: (1) 866-580-GDNI (4364)
Email: admin@gdnet.org