

USAID ECONOMIC GROWTH OFFICERS CONFERENCE
OCTOBER 15-19, 2007
WASHINGTON, D.C.

Session Title: What Makes Growth Pro-Poor?

Date and Time: Monday, October 15, 4:00 p.m.

Type of Session: Plenary

Speaker(s): Louise Cord, World Bank

Moderator: Don Sillers

Overview of Session:



Louise Cord addresses workshop attendees. Photo by Paul Goodman.

Louise Cord highlighted the relationships among growth, inequality and poverty reduction – noting that the impact from increases in growth can be offset by the often subsequent increases in inequality. She emphasized that good microeconomic policies and a conducive structural environment (such as education, infrastructure and social services) are important for shared growth. Finally, she noted that good governance results in pro-poor growth.

Speaker's Remarks:

Louise Cord began her discussion noting that inequality matters but affects different countries differently. In countries that are poor and unequal, growth matters most but in richer and more unequal countries changes in inequality matters.

There is a growth-inequality-poverty triangle where impacts due to increases in growth can be offset by inequality; in Vietnam increases in inequality reduced the fall in poverty by about 3 percentage points and in Uganda if inequality hadn't increased the poverty rate would have been 8 percentage points lower.

To encourage pro-poor and broad-based growth, she identified three strategy options:

- Optimizing both growth and distribution (ideal but not feasible)
- Optimize growth then redistribute (but challenges to growth still exist and political economy makes this difficult)
- Shared Growth – which requires stable macro and fiscal policies, conducive structural policies and investment climate, investments to enhance productivity of the poor (including education, health, infrastructure) and good governance (commitment to poverty reduction)

On the whole governments seem to have decent macroeconomic policies how microeconomic reforms are still a major inhibitor of the private sector, job creation and pro-poor growth. Weak investment climate hits small firms hardest, including in rural areas and good governance results in pro-poor growth.

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Finally Louise Cord discussed several toolkits and assessments that the World Bank is developing to review impacts on pro-poor growth from angles including gender, climate, governance and more.