

Productive Collaborations between Development Practitioners and Academics\*

by

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There are different kinds of gifts, but the same Spirit. There are different kinds of service, but the same Lord.

1 Corinthians 12:4-5

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Poverty is fundamentally multidimensional, with significant complementarities across its constituent dimensions.<sup>1</sup> This observation has important implications for practitioners who provide services to the poor, and for academic researchers seeking to understand and explain poverty: collaboration is crucial. Practitioners addressing one component of development can enhance their effectiveness by coordinating their efforts with NGOs, churches and government organizations providing other services for the poor. Similarly, researchers from one academic discipline can gain a better understanding of poverty by seeking out other disciplinary perspectives. The most fruitful studies of poverty are likely to involve collections of scholars willing to transcend disciplinary boundaries.

At the same time, collaborations within groups of practitioners (or academics) can be challenging to implement. Different development practitioners often have diverging missions, time horizons, and target populations, and this can hamper their ability to work together to help the poor. Coordinating the efforts of several organizations – even those with congruent long run objectives – can entail significant transactions costs. Within the academy, there are substantial barriers to the cross-disciplinary collaboration needed to study poverty in all its dimensions. This arises in part from the longstanding academic tradition that rewards are decided within the faculty member’s home department with contributions across disciplinary lines being undervalued, thereby discouraging interested faculty from venturing outside disciplinary bounds. Early-career researchers, in particular, have a strong disincentive to engage in the multidisciplinary research needed to understand poverty. Even so, when there is a shared vision and a common purpose among participants, such “within group” collaboration can thrive despite the presence of structural impediments.

“Across-group” collaborations between development practitioners and academics face even more daunting challenges. To begin with, practitioners and academics have rather different

incentive structures. Academic institutions reward faculty on the basis of their research and teaching (with greater emphasis on research at most research universities); outreach efforts are typically not part of the equation. Consequently, faculty have little institutional incentive to participate in collaborations with practitioners. In contrast, academic research and teaching are not high on the development practitioner's list of concerns; effective outreach is typically the main objective. Academics have the luxury of time and can spend long hours crafting a paper for publication or presentation. Practitioners have more immediate and tangible concerns. Even the very language used by academics and practitioners can be vastly different.<sup>2</sup> In light of this, a natural question to ask is: what basis is there for collaboration across the groups?

My contention in this paper is that despite fundamental differences in incentives, orientation and even language, there are significant potential benefits from partnerships between practitioners and academics, at both the individual and institutional levels. The laboratory of the academic social scientist is the real world – an environment where development practitioners work on a daily basis and have amassed substantial practical and institutional experience. Their familiarity with the community makes them valuable to the academic researcher; they have information on local conditions and can even provide access to key populations that the researcher is interested in studying. A dialog with practitioners can lead to the identification of important research problems. Informed observations by practitioners can help shape the models developed by theorists as well as the hypotheses that applied researchers will later test. Case studies of practitioners' programs can provide insights helpful for formulating general development solutions for policy researchers. Some innovations in development practice, such as the Grameen Bank discussed below, have led to entirely new subfields for investigation as academic researchers try to understand and evaluate them. Practitioners can take a more active role in knowledge creation by working with researchers to design experiments for evaluating the

effectiveness of alternative development strategies. And partnerships between the university and groups providing services to the poor can advance the university's outreach mission while at the same time offering new educational experiences for students – such as internships and service learning. In sum, the potential benefits to academic researchers and their institutions from collaborating with practitioners are not unsubstantial.

In a similar fashion, links with the academic research community can help the development practitioner in several ways. The typical academic has a great deal of knowledge – both general and specific – that may have value to the practitioner. At the most general level, the economist can provide a clear picture of how markets work and when they don't work, the role of the government, and many other contextual features in an economy. An academic with specific experience in the practitioner's field can help by anticipating future needs in the target population. The academic can be a valuable partner in the design of new programs and the improvement of existing programs. Most importantly, academics can provide an independent evaluation of ongoing programs to ensure that they are doing what they are meant to do. The feedback from such an evaluation can lead to improvements in the operations of the practitioner's organization, while an unusually favorable evaluation can push it into the spotlight as an example for other practitioners to follow – an excellent example being Mexico's Progres-Oportunidades program described below. An ongoing link with a university can add credibility to the practitioner's organization and expand its resource base to include student and faculty effort and expertise. And since academia is a network, affiliation with a key node on that network places the practitioner in a position to access a remarkable reservoir of resources. Thus, significant benefits from collaboration may travel in the other direction as well.

To bring this point home, let us examine the cases of two organizations that have had particularly successful collaborations over the years. The first is the Grameen Bank, a

remarkable nonprofit from Bangladesh created to address a central problem of the poor – the absence of a functioning credit market for persons whose only asset is their own labor. Without the ability to borrow funds, it is impossible for potentially productive, but poor, small-scale entrepreneurs to start up or expand. The hopeful picture painted by economic theory – in which scarce resources move rapidly to their most efficient uses – breaks down. What form of institution can redress this “market failure” and allow the poor to become participants in the marketplace? One answer is the Grameen (“Rural” or “Village”) Bank of Bangladesh.

The Grameen Bank is a credit union-like non-profit organization that provides small loans to the landless poor in Bangladesh using a fund that has been built up from grants from various sources, including individual gifts, foundation grants, and payments from previous borrowers. Over 90% of recipients are women, who typically use loans to buy tools and equipment necessary to engage in small-scale, income-generating enterprises, such as “paddy husking, lime-making, manufacturing such as pottery, weaving, and garment sewing, storage and marketing and transport services.”<sup>3</sup> No explicit collateral is required to obtain the loan. Instead, the Grameen approach requires participants to adhere to certain norms of behavior and to join a network of participants that supports the efforts of borrowers. Central to this structure is the five-person local borrowing group, whose members receive individual loans in series, contingent upon the performance of other group members. Consequently the group members are highly motivated to support and monitor each other.

There are several aspects that make the Grameen Bank a notable example for development specialists. First is the relative *sustainability* of the system, as the default rate for Grameen loans is quite low – less than 5% – despite the absence of collateral. This ensures that the scarce resource, financial capital, is recycled among many borrowers. Second is the *targeted* approach with which participants are selected. To concentrate its efforts on the poor, a series of

criteria have been established for identifying potential participants and encouraging them to participate. Third is the *gender* focus of Grameen, which acknowledges that women are the primary agents of development and directs most of its loans accordingly. Fourth is the *scale* of operations of the Bank. There are approximately 3.2M members of the Grameen Bank across Bangladesh and since its inception the Bank has disbursed a total of \$4.2B with about \$35M in loans being made in any given month. Fifth is the fact that the program has been *replicated* many times across the world. Grameen has been as much responsible for the micro-credit revolution as any organization and has from its earliest days been concerned with documenting its approach and advising others on how to set up local versions to provide credit to the poor of other countries. As of today, there are approximately more than 150 micro-credit programs worldwide that model themselves after Grameen Bank.

For purposes of the present discussion, it should be noted that Grameen has a stated policy of collaboration with other likeminded organizations, and has joined forces with many such organizations.<sup>4</sup> While the direct impact of academic research on the Bank's methods has been limited, the influence of the Grameen Bank on development policy and theory has proved to be quite significant, resulting in a new literature on microcredit institutions.<sup>5</sup>

Dr. Muhammad Yunus, the founder of the Grameen Bank, received his graduate training in economics from Vanderbilt University, and was an economics professor at Chittagong University in Bangladesh when the devastating conditions in his country led him to take on the mantle of practitioner and create Grameen.<sup>6</sup> He found the problems of his country to be beyond the ken of the economics of the day and instead sought out a novel and practical solution to the problems facing the poor. The Grameen approach was developed over time through trial and error, and while this process was primarily guided by practical considerations, there is no doubt that the innovative structure of Grameen benefited from the academic background of its

founder.<sup>7</sup> Indeed, the design of Grameen relies on a fundamental appreciation of the role of incentives – a key theme of modern economics that is perhaps less emphasized in other academic fields and is often overlooked in the fashioning of social programs.<sup>8</sup>

The emergence of a financial institution that lends money to landless poor with high rates of repayment sparked interest among academic economists to understand the underlying incentive structure that could sustain it, and so the Grameen Bank has been the subject of a great deal of academic research. Over the years, Grameen has been visited by faculty, interns and students, who have documented the methodology used by Grameen and explored it from various disciplinary points of view. In addition, there have been a number of formal evaluations of the Grameen Bank done by independent research organizations – a fact that is noted on the Bank’s website and provides additional validation for its activities to outside parties and potential supporters. The interaction between practitioner and academic researcher has played a key role in this innovative organization and it has clearly made its mark on subsequent academic research.

A second example of productive collaboration can be found in an innovative government program designed to encourage poor families in Mexico to invest in the health, nutrition and education of their children. For poor parents, the opportunity cost of allowing children to continue in school is relatively significant and rises with age, which results in a much higher dropout rate among poor children and especially among poor girls. The absolute cost per student is often quite small in comparison to the long run benefits to the family and society, since education is one of the main avenues by which the cycle of poverty can be broken. Is there a strategy that might be used to address this market failure? The home-grown solution implemented by Mexico in 1997 was Progresa, or the Programa de Educación, Salud y Alimentación (the Education, Health, and Nutrition Program), which was later expanded by the Fox government under the name Oportunidades.

Progresa-Oportunidades is a program that uses a system of contingent monetary transfers to encourage a participating family to make human capital investments in its children. Mothers receive a cash transfer when children go to school regularly and are taken to the health clinic; a second grant ensures they receive proper nutrition. The transfers are substantial – on average, they represent approximately 22% of family income. The program initially focused on rural families, but was recently expanded to include urban dwellers and to provide incentives for students to complete secondary school.

The program is of interest to the development specialist for several reasons. It has exhibited an unusual degree of political *sustainability*, since it was initiated by one party and then retained and expanded by an opposing party when it took office. This is likely due to the general perception that it is an efficient, locally created program that is actually working. A central component of the program's structure is its *targeting* method, which ensures that more funds are made available to objectively poorer areas. The result is a cost effective program with a lower level of leakage than many comparable programs. The *scale* of the program is likewise notable as it serves more than 2.5M rural families in Mexico (about one ninth of all families) and has an annual budget of approximately \$780M.<sup>9</sup> The program is sensitive to *gender* in two important ways. First, its payment scheme provides a higher transfer for girls in order to reverse the existing trend for girls to drop out more readily than boys. Second, payments to the family are made to the mother in expectation that she will make the best use of them on behalf of the family. Finally, the success of the program has led to its being *replicated* in the region and worldwide, with countries such as Honduras and Nicaragua modeling or modifying programs in line with the Mexican approach.

Of particular relevance to the present discussion of collaboration, there has been a pervasive influence of academic researchers on Progresa-Oportunidades since its inception – a

strong link that continues to this day. The origins of the program can be traced to a paper by Santiago Levy, who was then a professor at Boston University and is currently the Social Security Administrator in Mexico.<sup>10</sup> A central theme of this paper is the multidimensionality of poverty and the need to address several dimensions at once (education, health and nutrition) to break the intergenerational transmission of poverty. He also noted that such a multifaceted investment program would require a close targeting of the resources directed to the poor, a process that could be aided by the use of decomposable poverty measures which had just been developed by researchers.<sup>11</sup> In August 1997 President Ernesto Zedillo of Mexico (himself a Ph.D. in Economics from Yale) inaugurated the new program.

Under the guidance of Dr. Levy, who became Deputy Finance Minister, Progresa was rolled out in such a way to facilitate subsequent research and evaluation of the program. Base-line surveys were taken and, in order to differentiate between the treatment and controls groups in subsequent surveys, the timing of a community into the program was randomly assigned. The resulting quasi-experimental design yielded data that allowed a sophisticated evaluation of many of the intended impacts on the education, health and nutrition of children. The International Food Policy Research Institute was called in to undertake a formal, independent evaluation of Progresa; reports were delivered to the government in 2000/1 and made available on the IFPRI website.<sup>12</sup> This exhaustive evaluation and the substantial academic literature on Progresa that followed provided significant support for the program, strengthening the political will behind it and allowing it to survive a change in government. Indeed, the Fox administration has expanded the program to incorporate urban families and to include the final years of secondary education.<sup>13</sup> In order to design and evaluate the changes, the government has standing panels of leading academic experts who convene from time to time. It is safe to say that the impact of academic researchers on this real-world program has been, and continues to be, fundamental.

The above two examples were selected in part because of my familiarity with them. More importantly, though, they are two successful development programs that illustrate the kinds of relationships that are possible between practitioners and academic researchers. I suspect that there are a great many other potential partnerships out there that would provide substantial gains to both parties. If so, a natural question arises: how can productive collaborations between academics and practitioners be facilitated? The simple answer is to create supportive spaces where potential collaborators can meet and learn about each other, with a prime example being this conference itself. But the venue can be much less formal, such as regular lunches for academics at a local NGO, or invitations to practitioners to present seminars at the local university. A thematic website can go a long way to bring various parties with common interests together, virtually speaking. In general, creating social capital, either from the ground up or more traditionally from existing social structures, provides a fertile source for future collaborations.

The university can play a central role in providing infrastructure for cooperation. My own institution, Vanderbilt University, has recently embarked on a bold program of new trans-institutional centers to encourage faculty from the various schools and colleges to address research questions that are broader than any single department or school. In addition to supporting the research and educational missions of the university, these centers will be a portal through which the external community can connect with university faculty and students on outreach and research activities. For my own part, Douglas Meeks of the Divinity School joins me in leading a study group in our new Center for Religion and Culture to explore the intersection between religion and economy and the implications for economic development and poverty. Through this group, and through a second center I direct in the Arts College,<sup>14</sup> we hope to create an environment that supports the kinds of collaborations between academics and practitioners discussed above.

Finally, we should not overlook the key role that our shared beliefs can play in directing academics and practitioners toward a common purpose. As Christians, our fundamental goals, our orientation, and even our “language” are aligned. Christ said we are to have compassion for our neighbor (whoever and wherever the neighbor might be) and we are invited to act upon this compassion to fulfill God’s purpose. While the skills that practitioners and academics bring to the table are different, the Spirit within us is the same, and we all serve the same God. This is indeed a strong foundation for productive collaboration.

## Endnotes

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<sup>1</sup> See, for example, World Development Report 2000/2001, *Attacking Poverty*, Oxford: Oxford University Press, 2001.

<sup>2</sup> A related discussion may be found in Brooke Ackerly, “Networking and Collaboration for Women’s Human Rights: Activists, Scholars, and Donors,” mimeo, 2004, Department of Political Science, Vanderbilt University. The author also makes the interesting point that donors can be helpful in creating collaboration between practitioners and academics.

<sup>3</sup> See <http://www.grameen-info.org/bank/bcycple.html>.

<sup>4</sup> Examples include as the Family Planning Association of Bangladesh, Hewlett-Packard, and Monsanto. The Grameen website <http://www.grameen-info.org/agrameen/> states the following: “We welcome people and organizations from all over the world to contact us and let us know how they would like to work in partnership with our existing organizations and/or propose new ideas that may lead to new business ideas which fulfill the social development objectives and organizations in the Grameen Family.”

<sup>5</sup> See the list of research papers at <http://www.grameen-info.org/bank/biblio.html> or the references in Jonathan Morduch, “The Microfinance Promise,” *Journal of Economic Literature*, Volume 37, 2002, pp. 1569-1614. Note that a substantial portion of this literature is theoretical in nature – an interesting example where theory followed the lead of practice.

<sup>6</sup> Dr. Yunus started with the Graduate Program in Economic Development, a Master’s program that I currently direct, and completed his training in Vanderbilt’s Ph.D. program.

<sup>7</sup> See the article by my colleague Professor Gian Sahota entitled “Microcredit and Economic Theory” in *Grameen Dialogue*, Number 42, April, 2000, p. 1. Professor Sahota served on the Ph.D. committee of Dr. Yunus.

<sup>8</sup> Academic interest in incentives and strategic behavior has greatly increased in recent decades, which partly explains the great interest in Grameen.

<sup>9</sup> As of 2000; see Emmanuel Skoufias, “PROGRESA and its Impacts on the Human Capital and Welfare of Households in Rural Mexico: A Synthesis of the Results of an Evaluation by IFPRI,” December 2001, Mimeo, International Food Policy Research Institute, Washington, D.C.

<sup>10</sup> Santiago Levy, “La Pobreza Extrema en Mexico: Una Propuesta de Politica,” *Estudios Economicos*, January-June 1991, pp. 47-89.

<sup>11</sup> He suggested the use of the FGT indices (developed in James Foster, Joel Greer, and Erik Thorbecke, “A Class of Decomposable Poverty Measures,” *Econometrica*, May 1984, pp. 761-766), the formula of which became part of the associated Mexican Law. In his speech inaugurating PROGRESA, President Ernesto Zedillo explicitly mentioned its use of poverty measures in targeting resources appropriately. See [http://zedilloworld.presidencia.gob.mx/PAGES/library/sp\\_06aug97.html](http://zedilloworld.presidencia.gob.mx/PAGES/library/sp_06aug97.html).

<sup>12</sup> See <http://www.ifpri.org/themes/progresaprogresareport.htm>.

<sup>13</sup> It is interesting to note that the extension to the final years of secondary school involves the creation of a fund similar to an Individual Development Account for each student – a structure that has been used by churches and other organizations to help the poor build wealth. See <http://www.cfed.org/main/indivAssets/main.htm>.

<sup>14</sup> The Center for Research on Economic Development and Information Technology (CREDIT) will explore strategies to harness the new information technologies to help the poor help themselves.