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.

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