USAID’s New Economic Growth Strategy

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From Whence Cometh the Strategy

Oh, Economic Growth Strategy

Where forth art Thou?
Overall Framework

Figure 1: Framework for Economic Growth

Drivers
- Micro Policies and Governance (property rights; enforcement of contracts/rule of law; economy-wide and sector-specific policies and regulations; trade policies...)
- Macro Policies and Governance (taxation; budget formulation and execution; deficit control; monetary policy; exchange rates...)

Incentives

Enablers
- Finance
- Infrastructure
- Human Resources

Inputs

Enterprises
(farms, manufacturers, and service providers of all types and sizes: micro, small, medium, and large)

Growth in Productivity, Output, and Incomes
Growth Begins with Competitive Firms

All productivity growth takes place at the level of the firm

This includes producers in all sectors and of all sizes, from the family farm and the vegetable seller with a handcart to the largest global corporation.
Economic Governance Drives Growth by Shaping Producers' Incentives

A sound macroeconomic framework is the cornerstone for sustained growth.

Microeconomics has emerged as the next frontier for economies to sustain a strong rate of growth.
Other Factors Enable Growth

• Education

• Workforce Development

• Finance

• Business Services

• Access to Market Information
Core Principles for USAID Programs Pursuing Growth

- Programs should seek large and systemic impacts
- Where systemic reforms are not yet underway, USAID will pursue programs that can demonstrate a catalytic impact
- Close attention to the political economy of change is important for results
Public-Private Partnerships are Integral to the Economic Growth Strategy

- Private sector constituencies are essential for policy reform
  - Business Associations & Think Tanks
  - Mechanisms for public-private sector dialogue
- Support to private sector solutions for community development
  - Jobs
  - Local NGOs as local government watchdogs
- Foreign private investment brings technology and productivity gains
- Local private investment even more important
For more information

• Download a copy of the Economic Growth Strategy from the USAID website at

www.usaid.gov/our_work/economic_growth_and_trade