



PARLIAMENTARY NETWORK ON THE WORLD BANK
Research Summaries

**Annual Bank Conference on Developing Economies (ABCDE) 2011:
Broadening Opportunities for Development**

Paris, 30 May – 1 June 2011

Orientation

The three-day Annual Bank Conference on Developing Economies entitled ‘Broadening Opportunities for Development’, organised by the World Bank and hosted by the Organisation for Economic Development and Cooperation (OECD) took place from 30 May – 1 June 2011 in Paris. PNoWB joined academics, economists and civil society representatives to discuss the future of social and fiscal policy for developing economies in order to encourage economic development and sustainable growth, improve access to jobs, education and welfare, and encourage entrepreneurship.

Angel Gurría, Secretary-General, OECD, opened the conference by addressing the increasing levels of global inequality and encouraged a refocus on outcomes that go beyond GDP. Yifu Lin, Chief Economist, World Bank, maintained that investment in people is crucial for the success of structural and technological transformation in developing economies. The opening address continued with Georges Serre, French Ministry of Foreign Affairs, who highlighted the significance of this year’s G8 summit as for the first time the G8 Communique has been signed in alliance with Africa.

Research summaries and discussion highlights by topic

TOPIC 1: Growth and Development

- Nobel Prize Winner Amartya Sen, Harvard University, said we must focus on growth mediated development. Sustainable and economic growth can raise income, change people’s living standards and quality of life as well as tackle deficit and debt problems. Sen gave India as an example of how public revenue (9-12% per year) often grows faster than GDP (6-7 % per year), and encouraged a deeper understanding of growth whilst highlighting the limitations of simply using GDP to measure development. He commended the work of China in improving living standards, but maintained that an authoritarian regime is not the best environment for shock resistance or growth. Sen called on the developed world to take clear action towards cutting government debt and deficits. Democratic Public reasoning is needed, particularly in Europe, to overcome the crisis facing Greece, Portugal and Ireland, said Sen.

TOPIC 2: Structural Transformation

- Adriana Kugler, Georgetown University, addressed the need for structural transformation especially in Africa, where she said growth is not sustainable. There must be growth within allocation as well as between allocations.
- Francis Teal, Oxford University, highlighted the difficulty in comparing wages from rural and urban areas. He identified a huge dispersion of income within sectors and criticised a lack of

investment into sectors which have already been identified as high return. Teal maintained that structural adjustment would be the consequence of successful growth – not the contributing factor.

- John Haltiwanger, Maryland University, said new start-ups and successful businesses will greatly contribute to growth and employment strategies; therefore policy makers should identify successful enterprises and contribute to their future - not invest in the failing ones.

TOPIC 3: African Economic Success

- David Weil, Brown University, presented one of the greatest successes of the National Bureau of Economic Research (NBER) Africa Project, the mobile-banking system M-PESA. Through mobile phone based money transfer system, M-PESA provides very simple services to mobile customers and is growing faster than mobile phone sales themselves. Almost all withdrawals have a 2% charge. The project has been proclaimed as safe, fast and cheap. While the majority of customers fall in predictable categories, i.e., male, rich and urban, the extensive popularity of M-PESA has contributed to the drop in prices of competitors such as Western Union. The accessible nature of M-PESA in using micro cash transfers, already successful in a number of African countries, notably Kenya, Tanzania and South Africa, provides lessons for developing new businesses in Africa and across the globe.

TOPIC 4: Education

- Panellists agreed that greater opportunities to create growth means investment in human capital, both in formal and non-traditional ways. Yaw Nyarko, New York University, presented his paper 'The Brain Drain, Brain Circulation and Economic Growth (Ghana)', with the simple message that the benefits of higher education in Ghana far outweigh the costs and that Africans must invest in higher education to build strong civil societies, businesses and social networks. He said even if a large percentage of educated Ghanaians leave after their education, they often come back, and there isn't enough consideration of the value they have attained in their experience working abroad. In Ghana, only 150,000 out of a population of approximately 19 million people complete higher education- therefore, what seems like a large brain drain is really a small number.

TOPIC 5: Job Creation in Situations of Fragility

- Samir Makdisi, American University of Beirut, while chairing the session underlined the interdependent nature of political and economic fragility in a state.
- The inhibiting effect of employment on violence was discussed by Chris Cramer, University of London, who asserted that where there is high employment, the opportunity cost of resorting to violence tends to thwart conflict. On the other hand, he recognised that poor conditions of employment can also act as a catalyst for violence.
- Alfredo Lazarte-Hoyle, International Labour Organisation, stressed the need to exploit the positive opportunities presented by post-conflict environments. These include the chance to place renewed emphasis on local economies and to improve the capacity of the local business community. To this effect, Senegalese [Agetip](#), a public works and employment agency, was introduced as a successful example of local job creation. Regarding approaches to address unemployment, reliance solely on macro-economic policies was heavily contested by the panellists. During the session a greater emphasis was placed on the agricultural sector, as it holds the largest untapped resources and unemployment tends to be highest precisely in rural areas.

TOPIC 6: Social Protection, Vulnerability and Poverty Reduction

- Social protection was identified as vital in order to make economic growth more inclusive. Stefan Dercon, Oxford University, highlighted the significance of child-centred social

protection, particularly for young children at a preschool age. The need to recognise the effects of migration and the difference between social protection in urban and rural areas was also underlined.

- Alejandro Gaviria, Universidad de los Andes, reminded the speakers that social protection is not a cure-all substitute for economic growth. He stressed the need for social protection to form part of a decentralised, well-organised system and thus identified the lack of sophisticated institutions and a stable state as the greatest challenges.
- Arjan de Haan, International Institute of Social Studies (ISS), gave the example of China as one of significant relevance to social protection for inclusive growth in sub-Saharan Africa. The main attributes for success were considered to be piloting programmes, managed decentralisation, and incentives for local governments to develop their own systems reflecting regional needs.

TOPIC 7: Gender Equity and Development

- Panellists agreed that gender remains underrepresented in development dialogue. Among the issues discussed were the costs that gender disparities impose on individuals and societies, as well as the distribution of employment with respect to violence in society. Conflicts tend to result in a shift of traditional gender roles, and research shows that where there is high male unemployment, a higher risk of violence exists. Culture and norms were identified by Pierre-André Chiappori, Columbia University, as highly significant factors shaping income distribution within families and the wider society. It was recognised, however, that government policies can gradually change traditional norms, be it indirectly through market returns, by reducing barriers to entry for women, or by affirmative action. The panellists addressed the upcoming [World Development Report 2012](#) by the World Bank, which will highlight the gender dynamics of families and society.

Implications for Parliamentarians & PNoWB

This year's conference took steps towards aligning the agenda of academics and policy-makers from developed and developing countries in tackling the most pressing concerns for developing economies. Throughout the discussions, it emerged that Parliamentarians should take a more active role in addressing unemployment, gender equity, inequalities in opportunity and the needs of the most vulnerable in times of food, fuel and financial crises.

Reflecting upon next year's theme, Accountability and Transparency, the conference addressed the controversies surrounding the availability of data. For their part academics, and economists alike, encouraged policy makers to engage with available data and data providers, notably the [World Bank Open Data initiative](#). The point of collecting large scale information is to positively engage with new policies that are effective and appropriate – without the understanding and input of policy makers such access to information is of little use. Parliamentarians must take the lead in utilising available data, addressing missing data and encouraging the collection of new data in order to better understand the environment we seek to change for the better.

Follow-up

PNoWB can facilitate contact between Parliamentarians and the researchers and organisers of ABCDE 2011. For further information regarding speakers, talks and workshops at ABCDE 2011, visit <http://www.oecd.org/abcde2011>. PNoWB can serve as a liaison to help Parliamentarians' inclusion in discussion panels at the conference and, therefore, ensure direct exchange between academics and legislators. By taking on board the information from academic research, Parliamentarians can help transform it into more knowledgeable and relevant policies.

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