
Preface

In the early weeks of 2002, the development community was gearing up for the first United Nations Conference on Financing for Development, to be held in March in Monterrey, Mexico. That conference was to set ambitious benchmarks for both rich-country donors and developing countries for financing the investments critical to achieving the Millennium Development Goals. Discussions about those benchmarks focused on the obligations of the rich countries, especially to increase foreign aid, and the obligations of the developing countries, especially to improve their policies and implement sound programs.

Much of the technical work to back up the policy discussions at the United Nations was undertaken, not surprisingly, at the World Bank—the global financial institution. For the first time in decades, foreign affairs ministers and other officials active in UN affairs and financing and central bank officials active at the World Bank and the International Monetary Fund (IMF) were collaborating on the politics and policies for international development.

But the focus on country responsibilities and global communities was overlooking the centrality of *regional* issues to the development challenge and the ongoing and potential contribution of *regional development* institutions. Norway's international development minister, Hilde Frafjord Johnson, therefore asked her colleagues to take steps to rectify that situation. With the advice and collaboration of Norwegian officials and Enrique Iglesias, the president of the Inter-American Development Bank (IDB), and in close cooperation with the Institute for International Economics, the Center for Global Development thus planned and undertook the conference on regional development issues and the role of regional development

banks in financing development. The technical work for the conference forms the core of this book.

We convened a small number of the world's most distinguished current and former ministers of finance and development and central bank governors to join with leading policy and academic experts in two days of informal and frank interaction. The enormous interest in the subject was reflected in the broad partnership that was formed in the organization and sponsoring of the meetings, including not only the government of Norway and the IDB but also the Mexican government and the Group of 24.

This book consists of four main papers prepared as background for discussion and the edited transcripts of the invited discussants' comments. Liliana Rojas-Suarez, who played a key role for the Center in planning the agenda and who wrote one of the background papers, joined me in preparing the introductory chapter after the conference. That chapter identifies the common thread that runs through the different aspects of regionalism as a tool for financing development analyzed in the following chapters.

As in any collective endeavor, the list of institutions and people to whom Liliana and I owe our gratitude is large. This book would not exist without the support and collaboration of many colleagues. We are indebted to Fred Bergsten, director of the Institute for International Economics, for his close collaboration on one of the Center's earliest major undertakings. The government of Norway and the Inter-American Development Bank (IDB) provided both financial and technical support. We are grateful to Jan Erik Leikvang and Trond Lindberg of the Ministry of Foreign Affairs, Norway, and to Minister Council Kristian Oedegaard, who, in the initial stages of planning this project, convinced us of the importance of carrying it to completion. We also thank Leiv Lunde of ECON, Norway, who, as a consultant to the government of Norway, was a continuous source of ideas in identifying the major themes that are discussed in this book. Leiv's colleague, Per Schreiner, lent us a valuable hand in summarizing the major conclusions from the conference. All of them were active in attracting the key participants and motivating the discussion and debate reflected in this book. We are particularly grateful to Minister Hilde Frafjord Johnson who, in addition to her initial inspiration, was a key participant in the final session of the conference and wrote the foreword for this book.

The key role of the IDB needs to be deeply acknowledged. President Enrique Iglesias embraced this project from its conception and provided numerous ideas that helped shape this book. He was also the reason behind the active participation of high-level officials from regional development banks in the conference. Some of them, including Omar Kabbaj, president of the African Development Bank, and President Iglesias himself contributed to this book. As always, Euric Bobb, the chief of staff to the president at the IDB, was a driving force in the initial stages of

organization and planning of the project. Thanks are also due to the executive directors of the IDB, Paal Aavastmark of Norway, and Augustin Garcia-Lopez of Mexico for their energy and efforts to ensure the success of the meetings.

A number of conference participants provided critical and useful comments that helped Liliana and me to write the introductory chapter. Among those were Burke Dillon, former vice president of the IDB; Oscar DeRoja, executive director, UN Financing for Development Secretariat, United Nations; Barry Herman, chief of the finance and development branch, United Nations; Roberto Junguito, former minister of finance of Colombia; William Larralde, director, Group of 24; Karti Sandilya from the Asian Development Bank; Gerald Ssenduala, minister of finance of Uganda; and Richard Webb, former president of the Central Bank of Peru.

Albert Fishlow and Rudolf Hommes reviewed the entire manuscript and made important comments that significantly improved the quality of the book, especially the introductory chapter.

The conference could not have been successful without the excellent help provided by Sarah Lucas and Angela Gillespie of the Center and Isabella Obnial Platon, who were deeply involved in every aspect of the organization of the conference and made themselves available well beyond the call of duty. We are also grateful to our production and publishing team at the Center, especially Andrew Stober and Noora-Lisa Aberman, as well as Marla Banov, Madona Devasahayam, and Valerie Norville at the Institute for International Economics. With his usual proficiency, Michael Treadway brilliantly edited the first version of the book.

Finally, our deepest gratitude goes to the contributors of this edited volume, in which the reader will find a candid and forthright debate on the relevance of regionalism to the politically charged issue of how to better finance development. Exchange of views rather than consensus characterizes the tone of this volume. We are enormously grateful to our colleagues for their willingness to express their opinions and proposals in a straightforward manner and for dealing with difficult issues in a way that reflects both excellence and ability to communicate innovative and complex ideas.

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The Center for Global Development is an independent, nonprofit policy research organization dedicated to reducing global poverty and inequality and to making globalization work for the poor. Through a combination of research and strategic outreach, the Center actively engages policymakers and the public to influence the policies of the United States, other rich countries, and such institutions as the World Bank, the IMF, and the World Trade Organization (WTO), to improve the economic and social development prospects in poor countries.

The Center's Board of Directors bears overall responsibility for the Center and includes distinguished leaders of nongovernmental organizations, former officials, business executives, and some of the world's leading scholars of development. The Center receives advice on its research and policy programs from the Board and from an Advisory Committee that comprises respected development specialists and advocates.

The Center's president works with the Board, the Advisory Committee, and the Center's senior staff in setting the research and program priorities and approves all formal publications. The Center is supported by an initial significant financial contribution from Edward W. Scott Jr. and by funding from individuals, philanthropic foundations, and other organizations.

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