

HOW DOES YOUR COUNTRY GROW?



As the financial crisis deepens, a further 90 million people may be forced into extreme poverty. The LSE-Oxford International Growth Centre will provide developing countries with practical help to support growth and cope with the economic downturn. **Gobind Nankani**, its executive director, talks to **Joanna Bale** about this unique resource.

As a young boy growing up in Ghana and India, Gobind Nankani ignored his father's advice to follow him into business and became determined instead to pursue a career that might improve the lives of people in the world's poorest countries.

'My father was in business and hoped that I would do the same, but it just didn't resonate with me,' said Dr Nankani, the executive director of the new LSE-Oxford International Growth Centre (IGC).

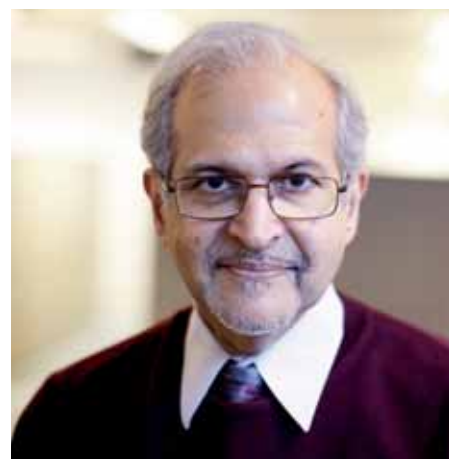
'Being born in Ghana and then going to high school in India, I felt that it was important to do something to help with the general problem of poverty that one saw around oneself all the time. I was very taken by the fact that some countries seemed to do better than others and wondered if there was any way that I could contribute to solving the problem.'

During a distinguished career as a development economist, Dr Nankani has served as the World Bank's vice-president for Africa and vice-president of its Poverty Reduction and Economic Management Network. In this last assignment, he directed a major study on the lessons of growth in the 1990s. Before joining the IGC, he was president of the Global Development Network.

The IGC, based at LSE, will make some of the world's leading economists available to the governments of developing countries, leveraging frontier research into concrete policies to promote and sustain growth. These include Nicholas Stern, Robin Burgess and Tim Besley from LSE, Paul Collier and Stefan Dercon from Oxford, Chang-Tai Hsieh from the University of Chicago, Nobel laureate Mike Spence from Stanford and, from Harvard, Philippe Aghion and the former chief economist of the International Monetary Fund, Kenneth Rogoff.

Financed with £30 million from the Department for International Development (DFID), its initial phase will last three years, with a view to extending it to ten years.

Ghana and Tanzania have so far been selected for help and Dr Nankani visited Ghana's new



IGC executive director Gobind Nankani

president, LSE alumnus John Atta Mills (LLM 1968), earlier this year.

'We have strong interest from Tanzania and Ghana, and Ethiopia also looks likely. We have also had expressions of interest from Mozambique and Rwanda, as well as Pakistan and other countries in South Asia,' explained Dr Nankani.

'We aim to match the best people to specific problems. The IGC is really the nucleus of a virtual international growth network with a wide range of major partnerships, including the Global Development Network and its many regional partners, BRAC which is Bangladesh-based, CEPR, the University of Chicago business school, J-PAL, and MIT.'

One of the most important and unique aspects of the work of the IGC is that it will be demand driven, he explained. 'We really see ourselves as responding to country demand. We will engage the country and acknowledge the priorities that we should work on according to how the governments and other stakeholders view their challenges. Many countries think that external agencies or partners sometimes have areas of research or policy that they attach their support or lending to. In this case we are not lending, we don't have conditions, all we have to offer is expertise.'



'A consortium and its location in two of the top universities in the country, as well as the networking relationship, allows us to be independent. We aim to undertake work and offer policy advice based on knowledge, as opposed to any preconception that some things work better than others.

'Running right through this is that we see this as a partnership between the international growth network and in-country stakeholders, particularly researchers and policy makers, but also others like NGOs and the private sector. This in-country partnership offers something that countries have very warmly welcomed.'

A resident team will collaborate with an international team to carry out long-term research to establish what needs to be done to boost growth. For each country selected there will be a country director, who could be anywhere in the world, and a resident country director. Together they will help identify the questions and manage the research and the policy support that the country needs. There will also be a third person, a lead academic, who will be the focal point of ensuring that the research that is done meets the needs of the country.

Dr Nankani explained: 'A lot of policy advice is often based on useful policy experience, but we want to be sure that we can back our advice with research findings and also undertake new research, which will enhance the knowledge base of our policy advice. That's why our engagement will not be of a short-term nature. We will work with about 15 countries over a three-year period, and we intend to stay with them for a longer period subject to finance being available to stay the course.'

In Ghana and Tanzania, both governments have defined the priorities for which they would like support. 'Both countries are concerned about dealing with the financial crisis, the strong macroeconomic shock they are experiencing. So top of their agenda is how to deal with that crisis while not deflecting the progress they have made in the last six years on growth and on social development. They are also wondering how they can do better in agriculture. They believe that agricultural productivity growth has been low and as agriculture provides a very important basis for promoting income growth and



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Ghana: a farmer in the Kuapa Kokoo cocoa cooperative cuts cocoa pods from the trees on his farm. The cooperative owns 45 per cent of the London based fair trade company Divine Chocolate Ltd

poverty reduction, so they would like to know if there are things they haven't done in agriculture that they ought to be doing.'

In both countries there's a strong mining sector and, in the case of Ghana, an oil discovery has been made and oil revenues are likely to be flowing about 18 months from now, he added. 'Both countries have exhaustible resources and they would like support in defining how best to use those resources. In general all natural resources pose a set of challenges and they want to make sure these end up being a blessing and not a curse.'

Improving access to education is also recognised by both countries as an important way of lifting people out of poverty, he said. 'In both countries primary enrolment has grown tremendously in the last decade. The question is what will it take to give a big spurt to enrolment in secondary education and what kind of focus should that education have. There are also questions about the role of higher education.'

The IGC will recruit resident country directors and researchers in each country from think tanks and universities, Dr Nankani explained. 'The resident country directors will be highly respected for their policy and research sense. Typically, they will be heads of think tanks or lead academics at universities who have had policy experience in the past. They will then recruit other economists and political scientists, depending on the skills they need to address the identified priority problems – we are not restricted only to economists.'

'The role of political scientists and social scientists is an important one. We don't believe the problem is that governments know what to do and just need a technical fix. We think that the political and social dimensions also need to be understood and be factored into identifying policy options for countries.'

Winning the IGC contract from DFID is a major achievement for LSE and Oxford, explained Dr Nankani. 'All the recent literature on growth and development has stressed the importance of country specificity, country context and leadership. So when DFID put out a call, there was a lot of interest from many universities to take on this challenge. It's a great achievement for LSE and

Oxford because it's a major commitment of support for a research and policy programme which could extend to ten years. And direct involvement in other countries is an exciting innovation for LSE. The core group associated with the bid, including Tim Besley, Robin Burgess and Paul Collier, are especially to be congratulated.'

To measure progress there will be an Evaluation Committee of four eminent academics with extensive policy experience: Elhanan Helpman and Kenneth Rogoff from Harvard, Simon Johnson from MIT and Michael Spence, Nobel laureate and chair of the Commission on Growth and Development.

Dr Nankani admits that it will be a challenge to gauge how the IGC is making a difference. 'We are identifying what key performance indicators we should be using. Certainly I think demand from countries is important. If demand is sustained, that tells us something. We will obviously be looking at progress that countries are making, but it is so difficult to attribute that to any single factor, so I think one just has to be modest and say: if you are associated with a country that is doing well or is doing better than it otherwise could have done, maybe you have had something to do with it.'

'We will also be looking at evaluations of the quality of policy advice that we have given and evaluating the quality and relevance of the research that is being sponsored by IGC. At the end of the day, we want to be associated with improvements in the lives of the people in the countries we work with and we will just have to find ways of tracking those without being so naive as to attribute all progress to our involvement. It's a mix of quantitative and subjective judgments. However it turns out, we see ourselves, at best, making a modest contribution to an effort that undoubtedly has to be country-led and country-driven.' ■



Joanna Bale

is a senior press officer at LSE.

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