

BOSTON
UNIVERSITY

Boston University The Frederick S. Pardee Center
for the Study of the Longer-Range Future

Development That Works



Development That Works

Compiled and Edited by

Cynthia Barakatt
Stephanie Edwards

Contributors

Neil Borland
Jennifer Foth
Rong Hui Kan
Kristin Sippl
Jonars Spielberg

A report of the Pardee Center Conference
“Development That Works”
held on March 31, 2011

As part of its mission, the Pardee Center sponsors public conferences on topics that are particularly relevant to the global longer-range future. Such conferences feature interdisciplinary panels of experts who are asked to present their perspectives and play an active role in discussing the topic with all conference participants. *The Pardee Center Conference Reports* are published in association with selected conferences to provide reflections on the discussions and capture the highlights of the panel presentations. They are intended to help disseminate expert knowledge and inform ongoing discussions about important issues that ultimately will influence the direction of long-term human development.

The Frederick S. Pardee Center for the Study of the Longer-Range Future at Boston University convenes and conducts interdisciplinary, policy-relevant, and future-oriented research that can contribute to long-term improvements in the human condition. Through its programs of research, publications, and events, the Pardee Center seeks to identify, anticipate, and enhance the long-term potential for human progress, in all its various dimensions.

The Frederick S. Pardee Center for the Study of the Longer-Range Future
Boston University
Pardee House
67 Bay State Road
Boston, Massachusetts 02215
Tel: +1 617-358-4000 Fax: +1 617-358-4001
www.bu.edu/pardee
Email: pardee@bu.edu

Cover photograph via iStockphoto.com.

The views expressed in this report represent those of the individual authors and do not necessarily represent the views of their home institutions, the Frederick S. Pardee Center for the Study of the Longer-Range Future, or the Trustees of Boston University. The publications produced by the Pardee Center present a wide range of perspectives with the intent of fostering well-informed dialogue on policies and issues critical to human development and the longer-range future.

Produced by Boston University Creative Services
© 2011 Trustees of Boston University

ISBN 978-1-936727-03-2

 Printed on recycled paper

1211 9040011758

TABLE OF CONTENTS

1. Introduction..... v

2. Conference Session Highlights 1

 Global Economic Governance

 Investing in Development That Works

 Social Enterprise

 Economic Development

3. Conference Agenda..... 25

 Special Recognition of Boston University

 Professor John R. Harris

4. Presenters’ Biographies 29

Acknowledgments

1. Introduction

On March 31, 2011, more than 100 people participated in a conference titled “Development That Works,” sponsored by Boston University’s Frederick S. Pardee Center for the Study of the Longer-Range Future in collaboration with the BU Global Development program. In the pages that follow, four essays written by Boston University graduate students capture the salient points and overarching themes from the four sessions, each of which featured presentations by outstanding scholars and practitioners working in the field of development. The conference agenda and speakers’ biographies are included following the essays.

It would be difficult for any written report to capture the excitement spawned by the intellectual energy and engagement experienced by the people in the room that day. Very lively question-and-answer sessions followed each panel’s presentations, and the many scholars, practitioners, and students in the audience challenged the presenters with incisive questions based on their own experiences and knowledge. It is probably fair to say that everyone in the room learned new things about the history and future of development from listening and participating in the discussions.

The theme and the title of the conference—“Development That Works”—stemmed from the conference organizers’ desire to explore, from a ground-level perspective, what programs, policies, and practices have been shown—or appear to have the potential—to achieve sustained, long-term advances in development in various parts of the world. The intent was not to simply showcase “success stories,” but rather to explore the larger concepts and opportunities that have resulted in development that is meaningful and sustainable over time. The presentations and discussions focused on critical assessments of why and how some programs take hold, and what can be learned from them. From the influence of global economic structures to innovative private-sector programs and the need to evaluate development programs at the “granular” level, the expert panelists provided well-informed and often provocative perspectives on what is and isn’t working in development programs today, and what could work better in the future.

The conference organizing committee comprised Boston University professors Kevin Gallagher (International Relations and BU Global Development), Dilip Mookherjee (Economics), Jonathon Simon (Public Health), and Adil Najam

(Pardee Center Director, International Relations, and Geography and Environment), each of whom chaired one of the sessions. They convened stellar panels on various aspects that are central to development programs, including: global economic governance as it influences and impacts development; public and private investment in development programs; social enterprise programs related to development issues; and economic development from traditional—and not-so-traditional—perspectives. On behalf of the organizing committee and everyone who participated in the conference, we extend deep appreciation to the panelists (listed in the agenda and biographies sections at the end of the report) for contributing their time and expertise to these important and influential discussions.

We hope readers of this report will learn new and thought-provoking ideas and keep the discussion going by talking about it with colleagues. In addition to reading the essays, you can watch the conference sessions on the Pardee Center website at www.bu.edu/pardee/multimedia. We always appreciate feedback, so let us know what you think via email at pardee@bu.edu.

2. Conference Session Highlights

SESSION I: GLOBAL ECONOMIC GOVERNANCE

Kristin Sippl

Boston University Doctoral Candidate, Political Science

PANEL CHAIR:

Kevin Gallagher, Associate Professor of International Relations and Coordinator of Boston University Global Development program, Boston University

PANELISTS:

Amar Bhattacharya, Director, G24

Gerald Epstein, Professor and Chair of Economics and Co-director of Political Economy Research Institute (PERI), University of Massachusetts, Amherst

Robert H. Wade, Professor of Political Economy and Development, London School of Economics

DEVELOPMENT THAT WORKS

Normative debates over global sustainable development policies all assume that policymakers and economists understand how development works. Humility, however, might be in order given that, as Robert H. Wade phrased it, the neo-liberal economic doctrine that has dominated development policy for the past 30 years recently “crash-landed” onto hard facts. Prior to the 2008 economic crisis, the Washington Consensus tenets of open markets, deregulation, and minimal government intervention in the economy provided mixed results at best. While Amar Bhattacharya showed that prior to the crisis there was “convergence ‘big time’” between the GDPs of the global North and South, other panelists argued that development of the type that brings broad-based improvements in human well-being while upholding environmental integrity (a concern only grazed

by the panelists) remained largely elusive. Wade demonstrated that inequality increased worldwide, and Gerald Epstein showed that unemployment as well as underemployment remained rampant.

Despite these shortcomings, humility is not the hallmark of Western policy, and international organizations are not known for their malleability. That the Washington Consensus doctrine still permeates international financial institution (IFI) policy even after the crash of 2008 highlights that traditional ideas are often not only “sticky,” but also “addictive,”¹ especially when they are in the global plutocracy’s interest to uphold. The IFI governance structure allots voice in proportion to contribution, creating a system in which the beneficiaries of aid have little say in how the money is spent. IFIs favor privatized, large-scale, capital-intensive operations that yield profits for the bank and income for those in the host country with the existing machinery, knowledge, and sway to participate. Little wealth trickles down to the capital poor and politically weak, who bear the brunt of operations’ environmental and human health costs.

Likewise, when free trade agreements like NAFTA are adopted, Northern countries receive a windfall from their government-subsidized exports, while many in the global South lose jobs due to the dumping of under-priced goods.² The panelists condemned the current power inequities in IFIs and their continued

The panelists condemned the current power inequities in IFIs and their continued spread of “bad” but “addictive” ideas that reinforce rather than alleviate the injustices of poverty, inequality, and environmental degradation.

spread of “bad” but “addictive” ideas that reinforce rather than alleviate the injustices of poverty, inequality, and environmental degradation. Wade also warned that “starry-eyed” visions of revolutionized global development

institutions led by wealthy Southern states committed solely to “green economy” investments may be premature and even “misguided.” However, the panel did offer perspectives on how development work is shifting that provide glimmers of hope. Recent changes inside IFIs are creating space for open-mindedness on the constructive roles new and old actors might play.

1. Wade, Robert H.

2. Gallagher, Kevin et al. 2009. *Pardee Center Task Force Report on the Future of North American Trade Policy: Lessons from NAFTA*.

NATIONAL GOVERNMENTS THAT WORK?

Inviting governments back into the development process is risky. For every East Asian case of a government successfully using industrial policy to create dynamic comparative advantages, there are multiple examples of governments who tried the same and failed.

Wade finds optimism in a middle road, suggesting that governments might be bad at inventing industrial policy, but quite adept at imitating it. He encourages the disenchanted to rally behind the World Bank's new Chief Economist Justin Lin, who proposes a humble, but hopeful, plan. Lin suggests that governments choose a model country with similar natural endowments but a per capita income roughly double their own, identify the model country's top "tradable goods and services," and use the policy instruments at the government's disposal to foster the growth of these industries domestically.

Epstein finds even greater optimism in revitalizing the role of the state. He encourages developing country governments to unleash the latent power of central banks by empowering them to take the lead in development policy rather than limit them to their traditional role as inflation watchdogs. Given the critical linkages between deregulated financial markets, interest and exchange rates, and the crises of un- and underemployment, central banks could begin to turn things around by re-introducing regulations on capital flows.

The current policy setting is creating a Southern-bound flow of capital that is overwhelming developing countries. Post-2008, foreign capital withdrew from the shores of Southern nations only to return today as what Paulo Batista, Brazil's Executive Director at the IMF, calls an "international monetary tsunami."³ Northern crisis responses like quantitative easing caused interest rates in rich countries to plummet, carrying a wave of capital to the South where post-crisis high interest rates bring the greatest return on investments. The problem with this is the magnitude and inevitable retreat of the wave, as well as capital's tendency to flow toward short-term, high-yield, capital-intensive investments that do little to foster broad-based sustainable development. Large-scale agriculture, for example, relies on heavy machinery, land, and toxic chemicals that generate profits for the few multinational firms that dominate the industry, but displaces small-scale farmers from their lands and livelihoods while degrading the local and global environment.⁴

3. *The Economist*. 2011. "The Reformation: A disjointed attempt by the IMF to refine its thinking on capital controls." April 7.

4. Perez, M., S. Schlesinger, and T. Wise. 2008. "The Promise and Perils of Agricultural Trade Liberalization: Lessons from the Americas," Medford, MA: Global Development and Environment Institute, Tufts University.

The Central Bank Policy Toolkit: An Underused Development Resource

Macroeconomic policy plays a significant role in the development of a country. Specifically, it can go a long way toward promoting employment and therefore sustained economic growth. While many factors—both internal and external—affect employment, one factor often overlooked is the role of central banks.

Central bank policies can provide a wide breadth of tools for employment creation, including real exchange rates, the cost of credit, access to credit, and capital management techniques (capital controls). These can impact productivity by augmenting aggregate demand, encouraging public investment and industrial targeting, and supporting education.

Despite this wealth of available tools, a singular focus on inflation targeting—holding inflation as low as possible, preferably in the low single digits—is favored: central banks in 16 developing and emerging markets target inflation as part of their formal policy, and that number is expected to nearly double over the next five years.

Beyond stabilizing inflation, central banks should also serve as agents in development, though this does raise the issue of central bank independence and the need for balance between stabilization and development.

Research at the Political Economy Research Institute (PERI) at the University of Massachusetts, Amherst supports this finding. In 2003, South Africa made its first economic priority a commitment to dramatically reduce its national unemployment rate. Analysis conducted at PERI found that it could halve its projected unemployment rate of 25 to 40 percent by 2014 through the implementation of a comprehensive macroeconomic program focused on employment targeting. In lieu of the Reserve Bank's standard inflation targeting approach, it could have helped reduce unemployment by:

- Instituting expansionary monetary and fiscal policies to increase overall economic growth

Epstein envisions an alternate future for the South in which central banks use capital controls to slow the flow of foreign currency and direct it toward long-term strategic industries. This is achieved by guaranteeing loans and providing subsidized credit to smaller, labor-intensive operations that tend to be greener and more gender-equitable. With such government intervention, it is possible to overcome the inefficiencies traditionally associated with small-scale enterprise, and even if some persist, governments should not be as concerned as the neoliberal paradigm suggests. GDP may initially fall, but the strategy's payoff in terms of employment and poverty reduction mean that GNP will eventually rise. And if we revise these traditional growth measures to reflect the environmental and human health costs and benefits of production, this strategy looks even better.

By combining Wade's and Epstein's plans, developing countries can emulate a model country's economy and leap-frog over social and environmental externali-

- Employing targeted credit allocation policies to develop sectors with high employment potential
- Applying capital controls to protect the economy from unstable international financial flows and to support a competitive real exchange rate

Simulation models predict that if the South African Reserve Bank were to lower the interest rate from 11 percent to 7 percent, for at least five years, economic growth would increase on average 0.5 percent annually. This would be achieved while maintaining a moderate inflation rate (1 percent) and a high level of exchange rate stability. In combination with other policies such as credit guarantees and subsidized credit for labor-intensive sectors, as well as capital management techniques and income policies if necessary, the unemployment reduction could be achieved.

China and India provide recent examples where central banks not only used capital management techniques to sustain a competitive exchange rate, but also

crafted their policies out of a shared framework that involved inter-agency cooperation, as well as cooperation with the private and public sectors.

Monetary, financial, and exchange rate policies are valuable tools that can promote employment and development more broadly. While each policy mix will be customized to specific country contexts, central banks have considerable policy toolkits at their disposal, and can do much more to help ensure that development is more inclusive, equitable, and socially responsible.

—Jonars Spielberg

Jonars Spielberg is a Boston University Master of Arts student in the Department of International Relations.

Sources: PERI website, www.peri.umass.edu (Accessed April 17, 2011); Gerald Epstein, presentation, “Development That Works” conference, 31 March 2011

ties by designing greener, more equitable versions. Since the profits from carry trade investments flow back out of developing countries as quickly as they flow in, building a stable, sustainable, diversified economy is the most politically savvy move *if* governments recognize what is truly in their best interest.

GLOBAL GOVERNANCE THAT WORKS?

While this is a big “if,” given the temptation that exists for national governments to seize short-term gains by catering to already powerful constituencies, the current global economic and political context may help alter their traditional calculations. Wade sees the global and national policies that caused unemployment and high food prices as the root cause of political unrest in the Middle East and North Africa. The threat of spreading civil turmoil may make governments pause before agreeing to implement policies based on more of the same failed ideas. Meanwhile, IFIs are beginning to inch away from old ways of thinking: fresh

voices in the World Bank are calling for government intervention in economies,⁵ the IMF is recommending the use of regulatory controls on capital,⁶ and developing countries have gained more voting power in IFIs.⁷ New actors like the BRIC countries (Brazil, Russia, India, China) and large-scale philanthropic foundations are rising as donors, changing the institutional landscape.

The present context raises new questions and revives old debates. One new question is the role large-scale philanthropic foundations should play in the global aid and development system. Bhattacharya argued that while we need to get more capital into the system, over-reliance on these actors is unwise because they are pro-cyclical with fluctuating flows. Rather, he urges the use of the multi-lateral development bank system already in place and suggests focusing instead on reforming and expanding it. Two classic reform debates involve the distribution of voting power in IFIs and the conditions placed on aid. Both debates highlight the hubris and inequity of the status quo, which privileges the agendas of the G20, of which some Southern (but no low-income) countries are members. Bhattacharya condemns the conditionality of the past as lacking reflectivity and reflexivity to local needs and capacities. It remains an open question whether humility, open-mindedness, and receptivity to recipient voices could lead to the creation of conditions that both satisfy donors' desire for control and incentivize transitions to a pro-poor "green economy."

Alternatively, new South-South development institutions led by the newly wealthy BRIC might make the traditional Northern-led institutions obsolete. Panel Chair Kevin Gallagher pointed out that the China Development Bank now gives more than IFIs globally, and the Brazilian Development Bank (BNDES) gives more than IFIs regionally. Their approach to development might be different than the North's, but with the global rebalancing of power, there may not be much the North can do to stop them. Nor might there be reason to. The international community needs to take both humility and hope seriously, and to recognize that pluralities in approaches are helpful when seeking pathways to development that works.

5. Lin, Justin Y. 2010. 'Six Steps for Strategic Government Intervention', *Global Policy*, Vol. 1, No. 3, pp. 330-331.

6. *The Economist*. 2011. "The Reformation: A disjointed attempt by the IMF to refine its thinking on capital controls." April 7.

7. www.imf.org. 2011. "IMF Governance Reform: Important Milestone Reached to Reinforce IMF Legitimacy", *IMF Survey Magazine: In the News*. March 3.

SESSION II: INVESTING IN DEVELOPMENT THAT WORKS

Neil Borland

Boston University Master of Arts student

Global Development Program, International Relations

PANEL CHAIR:

Jonathon Simon, Professor of International Health and Director, Center for Global Health & Development, Boston University

PANELISTS:

Doug Balfour, Chief Executive Officer, Geneva Global

Nancy MacPherson, Managing Director, Evaluation, Rockefeller Foundation

Iqbal Z. Quadir, Professor of Practice of Development and Entrepreneurship, and Founder and Director of The Legatum Center, Massachusetts Institute of Technology

The face of international development is changing. Whereas a decade ago the only influential players in the field were national governments, international aid groups, and the nonprofit/NGO sector, it is now increasingly dominated by philanthropic foundations, established by (as the field refers to them) “high net-worth individuals.” Amidst an ongoing economic collapse, organizations like the Gates Foundation represent one of the few sources of the huge amount of capital and hiring capacity that is required to fund and implement large- and small-scale development projects around the world. For better or for worse, these foundations are significantly transforming the field. This panel focused on what these changes might entail, and how the field can continue to evolve in a positive way in order to achieve the success that until now has been so elusive.

PRIVATE SECTOR VERSUS PUBLIC SECTOR APPROACHES

The three speakers for this panel—from distinctly different backgrounds—discussed the theme of investment as it pertains to the world of international development, especially in light of the changes the field is experiencing. Doug Balfour and Nancy MacPherson, both of whose work involves the evaluation of development projects and the organizations that implement them, opened the discussion. Priorities, standards, and approaches to development projects are all quite different when funding control leaves the hands of governments and enters the private sector. One of the biggest impacts of this change relates to the type of projects that receive funding and the development issues that are deemed to be most important. Highly visible issues (such as malnutrition or malaria) might not always be the biggest impediment to development in a given region, but often take priority over less visible, but arguably more important, areas that need improvement (such as education or infrastructure development).

Additionally, the way in which development projects are designed and implemented is evolving. Private donors have certain criteria for development work that does not necessarily match the priorities of government aid programs, such as the incorporation of innovative techniques, rapid and quantifiable results, and long-term sustainability. Some of these changes in the field have been welcomed, while others have been less popular. One beneficial aspect mentioned by both Balfour and MacPherson is that the private sector often approaches development work from a business perspective, and therefore is open to discussions of adjusting to failures and adapting, rather than stubbornly adhering to unrealistic and overambitious project goals, a common failure of government-funded development. This business-like relationship between private donors and those on the ground in the developing world allows for more flexibility in project design and ultimately a final product with more impact.

Iqbal Z. Quadir moved the discussion in a different direction as he spoke, from personal experience, about another major change taking place in international development. An increasingly popular approach to attacking the problems of the developing world involves using entrepreneurship as a way to help empower poor people. Quadir talked about his work establishing Grameenphone, a telecommunications company in Bangladesh that aims to provide affordable cell phones to the entire population. By distributing phones in the form of a loan, impoverished people who would normally be unable to afford such a lump sum purchase can gradually pay for the phone with the increased productivity

they obtain with the connectivity a mobile phone provides. The story of Grameenphone is one in which for-profit business models can be used to alleviate poverty. The concept of creating profitable business models that also serve to benefit society is often ignored, and Quadir's experiences show that it is possible and often best to fight poverty by empowering those in need; as he put it, "development of the people, by the people, for the people." He emphasized that those working in development should not approach the problems of poverty with an "us helping them" attitude. "We don't need to rescue poor people; we just need to give them a break."

THE NEED FOR "DOWNWARD ACCOUNTABILITY"

While the panel's overall take on the current state of international development was optimistic, there is much left to work on, as Doug Balfour and Nancy MacPherson made clear. They stressed the need for increased accountability in the field of international development, in particular the need for "downward accountability." Donors and organizations on the ground need to be accountable to the populations they are working to help, not just to their superiors in developed

Donors and organizations on the ground need to be accountable to the populations they are working to help, not just to their superiors in developed countries.

countries. When an organization implements failed projects, a legacy is left of disillusionment with foreign interference, and often-harmful dependencies are created among the population involved. As Balfour said about private funding of development work in poor countries, "It's easy to give away money if you don't care how effective the outcome is." Aid must be as effective as possible moving forward if the field is to advance and have a tangible effect on solving the problems it seeks to address.

The panelists also spoke about the importance of approaching issues and designing projects with "realistic" goals and aspirations, with Balfour citing poor project design as one of the most common reasons for failure, often the result of setting over-ambitious goals and benchmarks relative to the resources available. In a similar vein, MacPherson emphasized the need for greater humility from those working in the field of international development regarding their knowledge of what works and what doesn't. The attitude that "I'm the expert, I know what I'm doing" is very common in the field and needs to be left behind. When one approaches development expecting a multifaceted, highly complex field

The Mekong Basin Disease Surveillance (MBDS) Network

With mounting concerns of the increased spread of communicable diseases, the six Mekong Basin countries¹ launched the Mekong Basin Disease Surveillance (MBDS) Network in February 1999. Covering a geographic region of 990,000 square miles (2.5 million square kilometers) and a population of more than 300 million, the primary objective of the MBDS was to establish a process to improve the early warning and containment of diseases across borders. This would save not only lives but could also save livelihoods and economies, and therefore influence the overall development of the region.

The network's program is structured around seven core strategies, the primary of which is to maintain and expand cross-border cooperation and information

1. Cambodia, China (Yunnan Province, Guangxi Zhuang Autonomous Region), Laos, Myanmar, Thailand, Vietnam

exchange.² All six countries agreed early on that border sites were the crucial points of focus and intervention, and the first step was to map and identify major cross-border sites for both people and livestock. New tools for collecting information were developed, including an online monitoring and evaluation tool, and capacity building was encouraged through local training sessions. Improved practice on the ground translated to increased exchange of information, primarily through informal channels.

An impact evaluation assessment completed by the Rockefeller Foundation

2. The other six are: address the human-animal interface and improve community-based surveillance; strengthen field epidemiology (human resources) capacity; establish information and communications technology for disease surveillance and response; improve laboratory capacity and promote relevant diagnostic technologies; develop and implement effective risk communications; and conduct, disseminate, and apply policy research.

in which he or she will encounter failure and learn things contradictory to their professional training, all parties involved will benefit.

INCREASED COLLABORATION FOR IMPROVED OUTCOMES

While the panelists discussed a wide range of aspects of investment and funding in the field of development, Doug Balfour emphasized the importance of “collaboration and coordination” among donors, and creating a “community of implementers” comprised of nonprofits funded by these donors, aid programs from national governments, and international organizations. While there is no shortage of issues to address or affected populations to help in the developing world, the lack of coordination among the many organizations involved in the field results in wasted resources and limits the potential success of development efforts.

There are a few major reasons for concerted efforts to be made toward increased coordination and cooperation in the international development community. The

found that MBDS's focus on cross-border sites and informal information exchange were crucial factors leading to the program's overall success. Due to lingering hostilities from historical events, cooperation at the highest political echelons is not forthcoming. As a result, the creation of a formal geopolitical, economic organization (such as ASEAN) to deal with the problem was correctly deemed unlikely, which necessitated informal networks in order to achieve any level of cooperation.

Network analysis also revealed the creation of a complex, dense, overlaying system that linked surveillance officials at border sites to local and national officials, to regional and global institutions, to policymakers, and to researchers. By establishing the local-to-global connections, this network enhanced the flow of information in both directions, facilitating improved communication, policy coherence, and efficacy in combating the spread of disease.

The Rockefeller Foundation concluded that the fundamental reason for the success of MBDS was the slow, decades-long buildup of trust between member countries. This theory of change—trust-building via an informal network—engendered an enabling environment for policy change that was able to go beyond one country and one issue. For instance, this method has also led to increased cooperation in areas such as food security.

Beyond successfully linking the technical and social aspects of surveillance, the MBDS has demonstrated its real value: during the second outbreak of avian flu in the late 2000s, the spread of the disease was successfully contained within the region, dramatically minimizing health and economic impacts.

—Jonars Spielberg

Sources: Nancy MacPherson, personal communication, 1 April 2011; MBDS website, www.mbdsoffice.com (Accessed April 15, 2011)

most obvious and important reason pertains to the end goal: making a direct impact on improving the lives of the poor. When various organizations overlap in terms of the populations they serve and the services they provide, physical and human capital goes to waste. Not only does the saturation of organizations and causes decrease the efficiency and impact of all the involved projects, but it also serves to send the wrong message. When large-scale and small-scale programs overlap and provide lots of services to a particular population, but none to a neighboring population, negative externalities of the development work can arise when inequality is created on a local level between those receiving aid and those left out.

In the field of development, getting tangible results in a short period of time is extremely difficult. Yet in an industry that revolves around funding, it is these tangible results that are crucial for development projects to continue, as governments and private donors in particular do not want to waste their time and money on

endeavors that are not bearing fruit. Thus, it is necessary that the field help itself by coordinating its efforts to maximize the effect of each individual project.

The panel—and the conference as a whole—conveyed that now is a great time to be involved in the field of international development because of rapid changes taking place. This is a time to learn from past failures and take new approaches that can result in major steps forward for the field. Changes in strategy and attitude will be crucial in turning the ideas and goals of all those involved in development into reality.

SESSION III: SOCIAL ENTERPRISE

Jennifer Foth
Boston University Master of Public Health student
School of Public Health

PANEL CHAIR:

Adil Najam, Frederick S. Pardee Professor of Global Public Policy and Director, The Frederick S. Pardee Center for the Study of the Longer-Range Future, Boston University

PANELISTS:

Liam Brody, Senior Vice President, Business Development and Corporate Relations, Root Capital

Calestous Juma, Professor of the Practice of International Development and Director of Science, Technology & Globalization, Belfer Center for Science and International Affairs, Kennedy School of Government, Harvard University

Kabir Kumar, Microfinance Analyst, Consultative Group to Assist the Poor (CGAP)

Una Ryan, O.B.E., Chief Executive Officer, Diagnostics For All

“The developing world isn’t a ‘challenge’ or a ‘terrible’ situation.”

—Una Ryan, CEO, Diagnostics For All

With that statement, opening panelist Una Ryan set the tone for Session III of the “Development That Works” conference, which focused on social enterprise and innovation in international development. Ryan outlined how, for the past 50 years, the dominant vision of the developing world has been of a pitiful, challenging place in desperate need of foreign assistance. But that vision appears to be changing. In keeping with that view of the poor as partners, rather than dependents, the panelists challenged the audience to think outside the tradi-

tional paradigm of international development and envision the developing world as an opportunity to create and experiment with new models of development. In the words of Session II panelist Nancy MacPherson, academics and practitioners alike need to “unlearn the behavior and attitudes of experts... [and] unlearn thinking [they] know what works [in development].”

“UNLEARNING” TRADITIONAL THINKING ABOUT DEVELOPMENT

One way to “unlearn” this type of thinking is by being what panelist Liam Brody described as “pathologically collaborative.” Brody is Senior Vice President of Business Development and Corporate Relations at Root Capital, a nonprofit social investment fund that provides financing to grassroots businesses in developing countries. Brody explained the concept of “pathological collaboration” through the example of Agromontero, a Root Capital client located in Peru. Agromontero buys produce such as jalapeño peppers and quinoa direct from local, small-scale farmers with whom the company has a long-standing relationship. Like many cooperative businesses, Agromontero employs members of the local community—primarily indigenous women—to work in its food processing facility, thereby generating employment opportunities and fostering local economic empowerment. Where Agromontero deviates from the norm is in its relationship with major international food corporations such as General Mills and McCain, which transform Agromontero produce into the jalapeño poppers that line the frozen food aisles of Western supermarkets.

Those versed in traditional development discourse might look with suspicion upon collaboration between a grassroots business, agricultural cooperative, and a multinational food corporation. Partnerships of this sort typically give rise to questions of exploitation, free and fair trade, and the ultimate beneficiaries of the arrangement. Criticism might also arise regarding the decision to provide financing to an already successful local business in lieu of poorer populations and enterprises that are arguably in greater need of funding. Instead, Root Capital has opted to think outside the traditional paradigm and “do business different” by providing capital to the “missing middle,” businesses that are too big for microfinance yet too small or remote to access traditional banking services. Channeling resources to this “missing middle” creates ripple effects throughout the local economy and population that ultimately contribute to meaningful social change and development. By “unlearning” the traditional development paradigm and breaking with convention, Root Capital is working to bridge the gap between developed and developing markets, and fulfill an international market need without compromising the well-being of the local population.

“Doing business different” is not without its dilemmas, though, as evidenced by several questions posed to the panelists:

Are we celebrating business, development, or the link between the two?

How do we balance economic development with social development and health?

Business for businesses’ sake vs. business for social change: does the distinction matter?

PROFITS AND PROGRESS: UNCOMFORTABLE NEW GROUND

These questions address an underlying tension between business and development, and an apparent mistrust of private sector involvement in international development. This issue came to the forefront during a presentation on mobile financial services from Kabir Kumar, a microfinance analyst with the Consultative Group to Assist the Poor (CGAP). Kumar highlighted the success of companies such as M-Pesa (East Africa) and Easypaisa (Pakistan) that provide mobile financial services to low-income populations that are typically excluded from the banking and finance sectors. However, each company was created with profit, not necessarily social change or poverty alleviation, as their ultimate objective. Ethical concerns about profiting off the poor and perceived ambiguity concerning who is ultimately benefitting from the service being provided create discomfort in traditional international development circles.

Like the panelists before him, Kumar challenged the conference attendees to think outside the traditional paradigm. He warned against looking at private sector involvement in development as black and white, good versus bad. Private sector involvement in development can be mutually beneficial for both business and development. In the private

When poor populations are among those not being served by the status quo, the private sector has an opportunity to step in and fill that gap, to the benefit of both the poor and the corporate bottom line.

sector, the profit motivation drives businesses to constantly search for innovative, low-cost ways to fill gaps in services. When poor populations are among those not being served by the status quo, the private sector has an opportunity to step in and fill that gap, to the benefit of both the poor and the corporate bottom line. According to the World Bank, there are nearly 2.5 billion people in

Diagnostics For All: An Innovative Business Model for Social Enterprise

The typical nonprofit business model relies on the largesse of private individuals, philanthropic organizations, and government agencies for financial viability. This reliance is a source of constant anxiety for nonprofits, as such financial support could evaporate at any time, especially during difficult economic times.

Diagnostics For All (DFA) avoids this paradigm. DFA is a nonprofit that is leveraging recent advances in biotechnology and microfluidics to manufacture and distribute inexpensive, simple medical tests for use specifically in developing country contexts. DFA's business model is atypical because it holds the exclusive license for the diag-

nostic technology, which was developed by chemistry professor George Whitesides and his team at Harvard University. Ordinarily, a firm would pay Harvard to license the technology, with a percentage going to Whitesides and his team.

A special agreement brokered with Harvard allows DFA to license the technology *gratis*. If a private company seeks to license the technology, DFA is also authorized to negotiate royalty fees on behalf of itself and the university, with the royalties split between the two. Potential revenue generation is high, as applications of the technology run the gamut from pediatrics to bioterrorism. As a result, patent royalties

the world living on less than US\$2 per day.¹ These 2.5 billion people represent a huge potential market that remains largely untapped by private sector businesses, which typically view the poor as inherently lacking in purchasing power. Companies like M-Pesa and Easypaisa recognized that the poor in their countries were not able to access traditional financial services, such as savings and checking accounts. They recognized the need, and they saw the solution in a product already owned and frequently used by this population: cell phones. Utilizing appropriate technology based on observed behavior (cell phone purchase and use) enabled these companies to view the poor as potential customers.

Consciously or not, these companies took Nancy MacPherson's words to heart. They "unlearned" the behavior and attitudes of experts by not assuming they knew what would work best. Rather, they took their cues from the poor—their customers—and, in the process, managed to both turn a profit and make a meaningful contribution to social change. Though access to mobile financial services cannot be said to directly reduce poverty rates, it can provide a safety net for those 2.5 billion people around the world who are one economic crisis or natural disaster away from losing it all. Access to savings accounts and mobile cash transfers financially empowers the world's poor, enabling them to grow their financial assets, increase their economic security, and invest their money in

1. The World Bank. 2010. "Poverty: At a Glance." September. Available at: <http://tinyurl.com/WBpovertyNews>

have the potential to provide a source of constant, reliable income, sidestepping the conventional nonprofit worries over sufficient funding.

The decision to make the organization a nonprofit instead of a for-profit company also stemmed from a desire to deploy the technology to the field rapidly. For a product developed by a for-profit firm, deployment would have to wait until the company became profitable, a process that could take several years.

Lucrative partnerships with traditional corporate partners in the developed world help create the financial sustainability necessary for DFA to pursue its broader mission of providing reliable, point-of-care

diagnostics to the developing world, where 60 percent of people lack ready access to hospitals and other medical facilities.

DFA's experience reveals an important lesson. Social enterprise is not only about investing in the right product or service. That is only half of the game. It is also about finding the right business model to get the job done.

—Jonars Spielberg

Sources: Una Ryan, personal communication, 30 March 2011; Diagnostics For All website, www.dfa.org (Accessed April 15, 2011)

a small business or their children's education. Through the ripple effects of these services, M-Pesa and Easypaisa are indirectly contributing to social change and poverty reduction.

Overall, the topics addressed during Session III reinforced the objective of the conference as a whole, which was ultimately to break down silos between different players in international development, and to strip away the arrogance that any given sector has ownership over a particular area in development. Toward the end of the session, Calestous Juma, Professor of International Development at Harvard's Kennedy School of Government, compared the economies of developing countries to an orchestra, with various institutions playing different instruments in order to create a single harmonious sound. The same metaphor can, and should, be applied to the international development sector. As the panelists emphasized throughout Session III, multiple sectors—from biotechnology to microfinance to mobile banking—have a role to play, and all have lessons to learn from one another about the variety of approaches available to achieve development outcomes. Through "pathological collaboration" and a willingness to "do business different," each sector has an opportunity to share their knowledge, strategies, and techniques to create lasting change in developing countries.

SESSION IV: ECONOMIC DEVELOPMENT

Rong Hui Kan
Boston University Master of Arts student
Department of Economics

PANEL CHAIR:

Dilip Mookherjee, Professor of Economics and Director of the Institute for Economic Development, Boston University

PANELISTS:

Abhijit V. Banerjee, Ford Foundation International Professor of Economics and Director of the Abdul Latif Jameel Poverty Action Lab, Massachusetts Institute of Technology

Asim Ijaz Khwaja, Professor of Public Policy, Kennedy School of Government, Harvard University

Mark Rosenzweig, Frank Altschul Professor of International Economics and Director, Economic Growth Center, Yale University

Despite its name, the “Economic Development” panel did not revolve around discussions of how economies and societies change as they undergo development at the macro level. Instead, the dialogue focused on how development impacts the micro level. Salient questions that emerged included how development works on the ground, and how to measure development interventions by the government or interested parties (such as donors) in a specific village or town. The discussion provided important insights, including that the much-vaunted solution of microfinance is not as effective as was initially thought. The panel also stated that policymakers would be hard-pressed to find a more effective form of intervention than that of giving money directly to the poor in developing nations, in the same way that the poor in rich nations receive transfers from their governments.

Research shows approximately an 80 percent return on funds disbursed to the poor via these interventions in the form of increased consumption. How then do we measure the effectiveness of any intervention? How robust is the theory supporting development economics?

SWEEPING PLATITUDES ARE NOT ENOUGH FOR INTERVENTION

Economics as a profession has advanced very rapidly in the past century and the topic of development was seminal to its progress. At the heart of development is a desire to lift people out of poverty, which manifests itself in the variety of international institutions discussed in the first panel. Economists are then responsible for taking proposed ideals, measuring them, and translating them into workable solutions that can be implemented on the ground. In this respect, however, economics as an academic field has been both “extremely insightful and fundamentally wrong” in the past two decades, according to Abhijit V. Banerjee. With this inherently contradictory statement, Banerjee was trying to explain that despite the economics profession’s seeming strength in creating paradigm-changing ways of thinking about development, the concomitant translation of such insights into effective action at the ground level has remained elusive. Instead, these useful concepts are very often waylaid by ineffective research or outright nonchalance toward the application of a particular intervention measure.

For example, although people now know that education is a very effective tool in combating the vicious cycle of poverty, not all methods of investing in education prove equally effective. To ascertain truly successful methods of alleviating poverty through education, research is needed that quantifies the relative impacts of these different methods. In some areas, research of this sort has already been carried out, thus reducing the burden on the investor to choose between the different models and to pick the method with the best return. Generalizing at the macro level about the effectiveness of a particular intervention—in this case education—would not produce the intended results unless the field focuses as well on the “granularity,” or specificity, of the implementation process. In other words, an intervention might not work to the expected level not because of a dearth of information, but rather a lack of consideration of the available information before implementation. This effect is also constructed on the untenable premise that macro results from developmental economics naturally hold at the micro level. To combat this assumption, Banerjee highlights the use of randomized control trials (RCT) as a reliable means of gleaning firsthand information about the effectiveness of any intervention, but at the same time

cautioning about the cost and difficulty of RCT experimentation. Again in his words, “micro should be used to inform macro.”

IDENTIFYING SUCCESSES AND ASSESSING THEORY

To know how and why an intervention has succeeded, success has to first be defined. This is essential for conducting post-program analysis and future planning. Although many points of controversy rage over the choice of criteria, especially in minute details, the following is a general guideline as to the major considerations of any criteria: (1) Who should be the target audience? Since development is targeted at the poor, they are obviously the prime choice. But who among the poor? Mark Rosenzweig suggests that perhaps the most disadvantaged groups among the poor should take on a disproportionate weight when researchers seek to

identify the impact of any intervention. These groups include women, children, and the elderly from rural areas where infrastructure is espe-

To know how and why an intervention has succeeded, success has to first be defined. This is essential for conducting post-program analysis and future planning.

cially poor. (2) What indicators of the population should be measured? The “usual suspects” like health, schooling, life expectancy, income growth, and literacy would be used as they are proven to be accurate reflections of progress. (3) How transformative was the effect of that particular intervention? Since development involves the lifting up of a society economically, socially, and politically until it is able to sustain function at a different level from before this transformation, any criteria measuring development would need to measure whether a transformation has indeed taken place. From an economic point of view, this would best be measured by the presence or absence of sustained income growth and features of a fundamental shift in economic structure such as the relative proportions of agriculture versus other sectors. At this point, the difference between economic and social transfers should be distinguished: although both might involve shifting resources from richer parts of society to poorer parts, the motivations of such a shift are different. Social transfers are instituted because people deserve help on moral and humanistic grounds, while development has the more sustainable purpose of getting poor people out of an unjust equilibrium of lower income.

A major recurrent theme in Rosenzweig’s analysis was the unpredictability of the effect of interventions, which he illustrated through various case studies. As one example, he discussed the Green Revolution in India—a large shift in policy with

Bandhan Microfinance's Targeting the Hard-Core Poor Program

In the province of West Bengal in north-eastern India, nearly one in three residents live below the poverty line. Despite sustained efforts to alleviate poverty from both the private and public sectors, this percentage has remained largely unchanged for over a decade. Indeed, assistance often fails to reach those who are most vulnerable: the poorest of the poor.

As a result, numerous programs have attempted to identify and reach those who are lowest on the socioeconomic ladder. One such program is the Targeting the Hard-Core Poor (THP) program of Bandhan, a microfinance institution based in Kolkata focused on women's empowerment.

Modeled after a celebrated program implemented by a development organization operating in Bangladesh (BRAC), the THP program works under the assumption that providing income-generating assets (such as livestock) to the ultra-poor is more benefi-

cial than providing microcredit. Such assets provide a stable source of income, priming beneficiaries for successful participation in regular microfinance programs.

The THP program consists of two main steps: identifying the ultra-poor, and providing them with the productive assets of their choosing. Identification is a four-phase process, including meeting initial criteria set by Bandhan¹, conducting a Participatory Rapid Appraisal (PRA),²

1. Eligible households must have an able-bodied female member and must not be associated with a microfinance institution. In addition, each household must meet at least three of these criteria: informal labor is the primary source of income; land assets are small (0.2 acres or less); no ownership of productive assets besides land; no able-bodied males; or children who work instead of attending school.

2. This is a townhouse-style meeting of a dozen or more diverse residents of a village, and consists of collectively mapping households and ranking them according to relative wealth.

discernible impact as well as a wealth of data. Theoretically, economists imagined that the Green Revolution would be tantamount to an exogenous increase in technology that would drive food prices down, and lower the marginal profits for small-scale agriculture. As a result, people would move out of agriculture and into other industries in urban areas, thereby spurring more sustained growth across more diversified sectors of the economy. This would provide the structural economic change needed to help spring India up along the rungs of development. In reality, however, the revolution in technology did not translate into the much-needed revolution in agriculture. Despite lower food prices and an overall increase in welfare of the Indian population, urbanization was relatively low compared to other countries, and the size of the typical Indian farm remained extremely small compared to countries with advanced agricultural industries such as the United States. Rosenzweig characterized the Green Revolution as an example of a "partial success." Inherent in this characterization was a definition of success, rooted in a set of criteria determined *a priori*, which was then codified by theory. In other words,

and visiting households and administering questionnaires to verify poverty status. Bandhan then distributes assets, which can be either farm (livestock) or non-farm (inventory), to half of those identified. After a period of a year and a half—which includes weekly meetings with Bandhan employees to monitor progress and to provide specialized training—participants become eligible to receive regular loans.

Initial results from randomized impact assessment of the THP program are encouraging. The identification process proves robust, especially when compared to processes used by public programs that primarily use census data. The process consistently discovers a small sub-population of those most disadvantaged along a variety of dimensions, notably land holdings, asset ownership, access to formal credit, education levels, and food security. Those who received asset transfers consumed 25 percent more per capita per month when compared to a control

group. THP participants also experienced increased food security and asset holdings, and were more likely to report improvements in happiness and health. Participants also reported an increased interest in obtaining credit, though whether this leads to judicious microcredit borrowers will require further research. Additionally, more research is needed to tease out which assets prove most beneficial. Overall, preliminary evidence suggests that THP successfully identifies the ultra-poor and that asset transfers can be an effective strategy for ameliorating their socioeconomic position.

—Jonars Spielberg

Source: www.povertyactionlab.org
(Accessed April 15, 2011)

the inconsistency of reality with the predicted theory might imply the inadequacy of current economic theory when thinking about development.

YES, POLITICS MATTER, EVEN IN ECONOMIC THEORY

In welfare and development economics, much research and ensuing theory has been predicated on assumptions that actors in the market are perfectly rational and that social planners (which can loosely be interpreted as policymakers) are benevolent and work solely for the sake of their constituents. Despite bearing little resemblance to reality, these assumptions are often used to inform decision-making and new research. By definition, however, reality cannot be forced into nonexistence, as Asim Ijaz Khwaja found in the course of his work. From his perspective, policy actors—bodies in society that have an impact on how policy is shaped and carried out—play a make-or-break role in the implementation of any economic policy. Policy actors include politicians, bureaucrats, and voters, but also broader structures like the media. In his example, the media often functions

in an activist role as the fourth estate in countries like Pakistan. Since these policy actors usually have different incentives that do not necessarily align themselves with the greater good of society, omitting them from economic models can lead to serious bias in policy comprehension and formulation. This is especially true in developing societies where problems that impinge on the proper functioning of the political process are especially acute, such as incomplete information or the lack of mass political empowerment. In places like Pakistan this is especially frustrating. Khwaja stated that “pump-and-dump” schemes in the stock market (reminiscent of insider trading) are very readily identifiable from the data but are almost impossible to rectify since the brokers conducting the trading are in cahoots with the regulators, leading to a suboptimal functioning of capital markets. Despite large losses in overall welfare, this equilibrium is allowed to persist because the potential gains to any foundational change in policy are usually less tangible and politically savory than dealing with the immediate losses incurred. To approach this problem, the incentive structures of various policy actors have to be properly understood and even modeled using economists’ techniques—something economists seem to have done very rarely. To accomplish this task, Khwaja emphatically called for the marriage of theory and practice à la the field of engineering. In this model, economists would constantly put their theories to the test in real circumstances, and then continually tweak the original solution to arrive at evolving optimal solutions. In the end, the goal would be to shift the interaction of policy actors from an undesirable equilibrium to a much more desirable and sustainable equilibrium consistent with their incentives.

CHANGES TO COME

Although economics in the past few decades has been successful at providing new insights and ways of thinking about issues in development, the current framework is not perfect. Unpredictability of intervention outcomes despite a wealth of economic theory might point to potential problems with the theory itself, as in the neglect of policy actors’ behavior and incentives in the process of economic modeling. Or the process of implementation can be improved with readily available data only if policy implementers do proper “granular” research beforehand. For example, economists are beginning to further understand the limitations of macroanalysis techniques like cross-country regressions with respect to development, helping to contribute to the current rise of RCTs in intervention measurement. Whatever the case, the face of economics is set to undergo sea changes in the decades to come, accompanied by changes in the overall understanding of development.

3. Conference Agenda

DEVELOPMENT THAT WORKS

Thursday, March 31, 2011

OPENING REMARKS

Adil Najam

Frederick S. Pardee Professor of Global Public Policy

Director, The Frederick S. Pardee Center for the Study of the Longer-Range Future

SESSION I: GLOBAL ECONOMIC GOVERNANCE

Kevin Gallagher (Chair)

Associate Professor of International Relations, Boston University

Robert H. Wade

Professor of Political Economy and Development, London School of Economics

Gerald Epstein

Professor and Chair of Economics and Co-director, Political Economy Research Institute (PERI), University of Massachusetts, Amherst

Amar Bhattacharya

Director, G24

SESSION II: INVESTING IN DEVELOPMENT THAT WORKS

Jonathon Simon (Chair)

Professor of International Health and Director, Center for Global Health & Development, Boston University

Doug Balfour

Chief Executive Officer and North American Advisory Director, Geneva Global

Nancy MacPherson

Managing Director, Evaluation, Rockefeller Foundation

Iqbal Z. Quadir

Professor of Practice of Development and Entrepreneurship, and Founder and Director, The Legatum Center, Massachusetts Institute of Technology

SPECIAL RECOGNITION OF PROF. JOHN HARRIS

Remarks by Virginia Sapiro

Dean, College of Arts & Sciences, Boston University

Remarks by John R. Harris

Professor of Economics, Boston University

SESSION III: SOCIAL ENTERPRISE

Adil Najam (Chair)

Frederick S. Pardee Professor of Global Public Policy and

Director, The Frederick S. Pardee Center, Boston University

Calestous Juma

Professor of the Practice of International Development and

Director of Science, Technology & Globalization

Belfer Center for Science and International Affairs, Kennedy School of

Government, Harvard University

Kabir Kumar

Microfinance Analyst, Consultative Group to Assist the Poor (CGAP)

Liam Brody

Senior Vice President, Business Development and Corporate Relations,

Root Capital

Una Ryan, O.B.E.

Chief Executive Officer, Diagnostics For All

SESSION IV: ECONOMIC DEVELOPMENT

Dilip Mookherjee (Chair)

Professor of Economics and

Director, Institute for Economic Development, Boston University

Abhijit V. Banerjee

Ford Foundation International Professor of Economics and

Director, Abdul Latif Jameel Poverty Action Lab (J-PAL), MIT

Asim Ijaz Khwaja

Professor of Public Policy, Kennedy School of Government, Harvard University

Mark Rosenzweig

Frank Altschul Professor of International Economics and

Director, Economic Growth Center, Yale University

CLOSING REMARKS

Adil Najam

Frederick S. Pardee Professor of Global Public Policy and

Director, The Frederick S. Pardee Center, Boston University

SPECIAL RECOGNITION FOR LANDMARK WORK IN DEVELOPMENT ECONOMICS

A conference titled “Development That Works” provided the ideal opportunity to recognize an important achievement in the field of development economics.

A special lunchtime tribute recognized the work of John R. Harris, a Boston University economics professor whose 1970 landmark paper, “Migration, Unemployment, and Development: A Two-Sector Analysis” was recognized in the February 2011 centennial issue of *American Economic Review* as one of the top 20 papers published by the journal in the past 100 years.

Co-authored with Michael P. Todaro, the paper was the result of work Harris and Todaro did as visiting faculty at the University of East Africa in Nairobi in 1968–1969 with support from the Rockefeller Foundation. The Kenyan government was grappling with a rapid increase in urban migration by young people leaving rural agricultural areas in search of better job opportunities, which were few and far between, at the same time that there were government resettlement programs in place to address labor shortages in more rural areas. Harris and Todaro were assigned specifically to work with the Ministry of Planning and other government agencies and economists to develop policy options to address this dilemma.

Harris and Todaro conducted interviews with young migrants and analyzed census data and institutional frameworks. Their findings showed that, contrary to widespread perceptions, the inflow of migrants to urban areas seeking better employment was often a “rational” choice for individuals, and that urban migration was significantly offset by outmigration. They also found that there remained strong ties in the form of remittances and social connections between urban migrants and their rural home communities, documenting strong connections that were previously unrecognized between urban and rural migratory

flows. These findings had important implications for wage and employment policies in Africa and elsewhere, and the paper remains highly cited and influential in development economics and policy more than four decades later.

The tribute during the conference included remarks by Virginia Sapiro, dean of the Boston University College of Arts & Sciences, who said, "This is a great honor and recognizes [Harris's] work in economics as among the very best in the field and seminal in its impact on development economics."

Harris then spoke about how the work came about, its policy impact, and its continuing relevance, including to the discussions occurring that morning at the conference. "It's held up empirically pretty well," he noted.

Harris, John R., and Michael P. Todaro. 1970. "Migration, Unemployment, and Development: A Two-Sector Analysis." *American Economic Review*, 60(1): 126–42.

4. Presenters' Biographies

Doug Balfour

Chief Executive Officer and North American Advisory Director, Geneva Global

Doug Balfour has 26 years of experience in leadership, organizational development, and community development across a range of sectors. Prior to joining Geneva Global, Mr. Balfour was Executive Director of London-based Integral, a global alliance of 12 relief and development agencies. He previously served for nine years as General Director of Tearfund, the United Kingdom's sixth-largest aid agency, also based in London. At Tearfund, he led a multinational staff of more than 650 people, implementing advocacy, relief, and development programs through 300 partners in 70 countries. Earlier, Mr. Balfour held management and consulting roles with the Birmingham, UK-based Lucas Group and lived and worked in Africa. He studied geology at the University of Southampton, United Kingdom, and earned a master's in business administration from the Cranfield School of Management, Cranfield, United Kingdom.

Abhijit Vinayak Banerjee

Ford Foundation International Professor of Economics and Director of Abdul Latif Jameel Poverty Action Lab (J-PAL), Massachusetts Institute of Technology

Abhijit Banerjee was educated at the University of Calcutta, Jawaharlal Nehru University, and Harvard University, where he received his PhD in 1988. In 2003 he founded the Abdul Latif Jameel Poverty Action Lab (J-PAL), along with Esther Duflo and Sendhil Mullainathan, and he remains one of the directors of the lab. In 2009 J-PAL won the BBVA Foundation "Frontier of Knowledge" award in the development cooperation category. Prof. Banerjee is a past president of the Bureau for the Research in the Economic Analysis of Development, a research associate of the National Bureau of Economic Research, a research fellow of the Center for Economic and Policy Research, an international research fellow of the Kiel Institute, a fellow of the American Academy of Arts & Sciences and the Econometric Society, and he has been a Guggenheim Fellow and an Alfred P. Sloan Fellow. He received the Infosys Prize 2009 in Social Sciences and Economics. His areas of research are development economics and economic theory. He has authored two books as well as a large number of articles and is the editor of a third book. He finished his first documentary film, *The Name of the Disease*, in 2006.

Amar Bhattacharya***Director, The Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G24)***

Amar Bhattacharya is director of the Group of 24. The Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G24) was established in 1971 with the objective of helping to articulate and support the position of developing countries in the discussions of the International Monetary Fund, the World Bank, and other relevant fora. Prior to taking up his current position, Mr. Bhattacharya had a long-standing career in the World Bank. His last position was as senior advisor and head of the International Policy and Partnership Group in the Poverty Reduction and Economic Management Network of the World Bank. In this capacity, he was the focal point for the Bank's engagement with key international groupings and institutions such as the G7/G8, G20, IMF, OECD, and the Commonwealth Secretariat. Mr. Bhattacharya has had a long-standing engagement on issues of global governance and reform of the international financial system as well as aid architecture. He completed his undergraduate studies at the University of Delhi and Brandeis University and his graduate education at Princeton University.

Liam Brody***Senior Vice President, Business Development and Corporate Relations, Root Capital***

Liam Brody builds relationships with key partners in the private sector and directs Root Capital's business development strategy. Prior to joining Root Capital, he served as Deputy Director of Oxfam's Private Sector Department. Previously, he was the director of sustainable coffee at Green Mountain Coffee Roasters and led Oxfam International's campaign to end the global coffee crisis, which led to the introduction of Fair Trade-certified coffee by some of the world's largest coffee sellers. Mr. Brody holds a Master of Education in Social Policy from the Harvard Graduate School of Education and a B.S. in agricultural and extension education from Cornell University.

Gerald Epstein***Professor and Chair of Economics and Co-director of Political Economy Research Institute (PERI), University of Massachusetts, Amherst***

Gerald Epstein received his Ph.D. in economics from Princeton University in 1981. He has written articles on numerous topics including financial regulation, alternative approaches to central banking for employment generation and poverty reduction, and capital account management and capital flows. He has

worked with numerous UN organizations, including the United Nations Development Programme and the International Labor Organization in the areas of pro-poor macroeconomic policy and human development impact assessments of trade policies in Madagascar, South Africa, Ghana, Cambodia, and Mongolia, and with UN Department of Economic and Social Affairs on developing alternatives to inflation targeting monetary policy. Most recently his research has focused on the impacts of financialization (*Financialization and the World Economy*, Elgar Press, 2005), alternatives to inflation targeting (with Erinc Yeldan, *Beyond Inflation Targeting: Assessing the Impacts and Policy Alternatives*, Elgar Press, 2009), and financial reform.

Kevin P. Gallagher

Associate Professor of International Relations, Boston University

Kevin Gallagher is the author of *The Enclave Economy: Foreign Investment and Sustainable Development in Mexico's Silicon Valley* (with Lyuba Zarsky), and *Free Trade and the Environment: Mexico, NAFTA, and Beyond* in addition to numerous reports, articles, and opinion pieces on trade policy, development, and the environment. He has been the editor or co-editor for a number of books, including *Putting Development First: the Importance of Policy Space in the WTO and IFIs*, *International Trade and Sustainable Development*, and others. Prof. Gallagher is also a research associate at the Global Development and Environment Institute of the Fletcher School of Law and Diplomacy at Tufts University, an adjunct fellow at Research and Information System for Developing Countries in Delhi, India, and a member of the U.S.-Mexico Futures Forum.

John R. Harris

Professor of Economics, Boston University

John Harris is one of the leading Africanist economists. His pathbreaking joint work on labor markets and wages, the Harris-Todaro Model, is on every reading list in development economics, and was based on his empirical observations of the workings of labor markets in Nigeria and Kenya. His knowledge of the countries of the continent is extensive and thorough and he has worked in and on most of them. In addition, Prof. Harris has worked extensively in Asia, particularly Indonesia, which provides him with a comparative perspective. Prof. Harris has worked extensively for the U.S. Agency for International Development, the World Bank, Canada's International Development Research Centre, the International Labor Organization, the World Health Organization, the Ford Foundation, the Rockefeller Foundation, the UN Economic Commission for Africa, and the UN Development Programme. Prof. Harris has served on the Advisory Group of

the Macroeconomic Research Network for Eastern and Southern Africa, which developed into the African Economic Research Consortium (AERC). He also was for many years the Director of the African Studies Center at BU.

Calestous Juma

Professor of the Practice of International Development and Director of Science, Technology & Globalization, Belfer Center for Science and International Affairs, Kennedy School of Government, Harvard University

Calestous Juma directs the Agricultural Innovation in Africa Project funded by the Bill and Melinda Gates Foundation and a high-level executive course on Innovation for Economic Development. He is a former executive secretary of the UN Convention on Biological Diversity and Founding Director of the African Centre for Technology Studies in Nairobi. He also served as chancellor of the University of Guyana. Prof. Juma has been elected to several scientific academies including the Royal Society of London, the U.S. National Academy of Sciences, the Academy of Sciences for the Developing World, the UK Royal Academy of Engineering, and the African Academy of Sciences. He has won several international awards for his work on sustainable development. He holds a doctorate in science and technology policy studies and has written widely on science, technology, and environment. He serves on the board of WWF International and several other organizations. He is lead author of *Innovation: Applying Knowledge in Development* and editor of the peer-reviewed *International Journal of Technology and Globalisation* and *International Journal of Biotechnology*. His most recent book, *The New Harvest: Agricultural Innovation in Africa*, was published by Oxford University Press in 2010.

Asim Ijaz Khwaja

Professor of Public Policy, Kennedy School of Government, Harvard University

Asim Khwaja's areas of interest include economic development, finance, education, political economy, institutions, and contract theory/mechanism design. His research combines extensive fieldwork, rigorous empirical analysis, and microeconomic theory to answer questions that are motivated by and engage with policy. His papers have been published in the leading economics journals, such as *American Economic Review* and *Quarterly Journal of Economics*, and have received coverage in numerous media outlets such as the *Economist*, the *New York Times*, the *Washington Post*, *International Herald Tribune*, Al-Jazeera, BBC, and CNN. His recent work ranges from understanding market failures in emerging financial markets to examining the private education market in low-income countries. He was selected as a Carnegie Scholar in 2009 to pursue research on

how religious institutions impact individual beliefs. Prof. Khwaja received B.S. degrees in economics and in mathematics with computer science from MIT and a Ph.D. in economics from Harvard. A Pakistani, UK, and U.S. citizen, he was born in London, UK, lived for eight years in Kano, Nigeria, the next eight in Lahore, Pakistan, and the last 18 years in Cambridge, Massachusetts.

Kabir Kumar

Microfinance Analyst, Consultative Group to Assist the Poor (CGAP)

Kabir Kumar designs experiments and builds partnerships on the use of cell phones and other technologies to expand the poor's access to finance. He was an IT and telecommunications marketing and strategy consultant and has worked at the World Bank on gender equality and economic growth. Mr. Kumar has a dual master's degree in public administration and international relations from the Maxwell School of Syracuse University.

Nancy MacPherson

Managing Director, Evaluation, Rockefeller Foundation

Nancy MacPherson joined the Rockefeller Foundation in 2008. As Managing Director, Evaluation, Ms. MacPherson is responsible for developing and managing the Foundation-wide evaluation function at strategy, initiative, and grant portfolio levels, including the assessment of the impact of the Foundation's work. Ms. MacPherson joined the Foundation following 25 years of experience in development evaluation in Asia and Africa with international development organizations, the United Nations, and multilateral and bilateral agencies. Most recently she set up and managed IUCN's Program and Project Evaluation System and Performance Assessment System, served as special advisor to the IUCN Director General on Performance Assessment, and has played a key role in the establishment and nurturing of a number of global and regional development evaluation professional associations and networks, notably, the International Development Evaluation Association (IDEAS) and the African Evaluation Association (AfrEA). For the past five years, Ms. MacPherson has been a member of the teaching faculty at the World Bank's summer International Program for Development Evaluation Training (IPDET).

Dilip Mookherjee

Professor of Economics, Boston University

Dilip Mookherjee graduated from the Delhi School of Economics and the London School of Economics, where he received his Ph.D. in 1982. He taught at Stanford University from 1982 to 1989, and at the Indian Statistical Institute

in New Delhi from 1989 to 1995. In 1998, Prof. Mookherjee was awarded the Mahalanobis Memorial Award by the Indian Econometric Society for outstanding contributions to quantitative economics. He has held visiting professor positions at the Centre for Studies in Social Science at Calcutta and at the People's University in Beijing. Prof. Mookherjee is currently the co-editor of the *Journal of Development Economics* and associate editor of the *Rand Journal of Economics*, the *B.E. Journal of Theoretical Economics*, and the *German Economic Review*. Prof. Mookherjee's research interests include: incentives and organization theory, game theory, inequality, development economics, and public economics. He has had more than 50 refereed papers published in the top journals and has published 11 books as editor or co-editor, as well as written chapters for a host of other books. He is the author most recently of *The Crisis in Government Accountability: Governance Reforms and Indian Economic Performance*.

Adil Najam

Frederick S. Pardee Professor of Global Public Policy at Boston University and Director, The Pardee Center, Boston University

In addition to his roles at the Pardee Center, Adil Najam also serves as a professor of international relations and of geography and environment. Prof. Najam was a co-author for the Third and Fourth Assessments of the Intergovernmental Panel on Climate Change (IPCC), work for which the scientific panel was awarded the 2007 Nobel Peace Prize for advancing the public understanding of climate change science. In 2008 he was invited by the United Nations Secretary General to serve on the UN Committee on Development Policy (CDP). In 2010 he was awarded the Sitara-i-Imtiaz (Star of Excellence), one of Pakistan's highest civil awards by the president of Pakistan. He also serves on the Advisory Board for the 2011 Human Development Report of the UN Development Programme. Prof. Najam has taught at MIT, the University of Massachusetts and at the Fletcher School of Law and Diplomacy, Tufts University. His research focuses on issues of global public policy, especially those related to South Asia, Muslim countries, environment and development, and human well-being.

Iqbal Z. Quadir

Professor of Practice of Development and Entrepreneurship, and Founder and Director of The Legatum Center, Massachusetts Institute of Technology

In the 1990s, Iqbal Quadir founded Grameenphone, which provides effective telephone access throughout Bangladesh. Prof. Quadir is an accomplished entrepreneur who writes about the critical roles of entrepreneurship and innovations in improving the economic and political conditions in low-income countries. He

is often credited as having been the earliest observer of the potential for mobile phones to transform low-income countries. His work has been recognized by leaders and organizations worldwide as a new and successful approach to sustainable poverty alleviation.

Mark R. Rosenzweig

Frank Altschul Professor of International Economics, Yale University

In addition to numerous articles and book chapters, Mark Rosenzweig is the co-author of *The Chosen People: Immigrants in the United States* (with G. Jasso) and co-editor of *Handbook of Population and Family Economics* (with O. Stark) and *Contractual Arrangements: Employment Wages in Rural Labor Markets* (with H.P. Binswanger). He earned B.A., M.A. and Ph.D. degrees from Columbia University and studied at the London School of Economics. He served as director of research for the Select Commission on Immigration and Refugee Policy in Washington, D.C. (1979–1980). In addition to Yale, he has taught at the University of Minnesota, where he was co-director of the Economic Development Center; the University of Pennsylvania, where he chaired the Economics Department; and Harvard University, where he held the Mohamed Kamal Professorship in Public Policy at the Kennedy School and was Director of the Center for International Development. A fellow of the Econometric Society, Prof. Rosenzweig has served on several National Academy of Science panels studying the effect of human populations on the global environment. Currently editor of the *Journal of Development Economics*, he has served on the editorial boards of such publications as the *World Bank Economic Review* and the *Journal of Economic Literature*.

Una Ryan, O.B.E.

Chief Executive Officer, Diagnostics For All

Una Ryan has an extensive background in leading biotech companies and was formerly the President and CEO of AVANT Immunotherapeutics, Inc., a publicly traded biopharmaceutical company developing vaccines. She is also Research Professor of Medicine at Boston University School of Medicine and serves on its Board of Visitors. She serves on a number of boards and science advisory boards for biotechnology companies and is Past Chair of the Massachusetts Biotechnology Council and served on the board of the Biotechnology Industry Organization. She is a member of the Massachusetts Life Sciences Collaborative Leadership Council, and the Climate Change and Green Energy Council. Prof. Ryan holds a Ph.D. in cellular and molecular biology from Cambridge University and B.S. degrees in zoology, microbiology, and chemistry from Bristol University. She was a Howard Hughes Investigator, NIH MERIT Awardee, and an Established

Investigator of the American Heart Association. In 2007, she received the Albert Einstein Award for outstanding achievement in the life sciences and was the recipient of the Cartier Women's Initiative Award in 2009. In 2002, Her Majesty Queen Elizabeth II awarded her the Order of the British Empire (O.B.E.) for her services to the research, development, and promotion of biotechnology. She has written over 500 original papers and 11 books.

Virginia Sapiro

Dean of College of Arts & Sciences, Boston University

Virginia Sapiro earned her A.B. with high honors in government from Clark University in Worcester, Massachusetts (1972), where she was elected to Phi Beta Kappa. She completed her Ph.D. in political science at the University of Michigan in 1976 and, that same year, joined the faculty of the University of Wisconsin—Madison as an assistant professor in the Department of Political Science and the newly established Women's Studies Program. When she finished her service there in 2007, she was the Sophonisba P. Breckinridge Professor of Political Science and Women's Studies. She was also a faculty affiliate of the Wisconsin Center for the Advancement of Post-Secondary Education (WISCAPE). She was Vice Provost for Teaching and Learning at the University of Wisconsin—Madison from 2002 through December 2006 and served as Interim Provost and Vice Chancellor for Academic Affairs from November 2005 to March 2006. She was a member of the Board of Trustees of Clark University from 2001 to 2007. Dean Sapiro's research and teaching interests include political psychology and political behavior, gender politics, American political development, democratic theory, and the design and philosophy of social science research. Her most recent major research projects have been on the history of political action in the United States and gender in television advertisements for congressional candidates.

Jonathon Lee Simon

Chair of the Department of International Health, Director of the Center for Global Health & Development, and Professor of International Health, Boston University

Jonathon Simon received his bachelor of science from the University of California at Berkeley in conservation and resource studies. His M.P.H. is also from UC Berkeley. Prof. Simon received his doctorate of science from the Harvard University School of Public Health, having completed dissertation research on the changing demography of Dhaka, Bangladesh. He has been involved in applied child health research activities for more than 20 years, working in more than 20 developing countries. Before joining Boston University, Prof. Simon was a Fellow

of the Harvard Institute for International Development (HIID). He has extensive experience working in Africa and South Asia, particularly on issues related to child survival, infectious diseases, and capacity strengthening. He has served in resident positions in Tanzania and Pakistan. He currently is involved in research evaluating the economic impact of the HIV/AIDS epidemic on sectors of the African economy and conducting evaluation research studies of interventions aimed at improving the well-being of orphans and vulnerable children (OVC).

Robert H. Wade

***Professor of Political Economy and Development,
London School of Economics***

Robert Wade was the winner of the Leontief Prize in Economics 2008. A New Zealander, educated in Washington, D.C., New Zealand, and at Sussex University, he has worked at the Institute of Development Studies, Sussex (1972–1995), the World Bank (1984–1988), Princeton's Woodrow Wilson School (1989–1990), MIT's Sloan School (1992), and Brown University (1996–2000). His associations have included Fellow of the Institute for Advanced Study in Princeton (1992–1993), the Russell Sage Foundation (1997–1998), and the Institute for Advanced Study, Berlin (2000–2001). He has carried out fieldwork on Pitcairn Island, in Italy, India, Korea, and Taiwan. His research on the World Bank began in 1995 and continues. Prof. Wade is the author of *Irrigation and Politics in South Korea* (1982), *Village Republics: The Economic Conditions of Collective Action in India* (1988, 1994), and *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization* (1990, 2003). The latter won the American Political Science Association's award of Best Book in Political Economy, 1992.

ACKNOWLEDGMENTS

Feedback from presenters and participants alike indicated that the Pardee Center's "Development That Works" conference was a resounding success, and there are several people who worked hard behind the scenes and deserve special recognition for their efforts. Pardee Center Administrator Theresa White and Research Initiatives Coordinator Elaine Teng oversaw the many logistical details required to make a large event like this one run smoothly. The five Boston University graduate students who contributed to this report—Neil Borland, Jennifer Foth, Rong Hui Kan, Kristin Sippl, and Jonars Spielberg—also assisted with some pre-conference heavy lifting (literally!), as well as lending their burgeoning expertise and writing talents to this publication. In addition, 2010 Pardee Graduate Summer Fellow Stephanie Edwards helped coordinate and edit the session highlights section of this report.

We owe special gratitude to the conference organizing committee—Boston University professors Kevin Gallagher (International Relations and BU Global Development), Dilip Mookherjee (Economics), Jonathon Simon (Public Health), and Adil Najam (Pardee Center Director, International Relations, Geography and Environment)—who conceived of the conference and lined up and chaired the outstanding panels. Most importantly, we offer sincere thanks to all of the expert panel members who carved time out of their busy schedules to contribute to a rich and important conversation that we hope is continuing to reverberate among the students, faculty members, practitioners, and others who attended the conference, and among readers of this report.

SELECTED PARDEE CENTER PUBLICATIONS

Issues in Brief

Capital Account Regulations for Stability and Development: A New Approach

Kevin P. Gallagher, Stephany Griffith-Jones, and José Antonio Ocampo (No. 22), November 2011

Adulthood Denied: Youth Dissatisfaction and the Arab Spring

M. Chloe Mulderig (No. 21), October 2011

The Future of Corporate Social Responsibility Reporting

Matthew Maguire (No. 19), January 2011

China and the Future of Latin American Industrialization

Kevin P. Gallagher (No. 18), October 2010

The Changing Shape of Malnutrition: Obesity in Sub-Saharan Africa

Arianna Fogelman (No. 11), December 2009

The Pardee Papers

The Future of Agriculture in Africa

Julius Gutane Kariuki (No. 15), August 2011

Africa's Technology Futures: Three Scenarios

Dirk Swart (No. 14), July 2011

The Global Land Rush: Food, Fuel, and the Future of Development

Rachel Nalepa (No. 13), May 2011

Energy Transitions

Peter A. O'Connor (No. 12), November 2010

Coffee, Culture, and Intellectual Property: Lessons for Africa from the Ethiopian

Fine Coffee Initiative

Heran Sereke-Brhan (No. 11), July 2010

Sustainable Development Insights

Rio + 20: Accountability and Implementation as Key Goals

Adil Najam and Miquel Muñoz (No. 8), August 2011

Global Environmental Governance: The Role of Local Governments

Konrad Otto-Zimmermann (No. 7), March 2011

Green Revolution 2.0: A Sustainable Energy Path

Nalin Kulatilaka (No. 6), October 2010

Global Environmental Governance: The Challenge of Accountability

Adil Najam and Mark Halle (No. 5), May 2010

Are Women the Key to Sustainable Development?

Candice Stevens (No. 3), April 2010

Other Publications

Latin America 2060: Consolidation or Crisis?

Pardee Center Task Force Report, September 2011

Beyond Rio + 20: Governance for a Green Economy

Pardee Center Task Force Report, March 2011

Africa 2060: Good News from Africa

Pardee Center Conference Report, April 2010

The Future of North American Trade Policy: Lessons from NAFTA

Pardee Center Task Force Report, November 2009

The Frederick S. Pardee Center for the Study of the Longer-Range Future at Boston University occasionally convenes public conferences on topics that are particularly relevant to the global longer-range future. Such conferences feature interdisciplinary panels of experts who are asked to present their perspectives and play an active role in discussing the topic with all conference participants. This series of papers, *Pardee Center Conference Reports*, presents the highlights of these conferences as a means of disseminating expert knowledge and informing ongoing discussions about important issues that ultimately will influence the direction of long-term human development.

Development That Works

On March 31, 2011, Boston University's Frederick S. Pardee Center for the Study of the Longer-Range Future, in collaboration with the BU Global Development program, held a conference titled "Development That Works."

The conference organizing committee comprised Boston University professors Kevin Gallagher (International Relations and BU Global Development), Dilip Mookherjee (Economics), Jonathon Simon (Public Health), and Adil Najam (Pardee Center Director, International Relations, and Geography and Environment), who each chaired one of the sessions. They brought together stellar panels on various aspects that are central to development programs, including: global economic governance as it influences and impacts development; public and private investment in development programs; social enterprise programs related to development issues; and economic development from traditional—and not-so-traditional—perspectives.

The theme and the title of the conference stemmed from the conference organizers' desire to explore, from a ground-level perspective, what programs, policies, and practices have been shown—or have the potential—to achieve sustained, long-term advances in development in various parts of the world. The intent was not to simply showcase "success stories," but rather to explore the larger concepts and opportunities that have resulted in development that is meaningful and sustainable over time. The presentations and discussions focused on critical assessments of why and how some programs take hold, and what can be learned from them. From the influence of global economic structures to innovative private-sector programs and the need to evaluate development programs at the "granular" level, the expert panelists provided well-informed and often provocative perspectives on what is and isn't working in development programs today, and what could work better in the future.

This conference report features essays written by Boston University graduate students that capture the salient points and overarching themes from the four sessions. The conference agenda and speakers' biographies are included following the essays. In addition to reading the report, you can watch the conference sessions on the Pardee Center website at www.bu.edu/pardee/multimedia.



Boston University The Frederick S. Pardee Center
for the Study of the Longer-Range Future

Pardee House
67 Bay State Road
Boston, Massachusetts 02215
www.bu.edu/pardee
Email: pardee@bu.edu
Tel: +1 617-358-4000
Fax: +1 617-358-4001

ISBN 978-1-936727-03-2