What drives economic growth, and how can growth help to reduce poverty and inequality? The past decade has shown that economic growth can help lift people out of poverty, and that the increasing integration of the world economy can yield new opportunities for developing countries to grow. Just as clearly, however, growth and globalization have benefited the poor unevenly. Experience has shown that growth is necessary but not sufficient, and that the pattern of growth is critical in determining the speed and extent of poverty reduction. Markets, other formal and informal institutions, and the combination of public policies all influence growth and poverty outcomes, but their joint effects are still inadequately understood. Faced with these knowledge gaps and the uneven impact of growth on poverty, developing country governments, analysts, and civil society actors are struggling to draw relevant lessons to guide public policy.

OBJECTIVES

The Globalization, Growth, and Poverty (GGP) program initiative supports the generation of knowledge and the strengthening of research capacities in developing countries to:

- enable governments and nongovernment actors to improve their understanding of patterns and drivers of inclusive growth and to propose locally relevant policies and programs;
- inform policymakers and civil society actors of the opportunities to reduce inequality and poverty through appropriate trade strategies, and by situating markets within proper rules and regulations;
- develop analyses and recommendations enabling governments to design and finance equitable and effective social protection systems and assisting civil society actors to engage constructively in the process; and
- enrich policy analyses and debates by enhancing the understanding of poverty and inequality, the political dimensions of pro-equity reforms, and the appropriate levels (local, national, international) for introducing pro-equity policy initiatives.

OUR APPROACH TO PROGRAMMING

All governments struggle to seize the opportunities and mitigate the risks of globalization. The challenge is most acute in the developing world where the ability to identify opportunities and analyze risks on the basis of evidence is relatively weak. A better understanding of the forces at work and of policy options to deal with them is key to promoting successful economic integration and inclusive growth. To help respond to this challenge, GGP supports projects in three priority areas:

- **patterns and drivers of inclusive growth** — focusing on employment and ways of aligning policies and institutions in the pursuit of pro-poor growth strategies;
- **markets and other institutions for inclusive growth** — examining how markets and public institutions (including trade, competition, and regulatory frameworks) interact with growth, poverty, and inequality; and
- **social protection** — assessing social needs for state-provided protection, and ways of financing appropriate programs without hindering growth.
GGP gives preference to multicountry initiatives that provide room for country-specific capacity development and knowledge generation while facilitating cross-country learning and collaboration.

**SELECTED PROJECTS**

**Enhancing Research Capacity for Growth and Poverty Reduction in Viet Nam**
Countries making the transition from a centrally planned to a more decentralized, market-based economy face daunting policy challenges. In the case of Viet Nam, the challenge of reducing widespread poverty while remaining competitive is complicated by the scarcity of personnel qualified to undertake evidence-based policy analysis. GGP is building on long-term IDRC investments in Viet Nam (most recently through the Viet Nam Economic Research Network, or VERN), supporting rigorous, applied research on strategies to reduce poverty through broad-based economic growth in the context of global and regional economic integration. VERN relies on a mix of competitive grant allocations and incentives, to ensure the expansion of research capacity and to maximize the quality and policy relevance of studies by local researchers.

**Smallholder Farmers and Changing Agri-Food Markets**
Changes in global agri-food sectors, such as the growth in exports for higher value products and the global spread of supermarkets with centralized procurement systems, present both opportunities for and threats to the livelihoods of smallholder farmers. One example of how GGP addresses these issues is the Facilitating Small Producer Access to High-Value Markets project, launched in November 2005. This project is conducting eight case studies in African countries, examining the effectiveness of strategies to enhance the access of smallholder farmers to high-value markets, in order to produce a set of guidelines for private, public, and joint initiatives. GGP plans to build on this project by supporting research on the restructuring of agri-food distribution sectors to inform debates on their effects on poverty.

**Childhood Poverty in Ethiopia: The Young Lives Research Project**
In Ethiopia, children under 15 represent more than two-fifths of the population; more than half of them suffer severe deprivation. Like some other highly indebted poor countries, Ethiopia is implementing labour-intensive development strategies to reduce poverty. In pursuing this goal it is often assumed that policies that are good for adults are also good for children. However, economic transformations and policy changes may expose children to new sources of vulnerability or have other unintended effects. IDRC-supported research in Ethiopia demonstrated the need to explicitly address the needs of children in poverty reduction strategies. GGP plans to continue supporting related research to generate evidence to inform economic policies and social protection measures that take into account intra-household dynamics.

**FOR MORE INFORMATION**
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Canada’s International Development Research Centre (IDRC) is one of the world’s leading institutions in the generation and application of new knowledge to meet the challenges of international development. For more than 30 years, IDRC has worked in close collaboration with researchers from the developing world in their search for the means to build healthier, more equitable, and more prosperous societies.