

A Manifesto for Growth

Working Paper

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August 2024

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About Artha Global

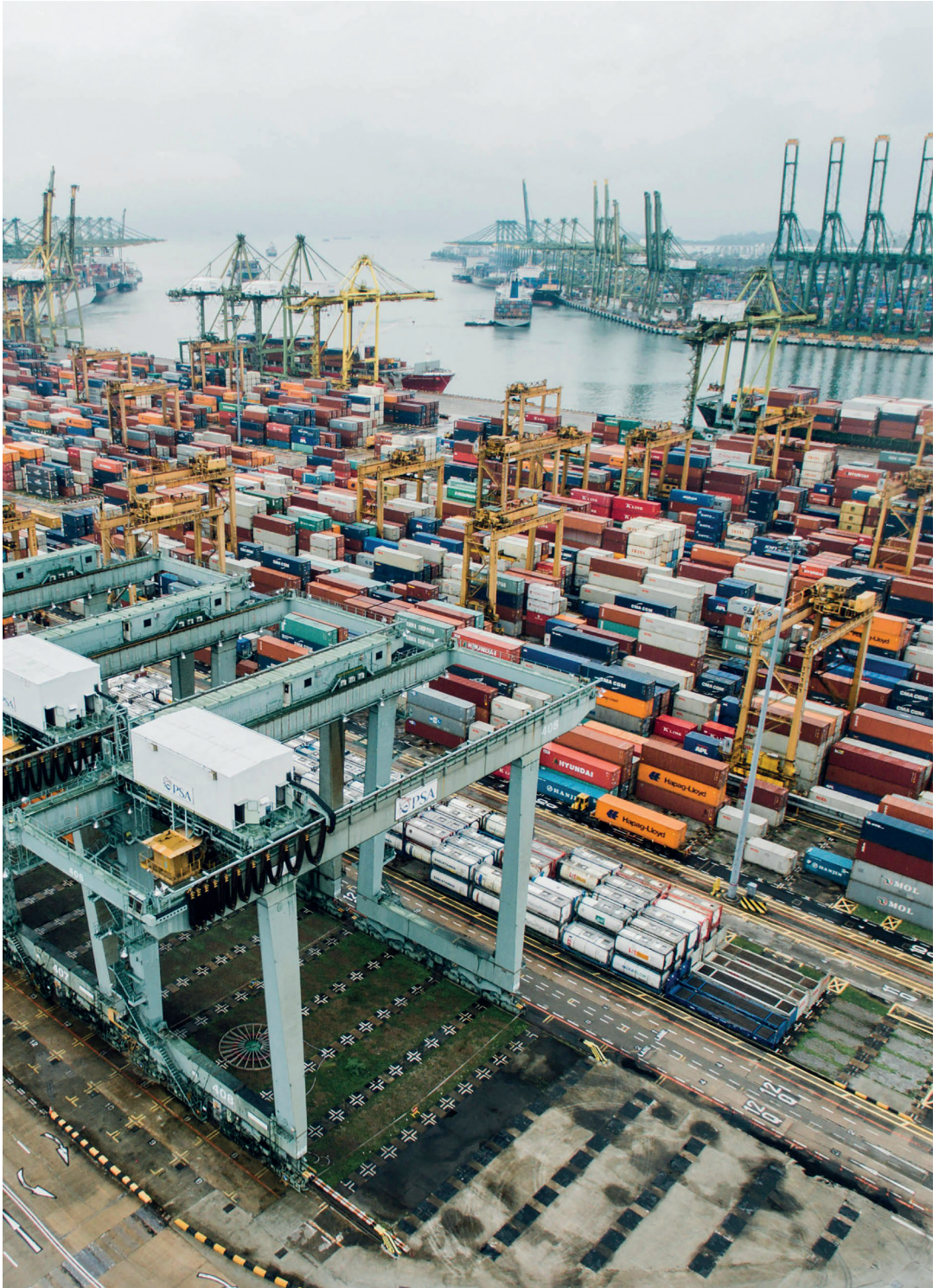
Artha Global is a global policy organisation that supports governments, multilateral agencies, philanthropies and private sector organisations to ideate, innovate, implement and institutionalise systems-level solutions that promote prosperity and resilience for all. We work globally, but have a primary focus on India and the developing world. We provide actionable research, support policy implementation, and build capacity to institutionalise change.

Over the next few decades, the developing world will negotiate important transitions, as societies and the economy move from rural to urban, farm to factory, informal to formal, brown to green, and analogue to digital. We help leaders manage these transitions and the inevitable dislocations they cause, in order to secure long-term prosperity and social stability for each individual. Key to our vision is the national pursuit of sustained economic growth.

Artha Global was founded by the leadership team of IDFC Institute, a Mumbai-based think/do tank with over a decade's experience working with the Union, state and local governments in India.

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Executive Summary

This manifesto advocates for a fundamental reorientation of the development sector, emphasising broad-based economic growth as the cornerstone for improving human wellbeing in developing countries. By prioritising growth, leveraging recent advancements in growth theory, and adopting a more practical and flexible development approach, it argues that substantial and sustainable improvements in living standards can be achieved.

Focusing on Economic Growth as the Cornerstone of Development

The central argument of this manifesto is that broad-based economic growth should be the primary focus of development strategies because it has proven to be the most effective means of reducing poverty and improving overall well-being. Economic growth is not just one among many goals—it is the fundamental driver that enables a wide range of positive outcomes in health, education, infrastructure, and living standards.

Developing countries experienced unprecedented economic growth in the latter half of the 20th century. The population-weighted average GDP per capita in these countries rose from \$1,430 in 1950 to \$11,888 in 2018, reflecting an annual growth rate of 3.01%, which is 56 times faster than the historical average of 0.05% from year 0 to 1950.

- Between 1981 and 2021, China's rapid economic growth, averaging 10% annually, lifted over 800 million people out of extreme poverty. This transformation highlights the power of sustained economic growth in reducing poverty on a massive scale.
- South Korea's GDP per capita increased from \$158 in 1960 to over \$31,000 by 2020—a 200-fold increase. This growth was accompanied by significant improvements in health, education, and overall living standards, showcasing how economic expansion can transform a nation.
- Sustained economic growth reduced Indonesia's poverty rate from over 70% in 1984 to under 10% today, illustrating the effectiveness of long-term growth in improving living standards.

There is a near-perfect correlation between median consumption levels and poverty rates across countries (R-squared value of 0.98), indicating that broad-based economic growth is essential for large-scale poverty reduction. This correlation holds true across various contexts and time periods, highlighting the universal role of growth as a driver of poverty reduction and human development.

By focusing on economic growth, countries can achieve broad-based improvements in living standards—encompassing health, education, and infrastructure—while laying the foundation for long-term prosperity. Growth delivers on many other fronts, making it the most effective strategy for large-scale, sustainable development.

Leveraging the Latest Understanding of Growth to Revamp Development Strategies

Recent advancements in development economics have offered a more nuanced understanding of how growth occurs, highlighting the importance of context-specific policies, state capacity, and structural transformation. These insights challenge traditional development paradigms and call for a re-evaluation of how development strategies are formulated and implemented.

Structural Transformation as a Growth Driver

- Vietnam's shift from an agriculture-based economy to one that is centred on manufacturing reduced poverty from nearly 60% in the 1990s to below 5% today. This example illustrates the critical role of structural transformation in driving sustained economic growth and poverty reduction.
- The development of Bangladesh's garment industry, supported by coordinated international efforts, has made it a global leader in textile exports. This transformation has significantly boosted employment and economic growth, demonstrating how targeted structural changes can drive broad-based development.

Context-Specific Policies

- Rwanda's economic strategy since 2000, which focuses on national reconciliation, modernization, and private sector development, has maintained GDP growth rates of 7-8% annually. This approach highlights how context-sensitive policies, aligned with a country's unique circumstances, can drive sustained growth.
- Ethiopia's Agricultural Transformation Agency, which was established in 2010, has tailored its interventions to local conditions, significantly improving agricultural productivity. This context-specific approach has been instrumental in driving overall economic growth in Ethiopia, demonstrating the importance of policies that reflect local realities.

Innovation and Technological Adoption:

- South Korea's transition to a high-income economy was fuelled by the creation of innovation ecosystems and the facilitation of technology transfer. The country's focus on fostering innovation and adopting new technologies was crucial for driving productivity and sustaining long-term growth.
- Launched in 2007 with international support, M-Pesa revolutionised mobile banking in Kenya and beyond. By 2021, M-Pesa had over 50 million active users across seven African countries, processing over 15 billion transactions annually. This case exemplifies how innovation, supported by appropriate policies, can have a transformative impact on economic growth and financial inclusion.

These examples demonstrate the importance of tailoring development strategies to local conditions, integrating technological advancements, and focusing on structural transformations that support sustained economic growth. The latest understanding of growth processes calls for a more sophisticated and context-sensitive approach to development.

A New Development Approach: Moving Beyond Traditional Methodologies

To effectively implement growth-centric strategies, a new approach to development is required—one that is not overly reliant on traditional methodologies like randomised controlled trials (RCTs) or driven by the need to publish papers or promote ideological points. Instead, development efforts should be more practical, context-sensitive, and focused on long-term, comprehensive strategies.

While RCTs offer valuable insights into specific, localised interventions, their narrow focus often leads to fragmented and piecemeal solutions rather than comprehensive development strategies. For example, successful RCTs in Kenya, such as deworming programs in schools, address specific issues but fail to impact broader systemic challenges. This demonstrates the limitations of RCTs in addressing complex development needs that require more integrated and systemic solutions.

Current development paradigms often focus on low poverty thresholds, such as \$1.90 per day, which do not capture the broader aspirations of people in developing countries. This approach can lead to a misallocation of resources, as it overlooks the need for more ambitious goals that reflect the true potential of these populations. A more growth-oriented approach would prioritise raising overall living standards, not just lifting people above a minimal poverty line.

Successful international development strategies have shifted from narrow, project-based approaches to comprehensive policies that drive structural transformation and broad-based growth.

- The coordinated international efforts that supported Bangladesh's garment industry, such as macroeconomic reforms endorsed by the World Bank and IMF, market access provided by the EU's 'Everything But Arms' initiative, and programs to improve labour standards, illustrate the effectiveness of a long-term, growth-oriented approach. This sector now accounts for over 80% of the country's exports, employing millions and demonstrating how comprehensive development plans can lead to sustained growth.
- International donors aligned their support with Rwanda's national development strategy, contributing to sustained growth and development. This alignment underscores the importance of coordinated international efforts in supporting growth-centric policies that are tailored to local contexts.
- The success of M-Pesa highlights how targeted support for innovative solutions can lead to significant economic and social benefits. International donors played a crucial role in the early stages of M-Pesa's development, helping to create an environment conducive to its success. This case exemplifies the potential of international support to drive innovation and growth in developing countries.

Such a new development approach requires flexibility, context-sensitivity, and a focus on long-term growth strategies that are deeply integrated into the local economic and social fabric. Moving beyond traditional methodologies, such as RCTs and narrowly focused interventions, allows for a more holistic and effective approach to development.

Conclusion: A Call for a Growth-Centric Reorientation

The reorientation towards growth-centric development strategies offers the best path forward to achieve substantial and sustainable improvements in living standards in developing countries. By prioritising economic growth, leveraging recent advancements in development economics, and adopting a more flexible and context-sensitive approach, the international community and developing nations can work together to create a more prosperous and equitable global future.

This growth-centric approach challenges the current focus on targeted interventions and narrow poverty reduction measures. Instead, it advocates for ambitious and broad-based economic growth strategies that deliver on many fronts, creating the necessary conditions for improvements in health, education, infrastructure, and overall living standards.

To realise this vision, development efforts must move beyond traditional methodologies and embrace a more integrated, long-term approach. This includes tailoring strategies to local contexts, fostering innovation, and ensuring that growth is inclusive and sustainable. By doing so, we can work towards a future where sustained improvements in human well-being are not just a hope but a reality for billions of people around the world.

In summary, this reorientation of development economics towards growth offers the best hope for achieving the aspirations of people in developing countries and fostering a more prosperous and equitable global future. The time for a fundamental shift in how we approach development is now, and the focus must be on growth as the cornerstone of all development efforts.

This report advocates for refocusing on broad-based economic growth as the primary driver of improving human wellbeing in developing countries.



Introduction

This report advocates for a fundamental reorientation of development economics, emphasising broad-based economic growth as the cornerstone for improving human wellbeing in developing countries. The document critically examines current development paradigms, highlights significant advances in growth policy, and outlines a forward-looking strategy for sustained and inclusive development.

For much of the latter half of the 20th century, economic growth was central to development strategies, driving significant improvements in developing countries starting from 1950. These countries achieved in decades what took centuries in today's developed nations, marking monumental progress. The population-weighted average Gross Domestic Product (GDP) per capita in developing countries rose from \$1,430 in 1950 to \$11,888 in 2018, an annual growth rate of 3.01%, which is 56 times faster than the historical average of 0.05% from year 0 to 1950¹. By 2018, the median developing country had a GDP per capita of approximately \$6,814, surpassing the leading economies of 1900. Many developing countries have now reached GDP levels comparable to early to mid-20th-century developed economies. For example, in 2020, China's GDP per capita matched that of the United States in 1978, while India equalled the U.S. level in 1940. Perhaps most dramatically, **South Korea's GDP per capita grew from \$158 in 1960 to over \$31,000 today - a 200-fold increase in just 60 years.**

This rapid economic expansion has led to substantial improvements in average incomes and living standards. Human development indicators have also shown dramatic progress. The average years of schooling in the developing world increased from 1.6 years in 1950 to 7.5 years in 2010², and primary school enrolment rates increased from 47% in 1970 to 90% in 2019. Life expectancy in low- and middle-income countries rose from 53 years in 1960 to 71 years in 2018.³

These achievements represent monumental leaps in economic development, drastically improving living standards for billions of people. Many of these rapid transformations occurred largely independently from international development agencies' programmatic agendas, particularly in China and India. However, they were informed and encouraged by these agencies' broader work. This highlights the primacy of domestic policy choices in driving growth. Recognizing the historical context of this growth is crucial.

Hans Rosling's work vividly illustrates the knowledge gap about global development trends⁴. In one famous example, he asked audiences multiple-choice questions about poverty reduction, life expectancy increases, and primary education enrolment. Audiences consistently performed worse than if they had guessed randomly. For instance, only 5% of respondents correctly identified that the proportion of the world's population living in extreme poverty had almost halved in the past 20 years.

In recent decades, the development sector has increasingly focused on targeted interventions and poverty reduction strategies, often placing less emphasis on traditional economic growth. This shift is partly due to the declining support for the Washington Consensus and its structural adjustment programs, which were criticised for a narrow focus on market liberalisation and fiscal austerity without adequately addressing poverty and inequality⁵. Subsequently, there was a growing desire for development approaches that yield measurable results and encompass broader aspects of human well-being. This is exemplified by the Millennium Development Goals (MDGs) and its successor, the Sustainable Development Goals (SDGs), which emphasise an approach to development that includes poverty eradication, health, education, and environmental sustainability.

This report advocates for refocusing on broad-based economic growth as the primary driver of improving human wellbeing in developing countries. It critiques the current overemphasis on narrow interventions evaluated through randomised controlled trials (RCTs), highlighting their limitations in addressing the root causes of poverty. Instead, it calls for a more holistic approach centred on promoting growth-oriented policies and structural economic transformation. This approach emphasises the importance of creating an enabling environment for broad-based economic growth, which can drive substantial and lasting improvements in human welfare.

Empirical evidence shows that differences in median income or consumption levels explain nearly all variation in poverty rates across countries and over time. This underscores the crucial role of broad-based growth in poverty reduction, beyond targeted programs.

The report aims to bridge perspectives between various stakeholders in development:

1. The international donor community focused on demonstrating specific results
2. Academic economists who are often driven by publication incentives and hence by methodological innovations like RCTs
3. Policymakers in developing countries primarily interested in practical growth strategies

By aligning these diverse viewpoints, the goal is to foster a more effective approach to development that prioritises economic growth. The report also advocates for adopting more ambitious poverty lines and development goals reflecting the true aspirations of people in developing countries.

Key recommendations include:

- Renewing focus on context-specific growth policies and structural transformation
- Integrating insights from various disciplines to strengthen growth promotion
- Forming partnerships between developing countries and the international community to achieve sustained, broad-based growth

The aim is to shift the development agenda to better align with broader aspirations of developing countries and create a more prosperous, equitable global future through growth-centric strategies.



The overall pace of growth is often more critical for poverty reduction than whether it is specifically “inclusive” or “pro-poor”.

Role of Economic Growth in Development

Economic growth is crucial for reducing poverty and improving wellbeing.^{6,7} **Historical and contemporary data show that differences in median income or consumption levels explain nearly all variations in poverty rates.** It lifts people out of poverty, enhances education and healthcare, and drives long-term social improvements. Economic growth has been the driver of significant improvements in human welfare since 1950, with countries like China, India, and Indonesia experiencing transformative growth. Empirical evidence shows that GDP per capita is both necessary and sufficient for enhancing wellbeing, making broad-based economic growth the most effective strategy for poverty reduction and long-term social improvements.

The relationship between national income and development indicators is strong and positive across all income levels, highlighting the importance of sustained economic growth for improving human welfare⁸. Broad-based economic growth is the most powerful tool for large-scale, sustained poverty reduction and driving improvements in health, education, infrastructure, and technology. Economic growth not only lifts people out of extreme poverty but also enhances lives above this level, creating opportunities for better education, healthcare, and infrastructure. South Korea's economic miracle exemplifies this relationship. From 1960 to 2020, its GDP per capita grew from \$158 to over \$31,000, accompanied by dramatic improvements in health, education, and overall living standards.⁹

Recent debates have questioned the importance of economic growth.^{10,11} However, compelling evidence demonstrates that it remains the cornerstone of effective development strategies and the primary driver of improvements in human wellbeing.^{12,13} The strong correlation between growth and poverty reduction, the necessity and sufficiency of GDP per capita for wellbeing, and the non-linear relationship between growth and basic needs indicators all underscore the fundamental role of economic growth in development.

Cross-country studies provide robust evidence of a strong relationship between economic growth and poverty reduction. There is an almost perfect correlation between median consumption levels and poverty rates across countries (with an R-squared value of 0.98).¹⁴ China's experience provides a striking example of growth-led poverty reduction. Between 1981 and 2021, China lifted over 800 million people out of extreme poverty, primarily driven by rapid economic growth averaging 10% annually for three decades¹⁵. Indonesia's experience offers another compelling example of growth-driven poverty reduction. The country reduced its poverty rate from over 70% in 1984 to under 10% today, largely due to sustained economic growth. This dramatic improvement in living standards for millions of Indonesians highlights the transformative power of long-term economic expansion.¹⁶

This finding suggests that virtually all variation in poverty rates can be explained by changes in median income or consumption levels¹⁷. This relationship is consistent both across various countries and within countries over time. Long-term changes in poverty rates are almost perfectly correlated with changes in median income or consumption. This underscores the critical role of broad-based economic growth in reducing poverty, challenging the potential total impact on improving well-being of targeted interventions alone¹⁸. Exceptions to this pattern occur when growth is driven by fluctuations in commodity prices and when there is weak state capacity or poor governance.^{19,20}

The long-term impacts of economic growth on health and education are particularly striking. Economic growth significantly expands opportunities and choices for individuals, increasing income and broadening their potential life paths and aspirations. This aligns with Amartya Sen's capability approach, which emphasises the importance of expanding capabilities and freedoms as a crucial aspect of development.

Countries with sustained growth have seen substantial improvements in child mortality, life expectancy, healthcare access, school enrolment, educational attainment, and education quality²¹. These systemic improvements often surpass what targeted interventions can achieve, creating a virtuous cycle in which a healthier and more educated population contributes to further economic growth. Bangladesh exemplifies these long-term impacts. Despite starting as one of the poorest nations post-independence, sustained economic growth has led to significant improvements in health and education. Child mortality has decreased by 70% since 1990²², and primary school enrolment reached 98% by 2019,²³ demonstrating the transformative power of economic growth.

The importance of economic growth in achieving high levels of wellbeing is supported by research which shows that GDP per capita is both empirically sufficient and necessary for this goal. Studies reveal that no country with high GDP per capita has low levels of wellbeing, as measured by comprehensive indices like the Social Progress Index (SPI). Conversely, no country with low GDP per capita achieves high levels of wellbeing. The strength of this relationship is further demonstrated by the high correlation between broader national development indicators and measures of social progress. When the SPI is regressed on GDP per capita, state capability, and democracy, it shows an R-squared value of 0.905.²⁴ This exceptionally high correlation indicates that countries with higher GDP per capita, stronger state capabilities, and more democratic governance tend to have substantially better social outcomes across a wide range of indicators.

For many low-income developing countries, the overall pace of growth is often more critical for improving lives than achieving perfect equality in the distribution of the gains from growth. While "inclusive growth" is a popular concept, empirical evidence suggests that **the overall pace of growth is often more critical for poverty reduction than whether it is specifically "inclusive" or "pro-poor."** Rapid growth, even if unequal, can lead to larger absolute gains for the poor than slower, more equitable growth.

India's economic progress following liberalisation in the early 1990s and Ethiopia's rapid growth over the past two decades have significantly reduced poverty and improved living standards, healthcare, education, and infrastructure.^{25,26} Despite growth in both countries being unequal, the absolute gains for their populations have been substantial, lifting more people out of poverty than slower, more equitable growth in other countries. Their progress underscores the importance of rapid growth in low-income developing nations, where even perfect redistribution of scarce resources would not significantly improve living standards for the majority. This finding challenges the notion that inequality always harms the poor and emphasises the importance of absolute gains.

The relationship between economic growth and human wellbeing is strong, but it is not linear. Research shows a robust, non-linear relationship between GDP per capita and various measures of human wellbeing²⁷. Economic growth is considerably more crucial for enhancing wellbeing in developing economies compared to developed ones. In developing countries, even modest increases in GDP per capita can lead to substantial improvements in basic human needs. While the relationship between GDP per capita and wellbeing becomes marginal at higher income levels, this non-linear relationship challenges the notion that growth becomes irrelevant for wellbeing in middle-income countries. The elasticity of basic human wellbeing with respect to GDP per capita remains substantial even at very high levels of GDP per capita²⁸. This underscores the continued importance of economic growth for improving living standards, even as countries progress to middle-income status.

More broadly, economic growth is crucial for sustained development, creating the resources and conditions needed for long-term progress. It provides governments with the fiscal space to invest in social programs and public goods²⁹. Growing economies can mobilise domestic resources to finance their development priorities, reducing dependence on external aid and enabling more context-appropriate strategies³⁰. Moreover, economic growth fosters private sector development, which can improve service delivery in critical sectors like healthcare and education. Dynamic private sectors in growing economies create jobs and drive innovation, leading to a more skilled workforce and the development of new products and services that enhance quality of life. For example, Malaysia mobilised domestic resources from sectors like oil, manufacturing, and services to finance development priorities; this reduced the country's dependence on foreign aid and allowed it to fund large-scale projects and social programs.³¹

Economic growth has also shown to decrease fertility rates and create a "demographic dividend," where the working-age population grows faster than the dependent population. This could potentially contribute to greater economic growth. For example, Thailand's fertility rate dropped from over 6 children per woman in the 1960s to about 2.2 children per woman by the mid-1980s, coinciding with a nearly tenfold increase in the economy. This decline eased the pressure on public services and contributed to economic stability and growth.³²



Growth also spurs urbanisation, which can drive productivity gains and social progress if well-managed.³³ Cities can become hubs of innovation and economic activity, especially with thoughtful urban policies. For example, China's rapid urbanisation, driven by economic growth, has been a key factor in its poverty reduction and improved living standards.³⁴

Overall, economic growth is not at odds with social investment but is a prerequisite for it, facilitating sustainable development and improved quality of life. It remains the most effective path to large-scale poverty reduction and improvements in human wellbeing across developing countries.

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Limits of Current Development Approaches

Recent trends in development practice have shifted from promoting broad-based growth to targeted interventions and addressing inequality.³⁵ This approach, particularly in low-income countries, risks being misdirected.³⁶ While targeted interventions can be effective in specific contexts, their overall impact on poverty reduction is limited.³⁷ The focus on extreme poverty and reliance on randomised controlled trials neglects the broader aspirations and potential of people in developing countries and misaligns with the fundamental drivers of national development.

The economic progress that developing countries have compressed into decades is often overlooked in development discussions that focus on poverty and global inequalities. By focusing narrowly on extreme poverty and ignoring substantial economic achievements, this approach risks misunderstanding the dynamics of development and misallocating resources and efforts. The undervaluation of growth risks missing opportunities for transformative change.³⁸

While targeted interventions can be effective in specific contexts, their overall impact on poverty reduction pales compared to the benefits of broad-based economic growth. **Rapid, albeit unequal, growth tends to yield larger absolute gains for the poor than slower, more equitable growth.** Countries like China, Vietnam, and India have achieved significant poverty reduction primarily through rapid economic growth, raising incomes across large segments of the population. These experiences sharply contrast with countries where targeted poverty programs have been emphasised, but overall economic growth has been sluggish, resulting in limited progress in poverty reduction. This highlights the necessity of prioritising broad-based economic growth to achieve substantial and sustainable improvements in living standards.

The current focus on extreme poverty, often defined by thresholds like \$1.90 a day, is methodologically flawed and ethically debatable.^{39,40} This approach has come under increasing scrutiny for several reasons. First, defining poverty by such arbitrary thresholds fails to capture the broader aspirations and potential of the majority of people in developing countries who live far below global middle-class standards. It also underestimates the extent to which broad-based economic growth can improve lives across all income levels. Setting such a low bar fails to address the aspirations for higher living standards and comprehensive development.

Furthermore, this approach suggests that moving people just above the \$1.90 threshold is sufficient for development success, overlooking the significant challenges faced by those slightly above this line. It merely defines success as moving from abject poverty to slightly less severe deprivation.⁴¹

The current development economics paradigm fails to align with the broader aspirations and political realities of people in developing countries. Poverty lines such as the \$1.90 per day threshold do not resonate with median voters in these nations, who aspire to much higher living standards. This disconnect creates a significant gap between international development agendas and the actual desires of the populations they aim to serve. For example, Ethiopia's economic growth over the past two decades has significantly improved living standards, yet many people remain just above the \$1.90 per day poverty line.⁴²

This misalignment has real implications for development policy and practice. When development goals are set below what most citizens consider acceptable, it leads to a lack of public engagement and support. Achieving these low-bar targets on paper does little to satisfy the population's expectations, resulting in policies that do not address the needs of the majority.

Neglecting the needs and potential of middle-income groups is another significant flaw in the current paradigm.⁴³ These groups, which fall between extreme poverty and the global middle class, represent a substantial portion of the population in many developing countries. Their vulnerabilities and challenges are crucial for overall national development, and they have significant potential as drivers of economic and social progress. Ignoring these middle-income groups misses opportunities to foster a robust middle class, essential for sustainable economic development and social stability.

The paradigm in development economics emphasises targeted interventions as a primary strategy for poverty reduction and development.⁴⁴ While these programs aim to address specific challenges faced by the poor, this focus is potentially counterproductive. By concentrating on narrow interventions, this approach overlooks the transformative power of sustained economic growth, which is the most effective tool for large-scale poverty reduction and improvements in human wellbeing. Vietnam's Doi Moi reforms, initiated in 1986, which liberalised the domestic market, reduced state control, and encouraged private sector development, demonstrate the power of broad-based economic reforms over narrow interventions. These market-oriented reforms led to sustained rapid growth, reducing poverty rates from nearly 60% in the 1990s to below 5% today.⁴⁵

A major critique of targeted interventions is their limited impact compared to broad-based economic growth. Programs like conditional cash transfers, microfinance initiatives, and specific health and education efforts can yield positive short-term outcomes but often fail to address the root causes of poverty and underdevelopment. Mexico's experience with the Progresa/Oportunidades program exemplifies this, showing that while these interventions can have immediate benefits, they are not designed to tackle the underlying issues of underdevelopment.⁴⁶

Moreover, targeted interventions can create dependency and distort local economic incentives. External interventions might undermine local markets and institutions, hindering the development of sustainable, locally-driven economic activities essential for long-term growth.

The current emphasis on randomised controlled trials (RCTs) and specific project-based initiatives helps satisfy an increasing demand for measurable and attributable impact from development assistance.⁴⁷ However, such approaches risk fragmenting development efforts and diverting attention from the fundamental drivers of national development. While RCTs can provide valuable insights into specific, localised interventions, they have significant limitations in addressing broader development issues.^{48,49} The challenge lies in integrating these micro-level findings into broader, more comprehensive development strategies that can drive sustained economic growth.

One primary criticism of the RCT-dominated paradigm is its tendency to focus on narrow solutions. While RCTs offer valuable insights into specific programs or policies, they can lead to a piecemeal approach rather than a coherent, integrated strategy. Policymakers may fixate on small-scale interventions proven effective through RCTs, neglecting essential but less easily measurable aspects of development. This emphasis on RCTs creates a bias toward easily testable interventions, overlooking complex policy reforms, systemic changes, or long-term investments. Consequently, development efforts may be driven more by ease of evaluation than by transformative impact.

RCTs are inadequate for addressing broader systemic issues that drive development, such as institutional quality, macroeconomic policy, or structural economic transformation—factors with significant impact on long-term outcomes. Kenya and Ghana's experiences illustrate these limitations. In Kenya, programs like deworming in schools have shown localised⁵⁰ success but fail to address broader systemic issues. Similarly, in Ghana, while RCTs have provided valuable insights into health and education interventions, they have led to a fragmented approach that neglects comprehensive policy reforms.⁵¹

Another global debate that often overlooks the development needs and aspirations of people in low-income countries is the current discourse on climate change. These nations have very low per capita emissions and minimal contributions to historical cumulative emissions, yet they urgently need economic growth to lift their populations out of poverty and improve basic living standards. Imposing stringent emissions restrictions on developing countries could significantly impede their economic growth, thereby prolonging poverty and human suffering. As countries develop economically, they become more resilient to climate impacts and better able to invest in adaptation measures.



Advances in the Political Economy of Growth

Over the past twenty years, the field of development economics has seen substantial progress marked by methodological innovations, interdisciplinary insights, and a nuanced understanding of economic development complexities. These insights make economic growth a more achievable goal than previously thought, particularly when overcoming past doubts rooted in the shortcomings of the Washington Consensus.⁵² Development strategies can now be more nuanced, adaptive, and effective in promoting sustained economic transformation. Recent research has provided more nuanced perspectives on the drivers of economic growth, suggesting a more complex relationship between institutions, policies, and economic outcomes.⁵³

The notion of a single, linear path to development has been discredited, replaced by understanding that countries can achieve economic progress through various routes. Successful development strategies often involve a mix of orthodox and heterodox policies tailored to local conditions and constraints. For instance, Chile's economic reforms since the 1970s demonstrate this, combining free-market policies with strategic state interventions in key sectors.⁵⁴

A significant advancement in development economics has been the recognition of the importance of context-specific policies. Today, there is greater emphasis on tailoring strategies to local conditions, institutions, and cultural contexts, with less focus on rigid policy prescriptions and more on 'second-best institutions' that consider local constraints and opportunities.⁵⁵ This shift acknowledges that what works in one country may not be effective in another, even if they share similar income levels or geographic characteristics. For instance, Ethiopia's Agricultural Transformation Agency, established in 2010, has driven significant improvements in agricultural productivity through tailored interventions, contributing to overall economic growth.⁵⁶ Similarly, Rwanda's post-genocide economic strategy has maintained GDP growth rates of 7-8% annually since 2000 by focusing on national reconciliation, modernization, and private sector development.⁵⁷ Context-specific policies should embrace 'directed improvisation,' where broad direction from central authorities allows for significant local experimentation and adaptation.⁵⁸

Macroeconomic management in developing economies has become more sophisticated. Simplistic prescriptions have given way to more nuanced approaches recognizing the complexities of managing open economies in a globalised world.⁵⁹ For example, India's approach to capital account liberalisation demonstrates a nuanced, context-sensitive approach to macroeconomic management in a developing economy. The International Monetary Fund's recent Integrated Policy Framework (IPF), for instance, represents a more flexible and context-sensitive approach to managing capital flows and exchange rates in developing countries.⁶⁰

Understanding the dynamics of structural transformation has emerged as a critical insight.⁶¹ Analysis of growth patterns highlights the transition from low-productivity to high-productivity sectors as a key driver of sustained economic growth.⁶² Vietnam's transition from an agriculture-based economy to one with a growing manufacturing sector illustrates this phenomenon.⁶³ The role of technological adoption and innovation in driving productivity growth is also now better appreciated.⁶⁴ Countries like South Korea have successfully transitioned by creating innovation ecosystems and facilitating technology transfers, which have driven productivity growth.⁶⁵ Subsequently, policy frameworks increasingly focus on creating innovation ecosystems and supporting technology transfers.

Dramatic improvements in data availability and analytical techniques have enabled more robust analyses of development outcomes, with a growing emphasis on understanding microeconomic foundations and incentives through experiments.⁶⁶ Behavioural economics has provided valuable insights into how individuals and firms in developing countries respond to economic stimuli and policy interventions. By integrating insights from psychology and political science, the field now has a deeper understanding of decision-making processes and political economy dynamics. Effective policy design in areas such as education, healthcare, and financial inclusion has significantly enhanced development economics. For instance, the success of M-Pesa in Kenya demonstrates how understanding local microeconomic conditions and leveraging behavioural insights can lead to innovative solutions in financial inclusion.⁶⁷

An enhanced appreciation of the role of institutions and governance in development has emerged.⁶⁸ Research highlights how weak institutions can undermine development efforts, emphasising the need for context-specific strategies. Botswana's management of its diamond revenues offers a stark contrast to the 'resource curse' experienced by many resource-rich countries. Through prudent fiscal management and investment in public goods, Botswana maintained one of the world's highest growth rates for several decades. This success story demonstrates how good governance can turn natural resource wealth into sustained economic growth and development.⁶⁹ Similarly, Singapore's rapid economic development was also underpinned by strong institutions and good governance.⁷⁰

A key lesson is that development is a complex, adaptive process. **Growth can occur alongside, and even be facilitated by institutions traditionally considered 'weak'.** The takeaway is the importance of leveraging existing institutions adaptively and recognising the difference between market-creating and market sustaining institutions. China's experience demonstrates that significant progress can be achieved by allowing weak institutions and markets to co-evolve, rather than adhering to a predetermined sequence of reforms.

In recent years, there has been increasing recognition of the importance of state capacity in driving economic growth and development. Building state capacity and capabilities, including fiscal and legal capacity, is essential for effective policy implementation and sustained economic progress. For example, South Korea's rapid economic development was accompanied by

significant investments in building state capacity, particularly in areas of industrial policy and export promotion. State capacity is not merely a byproduct of development but a fundamental cause of long-term economic growth.⁷¹

This crucial aspect was often overlooked in earlier development paradigms, leading to 'capability traps,' where countries remain in low-capacity, low-performance states despite development efforts.⁷² Many development initiatives fail because they do not consider the implementation capacity of the state. Attempting to implement overly ambitious or complex policies in low-capacity environments often leads to 'isomorphic mimicry' - where countries adopt the forms of functional states and markets but lack the underlying functionality.⁷³

Development is not just about having the right policies, but about aligning elites' interests with the country's overall development.⁷⁴ This alignment is crucial for sustained implementation of growth-promoting policies and building state capability. Successful development fundamentally depends on political choices made by a country's elites. Sustained growth often results from a long-term commitment by political and economic elites to pursue development-oriented policies.⁷⁵ This 'elite bargain' is a key driver of a country's development success, as seen in South Korea, when elites 'gamble on development' by committing to long-term strategies that may involve short-term costs or risks.

Economic growth is not something that can be simply 'switched on' through isolated interventions. Instead, sustained growth emerges from a coherent political economy system conducive to productive economic activity. This system involves aligned incentives among political and economic elites, supportive institutions, and policies that enable structural transformation and productivity improvements. This understanding challenges simplistic notions of 'best practices' or universal policy prescriptions, emphasising the need for context-specific strategies that foster a growth-conducive environment.

While these advancements represent significant progress, they also present new challenges. The recognition of context-specificity and local institutions' importance complicates development practitioners and policymakers' tasks, requiring a more adaptive, flexible approach.⁷⁶ The challenge going forward will be integrating these new insights into comprehensive strategies driving sustained, inclusive economic growth in developing countries. Nonetheless, the sector is better placed to deliver growth, strengthening the argument that it should be embraced as an overarching goal.



Economic growth is not something that can be simply 'switched on' through isolated interventions. Instead, sustained growth emerges from a coherent political economy system conducive to productive economic activity.

Reframing Development

The field of international development is at a critical juncture, requiring a shift from narrow strategies to ambitious goals that prioritise broad-based economic growth and structural transformation, strategies that are grounded in robust empirical evidence. This entails moving from short-term interventions to long-term policies that drive sustained transformation. A renewed emphasis on broad-based economic growth can raise median incomes, foster significant development while significantly outweighing the impact of targeted interventions and redistributive policies. Integrating micro-level insights from randomised controlled trials into macro policies will ensure a comprehensive approach to development. This holistic strategy advocates for ambitious goals and a focus on structural transformation to achieve sustained economic expansion. A critical component of this shift is recognizing the importance of state capacity in driving sustainable economic growth. Development strategies should focus not just on policy design, but also on building state capabilities and capacities to implement policies effectively.

Development goals should aim for convergence with living standards in developed countries rather than settling for modest improvements above subsistence levels. This aligns with the desires and potential of people in developing countries, who often seek standards of living comparable to those in more advanced economies. There is a pressing need to adopt more ambitious poverty lines and development goals. Current poverty thresholds fail to capture the true aspirations of people in developing countries. An upper bound global poverty line of around \$25 per day would better reflect a meaningful standard of living, aligning with the World Bank's Prosperity Level.

Development strategies should address not just extreme poverty but also create opportunities for education, healthcare, decent work, and overall quality of life improvements.⁷⁷ This approach would likely garner more political support and engagement from a broader segment of society.

While efforts to alleviate existing poverty are important, a shift towards long-term economic transformation is essential. This necessitates moving away from short-term, project-based approaches towards comprehensive policies that drive sustained economic transformation. Achieving structural transformation requires not just economic policies, but a commitment from elites to support sectors that can drive growth, particularly agriculture and manufacturing. Malaysia's development journey exemplifies this shift towards long-term transformation. Through successive long-term plans since the 1970s (including investing in infrastructure, promoting FDI and free trade zones), Malaysia transitioned from a resource-dependent economy to a diversified, industrialised one.

Policies must focus on broad-based economic growth and structural transformation, moving labour and resources from low-productivity to high-productivity sectors, investing in infrastructure and human capital, and creating an enabling environment for private sector

development. While the full benefits of structural transformation may take decades to materialise, the potential rewards in terms of improved living standards and reduced poverty are immense. Bangladesh's development of its garment industry exemplifies successful structural transformation. This sector now accounts for over 80% of the country's export earnings and employs millions, particularly women, demonstrating the importance of export-oriented industrialization in driving growth and social change.⁷⁸

Economic diversification is crucial for sustaining long-term growth and building resilience by reducing dependence on any single sector or market.⁷⁹ Promoting diversification requires investments in education and skills development, support for entrepreneurship and innovation, and policies to attract investment in new sectors. Chile's salmon industry exemplifies successful economic diversification. In the 1970s, Chile did not have a salmon industry but through targeted government support, including R&D investments and favourable regulations, Chile became the world's second-largest salmon exporter by 2006.⁸⁰ This industry now accounts for about 5% of Chile's exports, demonstrating how strategic policy can create new comparative advantages and drive economic diversification.

Development strategies should prioritise building state capacity alongside policy formulation. This involves investing in core state functions that are crucial for long-term economic development. It also involves matching policy ambitions with existing state capabilities to avoid overwhelming institutions with complex reforms they lack the capacity to implement. Singapore's investment in building a highly capable civil service illustrates this approach. Since independence in 1965, Singapore has prioritised developing a professional, efficient, and corruption-free bureaucracy. This focus on state capacity has been crucial to Singapore's remarkable economic development.

The focus should be on creating an enabling environment for 'searchers' - individuals and organisations that experiment with and discover effective solutions to development challenges.⁸¹ Economic transformation should be understood as a co-evolutionary process in which markets and governance structures improve in tandem.

Recognizing that some forms of corruption or weak governance may coexist with or even facilitate rapid development in early stages is important.^{82,83} Development strategies should focus on fostering and maintaining elite commitment to growth-promoting policies by creating incentives for elites. The goal should be to steadily evolve towards more transparent and efficient systems as the economy develops.

Technology offers unique opportunities to bridge micro-level interventions and macro-level growth strategies. Investments in Digital Public Infrastructure (DPI) can drive economic growth by improving business efficiency.⁸⁴ This approach can significantly reduce transaction costs, enable more widespread commerce, and help connect the informal economy to the formal sector. It can also address social challenges by expanding access to education and healthcare services. The success of systems like India's Unified Payments Interface (UPI) demonstrates the ability of DPI to increase financial inclusion and reduce transaction costs.⁸⁵ Estonia's rapid

digital transformation provides a model for leveraging technology to accelerate development. Since regaining independence in 1991, Estonia has become one of the world's most advanced digital societies. Its e-government initiatives have improved public service delivery, fostered a vibrant technology startup ecosystem, and contributed to robust economic growth.⁸⁶

A growth-centric approach must address inclusivity concerns to ensure long-term sustainability and social stability. While rapid growth that benefits the rich can lead to larger absolute gains for the poor than slower, more equal growth, a broader-based growth strategy is essential. Such growth involves widespread economic participation, addressing spatial inequalities, and expanding access to financial services, education, and healthcare. Growth-oriented policies should also directly target inequality. Investments in education and skills development can reduce wage inequalities by enhancing the productive capacity of lower-income groups. Promoting financial inclusion and entrepreneurship can broaden economic participation and address wealth disparities.

Although growth alone may not reduce all forms of inequality, it provides the necessary resources for effective redistributive policies and social programs. Social protection programs should provide immediate relief while simultaneously building human capital and promoting economic inclusion over the long term.⁸⁷ Such relief efforts should be integrated into broader growth frameworks to ensure that immediate needs are met without losing sight of long-term development goals. Ethiopia's Productive Safety Net Program (PSNP), launched in 2005, exemplifies this approach. The PSNP provides food and cash transfers to food-insecure households, but recipients are required to participate in public works projects or skills training. This program has not only provided immediate relief but has also contributed to long-term development by building community assets and enhancing participants' productive capacity.⁸⁸

Growth strategies must incorporate environmental considerations from the outset, as there is a strong association between economic growth and improvements in a wide range of wellbeing indicators, including environmental quality. Costa Rica provides a compelling example of a country that has balanced growth with environmental protection. In addition to tripling its GDP since 1990, Costa Rica has doubled its forest cover, which constitutes 50% of its land area.⁸⁹ The country aims for carbon-neutrality by 2050, demonstrating that economic growth and environmental sustainability can be complementary goals. This highlights the value of having robust safeguards to balance economic growth with social and environmental protection, including promoting green technologies, investing in practical renewable energy sources, and implementing appropriate environmental regulations.

Given the unpredictable nature of economic development, flexibility in national development plans is crucial. Development strategies should prioritise adaptive governance by creating institutional frameworks that evolve with changing economic conditions.⁹⁰ This approach involves allowing for and learning from local policy experiments, enabling countries to adjust strategies based on new evidence and unexpected challenges. Economic crises can derail

development efforts, making it essential to develop crisis response mechanisms within growth strategies. Building resilience into economic systems and having contingency plans for responding to shocks are key, such as countercyclical fiscal policies, flexible social protection systems, and diversified economic structures. This could help mitigate sector-specific vulnerabilities.

Development efforts must also emphasise accountability for both governments and aid organisations.⁹¹ Transparency and accountability are essential for maintaining public trust and support for growth initiatives. Regular public reporting on the progress of growth initiatives, independent audits of development projects, and channels for citizen feedback and participation are key measures. Establishing the right incentives for individuals and institutions is crucial to drive development effectively. For example, Rwanda's performance contracts (Imihigo) for public officials demonstrate innovative approaches to enhance accountability. Introduced in 2006, Imihigo requires local government officials to set and achieve specific development targets. This system has improved service delivery and accelerated development projects, contributing to Rwanda's rapid economic growth and poverty reduction over the past two decades.⁹²

While advocating for a growth-centric approach, it is crucial to integrate insights from targeted interventions into broader strategies. RCTs have provided valuable micro-level insights into effective interventions. The key is to incorporate these successful micro-level interventions into macro policies that promote overall economic growth. Integrating RCT findings into broader development strategies ensures a more comprehensive approach. Additionally, complementary methodologies are needed to capture the complex, long-term processes of economic transformation. Long-term observational studies, natural experiments, and mixed-method approaches can better understand the drivers of sustained economic growth and the processes of structural transformation.



Role for the International Community

The international community must fundamentally reimagine its role in supporting development, focusing on national growth strategies in developing countries. This requires comprehensive changes in how development assistance is conceptualised and delivered. Prioritising sustained economic growth while recognizing other development goals can be achieved through this growth is essential.

In reimagining this role, it's crucial to recognize the nuanced impact that international development agencies have historically had. For example, in both India and China, the overall agenda of development agencies was very much encouraging these countries to undertake growth-promoting policies, even if not always in specifics. The research and ideas about how to better promote growth, although a small part of these agencies' budgets and efforts, were often instrumental and supportive. Development agencies often provided valuable guidance and support; even as domestic policy choices were the primary drivers of growth. This relationship can be likened to a 'bird sitting on an elephant' - where the agencies, like the bird, can offer a broader perspective, warning of potential dangers and suggesting beneficial directions.⁹³

While the specific projects of development agencies may not always directly drive growth, their existence is crucial for providing a broader perspective on development challenges. These agencies play a dual role: implementing programs (the "elephant") and offering valuable insights and guidance (the "bird"). Their ability to engage in high-level dialogue and support growth-promoting policies is invaluable. To maintain this 'bird's-eye view' capability, the larger operational structure of agencies needs to exist, even if some activities seem less directly impactful on growth.

Recognizing this complex interplay between domestic policies and international guidance is essential for understanding the historical context of growth in developing countries and shaping future development strategies. With this understanding, the international community should evolve its approach from primarily designing and implementing development strategies to also supporting the creation of enabling environments for bottom-up development, while maintaining its capacity to offer broader insights.

This shift involves critically evaluating traditional aid approaches and realigning development assistance with national growth strategies. It prioritises comprehensive national development plans over narrow, targeted interventions, while still leveraging the agencies' unique position to provide valuable perspectives. Investing in growth-enhancing initiatives such as critical infrastructure, facilitating private sector development, and enhancing local capacities, while also offering research and ideas about promoting growth, development agencies can contribute to sustained and broad-based economic progress. This balanced approach allows agencies to maintain their "bird on elephant" role, supporting country-driven strategies while providing crucial perspective and guidance.

Rwanda's economic transformation since the 1994 genocide illustrates this approach. The country developed its own Vision 2020 strategy, focusing on transitioning from a subsistence agriculture economy to a knowledge-based society. International donors, including the World Bank, DFID (now FCDO), and USAID, aligned their support with this national strategy. The World Bank's Country Partnership Framework 2021-2026 explicitly supports Rwanda's National Strategy for Transformation.⁹⁴ This alignment has contributed to Rwanda's average annual GDP growth of 7.2% between 2000 and 2019, demonstrating how international support, when aligned with a country-driven development strategy, can facilitate remarkable economic progress.

Engaging with the long-term process of economic transformation and trusting developing countries to chart their own paths to prosperity is crucial. International support can enable economic growth only if domestic elites are committed to it. Therefore, the focus should be on supporting and incentivizing elite commitment to growth, while also offering valuable perspectives that might not be apparent from within the country.

The international community should help design tailored economic policies that move beyond one-size-fits-all solutions, leveraging both international expertise and local knowledge. Aid should focus on developing flexible, adaptive institutions that evolve with changing economic conditions, fostering resilience and innovation. Efforts should support local innovators and entrepreneurs who create context-specific solutions, while development agencies maintain their capacity to identify potential dangers and suggest beneficial directions.

Significant funding is still needed for growth-enhancing initiatives, including infrastructure projects, support for productive sectors, and the promotion of innovation and technology adoption. Targeting critical infrastructure and productive capacity development, focusing on sectors such as transportation, energy, telecommunications, agriculture, and manufacturing, is essential.

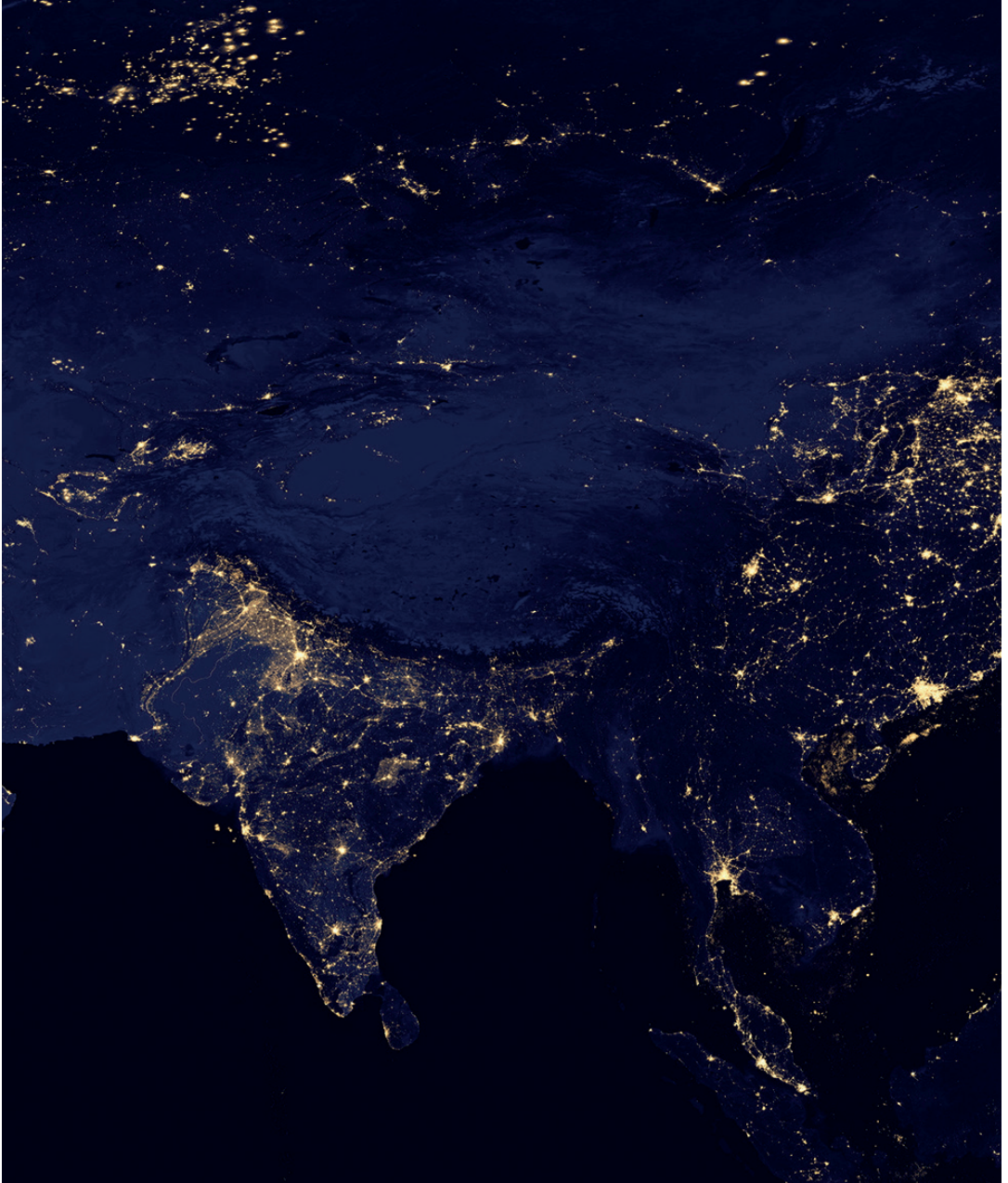
The success of M-Pesa in Kenya showcases how international support for innovative private sector initiatives can drive financial inclusion and economic growth. Launched in 2007 with initial support from the UK's Department for International Development and the Gates Foundation, M-Pesa has revolutionised mobile banking in Kenya and beyond.⁹⁵ By 2021, M-Pesa had over 50 million active users across seven African countries, processing over 15 billion transactions annually. This case illustrates how targeted international support for innovative private sector solutions can have transformative effects on financial inclusion and economic activity.

Facilitating private sector development and foreign direct investment is crucial for boosting productivity and economic transformation.⁹⁶ Integration into global markets can be achieved through export promotion and international trade agreements that provide preferential access for products from the poorest countries. Bangladesh's garment industry development exemplifies this approach. Supported by international partners, Bangladesh implemented macroeconomic reforms endorsed by the World Bank and IMF, creating a conducive

environment for industry growth. The EU's 'Everything But Arms' initiative provided crucial market access, while USAID and GIZ funded programs to improve labour standards and productivity. The International Labour Organization (ILO) implemented the 'Better Work Bangladesh' program to enhance working conditions. As a result, Bangladesh's garment exports grew from \$31.6 million in 1983 to \$33.1 billion in 2019, accounting for 84% of the country's total exports. This industry now employs over 4 million people, mostly women, showcasing how coordinated international support for private sector development can drive substantial economic and social progress.

Addressing climate change should not hinder economic growth in developing countries; international climate finance should support clean energy transitions without stalling growth. India's renewable energy expansion exemplifies this approach.⁹⁷ With international climate finance, including \$1.5 billion from the World Bank for low-carbon energy development and €1 billion from KfW for green energy corridors, India has significantly increased its renewable energy capacity. The country's solar capacity grew from 2.63 GW in March 2014 to 47.66 GW by October 2021, while maintaining robust economic growth. This rapid expansion of clean energy, supported by international finance, demonstrates how developing countries can address climate change while continuing to grow economically.

Building institutional capacity through long-term technical assistance, partnerships, and civil service reform is crucial for effective policy implementation. Building local research capacity is imperative for context-specific strategies. Enhancing statistical capacity is essential for effective policy design and evaluation, ensuring informed decision-making through reliable data collection and analysis. Supporting knowledge sharing among developing countries through regional forums, study tours, and collaborative research initiatives is also vital.



Embracing a growth-centric, ambitious view of development is not just about increasing GDP per se. It's about expanding human freedom, capability, and the ability to lead fulfilling, productive lives.

Conclusion

The field of development economics needs a fundamental reorientation towards prioritising economic growth as the primary driver of improving human wellbeing in developing countries. Empirical evidence highlights that economic growth is crucial for driving improvements across a wide range of indicators, including health, education, nutrition, and access to basic services. Variations in poverty rates are also largely explained by differences in median income or consumption.

A growth-centric approach calls for a holistic understanding of development and recognising economic growth as the fundamental enabler of progress across multiple dimensions of human wellbeing. By prioritising growth, we create the resources and opportunities necessary for substantial improvements in living standards. This approach challenges the current emphasis on targeted interventions and narrow definitions of poverty reduction, which emerged following the perceived failures of structural adjustment programs in the 1980s and 1990s.

Mauritius offers a compelling example of how long-term commitment to growth-oriented policies can transform a country's economic trajectory. When Mauritius gained independence in 1968, it was a low-income country dependent on sugar exports. Through consistent implementation of pro-growth policies, including export-oriented manufacturing, tourism development, and later, financial services, Mauritius achieved upper-middle-income status. Its GDP per capita grew from \$260 in 1968 to \$11,203 in 2019, demonstrating how sustained commitment to growth-oriented policies can drive economic transformation over decades.⁹⁸

Recent advancements in development economics provide a more nuanced understanding of the development process. Moving beyond low-bar poverty lines and narrow targeted interventions, ambitious goals better reflect the aspirations of people in developing countries. Each country must chart its own path based on its unique circumstances, focusing on promoting structural transformation. This involves shifting labour and resources from low-productivity to high-productivity sectors, a process crucial for sustained economic growth and substantial improvements in living standards.

Technological advancements and innovation play a critical role in driving development progress. Policies should focus on creating innovation ecosystems and facilitating technology transfer to boost productivity and economic growth. Additionally, research on state capability and capacity emphasises the importance of implementation capacity alongside policy design, acknowledging the need for robust and inclusive institutions with environments conducive to long-term development.

Realising a growth-oriented vision requires a concerted effort from all stakeholders in the development community. A renewed partnership between developing countries, international organisations, private foundations, and the research community is essential. Developing countries should lead in designing and implementing growth strategies, with the international community providing support and resources. For policymakers and practitioners, this entails

prioritising policies that promote economic growth, creating an enabling environment for private sector development, investing in human capital, and ensuring that growth benefits are widely shared. Success hinges on the commitment of political and economic elites to growth and transformation, and their ability to maintain this commitment over decades. This shift demands a re-evaluation of development goals, a recalibration of aid priorities, and a renewed commitment to building state capabilities and capacities. It challenges the development community to move beyond short-term interventions and engage with the complex, long-term process of economic transformation.

This growth-centric approach does not ignore concerns about inequality or environmental sustainability. Rather, it recognizes that economic growth provides the resources necessary to address these issues effectively. Robust safeguards and well-designed policies can ensure that growth is inclusive and environmentally sustainable.

Embracing a growth-centric, ambitious view of development is not just about increasing GDP per se. It's about expanding human freedom, capability, and the ability to lead fulfilling, productive lives that is reflected in growth. By adopting this paradigm, we can work towards a future where sustained improvements in human wellbeing are not just a hope but a reality for billions of people around the world. This approach offers the best hope for achieving substantial and sustainable improvements in living standards, realising the aspirations of people in developing countries, and fostering a more prosperous and equitable global future. **The time for a fundamental reorientation of development economics is now.**

About Stephen Brien

Stephen Brien is a Visiting Senior Fellow at Artha Global. He is also Senior Fellow at the Future Africa Forum, and the Chair of the UK Social Security Advisory Committee.

Prior to this, he worked as the Director of Policy at the Legatum Institute where he led the production of the Legatum Prosperity Index. His research focuses on the political economy of national transformation. Stephen has advised many governments in the Middle East and sub-Saharan Africa including Saudi Arabia, Ethiopia, Malawi and CAR. He has been a Director at Social Finance; and he also advised the UK Department for Work and Pensions (DWP) from 2010 to 2013.

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Acknowledgments

The author would like to thank Lant Pritchett, Alix Zwane, Mark Henstridge, and Pascal Mensah for their early feedback.

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