

Development Policy Seminar Series

“Innovative Development Finance” presented by Dr. Dilip Ratha

Three innovative development finance approaches will be presented in this seminar. First, will be the “diaspora bonds.” The governments of India and Israel have raised about US\$40 billion by tapping into the wealth of their diaspora communities to support balance of payments needs and to finance infrastructure, housing, health and education. The second approach is the securitization of diversified payment rights (DPRs), which include all hard-currency receivables that come through the international payments system. The diversity of the origin of these flows provides some stability to the sum of the flows and makes securitization feasible. During 2002-2004, for example, when Brazil had difficulty accessing international capital markets, many Brazilian banks securitized future hard-currency DPRs to raise about US\$5 billion. And the third approach is the floating of growth- or performance-indexed bonds, which pay less during an economic slowdown and more during an expansion. These bonds could generate counter-cyclical fiscal resources in developing countries.

Dilip Ratha is a Lead Economist and the Manager of the Migration and Remittances Unit at the World Bank in Washington, DC. He acts as focal point for the Bank’s activities and international partnerships on migration and development. Dr. Ratha is also the CEO of Migrating out of Poverty Research Consortium and a Visiting Professor of Economics at the University of Sussex, UK. He advises many governments and international fora including the Global Forum on Migration and Development, the Global Remittances Working Group, and World Economic Forum Global Agenda Council on migration. His expertise includes migration, remittances, and innovative financing. Prior to joining the World Bank, he was a regional economist for Asia at Credit Agricole Indosuez, Singapore; an Assistant Professor of Economics at the Indian Institute of Management, Ahmedabad; and an Economist at the Policy Group, New Delhi. He has a Ph.D. in economics from the Indian Statistical Institute in New Delhi.