

Sarah Weber, Class of 2005: Catholic Relief Services, Africa



Sarah Weber greets a village leader in Ghana.

Sarah Weber jumped right into African development upon graduating from IPED in 2005. She received Fordham's prestigious "International Peace and Development Scholarship" to intern for six months with Catholic Relief Services in Ghana. Having proved her professional capabilities, CRS Liberia offered Sarah a Program Manager position four months into her internship. Less than a year after graduating from IPED, Sarah was managing a \$4 million budget and building upon her academic background with a wide range of management skills.

According to Sarah, the most challenging aspect of working in development has been her own realization that U.S. foreign policy and domestic politics may in fact be constraining poverty alleviation efforts and influencing the nature of international development pro-

grams. "Cotton farmers in West Africa would probably improve their standard of living much more quickly and easily if the U.S. did not subsidize its own cotton industry," says Sarah. "Instead, they are being encouraged to start alternative microeconomic activities even though they have a comparative advantage with cotton." The adverse effects of such policies on the African poor have been a difficult reality for Sarah to reconcile with her professional ambitions.

But the principles of human dignity and solidarity guiding CRS give Sarah real hope. CRS takes a holistic approach to development, focusing on immediate needs while also addressing long-term, structural factors. Instead of a top-down strategy, Sarah explains that CRS works with local partner organizations to strengthen them and

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What is IPED?

It stands for the International Political Economy and Development Program at Fordham University, New York City: a program that trains graduate students in the advanced interdisciplinary analysis of global economic relations and international development issues. Graduates work in the diverse fields of research, policy planning, economic analysis, public administration and general management.

Current Issues is a student-run newsletter of Fordham's IPED Program. It aims to share with prospective students and friends in the academic, non-profit, government and corporate community IPED analysis and experience in economic and humanitarian development.

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Angolan woman participates in an Adult Literacy Class. This study suggests that investment in education improves economic growth.

The Politics of Growth

By Chengguang Zhao

The driving forces behind economic growth are elusive. From the Marshall Plan to the Millennium Development Goals, governments continue to devise plans to spur economic growth in developing countries. So far, there have been few results. This study examines four widely debated determinants of growth: governance, investment in human capital, economic policies, and landlocked location, to see what effects, if any, each has on the economic growth of poor countries.

For the dependent variable, per capita GDP growth from 2006 (G06) is used as a proxy for economic growth. For the independent variables, data from nearly 100 low-income and medium-income countries is employed from a 2005 data set of the Millennium Challenge Corporation (MCC), a recent initiative of the U.S. government to target development assistance. The MCC uses sixteen indicators to determine a country's eligibility for aid. I aggregated and standardized these indicators into

their three general categories: "aggregated ruling justly" (ARJ), "aggregated investing in people" (AIP), and "aggregated economic freedom" (AEF). I incorporate per capita GDP growth from 2005 (G05) into the model to control for the effects of past policies. Finally, I test whether a country's landlocked position, and lack of easy access to world markets, affects its growth, by using the dummy variable LL and the variable LL*AEF.

My model is:

$$G06 = \beta_0 + \delta LL + \beta_1 ARJ + \beta_2 AIP + \beta_3 AEF + \gamma (LL * AEF) + \beta_4 G05 + u$$

My results suggest that if a poor country were to improve their governance by one standard deviation, it can expect slightly higher growth than the average poor country. In addition, if a poor country were to improve its investment in health and education by one standard deviation, it can expect to improve its economic growth by about a 2% increase in per capita GDP growth.

Surprisingly, if a poor country increases its neoliberal economic

policies, my findings suggest that it can expect a 2.5% loss in per capita GDP growth. The results are even worse for landlocked countries, which can expect about an 8% drop in growth. In addition, the momentum of economic growth from the previous year carries over and influences the economic growth of the current year. All else held constant, a 10% increase in economic growth in 2005 would translate to a 5% increase in economic growth in 2006.

This study confirms the Millennium Challenge Corporation's implicit assumptions that good governance and investment in human capital are helpful for economic growth. However, the findings call into question neoliberal economic policies as the best approach to promoting economic growth in poor countries. This study also confirms that the best predictor for future performance is past performance and factors outside of human control, such as geography, can make a difference. Further studies should focus on a multi-year, cross-country analysis.

Microfinance and Women's Empowerment

By Bridget Bucardo Rivera

Microfinance, or the provision of financial services to poor individuals, is one of the hottest issues in development today. According to the World Bank, approximately ninety percent of people in the developing world are unable to access financial services from formal institutions. The movement to fill this gap for low-income people has grown tremendously in recent years.

Women are the primary focus of microfinance programs. Access to credit can help women to increase their incomes, participate in economic activities outside of the home, strengthen their social networks and even redistribute household duties. Conversely, some research has shown that, in certain countries, a microloan can exacerbate an already repressive home situation.

This study examines the relationship between women's empowerment and microfinance. It draws on data from 50 developing countries. The first independent variable tested is earned female income (*income*), since the ability for women to earn income and work outside the home is thought to result in greater authority within the family unit, greater independence, and stronger agency. The second independent variable is the level of poverty in a country (*pov*),

represented by the percentage of people living on less than US\$2 per day. The last independent variable is access to financial services (*faccess*), represented by the percentage of the population with access to an account with a financial intermediary.

For my dependent variable, the Gender-related Development Index (GDI) is used as a proxy to measure female empowerment against the three independent variables. The model is:

$$GDI = \beta_0 + \beta_1 \text{income} - \beta_2 \text{pov} + \beta_3 \text{faccess} + \mu$$

The findings suggest that for every \$1,000 increase in female

income in a developing country, female empowerment can be expected to rise by 0.2. The model also suggests that access to credit as well as poverty level have no significant effect on female empowerment in the developing world.

This study points to the need for careful monitoring of microloans to women in developing countries. For loans that stay in women's hands and contribute to their income, increased female empowerment can be expected. Thus, the findings suggest that well-administered microfinance can serve as an effective way to empower women in the developing world. ■



Fish pond project provides income for Bangladeshi women.

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empowers communities to meet their own needs. "There is real value in the processes we use and the relationships we have, instead of only an emphasis on the final product."

As a Program Manager in Liberia, Sarah managed a large emergency-to-development transition program that provided food assistance to

refugees and Internally Displaced Persons who were returning to Liberia after its civil war. Currently, Sarah serves as the Resource Management Coordinator for CRS Benin, where she manages the food commodities, finance and administration departments, while also participating in proposal development, especially in the preparation of budgets.

For those interested in a career in international development, Sarah shares some practical advice. "The most qualified candidates will have an understanding of basic finance and accounting principles. A program manager has to understand and manage a budget." In all her roles with CRS, Sarah has found her IPED background to be invaluable. ■

FACULTY NOTES FROM DR. BOOI THEMELI



Dr. Booi Themeli is a Clinical Assistant Professor of Economics and Director of the Africa Rising Project at Fordham University. His IPED course, "African Economic Development," is offered in the summer.

Growing up in one of the poorest provinces of South Africa, Dr. Booi Themeli became interested in economic development at a very young age. He saw how deep development problems were often met with responses designed to benefit the urban wealthy instead of those who needed it most. From this first-hand experience, Dr. Themeli became acutely aware of the critical need for "economists and policymakers to search for strategies on how poor countries can best achieve economic growth and development in the face of rising global disparities." In both his research and teaching of African development, Dr. Themeli articulates his belief that Africa is rich in intelligent people and natural resources. If utilized efficiently, "African leaders can put their nations on a path of significant economic growth for the benefit of their people."

As part of his current research, Dr. Themeli is examining the "economic viability and sustainability of private sector development in Sub-Saharan Africa, as well as the possibility of establishing regional trading blocs in Africa." Through Fordham's Africa Rising Project, which Dr. Themeli directs, he is planning a newsletter that will bring attention to the economic progress of Africa and inspire students to get involved.

"Africa represents great challenges and great hope," says Dr. Themeli. Africa's obstacles to development include "large pockets of poor political leadership, political instability, weak social infrastructure, poverty, epidemics and capital flight, among other problems." As a result, "the continent cannot generate or sustain respectable rates of economic growth," he says.

Despite these challenges, Dr. Themeli sees many positive signs as well. "Literacy rates are rising, democracy is slowly taking hold, a sizeable number of countries have held multiparty elections over the past five years, and investor-friendly policies are taking root. In fact, growth rates have been impressive in countries such as Gabon, Benin,

Botswana, Tanzania, Angola, Mauritius, Ghana, Kenya, Uganda and several others," he explains. Corruption has also been on the decline. If globalization is well managed and negotiated, Dr. Themeli believes that the fruits of development for Africa could be abundant.

In the years to come, Dr. Themeli envisions himself continuing to be part of a community of "agents of positive change" at Fordham and hopes that both his research and teaching on African economic development will lead to a deeper appreciation of Africa's importance to the world's interests, especially in the areas of trade, economic development and education. ■

Arrupe Fellowships

Designed to attract into the IPED Program highly qualified applicants who have a strong interest in pursuing a career with a non-profit international relief and development organization, the Arrupe Fellowship consists of a tuition scholarship, a generous living stipend, and an additional stipend for an overseas summer field placement in either Latin America or Africa. The application deadline is early January for the following Fall Semester.

For further information:
www.fordham.edu/iped/aid.html

