Inclusion and Development

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Risks to sustainable growth

- Economic and financial shocks
- Rising climate-related disasters
- Rising inequalities
Inclusion as key to sustainable growth

- Facilitates greater sharing of the gains
- Draws on all segments as sources of growth
Three Ingredients of Inclusion

- Entrepreneurship
- Innovation
- Governance
Need for careful analysis

Example: Health Reform Project in Tver and Kaluga in Russia
Entrepreneurship

- Human capital and growth
- Education inequality
- Access versus quality
- Markets, relevance, skills
Skill Intensive Exports: in China and India

Composition of PRC’s manufacture exports to ROW

Composition of India’s manufacture exports to ROW

Note: PRC = People’s Rep. of China, ROW = rest of the world
Entrepreneurship: Skills training

Market-aligned and industry-matched training

- IT-based training
- Provides assistance for start-up microenterprises
  - equipment on lease
  - startup financing
  - mentoring and monitoring
- 4000+ graduates with 70% placement (as of 2010)
- 60+ startup businesses (as of 2010)
Innovation

- Productivity gains
- Changing constraints
- Lessons of experience
- Scaling up
Innovation: Raising capital

Access to finance

Vanuatu: Sandalwood Program of Vanuatu Women’s Development Scheme (VANWODS)

- Sandalwood trees used as collateral (sandalwood seedlings are provided)
Governance

• Right incentives
• Accountability
• Transparency
• Participation
• Targeting and leakages
Governance: Transparency in Service Delivery

Citizen participation and monitoring

Philippine textbooks

- Costs were substantially reduced
- Production time was cut in half
- $3.6 million savings from books that did not disappear in transit

Governance: Outcomes of Microfinance

Pakistan
- Average loan amount: $195
- Percentage of clients below poverty line: 14%
- Impact: hardly any positive welfare effects on the poor

Viet Nam
- Average loan amount: $1,972
- Percentage of clients below poverty line: 1.3%
- Impact: yielded positive direct effects on welfare of non-poor borrowers
Conclusion

- Tie human capital development to entrepreneurship
- Place a premium on innovation
- See better governance as crucial for results
Thank You!

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