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# research MONITOR

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## Opportunities in the time of Crisis

"...we are living in an unsustainable world...there has to be a world on the other side. Therefore, I would say that we are living in a period that is not the end of History, but the end of end of History."

—Lord Anthony Giddens, renowned Sociologist.



**PRAGUE | CZECH REPUBLIC**  
11th ANNUAL GLOBAL DEVELOPMENT CONFERENCE  
JAN 13-19, 2010

Guillermo Calvo from Columbia University, the keynote speaker at the opening plenary session, 'Globalization Under Threat.'

That the conference was held in the Czech Republic, Eastern Europe, was of special significance. Amid polarized debates over how much globalization is too much globalization, the EU has proved to be a model of international integration that has worked considerably well (for all its limitations). Participants at the second plenary, 'Lessons for Regional Integration from the EU – Is the EU *Sui Generis*?', however, cautioned against attempts of its direct replication in other regions.

With the limitations of 'Capitalism-as we-know-it' becoming more apparent in the post-crisis scenario, discussions brought to the fore the need for greater regulations in markets and national economies, rooted in "common sense" and "moral values," at the third plenary session, 'One Way or Many? Varieties of Capitalism.'

At the fourth plenary, a roundtable on 'Regional Responses to the Crisis,' panelists analyzed policy measures taken in response to the economic crisis by developing countries across the world. Discussions highlighted the importance of strong institutions to building resilience to shocks.

At the concluding Roundtable that dwelled on 'Reforming Global Financial Governance,' GDN Chairman Ernesto Zedillo, highlighting an idea iterated throughout the conference, said that "we have more intense globalization, more interdependence and therefore we need more global governance."

The global economic crisis has propelled the world onto a pathway of 'change.' It has highlighted the limitations of existing frameworks of globalization, which now need to be re-configured. Aptly, GDN's 11th annual conference, held recently in Prague, asked the question 'Regional and Global Integration: *Quo Vadis*?' Over 400 participants discussed key issues that have become critical in the face of the crisis.

Over a year since the start of the crisis, regional policy responses have initiated a global recovery. Greater policy coordination between countries is however, necessary to sustain growth and avert future crises. To this end, a global regulatory authority is much needed, suggested Prof.

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# 'No Substitute to Strong Institutions'

GDN President Gerardo della Paolera says that "...there were examples of countries that were victims of previous crises, but that had invested in building strong institutions making them much more resilient to shocks."



The recent global economic crisis has been a defining phenomenon of our time; one that will shape the phase the world economy enters hereafter. The collapse of

Lehman Brothers and its aftershocks did not just represent a failure of the international financial markets; it also highlighted the limitations of the fundamental tenets of globalization and regional integration that have stayed unchallenged for so long. Our task, thus, is not just to mend markets but also to reflect upon the political economy and philosophy of globalization.

The 11th Annual Global Development Conference in Prague served as a timely forum. Out of discussions and debates among more than 400 researchers and policymakers, several questions were addressed: Have we brought about 'too much globalization? Where did we go wrong? What paradigm would now succeed or can be built on The Washington Consensus? Can we put together an effective global financial authority for better coordination between countries? Can examples of successful regional integration be replicated globally? What will be the contours of the 'new Capitalism' being touted to replace the Anglo-Saxon model whose limitations have now come under the scanner? How do we factor into all of this the recent additions to the 'Development' debate, like the issue of Climate Change? Answering these questions is essential to take practical steps towards lifting 1.4 billion people out of poverty.

**Times of Change: New Perspectives**  
That 'Change is Permanent' was never more

true than today. The global balance of world power is at a 'tipping point.' Conventional thinking about globalization has been shaken to the core. The transition of the global economy, with a shifting center of gravity from the West to the East, poses an enormous political economy challenge to foster globalization and a more cohesive global governance architecture. With no obvious successor to the Washington Consensus in sight, we are left in a no man's land. A vast majority of the participants at the conference echoed this view and reiterated that no region of our globalized world stay insulated from its implications.

This crisis was also unique in that it originated in the North. While there was much concern about how little we have been able to learn from previous crises, there is considerable optimism to be drawn from effective responses by many developing countries. Across the developing world there were examples of countries that were victims of previous crises, but had invested in building strong institutions making them much more resilient to shocks. Across sessions, there was an iteration of this idea of 'Better Institutions, Better Financial Governance,' a lesson developed countries would do well to learn more from their Southern counterparts with more experience of firefighting crises.

## Opportunities amid Crisis

As Lord Antony Giddens pointed out in his address that the financial crisis (in the context of Climate Change) presents an opportunity to 'start a revolution,' i.e. bring about systemic changes underpinned by social, political and economic transformation. More specifically, we need to reformulate our conception of growth to a level of sophistication wherein it also includes the element of sustainability. We are past

the age when these concepts constituted moral/philanthropic considerations, and should realize that sustainable development is also the smart thing to do, considering geophysical realities and the extent to which the earth has been depleted of its resources.

The idea of sustainability and stability (as opposed to indiscriminate growth) is equally relevant in the context of the international financial system. While inadequate regulations boded well for growth in terms of the volume of transactions, they were forever in conflict with ensuring that the financial markets worked to the advantage of a large section of the society, and for a sustained period of time. 'Sustainability' of the international financial system can be brought about by better, greater international governance of the markets; all of this points towards a supra-national authority as a possible solution. This thought was echoed several times throughout the conference, although much more research and consultation is required before specific configurations can be arrived at.

At a broader level, the takeaway seems to be that while growth is necessary, restraint is essential for it to be sustainable.

## Revisiting Capitalism

The crisis has brought Capitalism-- the economic system associated so strongly with 'democracy' and the 'free world'-- under the scanner. While an outright rejection of Capitalist systems would still be considered radical, there is considerable consensus that Capitalism-as-we-know-it needs to be tempered with mechanisms that keep it from galloping out of control into further crises.

The crisis has also led to a second look at the so-called 'authoritarian capitalism,' the kind some argue has enabled China to achieve staggering growth rates and muster economic might that almost belies the incidence of the crisis. As expected, the Chinese model was evoked many a time during the conference, and questions were raised on the assumed natural relationship between Capitalism, democracy, globalization and growth.

Restraint, again, is recommended to ensure that we do not merely jump from

one band wagon to another. For one, economic institutions are not merely outcomes of empirical analyses and diagnostics recommended by Economists. They are also products of socio-political processes and power structures in the society, and it is imperative that any attempt at reform should take them into consideration. Secondly, we should not (as we often do) lose sight of the fact that the ultimate aim of all economic thought and endeavors is human well-being. As development professionals, a normative belief in human freedom should form the core of our thinking, even as we critically analyze conventional concepts of democracy and well-being.

This sentiment was echoed at a plenary session entitled ‘One Way or Many? Varieties of Capitalism.’ Participants discussed how markets could neglect systemic risks, and called for regulations rooted in “common sense” and “moral values.” India was also cited alongside China, as an example of a nation that had achieved considerably high growth rates whilst investing in building transparency and democratic institutions through ‘just means.’

### Learning from Europe

As we work towards greater coordination between national economies and markets across the world, there is a lot to be learnt from regions where countries have already achieved trade, governance and economic integration of varying degrees. The European Union is an obvious case in point. While it is never advisable to try and replicate integration processes across different contexts, much can be learnt from the EU’s experiences.

Eminent experts from across the world pondered on ‘Lessons for Regional Integration from the EU- Is the EU *Sui Generis*?’ at a plenary session at the conference. Most of them recognized that imperative to the process was a consensus and shared vision of economic and regional integration, manifested in the building of supra-national institutions. It was such institutions that saw EU through despite conflicts between domestic considerations and the integration process that involves giving up sovereignty in certain areas. Even so, this long-standing union is now facing new challenges to harmonize their intra-country fiscal policies which call for more delegation to a regional government; hence adding up to the need to redefine sovereign political economy matters.

### Quo Vadis?

Discussions will go on. The conference’s value lay in the fact that it brought together leading ‘thinkers’ and influential ‘doers’ from across the world, which served well the purpose of streamlining debates and their policy uptake. As a ‘global, development network,’ GDN places singular emphasis on such dialogues. These are perhaps the best way towards optimum coordination between development researchers, institutes and policy makers across the world. For us, perhaps the most important learning from the financial crisis has been that greater globalization demands greater international coordination; and greater global foresight in all actors involved. This has reinstated our belief in GDN’s mandate— to achieve through research capacity building a critical mass of researchers who are globally interconnected and produce good research to inform public policy. ♦

Our task, thus, is not just to mend markets but also to reflect upon the political economy and philosophy of globalization.

**GERARDO DELLA PAOLERA, PRESIDENT OF GDN**

## Regional Network Partners

### “GDN Helps Break Professional Isolation...”

GDN cooperates with 11 Regional Network Partners, eight of which are based in developing and transition countries. This cooperation allows us to truly reach our core constituency - local researchers in the developing and transition world. In addition to offering financial assistance to our Regional Network Partners, we:

- Provide access for researchers to high-quality data without cost through our website
- Produce policy-relevant knowledge on a global scale
- Build research capacity to advance development and alleviate poverty
- Facilitate knowledge sharing among researchers

GDN’s role has been decisive in strengthening the dialogue within Latin America, and between Latin America and the developed world.

—**Mauricio Cardenas**  
President, Latin American and Caribbean Economic Association (LACEA)

By being a part of GDN, EUDN is in direct contact with strongly articulated networks representing different areas of the developing world, and that provides a unique opportunity to articulate together a number of initiatives in which we could participate by providing our input or expertise, and also using our experience in this field.

—**Jean Philippe-Platteau**  
Chair, European Development Network (EUDN)

This is where GDN has the greatest value—in bringing down multidisciplinary groups, Economists and non-Economists, together... You can then have cross-professional discourse to share experiences on how to conduct policy-relevant research, and not only in the context of a region, but across regions. So we are breaking professional isolation not only in the sense of one discipline, but across disciplines. —**William Lyakurwa**  
Executive Director, African Economic Research Consortium (AERC)

The world “network” is thrown around a lot when you talk about GDN, but it’s an important strength of GDN. One thing that is true particularly for Eastern Europe is that good researchers tend to be isolated... Occasionally you find someone who is really dedicated, who is really a researcher, really a scholar, wants to be in the academic sector, wants to do something good for their country—they’re all alone. GDN as a network creates a peer group for those people. It helps them find each other.

—**Randall Filer**  
Network Head, Center for Economic Research and Graduate Education - Economics Institute (CERGE-EI), Czech Republic

The most important thing that GDN does is build capacity by training researchers, training academics... these people then inform the wider society.

—**Tom Coupe**  
Network Head, Economics Education and Research Consortium (EERC), Ukraine

## Special Session on Climate Change

# Copenhagen Accord a Promising way Forward: Giddens

While the Copenhagen accord came to many as a disappointment, for being non-binding and agreed upon by just a few countries, renowned sociologist Lord Anthony Giddens sees it as a 'promising way forward.'

"We have come, by default, to a way forward which is more promising than Kyoto-style universal agreements," he said, in his keynote address.

With only the United States, China, India, South Africa and Brazil backing the accord, it has been criticized by many for not achieving wide consensus. Giddens, however, suggested that a smaller group was more likely to develop it into an effective deal.

"A smaller group of nations can not only hope to agree, it can also hope to push forward policy more quickly and more effectively than a massive group of nations working together could do? Second, it cross-cuts

the main difficulty at Copenhagen, which was this massive split that opened up between the developing world on the one hand and the developed world on the other," he said.

Introducing Professor Giddens and the topic of the special session, GDN Chairman Ernesto Zedillo said that Climate Change was, without doubt, the most critical development issue at the moment.

"We, as social scientists, have a great responsibility, not only to keep debating about the topic but also try and understand why it was not possible to get a serious, comprehensive agreement among the community of nations to deal with this issue," he said.

Dr. Zedillo added that for a good understanding of the issue, it was important to look at it as one of achieving international coordination for providing a global public good. "At the core of the failure was... not

acknowledging to its full extent how tough it is to organize the kind of international collective action that is needed for the provision of this highly complex global public good. Our leaders failed to recognize that practically every complexity associated with the provision of any conceivable global public good is inherent to the question of climate change mitigation," he said.

A renowned scholar, Professor Giddens is the most widely cited sociologist in the world according to Google Scholar. His impact upon politics has been profound. According to Bill Clinton, his most recent book, 'The Politics of Climate Change,' was 'a landmark study in the struggle to contain Climate Change, the greatest challenge of our era.'

Reiterating a view expressed by participants throughout the conference, Giddens contended that though seemingly different issues, both 'tackling climate change' and



Lord Anthony Giddens addressing the Special Session on Climate Change

'mending the global financial system', demanded reform in governance.

"There is a tremendous overlap between what needs to be done internationally to contest Climate Change and what has been the subject matter of this conference. In both cases we need to have a new global architecture. We live in a world of massively increased interdependence, where climate change is the negative side of that interdependence, but we simply don't have effective enough governmental institutions," he said. Linking the two issues further, Giddens argued that the financial crisis had, in fact, presented an opportunity for a new deal in climate change, underpinned by dramatic social, political and economic transformation. Calling for a re-evaluation of "pathologies of growth," he said that both developed and developing countries needed to reformulate indicators of economic growth, and the measures by which these are achieved. It is now widely agreed that growth, once it reaches a certain level, does not necessarily lead to greater personal and social welfare. He summed up his speech offering four innovations that need to be made in the politics of climate change, particularly in the industrial countries:

1. Pioneer a long-term politics of climate change, planning in terms of 20-30-year cycles, not necessarily by the state. Markets need to play a crucial role, but should be made to think long term.
2. Pioneering politics of consensus: Citing US as an example, Giddens pointed out that Climate Change politics have been increasingly mirroring the polarization between the 'right' and the 'left.' Public debate on the issue has become polemic, making it difficult to garner support for collective action from people across the political spectrum.
3. Think of climate change as an opportunity for technological and social transformation, and not merely as a cost. It is simply impossible to sustain the western style of growth or replicate it



**Lord Anthony Giddens**

across the developing world, given the limits to earth's resources. Sustainable development, thus, should be considered to be the next smart business model and not just a liability.

4. Employ social and economic innovation alongside technological innovation, for this is absolutely necessary for a global transition to a low-carbon economy. Central to this, appealed Giddens, would be a dash of 'utopian realism' in our way of thinking. "I'd ask for a leap of imagination on the part of everyone sitting here, and I'd ask for an understanding of the fact that we are on the cusp of a world that is going to differ from our present day world, as much as the world preceding the industrial revolution differed from the world after it," he said.

"A few years ago Francis Fukuyama wrote a famous book called 'the End of History' and he said that we know of no other kind of society beyond the one we live in now in the West. Ladies and gentlemen, we are living in an unsustainable world...there has to be a world on the other side. Therefore, I would say that we are living in a period that is not the end of History, but the end of end of History," he appealed. ♦

We are living in an unsustainable world...there has to be a world on the other side. Therefore, I would say that we are living in a period that is not the end of History, but the end of end of History

**LORD ANTHONY GIDDENS**

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## Conference Roundup

### OPENING PLENARY

# Global Authority Needed for Sustainable International Financial System



The Opening Plenary in Progress

The theme of the opening plenary of the 11th Annual Global Development Conference, 'Globalization Under Threat,' reflected a concern that has underlined development policy and research since the economic crisis broke out in 2008. With the financial virus spreading worldwide from an obscure event like the US sub-prime mortgage crisis, protectionist voices claiming globalization could do more

#### WELCOME REMARKS

##### H.E. Dr. Juraj Chmiel,

Hon. Minister for European Affairs  
Office of the Government of the  
Czech Republic

#### CHAIR

##### Gerardo della Paolera

President  
Global Development Network, India

#### KEYNOTE SPEAKER

##### Guillermo Calvo

Professor of Economics, International  
and Public Affairs  
Columbia University, USA

harm than good have been gaining strength.

Urging not to lose sight of globalization's rewards thus far, H.E. Dr. Juraj Chmiel, Czech Minister of Foreign Affairs, said that "...globalization is the engine of progress worldwide. We cannot afford that it falls victim to any short term quick fixes." "Too much is at stake. What is of essence, therefore, is not to try to curb the progress of globalisation, but to better understand its implications to be able to handle its power in a more sensible and responsible way," he added.

The session was chaired by GDN President Dr. Gerardo della Paolera. Presenting an analytical framework to understand a phenomena like the current crisis, Professor Guillermo Calvo (Columbia University), the keynote speaker, claimed that they were caused by a bank-run that connected the financial and the real sectors by a sudden freeze in credit. Calvo introduced the concept of 'Credit Sudden Stop' (CSS)— a large, unanticipated decline in credit flow from local banks—as a measure of this

credit freeze. The significance of the thesis lies in its emphasis on 'credit flow,' unlike most other analyses that look for falls in 'credit stock.' A sudden cut in 'credit flow' brings about a sudden cut in expenditure that, in turn, effects changes in relative prices.

The US real-estate sector experienced a similar, sudden stop in credit flow from the banks. The element of surprise set off panic in the financial markets, magnifying the real damage and amplifying the crisis. The fall of Lehman Brothers proved to be the defining shock in the current crisis. According to Calvo, such negative shocks are key causes of economic crises and much more difficult to prevent than a financial collapse. He illustrated this point by citing quick recovery in levels of domestic credit and capital flows after lenders of last resort signaled they would not let large financial institutions go bankrupt.

Especially affected by large CSS are credit dependent goods—like durable goods, real estate etc.— that constitute sectors with large multiplier effects. It was for this reason that the sub-prime crisis spread throughout financial sectors across the world despite starting in an obscure corner of the capital markets.

Explaining and proving how a single event could trigger a global downturn across countries and sectors, the above framework also implies a need for greater policy coordination across countries for a more sustainable international financial system. Professor Calvo suggested that this could be achieved by setting a global regulatory authority, one that would also act as a lender of the last resort.

While acknowledging that some developing countries had been able ward off the most severe effects of the crisis by accumulating foreign reserves, Calvo warned that this was an example of how a policy feasible at the national level ends up increasing global imbalances.

"They (developing countries) have less capital- presumably the marginal productivity of capital is larger in poorer countries so capital should be



**H.E. Dr. Juraj Chmiel, Hon. Minister for European Affairs, Czech Republic, addressing the opening plenary**

flowing in that direction, but its flowing in the opposite direction. Again this is a topic for GDN to work on... If you are concerned about poverty, one thing you have to make sure is that capital flows into the poor regions. But if you leave this problem in the hands of individual countries, they will continue to build international reserves," he said.

There were several questions from the floor, expressing concern that while an international financial authority was desirable in principle, setting one up was fraught with issues associated with supra-national governance. Acknowledging the concerns, Calvo said that this was an issue to be addressed nevertheless, and urged groups like the G-20 countries to take concrete actions in this regard. On the issues of corruption, big bonuses, etc., he said that they were relevant, but not fundamental to understanding the spread of the 'financial virus' and its transmission to the real sector.

## PLENARY 2:

### EU Integration an Example to Learn from, not Replicate

At the second plenary session 'Lessons for Regional Integration from the EU- is the EU *sui generis*?' panelists reflected on lessons that could be drawn from

the EU model of regional integration, widely regarded as one that has 'deepened' and 'widened' as it has evolved over the years. Chaired by Dr. Ahmed Galal (Managing Director, Economic Research Forum), the session heard presentations and discussions focusing on various aspects of the EU experience, drawing substantially from the historical context of the formation of the union.

Professor Andre Sapir from Université Libre de Bruxelles, posited that the EU experience had shown that economic integration was a 'process,' in that it had to follow clear objectives, step-by-step planning and a timeframe to remove internal barriers. Additionally, a 'union' should be mindful of costly external barriers and set a framework for handling macro shocks.

Illustrating his point, he reminded that the successful integration in Europe started with a political vision that was "determined to lay the foundations of an ever closer union among the peoples of Europe" (Treaty of Rome, 1957) and an economic vision that was "determined to facilitate the removal of trade barriers and the promotion of closer economic cooperation" (European Free Trade Association Treaty, 1960).

Pointing out that the EU had achieved 'deep' integration at present, Professor Sapir identified three challenges that lay ahead of the Union-- managing partial integration, managing increasing size and diversity, and managing its integration with the rest of the world.

Professor Alan Winters (Chief Economist, DFID, UK and Professor, University of Sussex), emphasized that EU's success in integration lay in the fact that it emerged out of what was primarily a political and ideological movement that had economic consequences.

If you are concerned about poverty, one thing you have to make sure is that capital flows into the poor regions.

**GUILLERMO CALVO**

## Warm Welcome by a Snow-Covered Prague



The 11th Annual Global Development Conference was held under the auspices of The Ministry of Foreign Affairs, Czech Republic and The City of Prague. Without their support and hospitality, the event could not have been the success it was.

"We asked ourselves what we could do as hosts to make this a special occasion for you... (then we decided) lets arrange for our magical city of Prague to be covered in snow!" quipped **H.E. Tomáš Chalupa, Hon. Chair, Foreign Affairs Committee, City of Prague**, welcoming participants at the Special Session on Climate Change on day one of the conference.

GDN is especially grateful to our hosts for not only providing us logistical and financial support, but also participating actively in the conference. Inaugurating the opening plenary, 'Globalisation Under Threat,' **H.E. Dr. Juraj Chmiel, Minister for European Affairs**, cautioned against making globalization the scapegoat of protectionist economic policies. "What is of essence, therefore, is not to try to curb the progress of globalisation, but to better understand its implications to be able to handle its power in a more sensible and responsible way," he said.

On day two of the conference, **H.E. Jan Kohout, Hon. Deputy Prime Minister and Minister of Foreign Affairs** threw open the gates of the Czernin Palace, seat of the Czech Ministry of Foreign Affairs, to conference participants for a gala reception. Minister Kohout presented awards to winners of the Global Development Awards and Medals at the function.

GDN would also like to thank the Center for Economic Research and Graduate Education-Economics Institute (CERGE-EI), our local partners in Prague. Without CERGE-EI's crucial support, a conference of this magnitude would have been very difficult to manage.



(Left to right) Julius Horvath, Alan Winters, Ahmed Galal, André Sapir, Luk Van Langenhove and Antoni Esteveadeordal

"It didn't arise because a bunch of economists sat down with their slide rules and did a cost-benefit analysis... We should look at the EU as a high ideological experience," he said. Prof. Winters explained the

political-ideology of integration as being rooted in a history dotted with several efforts of integration, wars and repeated affirmation of European Nationalism creating a sense of collective identity among people.

The European Commission, Prof. Winters pointed out, "... is charged with the European ideal and is the guardian of the European vision." It was the Commission that kept the EU project going during the 1980s when its future was uncertain, by proposing a Single Market. It also worked towards encouraging member states to give up sovereignty and pass powers to common institutions, such as the European Central Bank, the European Parliament and the Court of Justice of the European Union.

In his presentation "The Three Faces of the EU," Professor Luk van Langenhove, Director, UNU-CRIS unpacked the concept of EU, analyzing the Union as a (i) regional trade association, (ii) a federal unit of governance and (iii) as a global actor. He argued that the EU could definitely be presented as a regional integration success story from the regional trade point of view, and somewhat partially as a federal unit of governance. Its position as a global actor, however, is faced with the shift in global economic power from the West to the East, and a declining share in world population. Iterating a point made by Prof. Winters,

Prof. van Langenhove said that the problem with hailing European integration on the basis of their economic integration was a mistake, as "...economics was used as a tool... to come to this security vision." "If we think about if the EU can be a model for other regions in the world, then rather than starting from economic issues we need to start from security issues and see what role regional organizations can play from a security perspective."

Discussant Dr. Antoni Esteveadeordal of the Inter-American Development Bank posited that with the concept of regional integration undergoing recalibration the world over, the EU was now less of a model than it was before.

"In the mid '90s there were models of the process of integration in developing countries. In Latin America many experiences were built on the EU model. What we have seen after the mid '90s is spaghetti and noodles integration with many bilateral agreements between countries in different RTAs. Today we have lasagna agreements between Asia and the Americas," he said.

Dr. Esteveadeordal, however, said other countries could still learn from EU's micro-experiments and policies, like promotion of Free Trade Agreements and building of regional infrastructure corridors.

Discussant Prof. Julius Horvath from the Central European University, Hungary, suggested that a wide view of the EU as a political and monetary union would suggest that (1) despite cross-country variations, support from the European people at large continues to strengthen the Union's legitimacy, and (2) efforts to enhance economic policy coordination among member countries does not necessarily demand an EU-level centralization of economic policy. "While EU area members have intensified coordination in macroeconomic policies over the last ten years... this has not, as some predicted, created pressure (which we would feel now) for further centralization of economic decision-making in the EU," he said.

#### CHAIR

##### Ahmed Galal

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

#### SPEAKERS

##### André Sapir

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Université Libre de Bruxelles (ULB),  
Belgium

##### Luk Van Langenhove

Director, Comparative Regional  
Integration Studies Programme  
United Nations University (UNU-CRIS),  
Belgium

##### Alan Winters

Chief Economist  
Department for International  
Development (DFID), UK

#### DISCUSSANTS

##### Antoni Esteveadeordal

Manager, Integration and Trade Sector,  
Vice Presidency for Sectors and  
Knowledge  
Inter-American Development Bank, USA

##### Julius Horvath

Head, Department of Economics  
Central European University, Hungary

## PLENARY 3

Post-Crisis Capitalism:  
Towards a New Paradigm

The current financial crisis has brought to the fore the limitations of Capitalism—arguably the most dominant economic model worldwide—considered to be the way to go for economies that want to link with the world market, grow and modernize. Presentations at the third plenary, 'One Way or Many? Varieties of Capitalism' converged at this central idea as they discussed various strands of Capitalism prevalent in the world, how they had been affected by the current crisis and whether new forms were likely to emerge as a result.

agglomeration effects, imperfect markets, cumulative causation and multiple equilibria justified a greater role for public policy.

Reflecting on changes that the crisis was likely to bring about, he said that OECD governments would borrow more than 25% of the global savings in the years to come, markets would tolerate smaller external deficits and there would be stricter regulation of markets.

Suggesting that different 'varieties of Capitalism' be conceived as different setups of economic institutions, Professor James Robinson from Harvard University argued that while the crisis would certainly influence them, it would not change them deeply. "Economic institutions are the outcome of



(from left to right) Daniel Daianu, Devesh Kapur, Lawrence MacDonald, James Robinson and George Mavrotas at the third plenary session

Daniel Daianu, Professor of Economics at the National School of Political and Administrative Studies, Romania, argued that the current crisis marked the failure of the neo-liberal paradigm that influenced economic policy till recently. Prof. Daianu stressed that there was ample evidence that markets could neglect systemic risks, and called for regulations rooted in "common sense" and "moral values."

Calling for greater regulation of financial markets, he argued that while it was true that it was firms, and not countries, who competed, phenomena like

collective choices, and reflect the distribution of power in the society," he said. "Don't think about changing the institutions, change the power relations in the society... Institutions grow out of politics, and identifying and understanding the political equilibrium is crucial before suggesting reform," he added.

Economic institutions reflect the distribution of power in the society. Don't think about changing the institutions, change the power relations in the society.

JAMES ROBINSON

## Workshop:

Strengthening  
Institutions to Improve  
Public Expenditure  
Accountability

This was the third technical training and peer-learning workshop of the DFID-funded five-year project, emphasizing on rigorous analysis to design reliable public expenditure policy options and thus, inform policy in three sectors-- Water, Health and Education. It specifically focuses on strengthening the capabilities of partner institutions to conduct public expenditure analysis and constructively engage with policy makers.

Fifteen partners — research institutes and think tanks — from as many countries shared findings and results of 'Program Budgeting Analysis' and 'Benefit Incidence Analysis.' Participants identified key trends and budget allocations across countries, and shared challenges related to methodology and data availability that they faced. Among other findings, it emerged that recurrent expenses (expenditure on wages and salaries and purchase of goods and services) were higher than capital expenses (expenditure on fixed assets) in the health and education sectors, while the reverse was true in the water sector.

An important conclusion emerging across presentations of 'Benefit Incidence Analysis' results was that policies should address the lack of access of the poor to tertiary and university education, to ensure that they benefited from public expenditure in these areas.

Based on the two sets of analyses, GDN and Results for Development are also creating cross-country benchmarks for public expenditure analysis.

Participants also received training on the next analytical activity in the project: 'Cost-Effectiveness Analysis.' Experts from The World Bank, Results for Development and National Institute of Public Health, Mexico, explained key concepts, methods, challenges and cases related to cost-effectiveness analysis on the second day.

Dr. Devesh Kapur from University of Pennsylvania raised the important question of whether “authoritarian capitalism was worse or better” than the one strongly associated with democratic values. Dr. Kapur compared the Indian and Chinese models of Capitalism, both of which had achieved extraordinary growth despite being different from each other.

The Chinese Communist Party, he said, was more meritocratic which made the process of its leaders’ decision-making quick and efficient. Transparency, however, was not the regime’s strongest card. India, on the other hand, had expended considerable efforts towards building democratic institutions and transparency through “just means.” Ironically, India had performed less well than authoritarian China on counts of growth, poverty and human development. It was, thus, worth examining whether the relationship between Capitalism and Democracy was natural, mutually reinforcing and what was the direction of causality.

Dr. George Mavrotas, Chief Economist, GDN wondered if decades of research had really taught us anything at all about economic crises and how to handle them. He also reflected on issues related to unabated

consumerism over the years in the context of the recent financial crisis and stressed the need for safety nets to keep the world’s poor from bearing the brunt. “Our predominant focus should be on poverty reduction” he said, “since there is a danger, in our effort to restore the financial system, to lose focus on what is truly important – namely lifting 1.4 billion people out of poverty.”

The presentations elicited a flurry of questions and comments from the audience, especially around the point whether the recent setbacks to the democratic capitalism suggested that authoritarian capitalism was a viable option, and whether the Beijing Consensus was a more prudent development strategy than the Washington Consensus. Dr. Edward K Y Chen from Hong Kong University argued that unlike popular conception, the former was a more dynamic concept, a “pragmatic development strategy” that lay emphasis on the “speed and sequencing of reforms that has nothing to do with democracy or no democracy.”

#### PLENARY 4:

Roundtable on Regional Responses to the Crisis

## Strong Institutions Crucial to Weathering the Storm

I feared the session would outline how little we understood about the appropriate responses in the face of the crisis,” said Andrew Steer (Director General, Policy and Research, DFID, UK), Chair of the Roundtable on Regional Responses to the Crisis, on January 17. Dr. Steer said that he was surprised at the level of optimism among some developing countries about the prospect of recovering from the recent economic crisis, even though “we are not yet out of the woods.”

Five speakers at the session presented

overviews of policy responses to the crisis by countries in Sub-Saharan Africa, Eastern Europe, Latin America, East Asia and the Arab region. A common theme emerging across presentations was that many developing countries had resisted the worst effects of the current crisis much better than previous ones, largely due to their recent investments in institutional reforms.

#### CHAIR

##### Andrew Steer

Director General, Policy and Research  
Department for International  
Development, UK

#### PANELISTS

##### Michaela Erbenova

Deputy Division Chief, Financial Sector  
Oversight Division, Monetary and Capital  
Markets Department, International  
Monetary Fund, USA

##### Mouna Cherkaoui

Professor, Mohamed V University  
Morocco

##### Andrés Neumeyer

Professor of Economics, Universidad  
Torcuato Di Tella, Argentina

##### Yung Chul Park

Distinguished Professor  
Korea University, Republic of Korea

##### Ernest Aryeetey

Director, The Africa Growth Initiative at  
The Brookings Institution

“It is not simply a question of market reforms, but of building institutions, the tightening of regulatory environment... When I look at Africa, the countries that had better functioning central banks, the countries that had better functioning regulatory environment were those able to deal with the crisis (better) than others,” said Dr. Ernest Aryeetey, Director of the Africa Growth Initiative at The Brookings Institution.

While acknowledging that the crisis had led to a shrinking of African economies, reduced the continent’s economic growth by 2-4 per cent in 2009 and affected the capacity of the state to deliver social protection, he illustrated

#### CHAIR

##### Lawrence MacDonald

Vice President, Communications and  
Policy Outreach  
Center for Global Development, USA

#### SPEAKERS

##### Daniel Daianu

Professor of Economics  
National School of Political and  
Administrative Studies, Romania

##### Devesh Kapur

Director, Center for the Advanced Study  
of India, University of Pennsylvania, USA

##### James Robinson

Professor of Government, Harvard  
University, USA

#### DISCUSSANT

##### George Mavrotas

Chief Economist  
Global Development Network, India



(from left to right) Ernest Aryeetey, Mouna Cherkaoui, Andrew Steer, Michaela Erbenova, Andrés Neumeyer and Yung Chul Park

that countries with strong institutions and better policies had been able to tide over the crisis better, citing Zambia, South Africa and Tanzania as examples. In her presentation “The Crisis is Abating” Dr. Michaela Erbenova from the IMF illustrated that the crisis had hit eastern European economies severely. “In the Baltics there was a reversal of EU integration gains. A number of countries have asked for support from the IMF and other IFIs.” It bode well for the region that the global economy had now started growing again with government interventions supporting demand and reducing systemic risks in financial markets, she said.

However, she emphasized, it was important that fiscal, monetary and financial policies remained supportive till a durable recovery was secured.

Professor Mouna Cherkaoui from Mohamed V University, Morocco, presented an overview of the Arab countries’ response to the crisis. In a nuanced analysis, she highlighted how the crisis had affected oil-exporting and oil-importing countries differently. Unlike oil-importing countries in the Arab region, strong international reserves and fiscal positions had allowed their oil-exporting neighbors to respond rapidly to the adverse effects of the crisis.

Overall, Arab countries had done well through the crisis as they faced it with decades of structural reforms behind them, and the resultant fiscal/monetary environment that enabled quick recovery.

Professor Andrés Neumeyer, from Universidad Torcuato Di Tella, Argentina, focused his presentation on a comparative analysis of responses by Latin American economies to previous crises with respect to the present one, i.e. ‘what’s different this time?’ In terms of effect, he highlighted that unlike previous crises, when global shocks got amplified when they hit Latin America, the region had shown considerable insulation from the worst effects of the current crisis and even signs of a quick recovery.

Professor Neumeyer attributed this to stronger initial financial conditions (current account/fiscal surpluses and high level of reserves), better exchange rate risk management and quick responses by bodies like the IMF and G20 who were quick to make resources available as Lenders of the Last Resort. He recommended that Latin

I am surprised at the level of optimism among some developing countries about the prospect of recovering from the recent economic crisis.

ANDREW STEER

## Workshop

# Inequality and Public Policy

The workshop was conducted by The Vienna Institute for International Economic Studies (wiiw). It fed into GDN’s ‘Inter-Regional Research Projects’ initiative that aims to foster South-South research collaboration. Twelve papers were presented and discussed, examining various aspects of the relationship between inequality and public policy, like gender-based income inequality; link between socio-economic inequality and demographic characteristics; relationship between social transfers and remittances; taxation; public sector wages and micro-determinants of multi-dimensional poverty. The papers were based on studies from Serbia, Bosnia, Bulgaria, Romania, Albania and several other Central, East and Southeast European transition economies.

American countries restore fiscal balance to be prepared for the next shock.

In his presentation titled 'Impact of the Crisis: Deeper and Scary,' Professor Yung Chul Park from Korea University illustrated the crisis' effect on East Asia, positing that the region had been thrown into a deeper recession mainly through the trade channel. Both exports and imports were plunging at double digit rates, producing recession surpluses. Besides, financial meltdown in the US had led to the contraction of global financial intermediation and dollar liquidity shortages, deepening the recession further.

He suggested that Asian countries change the composition of demand and production in favor of non-tradeable, and that rebalancing should focus on rectifying the bias of the incentive scheme in favor of export-oriented industries. He cautioned that prospects for recovery, however, were marred by lack of policy coordination in the region. He expressed hope that the Chiang Mai Initiative Multilateralization (CMIM) could evolve into a de facto regional monetary fund, a step towards monetary unification and greater policy coordination among East Asian countries.

## PLENARY 5:

Roundtable on Reforming  
Global Financial Governance

### Call for Coordinated Response for Tackling Global Imbalances

The current economic crisis has brought to fore the inadequacies of the institutions that currently form and integrate financial markets worldwide. Discussions at the Roundtable on 'Reforming Global Financial Governance,' chaired by GDN President Dr. Gerardo della Paolera, focused on analysing the shortcomings of the current institutional setup and exploring possible reforms. A theme recurrent



(from left to right) Alan M. Taylor, Padma Desai, Ernesto Zedillo, Gerardo della Paolera, François Bourguignon and Santiago Levy

across presentations was that a global-level institution was necessary to regulate and coordinate financial systems across the world, and lead efforts to mitigate the worst effects of future crises.

In the opening presentation, Prof. Francois Bourguignon, Director, Paris School of Economics, argued that currently, there was "no international actor big enough to counteract forces that could lead the global economy in the wrong direction," one that could undertake the roles of coordinating the various actors in the global financial system and ensuring that there was always enough liquidity in the global financial system. The role of The World Bank and the IMF, he argued, was limited to smoothing the effect of shocks faced by countries.

Prof. Bourguignon drew interesting parallels between global climate change negotiations and prospects of coordinated action by countries to reform global financial governance. In both cases, he said there was a need for common regulation.

"We might be able to solve the whole environmental problem through carbon tax, but the carbon tax will have to be the same in all countries. There would be no need for a global tax authority. We could simply have all countries tax carbon and

using the tax receipts to do whatever they want with it... It is exactly the same thing as common regulation in all countries in the world, and from that point of view the problem is the same... as with (uniform) financial reporting standards and things like that," he said. At the same time, he pointed out, there was a need for redistribution between countries, of the costs of regulation both in the case of Climate

#### CHAIR

**Gerardo della Paolera**

President  
Global Development Network, India

#### PANELISTS

**Ernesto Zedillo**

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

**François Bourguignon**

Director, Paris School of Economics,  
France

**Padma Desai**

Director, Center for Transition Economies  
Columbia University, USA

**Santiago Levy**

Vice President for Sectors and Knowledge  
Inter-American Development Bank, USA

**Alan M. Taylor**

Director, Center for the Evolution of the  
Global Economy University of California,  
Davis, USA

Change management and global financial governance reforms.

Prof. Padma Desai, Director, Center for Transition Economies, at Columbia University, reflected on the forthcoming measures being taken in the US to protect consumers and limit the risky behaviors of Too-Big-To-Fail (TBTF) banks. She listed various reasons why TBTF banks are prone to risk, including (a) abolition (in 1999) of the Glass-Steagall Act of 1933 which separated commercial banks and investment banks and (b) the use of complex assets such as Over the Counter Derivatives (OCDs), and Credit Default Swaps (CDSs) which were backed by shaky mortgage-based securities. For such reasons, she argued, such banks were fundamentally risk-prone and must be required to hold enough capital to back their assets, at all times. She supported measures like Contingent Capital (COCO) bonds as part of a resolution setup for winding up TBTF financial institutions on the verge of collapse.

On criticisms of bonuses and 'high' levels of executive compensation in the US, she said that the federal government directives try to make an arbitrage between a short-term political problem and the long-term issue of bridging the gap between the rich and the poor and of devising an appropriate tax policy for the purpose. "The government should not be regulating the compensation of executives. Let the boards do it," she said.

Dr. Santiago Levy, Vice-President for Sectors and Knowledge at the Inter-American Development Bank, analysed the Latin American economies' "better than expected" performance through the crisis. These economies had entered the current crisis with much stronger fundamentals as compared to the previous ones. However, a closer look suggested that there were other factors at play as well, knowing which was essential to understanding the crisis and preparing better for the next one. Crucially, national and international financial institutions

could mobilize large volumes of resources—free of conditionalities—towards weathering the crisis before any damage was done. Swap Lines were set up, and the G20 increased credit lines to the international system soon after. Mexico received an estimated \$80bn in flexible credit.

While this boded well for the economies, Dr. Levy argued that it was necessary to institutionalize such ad-hoc responses. "Clearly, the international community cannot rely on ad-hoc responses... on whether the crisis originates in a large country and induces a kind of guilt and, therefore, a swift response." Prof. Alan Taylor, Director of the Center for



Participants at the GDNNet workshop

the Evolution of the Global Economy at the University of California asked 'What were we thinking?' both as a rhetorical and a real question. He identified two sets of 'old views' which pre-dated the financial crisis. "We thought that financial instability was something that only happened at the periphery, not at the core. That it happened 'to them' and not 'to us'.

We have more intense globalization, more interdependence and therefore we need more global governance.

ERNESTO ZEDILLO

## Workshop

### GDNet: Research Communication to Inform Policy

With a view to enhancing the impact of research and outreach to Policy, GDNet launched the "Research Communication Capacity Building Program". The program is intended to assist researchers and research institutes and networks to generate an effective flow of key messages about the objectives and results of their policy relevant research, as well as push forward policy recommendations based in the research.

The "Communication for Policy Influence" was held before the GDN 11th Annual Conference "Regional and Global Integration: Quo Vadis?" in Prague, Czech Republic as part of the GDNet Research Communications to Policy Workshop Series. ODI provided support facilitating the workshop for the GDN-Awards and Medals finalist for 2009 to mainly provide support on presentation skills and the production of relevant research to policy products when required. The workshop

focused on how to; identify audience, articulate policy objectives, draft effective messages to key audiences, communication channels and tools with a focus on policy briefs, press releases, work with the media, how to prepare slides and an introduction to online tools. Participants were interested in the workshop material and found it particularly useful in preparation for their presentation of their research projects and proposals. They also expressed interest in allowing more time to digest the content and reflect captured ideas on their slides and communication outputs. There was great value in integrating the research communication effort with GDN activities. A number of finalists expressed interest in the potential for developing an alumni network to provide support and track their progress.

This was a complacent view, and one that ignored both history and evidence.” Prof. Taylor said that the crisis had made it clear that ‘contagion happens both ways’, and that those emerging markets that have come through this crisis well were relying on their own fundamentals and insurance measures put in place before the crisis. “This was perhaps the most important, wise and prudent precaution they had to insulate themselves.”

About the new regulatory framework, he expressed his doubts about its efficiency at the international level. According to him “emerging markets will try to enforce self insurance because that’s the only thing they can rely for sure. They can pool their reserves but there is an issue of sovereignty. Solving it will be more difficult. How global imbalances will change will influence the picture.”

Dr. Ernesto Zedillo, GDN Chairman and Director of the Yale Centre for the Study of Globalisation, started his presentation saying that it was important to consider whether, taking cue from the recent crisis, “global financial governance was more warranted or less warranted” in the post-World War era of globalization currently underway. “We have more intense globalisation, more interdependence and therefore we need more global governance,” he said, acknowledging at the same time that efforts to this effect, initiated before the crisis, had failed.

“The G20 Pittsburgh records from 2009 show impeccable analysis. They said we need a co-ordinated response to tackle global imbalances. Then they commissioned a peer-review of macro-economic policies. This is a joke! We will never get global co-ordination without an institutional mechanism with sufficient teeth to make it credible and enforceable,” he said.

Dr. Zedillo also cautioned that while coordinated effort at the international level was essential, it was difficult to achieve as local issues were often at loggerheads with what was desirable for the international financial system. ♦

## Development on the Move: How Migration can Aid Human Development



Phil Woolas, UK Minister of State for Borders and Immigration, addressing the Special Session on Migration

**W**e emigrate to Australia but we retire to Spain. Overseas people in our country are immigrants but when we go to theirs, we’re expatriates. We see people from France as visitors but from further afield as immigrants,” said Phil Woolas, UK Minister of State for Borders and Immigration, illustrating how language reflected the narrative of international migration dominant in the British society.

Minister Woolas was addressing a special parallel session on GDN’s global research project ‘Development on the Move: Measuring and Optimizing Migration’s Economic and Social Impacts’ on the second day of the conference, organized in partnership with the Institute of Public Policy Research (ippr), London.

The Minister further said that migration was the ‘second hottest issue’ in the (then) forthcoming General Election, and wanted to ‘explain why we got it wrong, and recal-

ibrate the policy.’ “UK Immigration Policies must better resonate with our International Development Policies.” He said. “We need better understanding of the push and pull factors behind international migration at both the macro and micro level,” he said.

The research project, managed jointly by GDN and Institute for Public Policy Research (ippr), UK, explores the development impacts of migration in Colombia, Fiji, Georgia, Ghana, Jamaica, Macedonia and Vietnam, and provides valuable new micro-level information and analysis to fill this gap.

The session was moderated by George Mavrotas, Chief Economist of GDN, who stressed the importance of this major, multi-year, innovative, as well as policy-focused project for the international development community, in view of the centrality of international migration issues in the development discourse recently. This was

## SESSIONS

## Promoting Innovative Programs from the Developing World: Towards Realising the Health MDGs in Africa and Asia

This session reported on GDN's major twenty-study Global Research Project, 'Promoting Innovative Programs from the Developing World: Towards Realising the Health MDGs in Africa and Asia.' The studies evaluate the impact of a wide range of health programs in Africa and Asia, and look to inform policy with evidence on the effectiveness of the ones that have the potential to improve health outcomes in developing countries.

An overview of the project was presented at the session, followed by findings from three of the studies—a community-based health-insurance program in Karnataka, India; an attempt to use cash transfers to influence sexual behavior of school-age girls in Malawi; and a program aimed at improving maternal health care in Peru.

Two basic points emerged from the discussions: (1) the factors that determine the suc-

*Cont. from page 14*

cess of a health program are considerably specific to the context. When looking for winners, therefore, it may be more important to grasp the idea behind a particular intervention rather than the specifics of its implementation. (2) It is important to conduct evaluations throughout the duration of the project. According to discussant Dr. Santiago Levy, from the Inter-American Development Bank, "development policy should allow more place to evaluations... the fact that a program work at the beginning will not guarantee that it will work all the time."

followed by presentations from Dhananjayan Sriskandarajah, Director, Royal Commonwealth Society, UK (and Project Director) and Laura Chappell, Senior Research Fellow, ippr, who both reflected on the central issues and key outcomes emerging from the project. They underlined that apart from making a substantial contribution to the existing stock of knowledge about the impact of migration on each of the countries in question, the comparative nature of the research has also helped draw conclusions about the impact of migration as a whole on development as a whole.

As lead researchers of the project's country studies in Colombia and Macedonia respectively, Mauricio Cardenas (Senior Fellow, Brookings Institutions) and Zoran Nikolovski (Director, EduCon Research, Macedonia) present-

ed findings from the final report, emanating from their research. Finally, Jeni Klugman, Director, Human Development Report Office, welcomed the research and in particular the richness of the studies, which clearly showed the nature of benefits and policy implications. "The research shows the importance of barriers to movement, especially legal movement. We need to explore the nature of these barriers to the movers themselves," she said. "Mobility has the potential to enhance human development among movers, stayers and the majority of those in destination places. But outcomes can be adverse: there is lots of scope for improvement."

The session was chaired by Dr. Lyn Squire from Brookings Institution, USA, who was also the Project Manager. An overview of the project was presented by Ranjeeta Thomas from University of York, UK. Three country case studies— "Impact Evaluation of India's 'Yeshasvini' Community-Based Health Insurance Program" from India, "The Short-

*Cont. on page 16*

Overseas people in our country are immigrants but when we go to theirs, we're expatriates.

## Workshop

## Evaluating Responses to Shocks

International Initiative for Impact Evaluation (3ie), a program division of GDN, conducted the two-day hands-on clinic focused on rigorous impact evaluation design, using examples of three different interventions to cope with shocks - health insurance, emergency relief, and climate change adaptation and mitigation.

Dr. Howard White, 3ie Executive Director, started the workshop with a presentation explaining the basic concepts related to Impact Evaluation and methodological issues. He also dwelled on the nature and extent of the uptake of impact evaluation by public policy.

Dr. Marie Gaarder, Deputy Director, 3ie, presented an overview of important methodological tools used for impact evaluation. She focussed largely on the importance of experimental and quasi-experimental designs, critical to coping with selection bias and ensuring rigour in the impact evaluation process.

Participants were also presented with findings from real-life impact evaluation studies. Hugh Waddington from 3ie presented a synthetic review of two different evaluation studies of Mexico's 'Seguro Popular' health insurance program. Birte Snilstveit, Research Assistant, 3ie, shared insights from an impact assessment of Pagos por Servicios Ambientales, a government program in Costa Rica that pioneered the use of payment for environmental services (PES) as a conservation tool in a developing country.

The clinic was hands-on in nature, with participants engaging in group discussions and practical exercises, through which participants designed an impact evaluation study themselves.

PHIL WOOLAS

Term Impacts of a CCT Program for Schooling on the Sexual Behavior of Young Women" from Malawi and "The PARSalud Program in Peru: Evaluating its Impact on Access to Institutional Delivery and Adequate Maternal Care"-- were presented by Dr. Aradhna Aggarwal from University of Delhi; Dr. Sarah Baird from George Washington University and Dr. Miguel Jaramillo from Grupo de Análisis para el Desarrollo, Peru, respectively. ♦

aging resource booms. The Argentina-Malawi study showed that urban households would mostly benefit from a surge in global food prices through increased factor demand.

The session was co-chaired by Dr. Olusanya Ajakaiye, Director of Research, African Economic Research Consortium and Dr. Mauricio Cardenas, Senior Fellow and Director of the Latin America Initiative, Brookings Institution.



Panelists at the 'Cross-regional Dialogue on the Effects of Commodity Dependence'

## PARALLEL SESSIONS

### Cross-regional Dialogue on the Effects of Commodity Dependence

—a session by the Latin American and Caribbean Economic Association (LACEA) and African Economic Research Consortium (AERC)

The session presented the work done under GDN's Inter-Regional Research Program comprising of comparative studies on responses by countries in the two regions to similar commodity abundances.

Studies were presented on 'Oil' in Nigeria and Colombia; the role of 'Copper' in the Chilean and Zambian economies; and the 'Impacts of Higher Food Prices' in Argentina and Malawi, both food exporting nations. The key objective across studies was to identify conditions that determine whether resource-abundance proves to be a blessing or a curse and the role of institutions in managing these commodities.

It emerged through the discussions that the overall quality of institutions, infrastructure and policy environment were crucial to man-

The thematic papers on 'Oil', 'Copper' and 'Food Security' were presented by Guillermo Perry, Senior Research Associate, Fedesarrollo, Colombia; Patricio Meller, Research Project Director, Corporación de Estudios para Latinoamérica, Chile and Lucio Castro, Executive Director, Center for the Implementation of Public Policies Promoting Equity and Growth, Argentina.

### Assessing Participatory Development: Reflections from the World Bank

—a session by The World Bank

The session 'Participatory Development: Assessing the Evidence on Policy and Practice' offered representatives from the World Bank's Development Research Group and other scholars the opportunity to discuss the current 'state of play' in terms of participatory approaches to development and how they are assessed. The topic was framed by the World Bank's policy research report entitled 'Localizing Development:

Challenges of Policy and Practice'

Dr. Ghazala Mansuri, Senior Economist at the Bank, outlined how it was difficult to find evidence of the effectiveness of participatory approaches despite their perceived benefits. She posited that researchers are often critical of participatory projects because they often fail to deliver immediate success stories. She cautioned against being over-critical, arguing that it takes time to empower people, which is a pre-condition for true participation.

Dr. Michael Woolcock, Senior Social Scientist, The World Bank, argued that participatory development "is not an invariant technology, but an instrument with many people-centred moving parts". He argued the need for a "counter-temporal" approach to monitoring and evaluation that asks "where should this project be at this time?" This question reflects upon different contexts, and helps guide future project initiatives.

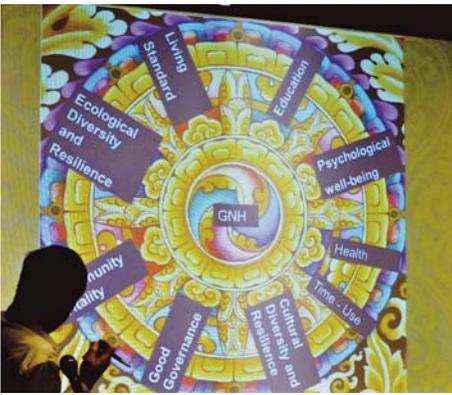
Dr. Vijayendra Rao, Lead Economist of The World Bank's Development Research Group, made a presentation on "The Conceptual Foundations of Localizing Development."

Professor Jean Philippe-Platteau, from University of Namur, elucidated the key role played by donors in a participatory project, the need for them to show tolerance, not to be over prescriptive, and to put aside any uncertainty regarding the ability of communities to identify their own needs. Describing the inherent complexity of the process, he stated that "when communities are certain about the preference of donors, they are strongly induced to make a declaration close to what these are". He added that if donor preferences are fuzzy, communities are more likely to think more clearly about community needs, despite the tendency of elites to dominate this process.

### Regionalism on Service Delivery in Pacific Island States: Emerging Issues

—a session by the Oceania Development Network (ODN)

Chaired by ODN Chairman Wood



### Unpacking 'Gross National Happiness' at the session 'How Do We Measure Development?'

Salele, discussions at the session focused on the recent changes in approaches to Pacific regionalism and their impact on service delivery at household, district, national and regional levels.

For many years, regionalism has been an important mechanism for providing the very small and scattered Pacific Island nations with solidarity and the power to collectively resist powerful outside interests that pose threats to their interests. Over the years, it has also been the basis for movements for political independence, women's rights, the environment, opposition to nuclear testing, nuclear bases and dumping of nuclear waste. Driven by neo-liberal rationalism and the promotion and planning of regional economic markets that primarily serve external interests, the concept of regionalism now has significant long term implications for livelihood options, development prospects, quality of life and general well being of Pacific Island people, particularly women.

A key focus of discussions at the session was the implications of regionalism for public services delivery, government accountability and negotiating power for the region as a trading bloc.

Dr. Clair Slatter from the School of Social Sciences, University of the South

Pacific, presented a paper titled 'Reclaiming Pacific Island Regionalism: Women's Voices.' Calling for a new Pacific-regionalism, Dr. Slatter focused on easing capacity constraints for governments through increases in the provision of services at the regional level, and the need to examine it from a critical gender perspective.

Discussant Dr. Lake Ah Chong, Lecturer in the Faculty of Education in the National University of Samoa, pointed out that while such regionalism had much value, it was important to ensure that it did not clash with the objectives of local governments and local people.

### How Do we Measure Development?

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

Organized by the European Development Research Network (EUDN), GDN's regional network partner in Europe, the parallel session brought to fore perspectives on measuring 'development.' The theme reflected the growing uneasiness with currently used indicators, whether of the conventional Gross National Product (GNP) type or of the Human Development Index (HDI) type.

Prof. Francois Bourguignon, Head of the European Development Research Network (EUDN) talked about the challenges of measuring social and welfare progress. Bourguignon explained in his talk that the road to nuanced measures is complex and presents methodological challenges.

"Journalists would love us to give them a 'Gross National Happiness' index, but we can't do that. It's complicated. What we need to do is develop a new

### Workshop

## Cities: An Analysis of the Post-Communist Experience

The workshop presented research being carried out as part of 'Cities: An Analysis of the Post-Communist Experience,' an Inter-Regional Research Project (IRP) launched recently by GDN and led by the Centre for Economic Research and Graduate Education (CERGE-EI) and the Economics education and Research Institution (EERC).

The workshop featured presentations of papers on four multi disciplinary themes: City Growth, the Economics of Cities, the Sociology and Governance of Cities. A total of 8 papers were presented by researchers, and reviewed by Project Leaders Tom Coupe (Economics Education and Research Council, Ukraine) and Randall Filer (Center for Economic Research and Graduate Education-Economics Institute). Some of the issues/questions discussed, among others, were:

- Is there a natural equilibrium, from which the Communist cities deviated—and hence, should we see a gradual return now?
- Are there Urbanization Economies in Post-Socialist cities?
- Dynamics of city size distribution in CEE and CIS transition economies
- Whether Multiple Equilibria are possible in the Russian Urban System

The research will also compare historically determined development of cities in the West, to gain insight into the important features of 21st century urban life. This project will complement the 2009 World Development Report which focuses on Economic Geography but omits the unique environment of the CIS and CEE.

For more information on "Cities..." and other Inter-regional Research Projects, visit [www.gdnet.org](http://www.gdnet.org)

Participatory development is not an invariant technology, but an instrument with many people-centred moving parts.

MICHAEL WOOLCOCK



Philippe De Lombaerde from UNU-CRIS at a parallel session on South-South and North-South Cooperation

dashboard of indicators that would reflect the different aspects of wellbeing of people as well as allow us to track progress over time," he said. Jeni Klugman, Director, Human Development Report Office, said that the 2010 Human Development Report will, for the first time, incorporate multi-dimensional measures of poverty, inequality, empowerment and sustainability.

Dr. Sabina Alkire, Director of Oxford Poverty and Human Development Report Initiative at the University of Oxford, said that methodologies were improving to help with the task. "In the last five years there has been a 50% increase in the number of multidisciplinary measures developed to get over the complexity and intangibility of measuring wellbeing and happiness," he said.

Dr. Andrew Clark from Paris School of Economics, one of the panelists, said he was a 'happiness economist' and had spent the last ten years asking tens of thousands of people what it was that made them happy! He presented findings from across various studies that he had carried out in the past, dwelling on the exact nature of

happiness/well-being and its possible determinants. In particular, Dr. Clark focused on factors such as relative income, employment, social capital, health and religion.

## South-South and North-South Cooperation: The New Dynamics of the Global Economy

—a session by United Nations University's Institute on Comparative Regional Integration Studies (UNU-CRIS) and World Institute for Development Economics Research (UNU-WIDER)

UNU-CRIS and UNU-WIDER presented their ongoing project that focuses on how the emergence and ramping up of South-South cooperation has altered the dynamics of the global economy. The session was chaired by Dr. Amelia U. Santos-Paulino from UNU-WIDER, Finland. Discussions explored the development

impacts of South-South trade agreements compared to the alternative, and often the more favored, North-South Integration.

Dr. Philippe Lombaerde from UNU-CRIS stressed on the need to critically examine the compatibility between existing North-South agreements and the growing number of South-South ones. Talking about the merits of Economic Partnership Agreements (EPAs) over unilateral preference for ACP (African, Caribbean and Pacific) trading partners, Dr. Alisa DiCaprio from UNU-WIDER argued that they will help LDCs effectively graduate from their special status in the international trading system to one more in line with developing countries. The fact that this development directly contradicts the spirit of the WTO treatment of LDCs suggests that LDC interests are not being adequately represented there.

Dr. Manuel F Monte from the United Nations Department of Economic and Social Affairs said that in East Asia, South-South arrangements are widely regarded 'as a way for the north to renege on their

economic agreements with the south'. He stressed the importance of China's role in the region's recovery from the recent economic crisis. But he said that the recovery was not sustainable because their export-based economies are dependant on demand from markets outside of their borders, in the west.

## European Report on Development 2009-Overcoming Fragility in Africa: Forging a New Approach

—a session by *The European Commission*

The European Commission presented the European Report on Development (ERD) 2009 at the parallel session. Entitled 'Overcoming Fragility in Africa: Forging a New Approach,' the report identifies long-term structural characteristics of Sub-Saharan African nations that make them vulnerable to external shocks, and makes a series of recommendations to external actors, like the EU, to address the same effectively.

Presenting an overview of the Report, Dr. Giorgia Giovannetti and Dr. Simone Bertoli from the ERD team analysed the costs characteristics of fragility. They argued that the most important characteristics common across fragile countries are structural shortcomings like inability to mobilize domestic resources, low-levels of human development and weak governance. Thus, EU's aid strategy should be one that addresses such issues, also because that would be its real comparative advantage with respect to new donors like China.

Prof. Thierry Verdier, also from the ERD team, reflected on whether regional integration could work towards reducing fragility. He suggested that trade might help effect this in the African context. However, it would also present challenges related to

distribution of gains from trade, enforcement of rules/sanctions, and asymmetries generated by the rebalancing of power between private agents and governments.

Discussant Prof. Francois Bourguignon from Paris School of Economics pointed out that in its policy recommendations, the report did not articulate the need for a short term EU strategy for extreme events, along with long-term financial or technical support. He stressed that this was a crucial aspect without which an overall aid strategy would be incomplete.

## Impact of the Global Financial Crisis on South Asia

—a session by *the South Asia Network of Economic Research Institutes (SANEI)*

The session featured presentations illuminating the impact of the economic crisis on Pakistan, Sri Lanka and Bangladesh.

Dr. Musleh ud Din from the Pakistan Institute of Development Studies (PIDS) illustrated how Foreign Direct Investment in Pakistan was already on the decline when the crisis broke out, and suggested that a prudent regional economic policy along with a flexible monetary and economic policy by the IMF could be the best response to deal with the adverse impact of the crisis.

Dr. Parakrama Samarathunga from the Institute of Policy Studies, Colombo, illustrated that timely fiscal and monetary policy responses by the government had contained the worst effects of the crisis. Dr. Samarathunga recommended that further intervention was necessary,

like providing lending for exporters with cash flow

There is a strong link between resilience and fragility. Being able to deal with the financial crisis will be a learning process and a challenge for donors

FRANÇOIS BOURGUIGNON

## Workshop

### Promoting Evidence-Informed Agricultural Policies in Sub-Saharan Africa and South Asia

The workshop marked the substantive initiation of the launch phase of the project. External experts in policy and economic research led a day-long review with authors of ten Country Issues Notes (CIN) —specifically commissioned for the purpose—and other participants including staff from donors, GDN and its regional network partners. The aim was to cull a set of themes for policy research relating to agricultural development including aspects related to agricultural trade. The discussion identified several specific areas, highlighting also the importance of contextual features such as the role of agriculture in each economy, rural livelihoods, food security, dualism, land use and fragmentation trends, natural resource degradation (including the likely impacts of climate change), political economy as well as changing consumption patterns.

The project, supported by a grant from the Bill & Melinda Gates Foundation, seeks to support GDN demonstrate a viable model for effective bridging of research and policy in collaboration with its Regional Network Partners. It aims to help researchers deliver policy-relevant research findings and policy options to decision-makers. A novel feature is the active involvement of policy makers and key stakeholders both in drawing policy implications as well as formulating questions for research.

A Discussion Note has been prepared, distilling outputs from the brainstorming at the workshop as well as the content of the CIN's, that will provide a platform for engaging in dialogue in selected countries to further elicit views on the identified focus areas.

problems in the short term, fiscal policy reform in the medium term and, in the long term, finding new export markets as the future of credit based consumption in the US was in doubt.

“Bangladesh is the only economy that has been growing at its highest rate during the economic crisis,” said Dr. Mustafa Mujeri, Head of SANEI and Director of Bangladesh Institute of Development Studies (BIDS). He argued that an emphasis on micro-finance and micro-level economic planning had worked well for Bangladesh, given its high man-land ratio. Textile exports and remittances had cushioned the economy well from a possible downturn. Involvement of NGOs and focus on social development at the grassroots level were other factors behind Bangladesh’s good performance, he added.

The session was chaired by Dr. Rashid Amjad, Vice Chancellor, Pakistan Institute of Development Economics. Dr. Matthew Joseph, Senior Consultant from the Indian Council for Research on International Economic Relations, was the lead discussant.

## Economic Integration in Asia, Trade, Infrastructure and Finance

—a session by the East Asian Development Network (EADN) and GDN-Japan

The session discussed possible configurations of a new development architecture in Asia- one that relies on a range of growth drivers and not just exports to other regions, and based on institutions that ensure financial stability.

Session chair Prof. Kaoru Hayashi, from JICA Research Institute, introduced the topic with the suggestion that efforts be made to develop a more prosperous and stable regional market and develop value chains and production networks accordingly. Crucial to that, he said, would be improving the currently bad quality of regional connectivity and investing in infrastructure development.



**Chalongphob Sussangkarn, Head of the East Asia Development Network (EADN) addressing the parallel session on ‘Economic Integration in Asia...’**

Professor Shujiro Urata from Graduate School of Asia-Pacific Studies Waseda University, Japan, illustrated that the East Asian region had, in fact, been witnessing growing regional integration through the rapid expansion of intra-regional trade and foreign direct investment (FDI). In terms of intra-regional trade ratio, defined as the proportion of intra-regional trade to region’s overall trade, East Asia exceeded 50 percent, lower than the corresponding value for the European Union (approximately 65%) but higher than the value for North America (approx. 45%). He argued that this was in response to the financial crisis in the late 1990s, as reflected in the growing number of intra-regional trade agreements since then.

Dr. Chalongphob Sussangkarn, Head of the East Asia Development Network (EADN), suggested several ways in which the financial integration of the Asian region could be furthered, like the formation of an Asian Monetary Fund and having a Common Exchange Rate. He stressed that it was important to work simultaneously towards greater political integration as well.

Dr. Mohammad Ariff, Executive Director of the Malaysian Institute of Economic Research, concluded the session by laying down some important questions for further enquiry: how to manage capital flows in East

Asian countries and how to identify bottlenecks to the overall economic growth and development in the region.

## Accession, Neighborhood or Unity? The EU Experience

—a session by Center for Economic Research and Graduate Education - Economics Institute (CERGE-EI), Economic Education & Research Consortium (EERC) & Economic Research Forum (ERF)

The European Union’s relationship with its neighboring countries has assumed various forms over the years, accession of some countries to association, neighborhood and even unity with Southern Mediterranean countries.

Moderated by Dr. Ahmed Galal (Managing Director, Economic Research Forum, Egypt), discussions at the session explored a range of these relationships. Dr. Randall Filer, Head of the Centre for Economic Research and Graduate Education-Economic Institute was the Lead Discussant. Panelists covered cases from three different regions: Eastern Europe, the Commonwealth of

Independent States, the Middle East and North Africa, in search of a better understanding of the different experiences and their implications for countries that are aspiring to join the EU.

Presenting two research papers, Dr. Bernard Hoekman (Senior Associate, Economic Research Forum and The World Bank) posited options to facilitate movement of workers between high-income and developing countries within the framework of trade agreements, focusing on the European Union's partnership agreements with neighboring countries. He argued that furthering the services

social changes in member countries. The eventual ENP economic offer is meaningful and integration with the EU is getting stronger public support political elites in several CIS countries. However, she also pointed out factors limiting the ENP's reform anchoring potential and offered specific policy recommendations for its strengthening.

Dr. Oleksandr Shepotylo, Assistant Professor, Kyiv School of Economics, Ukraine, presented a methodology for trade policy analysis of costs and benefits of alternative regional integration scenarios, based on the disaggregated gravity



The session 'Accession, Neighborhood or Unity? The EU Experience' in progress

trade dimension in the EU's trade agreements offered significant potential Pareto gains.

Dr. Wojciech Paczynski, Fellow, Center for Social and Economic Research, Poland, discussed the current and potential role of the European Neighbourhood Policy (ENP) in anchoring economic reforms in countries in EU's eastern neighbourhood. Reviewing available empirical evidence, she argued that the ENP shares some features with the EU accession process that has proven to be an effective mechanism supporting major economic, political and

equation, and applies it to calculate the impact of the EU's enlargement on integration strategies of non-member countries. Discussing findings from application of the model to the impact of the EU's enlargement in 2004 from the standpoint of Ukraine, Dr. Shepotylo argued that projecting results into the future indicates that the benefits of EU accession for the country would have been unambiguously positive. ♦

To achieve economic integration, it is important to work simultaneously towards greater political integration as well.

CHALONGPHOB SUSSANGKARN

## Workshop

### Climate Change: Refining the Research Agenda

The workshop was conducted as part of GDN's upcoming Global Research Project on Climate Change, that aims to fill critical knowledge gaps related to the implications of global climate change for development, particularly to help countries design effective policies for adaptation and sustainable growth. The workshop's proximate objective was to review the project's research agenda and solicit views on ways to enhance its policy traction.

#### Key points:

1. Climate data needed to be improved in terms of quality, volume and access. A 'Vulnerability Index' should be created to identify priority areas of intervention.
2. Channels should be improved for better knowledge sharing between developed and developing countries.
3. The potential of private sector engagement— in executing strategies, data collection, policy processes and designing market-based low-carbon development models—should be explored and realized.
4. Research on governance should be integrated with the political economy of climate policies.
5. Identifying and documenting various sources of technology as well as funding its transfer and adaptation is much needed.
6. Further research is needed on the trade-off involved in switching to a low-carbon growth path.
7. Success stories in climate adaptation needs to be analysed systematically to understand how they could be replicated across diverse contexts.
8. Non-governmental institutions and mechanisms need to be integrated with 'mainstream' processes.

A broad conclusion that emerged at the end of the workshop was that GDN's effort should encompass both a "Bottom-Up" approach to increase the granularity of the knowledge base pertaining to developing countries as well as a "Top-Down" approach that addresses key analytical themes in the international policy dialogue, focusing in particular on the need to articulate developing country perspectives.



Members of the Jury, Donors and GDN Chairperson, Ernesto Zedillo (back row 4th from right) with the winners of the 2009 Annual Global Development Awards and Medals Competition

## Global Development Awards and Medals Competition 2009

The impressive Czernin Palace in Prague formed the perfect backdrop for the prize distribution ceremony of the Global Development Awards and Medals Competition 2009. Ten entries were awarded in the three categories for outstanding research and development projects. H.E. Jan Kohout, Hon. Deputy Prime Minister and Minister of Foreign Affairs, Czech Republic, presented awards to winners of one of the categories. Awards were also presented by Andrés Rius (Team Leader, IDRC's Globalization, Growth and Poverty Program), Miguel Marques Gomes (Senior Advisor, Ministry of Finance, Government of Luxembourg) and Hiroshi Kato (Deputy Director, JICA-Research Institute). Addressing the gathering, GDN President Gerardo della Paolera welcomed the gathering and congratulated the award winners. GDN Chairman Dr. Ernesto Zedillo, stated that "Each year, we unearth new talent and support new ideas on

development. We need this market of ideas to boom; and all participants of the 2009 Competition are evidence that it is, indeed, booming."

A self-sustaining education project in Paraguay to be implemented by Fundación Paraguaya won the Japanese Award for the Most Innovative Development Project (MIDP). Fundación Paraguaya won the **'Most Innovative Development Project'** award for providing affordable, quality education to chronically poor youth in Paraguay. Called 'The Financially Self-Sufficient School,' the project finances itself without relying on long-term government support, donor funding or costly school fees. The project combines teaching agricultural and business within schools to generate income to cover 100% of costs. It argues that it is possible for even the poorest people can have access to education. The second prize in this category was awarded to Dream A Dream, India for

empowering vulnerable children through life skills.

Dr. Gerardo della Paolera, GDN President, announced a five-year collaboration with the Japan Social Development Fund (JSDF), under which winners of the annual 'Japanese Award for Most Innovative Development Project' (MIDP) would be eligible to apply for a \$200,000 JSDF grant for their project. Further details about the collaboration will be available on the GDN website in the run-up to the 2010 round of the Awards and Medals Competition, of which MIDP is a part.

The competition, among the biggest for young researchers working on multi-disciplinary themes related to development, also saw Ms. Dayna Zaclivever and co-author Laura de Costa Ferré from Universidad de la República (UdelaR) receive the first prize in the category

**'Japanese Award for Outstanding Research on Development.'** The second prize in the category went to Mr. Gilberto Libânio, Federal University of Minas Gerais, Brazil, for his proposed research on regional impacts of the economic slowdown in trade flows.

Once again, this year's medal recipients formed a multidisciplinary group, with wide-ranging backgrounds affiliated to various academic and professional institutions around the world. This year, the competition focused on the following three themes:

- Globalization, Regulation and Development
- International Migration: Crossing Borders, Changing Lives?
- Regional Integration – Convergence Big Time, or, an Opportunity Wasted?

The winners are:

**Medal for Research on Development - Globalization, Regulation and Development**

First Prize: **Adriana Kugler, John Haltiwanger, Marcela Eslava and Maurice Kugler** for their co-authored research on trade reforms and market selection in Colombia.

The study uses variation across sectors in tariff changes after the Colombian trade reform to assess whether the impact of market fundamentals on plant exit changed with increased international competition. It demonstrated evidence that improvements in market selection from trade reform help to weed out the least productive plants and increase average productivity. In addition, we find that trade liberalization increases productivity of incumbent plants and improves the allocation of activity within industries.

Second Prize: **Mr. Krishna C. Vadlamannati** from India for his research entitled 'Did globalization benefit low income African countries?'

Mr. Vadlamannati's research measures globalization

along three important dimensions viz., economic, political, and social fields to assess the pros and cons of globalization. The results show a small but significant positive association between globalization and economic growth for a panel of 21 low income African countries for the period 1970 - 2005.

The medals for this category were funded by the International Development Research Centre, IDRC.

**Medals for Research on Development - International Migration: Crossing Borders, Changing Lives**

First Prize: **Mr. Christian Hubert Ebeke** and **Mr. Alassane Drabo** from the Centre d'Etudes et de Recherches sur le Développement International (CERDI), for their co-authored research titled

'Remittances, Public Health Spending and Foreign Aid in the Access to Health Care Services in Developing Countries.'

The research found that remittances, health aid and public spending are important determinants of access to health services in recipients' countries. It also illustrated how remittances lead to a sectorial glide in the uses of health care services from the public to the private sector for the intermediate income class. This result holds also for the richer quintiles that are the major recipients of remittances in developing countries. Moreover, remittances and foreign health aid are complements for the access to health care services in "low" income countries.

Second prize: **Ms. Asmaa Elbadawy** and **Ms. Rania Roushdy**, Population Council, Egypt, for their co-authored research on impacts of international migration and remittances on child schooling and child aid.

It is really a magical moment for me. It's a recognition of my research... I will spend the prize money on buying data and books to further my research.

**A MEDAL WINNER**

## MIDP Awards for Paraguay and India Projects

**G**DN believes that quality Development Research is not merely an intellectual exercise, for it deals with issues that affect people and their well-being. The Network, thus, lays much emphasis on linking research to policy and development practice, apart from producing and facilitating research itself.

This belief is reflected in the structure of the Awards and Medals Competition, in the 'Most Innovative Development Project' award sponsored by The Government of Japan. The award honours innovative development interventions from the grassroots that with a proven positive impact.

This year, two very creative (and successful) skills-based education programs projects bagged the honours.

'The Financially Self-Sufficient School' won the first prize in the category. The project finances itself without relying on long-term government support, donor funding or costly school fees. The project combines teaching agricultural and business within schools to generate income to cover 100% of costs.

"Our project shows that children from the very poorest backgrounds can have the same educational choices as the middle classes; and that it is possible to do this in an entirely sustainable manner," says Martin Burt, Director of Fundacion Paraguaya, the implementing agency.

The Second Prize winner was 'Dream a Dream,' an NGO from India that has worked with over 3000 vulnerable children and youth and offering them innovative programs that foster life skills.

"The Conference has been a big learning for all of us, especially understanding what kind of data is available for entrepreneurs like us, and how to use the knowledge base," said Vishal Talreja, Founding Director, Dream-a-Dream.



Marcela Eslava from Los Andes University, Colombia, receiving the Medal for Research and Development for her work on 'Trade reforms and market selection: evidence from manufacturing plants in Colombia,' from from Andrés Rius (Team Leader, IDRC's Globalization, Growth and Poverty Program). Looking on are (left to right) GDN Chairman Ernesto Zedillo; Czech Deputy Prime Minister and Minister of Foreign Affairs, and GDN President Gerardo della Paolera.

The medals for this category were funded by the Czech Ministry of Foreign Affairs. The study brought forth several interesting findings. It found that remittances have a largely positive effect on attendance of young boys and girls. As for child work, migration and remittances have a large negative effect on market work for young boys as well as a negative effect on long-duration domestic and subsistence work. However, unlike older boys, remittance income appears to reduce heavy domestic work for older girls.

#### **Medals for Research on Development - Regional Integration-Convergence Big Time, or, an Opportunity Wasted?**

First Prize: **Mr. Mizanur Rahman**, University of Dhaka, Bangladesh, for his project entitled 'The Impact of Real Exchange Rate Flexibility on East Asian Exports'.

The study estimates the impact of intra-regional real exchange rate flexibility on East Asian exports, hypothesizing that the impact would be negative for East Asian countries regardless of their exchange rate regimes. The findings suggest that a region-

al currency basket mechanism would lessen the adverse effect of intra-regional exchange rate flexibility and engineer a collective exchange rate adjustment for resolving the global payment imbalance against East Asia.

Second prize: **Mr. Dibyendu Maiti** and **Mr. Sugata Marjit** (Institute of Economic



Dr. Gilberto Libanio, Professor of Economics at Universidade Federal de Minas Gerais (Brazil), receiving the Japanese Award for Outstanding Research on Development (Second Prize), from Mr. Hiroshi Kato, Deputy Director, Japan International Cooperation Agency-Research Institute (JICA-RI). Looking on are (left to right) H.E. Jan Kohout, Deputy Prime Minister and Minister of Foreign Affairs, Czech Republic and Dr. Gerardo della Paolera, President, GDN.

Growth, India), for their co-authored research entitled 'Regional Openness, Income Growth and Disparity across Major Indian States during 1980-2004'.

The medals for this category were funded by the Luxembourg Ministry of Finance.

The study finds that Indian states which moved away from importable production to exportable production, grew faster than others by at least 1-1.5% per annum. Also, some newly industrialized states show an increasing dependence on exportable production.

The competition received 486 submissions, over 60% of which were from Sub-Saharan Africa and South Asia. More and more young researchers are taking part, with the average age being 38 years in the 2009 competition. Over a period of 10 years, nearly 6,200 researchers and development practitioners representing more than 100 countries throughout the developing and transitioning economies have participated in the GDN Awards and Medals Competition. Over \$2 million have been distributed in prizes and travel to finalists and winners. The competition accepts applications from nationals of developing and transition countries across all social science disciplines. ♦

# Program at a Glance

## Regional and Global Integration: Quo Vadis?

### The Eleventh Annual Global Development Conference

#### PRE-CONFERENCE WORKSHOPS

##### WEDNESDAY JANUARY 13, 2010

- ▶ Workshop (Strengthening Institutions to Improve Public Expenditure Accountability)

##### THURSDAY JANUARY 14, 2010

- ▶ Workshop (Evaluating Responses to Shocks: 3ie)
- ▶ Workshop (Shaping Agricultural and Trade Policies in Sub-Saharan Africa and South Asia)
- ▶ Workshop (Strengthening Institutions to Improve Public Expenditure Accountability)
- ▶ Workshop (GDN Research Communications to Policy)

##### FRIDAY JANUARY 15, 2010

- ▶ Workshop (Cities: An Analysis of the Post-Communist Experience)
- ▶ Workshop (Cross-regional Dialogue on the Effects of Commodity Dependence)
- ▶ Workshop (Climate Change)
- ▶ Workshop (GDN Research Communications to Policy)
- ▶ Workshop (Strengthening Institutions to Improve Public Expenditure Accountability)

#### MAIN CONFERENCE

##### DAY 1: SATURDAY JANUARY 16, 2010

- ▶ Opening Plenary (Globalization Under Threat)
- ▶ Parallel 1.1 (South-South Integration in a North-South Context)
- ▶ Parallel 1.2 (Economic Integration in Asia, Trade, Integration and Finance)
- ▶ Parallel 1.3 (European Report on Development: Overcoming Fragility in Africa- Forging a New European Approach)
- ▶ Parallel 1.4 (Accession, Neighbourhood or Unity? The EU Experience)
- ▶ Plenary 2: Lessons from Regional Integration from the EU- Is the EU *Sui Generis*?
- ▶ Parallel 2.1 (Globalization, Regulation and Development) Presentations by Finalists of the 2009 Global Development Medals Competition, Theme 1)
- ▶ Parallel 2.2 (International Migration: Crossing Borders, Changing Lives?) Presentation by Finalists of the 2009 Global Development Medals Competitions, Theme 2
- ▶ Parallel 2.3 (Regional Integration- Convergence Big Time or an Opportunity Wasted?) Presentations by Finalists of the 2009 Global Development Medals Competition, Theme 3

- ▶ Special Session on Climate Change and Opening Dinner

##### DAY 2: SUNDAY JANUARY 17, 2010

- ▶ Plenary 3: One Way or Many? Varieties of Capitalism
- ▶ Parallel 3.1 Japanese Award for Outstanding Research on Development (Presentations by Finalists of the 2009 Global Development Awards Competition, Themes 1,2 and 3)
- ▶ Parallel 3.2 Japanese Award for the Most Innovative Development Project (Presentations by Finalists of the 2009 Global Development Awards Competition)
- ▶ Parallel 3.3 (Impact of the Global Financial Crisis on South Asia)
- ▶ Parallel 3.4 (How Do We Measure Development?)
- ▶ Plenary 4: Roundtable on Regional Responses to the Crisis
- ▶ Special Parallel Session on GDN's Global Research Project, 'Development on the Move: Measuring and Optimizing Migration's Economic and Social Impacts'
- ▶ Special Parallel Session on GDN's Global Research Project, 'Promoting Innovative Programs from the Developing World: Towards Realizing the Health MDGs in Africa and Asia'
- ▶ 2009 Global Development Awards and Medals Prize Distribution Ceremony

##### DAY 3: MONDAY JANUARY 18, 2010

- ▶ Parallel 4.1: Session on GDN's Latin America-Africa Inter-regional Research Project (Cross-Regional Dialogue on the Effects of Commodity Dependence)
- ▶ Parallel 4.2 (Regionalism and Service Delivery in Pacific Island States: Emerging Issues)
- ▶ Parallel 4.3: World Bank Session (Participatory Development: Assessing the Evidence on Policy and Practice)
- ▶ Plenary 5 (Roundtable on Reforming Financial Governance)
- ▶ Meeting of the Heads of GDN's Regional Network Partners
- ▶ Dinner of GDN's Board of Directors and Heads of Regional Network Partners

##### TUESDAY JANUARY 19, 2010

- ▶ Meeting of the GDN Board of Directors
- ▶ Dinner of the GDN Board of Directors and Donor Advisory Committee

## GDN Net

## Research

## Communication for and from the Global South

GDN Net is a knowledge hub that brings together and communicates policy relevant research from the Global South. It aims to be an internationally recognized focal point / knowledge broker for development research to inform policy debate. GDN Net is a partnership with regional networks and leading experts in the field. GDN Net provides access to on-line journals and data, synthesizes and communicates Southern research, and strengthens research communications capacity.

### Launch of the new GDN Net platform

The new platform and website were successfully launched on January 18th 2009, in time for GDN's 10th Annual Conference in Kuwait. The new architecture enhances usability, knowledge sharing and focuses on promoting researchers and their work.

With the new design, GDN Net should become the first stop for those working in development to network with others researchers and research institutes, creating connections in and between the north and south.

Three new languages were introduced besides English: Spanish, in the Latin America Window; French, in the Africa Window; and Arabic, in the MENA Window.

New audio and visual spaces were created to promote social networking, policy outreach and discussion of key topical issues, including a 'Policy Corner', 'Focus On' and 'People Count.'

[www.gdnet.org](http://www.gdnet.org)

An opportunity to attend a conference of this magnitude, to interact with so many eminent people from around the globe...it is amazing

NATASHA KAY MORTLEY, RESEARCHER,  
UNIVERSITY OF WEST INDIES

## About Us

GDN is a **small, independent International Organization** that allies researchers and institutes in development globally.

GDN aims to support researchers in developing and transition countries to **generate and share applied social science research to advance social and economic development.**

Our core business is **building research capacity.** Our aspiration is to achieve a **critical mass of researchers** who are globally interconnected and producing a **global public good**, i.e. quality research to inform public policy. ♦

## Global Policy Dialogues

GDN's Global Policy Dialogues are series of consultations, designed to further GDN's strategic objectives to promote networking across Social Sciences researchers and policymakers; expand outreach of world class research, and shape global policy debates.

Launched in 2009, the Dialogues are designed to ensure that developing country-perspectives remain at the core of these objectives. Specifically, the consultations:

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

## Financial Institutions helped

**F**inancial institutions with regulatory authority were key to keeping Europe from the worst effects of the global economic crisis, said Guillermo Calvo, Professor of Economics at Columbia University, at a press conference ahead of the 11th Annual Global Development Conference in Prague, on January 15, 2010.

Calvo is an internationally acclaimed authority on economic crises. His recent work has dealt extensively with capital flows and balance-of-payments crises in Emerging Market Economies. At the press conference, local journalists (from Eastern Europe) and international correspondents discussed with him the crisis' implication for the region.

"European financial institutions, were constituted as strong ones — that were going to be directly or indirectly supported by the European Central Bank,



for example. I think that was right. I think Eastern Europe has a very big advantage from that point of view. You have, for example, Austrian Banks operating within the region and Austrian Banks are protected by their own Central Banks

## 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. ♦

# Europe tide over Crisis: Calvo



(from left to right) Professor Guillermo Calvo (Columbia University), Dr. Gerardo della Paolera (President, GDN) and Dr. George Mavrotas (Chief Economist, GDN) addressing journalists at the press conference.

and, at the end of the day, by European Central Banks," said Dr. Calvo.

The press conference was also addressed by GDN President Dr. Gerardo della Paolera and Dr. George Mavrotas, Chief Economist, GDN and Director of the Conference.

Dr. Mavrotas said that the conference was an instrumental exercise as much as an academic one, given its theme and timing.

"The 2008 financial crisis has forced us to take an entirely fresh look on a broad spectrum of issues related to the globalization process, in a way that we do not find ourselves embracing globalization with the same enthusiasm of the pre-crisis era... It is great that we have 450 participants coming from various disciplines and leading thinkers among them debating and reflecting on these important issues," he said.

## The Annual Global Development Conferences

There is no learning without dialogue, and no action without reasonable consensus. GDN's annual conferences provide the venue for the exchange of ideas on the most pressing development challenges with internationally influential academicians, policy-makers, heads of government, renowned researchers, representatives of national and international organizations, and sponsors of research.

Research capacity-building in developing countries is at the heart of many of GDN's activities. GDN's Global Development Awards and Medals Competitions culminate at the conference, with a presentation ceremony and parallel sessions where researchers from developing and transition countries get present their research to a global audience.

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

## GDN Research

Given its unique structure—comprising of network partners in 11 regions across the world, GDN carries out bulk of its research through a process that combines local research with a cross-context analysis on global themes. Undertaken as Global Research Projects (GRPs), the research thus produced builds understanding at the country-level and places it at the same time within the global context.

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/ Completed GRPs:

- Varieties of Governance: Effective Public Service Delivery
- 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
- Explaining Growth
- Understanding Reform
- Bridging Research and Policy
- Impact of Rich Countries' Policies on Poverty: Perspectives from the Developing World

### Upcoming GRPs:

- Price of Capital and Development
- The Climate Challenge: Sustaining Development Progress in a Warming World
- Learning to Compete: Can Africa Learn from the Success of Others?
- Urbanization in Developing Countries: A Path for Inclusive Development

[www.gdnet.org](http://www.gdnet.org)

# A Word from the Participants ...

▶ "An opportunity to attend a conference of this magnitude, too interact with so many eminent people from around the globe...it is amazing. The range of issues and topics that have come up in the workshop; just that interaction, those debates... that's what the real value of the event is, getting my name and my work out there."

**Natasha Kay Mortley, Researcher, University of West Indies**

▶ "The plenary sessions were great, but I was really amazed at the Awards and Medals Competition. I attended some of the sessions; the presentations were excellent. It was a real pleasure to know that people were doing such good things."

**Veronika Movchan, Institute for Economic Research and Policy Consulting**

▶ "It is really a magical moment for me. It's a recognition of my research... I will spend the prize money on buying data and books to further my research."

**Dibyendu Maiti, Institute of Economic Growth, New Delhi; Second-prize Winner, Medal for Research on Development**

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January 2011

## The 12th Annual Global Development Conference

The GDN 12th Annual Global Development Conference will be held on January 13-15, 2011 in Bogotá, Colombia. The Universidad de los Andes will host the conference and will also be GDN's local partner. The central theme of the conference will be "Financing Development: Need for a Fresh Look."

The recent global economic crisis has led inter alia to drastic cuts in aid budgets, a development that may undermine efforts to accelerate further progress with the Millennium Development Goals. At the same time, the international development community is now more open to re-consider alternative sources of development finance beyond aid and other external capital flows, which seemed to be unthinkable a few years back. There is also a clear need to explore further the overall nexus between financial sector development and domestic resource mobilization. Last, but certainly not least, microfinance has a central role to play in the age of uncertainty. Against this new emerging landscape for financing development the GDN 12th Annual Conference in Bogotá will try to take stock of what we have learnt so far in the broad area of development finance, delve deeper into the new modalities and mechanisms for financing development and take a fresh look at a broad range of policy issues emerging in this crucial area. Topics to be covered at the conference will include (but not restricted to):

- Development Aid: The Emerging New Landscape
- Financial Sector Development and Domestic Resource Mobilization: Another Angle to Look at the MDGs?
- Dealing with a New Revolution in Microfinance
- External Capital Flows, Financing Constraints and Volatility
- In Search of the Holy Grail: A Global System of Financial Regulation vis-à-vis a System of Stronger National Regulation?
- The Rise of the New Philanthropy
- Innovative Sources of Development Finance: Old Wine in New Bottles?