



## **THE DEVELOPMENT CENTRE NEWSLETTER ISSUE NO. 1**

### **SIXTH ANNUAL INTERNATIONAL FORUM ON ASIAN PERSPECTIVES**

“Asia faces daunting development challenges ... at the same time, official development assistance is becoming increasingly scarce,” noted ADB President Tadao Chino at the opening of the 2000 edition of the joint Asian Development Bank/OECD Development Centre International Forum on Asian Perspectives, held in Paris on 3 and 4 July. Thus, the two-day Forum’s theme, “Development Resource Mobilisation in the Post-crisis Period”, was particularly appropriate. “The roles of the state and of the private sector in developing countries are changing,” continued Chino, “We must explore ways to mobilise and to utilise resources to meet the needs of our developing partners.”

The Sixth Annual Forum on Asian Perspectives attracted a mixed and informed audience over its two days of debate and discussion. The first day was taken up with an open panel discussion hosted by the French Ministry of Economy, Finance and Industry, and the interests of the over 250 participants varied widely, but remained within the general theme of seeking means of sustaining and accelerating post-crisis growth and development. The second day’s expert seminar considered five presentations from the organising institutions on: mobilising domestic resources; the need for foreign savings; privatisation and the private sector’s participation

in development projects; and the development policies of DAC members.

For Christine Wallich, ADB’s Director of Infrastructure, Energy and Financial Sectors (West), “This partnership between the ADB and the OECD Development Centre has yielded, yet again, an excellent and stimulating conference.” She continues, “I think we focused on the big issues for post-crisis Asia: transparency, the role of the private sector in development, as well as the impact of the international financial institutions — including the ADB — and official development assistance in overcoming problems left by the crisis.”

The Development Centre’s President Jorge Braga de Macedo agrees. “We have to recognise,” he says, “that this meeting of the Forum reinforced the idea that globalisation will only benefit states insofar as they can adapt to it through policies and institutions which promote good governance.” President de Macedo says he is particularly excited by the fact that the multidisciplinary and multi-sector audience was virtually unanimous in its appreciation of the globalisation/governance link: “The beauty of this event,” he continues, “is that it allows us to get a take on problems from a number of perspectives. When these perspectives start to converge, as we have seen here during the Forum, solutions begin to appear.”

This latest meeting of the Forum will give rise to a book, entitled *Sustainable Recovery in Asia: Mobilising Resources for Development*, to be published on 10 November.

## **CORPORATE GOVERNANCE IN DEVELOPING COUNTRIES AND EMERGING ECONOMIES**

This informal workshop, which took place on 3-4 April in Paris and focused on the presentations of the preliminary results of case studies carried out for seven non-OECD countries (Argentina, Brazil, Chile, China, India, Malaysia and South Africa), brought together renowned experts on corporate governance from governments, academia, and the private sector. It also attracted strong participation from both OECD Delegations and the Secretariat, with over 100 people attending one or more of the sessions.

The exchange of views focused on the implications of improved corporate governance in developing countries, and how to achieve such improvement in view of the political, economic, legal and institutional realities in each country. Much discussion centred on *why* corporate governance functions, and malfunctions, as it does in each country — and in developing and emerging economies more generally, insofar as they face common problems and adopt a *developmental* perspective on corporate governance.

Particular attention was given to two key features of corporate governance: *i*) the role of corporate boards and accountability; and *ii*) the relationship between corporations and domestic and international financial markets. Considerable attention was also devoted to the factors and forces that *resist* moves to improve corporate governance in developing countries today, including the behaviour of vested interest groups. Identifying forces that work *for* such improvement or that can be mobilised to do so, was also a priority in each country case.

Specific ways to further develop and/or strengthen each of the country studies were pointed out by participants and several important areas of agreement emerged, as noted during the Roundtable held at the close of the workshop:

- Given the importance of accountability, there is a close relationship between good corporate governance and good political governance, both of which are tools to promote sustained processes of development. Each country study should therefore attempt to clarify this relationship.
- With regard to the sources of corporate finance in developing countries, banks and debt, in addition to equity markets, are significant. Thus researchers should analyse the political economy of local bank supervision and bankruptcy laws and procedures, as well as that of protecting non-controlling shareholders' rights.
- The potential value of private-sector standards and initiatives to improve corporate governance should be examined, as well as legislation and government-established rules — at the national level but also at the regional or international level. These lessons would enhance the quality of corporate governance in today's developing and emerging economies.
- Are there effective policy instruments, such as capital controls, to offer scope for some monetary autonomy?
- What is the scope for monetary integration schemes, such as seen in Europe or Western Africa to improve the “impossible trinity” of monetary independence, exchange-rate stability, and full financial integration?

## **THE DEVELOPMENT CENTRE AT THE ABCDE-EUROPE**

Jorge Braga de Macedo, President of the Development Centre, organised a session on “What Exchange Rate Regime for Developing Countries?” at the second Annual Bank Conference on Development Economics-Europe. First held at World Bank headquarters in Washington in 1988, the conference has become increasingly ambitious in scope, and the ABCDE conference series has expanded beyond Washington. The European event is jointly organised with the French Prime Minister’s Council of Economic Analysis.

The debate on the appropriate exchange rate regime has occupied and divided economists and policy makers for a long time. The virulence, speed and contagion of financial crises that have hit developing countries repeatedly over the past decade have raised new questions and triggered new policy experiments. The workshop discussed the following questions:

- Has the predominance of financial over real shocks in a world of intense capital mobility redefined choices and trade-offs?
- Do these tendencies favour corner solutions for small open economies, with the choice reduced to truly fixed exchange-rate regimes (such as dollarisation) or purely floating exchange rates?
- How are recent experiences with moves to corner solutions, such as in Central Europe or Latin America, to be evaluated?

Guillermo Calvo (University of Maryland) presented the case for a hard peg (e.g. through fully-fledged dollarisation), based on the effective dollarisation in much of Latin America and on the inflationary and limited role of the lender of last resort in floating currency regimes. Brigitte Granville (Royal Institute of International Affairs) collected evidence from transition economies in Eastern Europe and the Commonwealth of Independent States, to confirm that no exchange-rate regime was right for all countries at all times. Daniel Cohen (Ecole Normale Supérieure and the OECD Development Centre) stressed the importance of actual convertibility in hard peg regimes and argued that the devaluation of the CFA franc had not hurt the African countries participating, on the contrary. He concluded that the choice of the anchor currency was an essential determinant for the performance of monetary unions in developing countries. Helmut Reisen (OECD Development Centre) explored the alternatives for the financially integrated emerging markets, given that monetary independence, exchange rate stability and financial integration cannot be attained simultaneously. Giving up on one of the goals carries cost for development, the size of which is largely determined by the flexibility of the underlying regulatory and institutional framework. Participants brought other experiences to the debate, from the Balkans to Pakistan. The conclusion of the panel stressed that the European Monetary System, through the code of conduct of the Exchange Rate Mechanism provided a better framework than dollarisation because it stressed institution building and multilateral surveillance, which are crucial in emerging markets. The proceedings will be published by the World Bank at Oxford University Press.

## **DEVELOPMENT CENTRE PUBLICATIONS**

- *Achieving Financial Stability in Asia* (with the Asian Development Bank), Development Centre Seminars.
- *Reform and Growth in Africa*, Development Centre Seminars.
- *Fighting Corruption in Developing Countries and Emerging Economies: The Role of the Private Sector*.
- *Dépenses d'éducation, qualité de l'éducation et pauvreté: L'exemple de cinq pays d'Afrique francophone* (by Katharina Michaelowa), Document technique No. 157.
- *Une estimation de la pauvreté en Afrique subsaharienne d'après les données anthropométriques* (by Christian Morrisson, Hélène Guilmeau and Charles Linskens), Document technique No. 158.
- *Converging European Transition* (by Jorge Braga de Macedo), Technical Paper No. 159.
- *Capital Flows and Growth in Developing Countries: Recent Empirical Evidence* (by Marcelo Soto), Technical Paper No. 160.

## **OTHER STAFF PUBLICATIONS**

- Irène Hors, *La corrupción - Las iniciativas para mejorar la integridad en los países en desarrollo* (also in French: *La corruption - Initiatives pour renforcer l'intégrité dans les pays en développement*), UNDP.

## VISITORS TO THE CENTRE

The South African Ambassador to France, **Thuthukile Skweyiya**, discussed the scope for extending the co-operation with the Centre during a visit on 3 May.

In a meeting on 17 May, the Minister of the Economy of Malta, **John Dalli**, discussed the scope for extending the co-operation with the Centre.

On 31 May, the Development Centre organised, in co-operation with the *Centre d'études sur la Chine moderne et contemporaine* de l'École des Hautes Études en Sciences Sociales (EHESS), a seminar on "Employment and Education in China". To maintain the momentum of its economic and social modernisation, China needs to upgrade the skills and abilities of its labour force. This seminar explored whether China's education and vocational training systems will be able to meet this challenge.

**Poul Ove Pedersen**, Senior fellow of the Centre for Development Research, Copenhagen, gave a presentation on "Globalisation and African Trade: Lessons from Kenya's Experience", on 23 June. He discussed how globalisation and regionalisation are changing Kenya's foreign trade and production and the role that trading agents and other producer services play in African industrialisation.

On 28 June, the Centre organised a seminar with **Santiago Levy Algazi**, Deputy Finance Minister for Budgetary Affairs in Mexico. Dr. Levy gave a presentation on "Poverty Alleviation in Mexico: Lessons from Progreso", in which he discussed the experience of a large-scale integrated social programme to provide assistance to rural families that live in extreme poverty. Lessons for African countries seeking to reduce poverty levels were suggested in the discussion.

On 5 July, Ambassadors and representatives of the members of the *Community of Portuguese-speaking Countries* (CPLP) were welcomed to the Centre to have informal discussions with its staff. Only Guinea-Bissau (**Ms Regina da Costa Gomes**, Ambassador to UNESCO) was prevented from attending the meeting.

Angola

**Dr. Carlos Alberto Fonseca**, Mission to France

**Prof. Pedro Nsingui Barros**, Mission to UNESCO

Brazil

**S.E. José Israel Vargaz**, Ambassador to UNESCO

**Mr. Lauro Soutello-Alves**, Mission to France

Cape Verde

**S.E. Maria Luisa Ferro Ribeiro**, Ambassador to France and UNESCO

Mozambique

**S.E. José Rui Mota do Amaral**, Ambassador to France and UNESCO

Portugal

**S.E. Jorge de Lemos Godinho**, Ambassador to OECD

**S.E. Jorge Ritto**, Ambassador to UNESCO

Sao Tomé et Príncipe

**Dr Maria Alves Trovoada d'Almeida**, Mission to France and UNESCO

This was the first encounter in what is intended to be a series of meetings between representatives of the **Lusophone** group and staff of the Centre.

On 7 July, **William Branson**, Professor of Economics at Princeton University, presented some of the work he has been carrying out at the Operations Evaluation Department of the World Bank, focusing in particular on Higher Impact Adjustment Lending Programmes and implications for conditionality applied to African countries.

Other visitors to the Centre in April-June included a group of young civil servants from Algeria, **Robert Herman** from the US State Department, and a trade delegation from Taiwan.

## OTHER ACTIVITIES

The President of the Development Centre, [Jorge Braga de Macedo](#), was in [Turin](#) on 22 May, to attend a meeting of the “Euro Group”. The meeting focused on “Improving the Integration of Financial Markets in Europe”. From 13 to 27 July he visited the World Bank, the United Nations and the NBER Summer Institute in Washington, New York and Cambridge, respectively. He also attended a brainstorming on Democratic Governance at the Carnegie Endowment for International Peace organised by [Joseph Stiglitz](#) and [Ann Florini](#).

[Ulrich Hiemenz](#), Director of the Development Centre, made a presentation on developing countries in the world trading system at the German Development Institute in Berlin on 14 May. He participated in a meeting of the Scientific Advisory Board to the German Ministry of Economic Cooperation in Frankfurt on 29 June.

[Kiichiro Fukasaku](#) was invited by WIDER to present a paper on “Special and Differential Treatment for Developing Countries: Does It Help Those Who Help Themselves?” at the meeting “Globalisation and the Obstacles to the Successful Integration of Vulnerable Economies” organised in Helsinki on 18-19 May.

[Helmut Reisen](#) was in Kiel on 19-21 June, invited by the Kiel Institute of World Economics to the conference on “The World’s New Financial Landscape”.

[Andrea Goldstein](#) was invited to teach a module on regulatory reform at the *Programme de formation en gestion de la politique économique* at the University of Clermont-Ferrand (19-20 April); to a workshop on regionalism organised by the Fiat group in Turin (22 May); and to the conference “Creating Hope of Despair: Managing Africa’s Crisis” at the Evangelische Akademie Loccum (23-25 June).

[Henny Helmich](#) participated, on 13 April, in a conference in Brussels of the EU-NGDO Liaison Committee. He was in Ljubljana on 14 April for a seminar on the EU Dimension of Regional Policies in the Associated CEE Countries. He gave a lecture at the Amsterdam Free University on 17 April;

participated on 13 May in the Annual Conference of the Foundation Evert Vermeer; and chaired one of the workshops at a meeting on Development Donor Relations with Civil Society, sponsored by DFID in Glasgow, 24-26 May. Mr. Helmich represented the Centre on 23-24 June in a Conference organised by the Council of Europe in Geneva on “The Role of Civil Society in Fostering Social Cohesion in Central and Eastern Europe”, which is part of the Copenhagen+5 UN Special Session on the Social Summit in Geneva and of the Global Campaign on Globalisation without Social Exclusion.

[Irène Hors](#) was invited to Buenos Aires in June to explore the interest of conducting a study on the impact the NGO *Poder Ciudadano* has had in the past ten years on the fight against corruption in Argentina.

[David O’Connor](#) was invited to Bangkok in April by the Stockholm Environment Institute to devise a Strategic Environmental Framework for the technical assistance and lending operations of the Asian Development Bank in the Greater Mekong Subregion (comprising Yunnan Province of China, Myanmar, Laos, Thailand, Cambodia and Viet Nam). As part of that exercise, he developed a socio-economic profile of the region, including a provincial poverty mapping for use in a GIS-based information system and planning. tool. He also represented the Centre at the OECD Bologna Conference on “Enhancing the Competitiveness of SMEs in the Global Economy: Strategies and Policies”, 14-15 June.

[Charles Oman](#) attended the OECD Corporate Governance Roundtables in São Paulo (26-28 April) and Hong Kong (31 May-2 June); the Yugoslav Opposition Economic Reform Platform Project International Advisory Board Meeting, organised by the Center for International Private Enterprise (CIPE), in Budapest (20-21 May); the OECD Conference on Fiscal Incentives and Competition for Foreign Direct Investment in the Baltic States, in Vilnius (30 May); and presented the new publication “Policy Competition and FDI” at the World Bank in Washington (21-24 June) and to policy makers and journalists in Mexico (26-27 June).

## **FORTHCOMING MEETINGS**

4 October	<b>Education and Health Spending and Poverty Reduction</b> (provisional title) <i>To examine the findings of case studies on education and health spending and poverty reduction undertaken in the framework of the research project on “Human Resource Development and Poverty Reduction”.</i>
2-3 November	<b>11th International Forum on Latin American Perspectives</b> <i>Organised in co-operation with the Inter-American Development Bank. (Topic to be determined)</i>
30 November – 1 December	<b>Poverty and Income Inequality in Developing Countries: A Policy Dialogue on the Effects of Globalisation</b> <i>In the framework of the research project on “Income Distribution and Global Interdependence”, this seminar will focus on determining policies to improve the income distribution effects of globalisation. Contact: <a href="mailto:richard.kohl@oecd.org">richard.kohl@oecd.org</a></i>
Winter 2000/1	<b>DAC / DEV – Fifth Informal Government-NGO Dialogue</b> <i>Contact: <a href="mailto:henny.helmich@oecd.org">henny.helmich@oecd.org</a></i>
(Dates to be determined)	<b>Corporate Governance in Developing Countries and Emerging Economies</b> <i>This policy dialogue meeting will examine the findings and policy implications of the Development Centre’s research on corporate governance. Contact: <a href="mailto:charles.oman@oecd.org">charles.oman@oecd.org</a></i>
(Dates to be determined)	<b>Latin America: Climate Policy and its Ancillary Benefits</b> <i>This regional policy dialogue meeting will bring together policy makers and experts on climate policy in the Southern Cone to discuss the findings of the project on “Responding to Global and Local Environmental Challenges”. To be held in Santiago in co-operation with the Universidad Catolica de Chile. Contact: <a href="mailto:david.oconnor@oecd.org">david.oconnor@oecd.org</a></i>

## ARRIVALS AND DEPARTURES

**Maurizio Bussolo** joined the Development Centre in May, to do modelling research on the environment and other areas. Maurizio spent one year at the Centre in 1994-95, before completing his Ph.D. at Warwick University and joining Fedesarrollo and the Universidad de los Andes in Bogotá, Colombia. His last job was with the Overseas Development Institute in London.

### Research Assistants

**Mohamed Chemingui** (Tunisia) joined the Centre's Emerging Economies Division on 17 April. In the framework of the research project on "Responding to Global and Local Environmental Challenges", Mohamed is collaborating in the preparation of a study on the impact of climate change policies in India, under the supervision of David O'Connor and Maurizio Bussolo.

**Ludvig Söderling** left the Centre on 30 June, after spending 3 years in the Research Division. We all thank Ludvig and wish him good luck in his new activities at the IMF in Washington.

**Jorge Velazquez** (Mexico) – joined the Centre on 3 April to collaborate with Richard Kohl on his project "Income Distribution and Global Interdependence". In addition to providing research assistance Jorge will also participate in the preparation of the conference on "Poverty and Income Inequality in Developing Countries: A Policy Dialogue on the Effects of Globalisation" to take place in Paris on 30 November-1 December 2000.

### Trainees

**Luz Amelia d'Ans** (France/Peru) worked with the Publications and Communication Unit from 5 June to 13 July where, under the supervision of Colm Foy, she collaborated in various activities of the Unit. Luz holds a "Maîtrise d'histoire contemporaine de l'Amérique latine". She is currently in her second year with the international section of the "Institut d'Etudes Politique de Paris" and is preparing a DEA "Etudes des Sociétés latino-américaines" at the "Institut des Hautes Etudes sur l'Amérique Latine" (IHEAL).

**Sabrina Chastang** (France) joined the International Policies Division on 26 June. Under the supervision of Daniel Cohen and Marcelo Soto, Sabrina is preparing statistical and econometric data as well as undertaking bibliographic research on the theme "Governing Finance and Enterprises: Global, Regional, National". Sabrina is in her second year at the University of Toulouse preparing a "Magistère d'économiste statisticien".

**Virginie Farkas** (France) joined the Centre's library on 19 June where, under the supervision of Michèle Alkilic, she collaborates in the filing of the various collections and other library-related tasks. Virginie also assisted in the logistical arrangements for the Asian Development Bank/Development Centre Forum held on 3-4 July 2000. She holds a "Licence de Droit International" and is continuing her studies this year towards a "Maîtrise". Virginie works part-time at the Centre (Mondays and Tuesdays).

**Luisa Caroline Frescura** (Italy) worked with the Publications and Communication Unit from 5 May to 2 June. Under the supervision of Colm Foy, Luisa collaborated in the establishment of a database for the dissemination of the Centre's activities. Luisa has returned to the University of Toronto to continue her studies in International Relations and Social Anthropology.

**Julieta Goldstein** (France/Argentina) joined the International Policies Division on 23 June. Julieta is collaborating with Richard Kohl on his research on globalisation and income inequality in developing countries, and will assist in the organisation of the conference on "Poverty and Income Inequality in Developing Countries: A Policy Dialogue on the Effects of Globalisation" to take place in Paris on 30 November-1 December 2000. Julieta is studying economics at the Universitat Autònoma de Barcelona.

**Mmadi Moindjie**, from the Ministère des Finances et du Budget of Comoros, spent 10 weeks with the Centre to collaborate on the project on multilateral tariff liberalisation, customs reform, and developing countries.

**Valérie Petit** (France) joined the Emerging Economies Division on 27 June where, under the supervision of Ki Fukasaku, she is preparing statistical and econometric data and undertaking bibliographic research in the framework of the research project "The Integration of Developing Countries into the World Trading System". Valérie is in her second year at the University of Toulouse preparing a "Magistère d'économiste statistique".

**Kaori Shiotsu** (Japan) joined the Emerging Economies Division on 5 June where she is working on the conditionalities of the Lomé V Convention in the context of the research project on "Developing Countries and the Millennium Round". Kaori is preparing a DESS in "Développement et Coopération Internationale" at the University of Paris I Sorbonne.

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