

Institution: SOAS
Unit of Assessment: 24B Anthropology and Development Studies: Development Studies
Title of case study: Influencing International Economic Policy on Growth and Governance (Mushtaq Khan)
<p>1. Summary of the impact (indicative maximum 100 words)</p> <p>Professor Mushtaq Khan's re-examination of the orthodox approach to good governance - that sees 'good governance' as a precursor for economic growth - has significantly influenced long-term international development funders, informing thinking, policy and practice through its sustained, well-evidenced case that a different set of 'developmental' governance capabilities are required for economic growth in developing countries, which in turn serves as an effective catalyst for achieving good governance. The research has resulted in his appointment to a number of high-profile advisory roles for international organisations such as the UN, the World Bank and the Agence Française de Développement (AFD).</p>
<p>2. Underpinning research (indicative maximum 500 words)</p> <p>Khan has been Professor of Economics at SOAS since 1996, having previously taught at Cambridge. His research interests include institutional economics, rents and rent-seeking, and the interdependencies between governance, corruption and economic development. He has published extensively, with several articles awarded the prestigious Hans Singer and Frank Cass prizes. Drawing on his research, Khan has undertaken consultancy for various international governments and development organisations, and is a regular economics and development commentator for BBC Bangla and Voice of America Bengali broadcasts.</p> <p>Khan's work on governance and development has garnered much attention internationally, largely due to its thorough, sustained critique of the 'good governance' agenda promoted by leading development actors and institutions. The conventional understanding of good governance proposes that, in order to maintain efficient markets and thus achieve economic growth, developing countries must first meet certain governance-related criteria, principally strengthening the rule of law, robust anti-corruption measures, transparency in governance and democratic accountability. Khan challenges this established view, arguing that a closer analysis of economic theory and historical evidence reveals that good governance has typically been a progressive outcome of a development process, not something achieved at the beginning. Thus, while desirable, the features of good governance are not necessarily preconditions for development; rather, they can be the goals.</p> <p>Khan's re-thinking of the orthodox approach to economic growth in developing countries advocates a shift in the focus of governments and economists towards achievable 'developmental' governance capabilities, based on both historical evidence of successful development and a more nuanced understanding of the political arrangements of individual developing countries, where aspects of political corruption are often necessary for maintaining political stability. In this respect, Khan places emphasis on the need for international actors to appreciate the nature of 'political settlements' in developing countries, referring to the institutional and political arrangements that achieve political stability in particular countries. Instead of a general and unachievable focus on 'good governance' Khan contends that a focus on the most damaging types of corruption that can be feasibly attacked and the most important developmental governance capabilities can help prevent developing countries from being pushed to meet goals that are ultimately unachievable or may even be damaging.</p> <p>Khan questions the relationship between good governance and economic growth in multiple outputs, beginning with a notable publication in 2004 (output a, published in several languages) which established the importance of different types of governance, followed by a 2007 paper for the UN Department of Economic and Social Affairs (output b). This paper assesses empirical evidence from countries experiencing rapid growth in the last fifty years to compare 'market-</p>

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enhancing' governance (the mainstream good governance agenda) with what he terms 'growth-enhancing' or developmental governance. Khan identifies several growth-enhancing governance capabilities: these include the capability to maintain political stability during rapid social transformations, transform property rights and transfer resources to more productive sectors, and to effectively allocate resources to accelerate the adoption of high-productivity technologies – and he shows how these capabilities have been more important than market-enhancing governance capabilities in sustaining economic growth. Khan's research continues to re-assess governance, showcasing alternative evidence from several countries (including Africa, see output c), Bangladesh (output d), Thailand (output e), the implications for controlling global illicit capital flows (output f), and developing an alternative policy agenda (output g).

Ultimately, Khan's research highlights the limitations of the predominant good governance agenda, and how such limitations could lead to lost opportunities for implementing reforms which have a greater potential of success. Instead, he provides a framework for identifying a more context- and country-specific set of developmental governance capabilities to promote in the short- to medium-term that can more rapidly improve the economic performance of developing nations.

3. References to the research (indicative maximum of six references)

- a) "State Failure in Developing Countries and Strategies of Institutional Reform." In *Towards Pro-Poor Policies: Aid Institutions and Globalization*, edited by Bertil Tungodden, Nick Stern and Ivar Kolstad, 165-95. Oxford: Oxford University Press, 2004.
French version published as "L'Échec de l'État dans les pays en développement et les stratégies de réforme institutionnelle." *Revue d'économie du développement* 17 –2003/2-3: 5-48. The article has also been translated into a number of other languages including Chinese and Burmese.
- b) *Governance, Economic Growth and Development Since the 1960s*. United Nations Department of Economic and Social Affairs (DESA), 2007.
Later published as: "Governance, Economic Growth and Development since the 1960s." In *Growth Divergences: Explaining Differences in Economic Performance*, edited by José Antonio Ocampo, Jomo Kwame Sundaram and Rob Vos, 285-323. Hyderabad, London and Penang: Orient Longman, Zed Books and Third World Network, 2007.
- c) "Governance and Growth: History, Ideology and Methods of Proof." In *Good Growth and Governance for Africa: Rethinking Development Strategies*, edited by Akbar Noman, Kwesi Botchwey, Howard Stein and Joseph Stiglitz, 51-79. Oxford: Oxford University Press, 2012.
- d) "Bangladesh: Economic Growth in a Vulnerable Limited Access Order." In *In the Shadow of Violence: The Problem of Development for Limited Access Order Societies*, edited by Douglass North, John Wallis, Steven Webb and Barry Weingast, 24-69. Cambridge: Cambridge University Press, 2013.
- e) "The Political Economy of Inclusive Growth." In *Promoting Inclusive Growth: Challenges and Policy*, edited by Luiz de Mello and Mark Dutz, 15-54. Paris: OECD Publishing, 2012.
- f) with Stephanie Blankenburg. "Governance and Illicit Flows." In *Draining Development? Controlling Flows of Illicit Funds from Developing Countries*, edited by Peter Reuter, 21-68. Washington: The World Bank, 2012.
- g) "Beyond Good Governance: An Agenda for Developmental Governance." In *Is Good Governance Good for Development?*, edited by Jomo Kwame Sundaram and Anis Chowdhury, 151-82. London: Bloomsbury Academic, 2012.

4. Details of the impact (indicative maximum 750 words)

Khan's impact on the field of development is demonstrated most clearly by his presence in an

advisory capacity in organisations such as the UN, the World Bank and AFD. Since 2010, for example, Khan has been a member of the Committee of Experts on Public Administration at the UN, a geographically diverse, select group of 24 specialists that supports the Economic and Social Council in promoting and developing public administration and governance in Member States. The Committee meets annually in New York. Khan, a representative of Bangladesh, has made numerous recommendations that are referred to in reports of the committee (1 and 2, below).

Khan's expertise has also been solicited by DFID in various research, educational and training capacities since 2008, including research and briefings on South Asia, anti-corruption, growth and governance. Between 2007 and 2010, Khan was Research Leader on DFID's 'Governance for Growth' project that investigated how certain countries, largely in Asia, have transformed their economies to achieve sustained economic growth without fulfilling 'good governance' requirements (3, 4). This work, and particularly the analysis of political settlements, has influenced a number of other major DFID-funded projects on governance. Khan's influence on DFID is confirmed by Max Everest-Phillips (5), formerly responsible for DFID's Development Advice and Policy and currently Director of the UNDP Global Centre for Public Service Excellence, who contends that Khan's work has also impacted upon the World Bank's approach:

"Khan is the most influential person in the UK working on governance and development. He challenges orthodoxy in a very effective way. His ideas fed into DFID policy, but he also pushed the World Bank to be less prescriptive and more open to different ideas, models."

Khan's impact on the World Bank is corroborated by his invitations to participate in numerous World Bank meetings and missions. He is a member of the World Bank's Panel of Experts on Policy Implementation, (informally called the Brains Trust) since 2012. This panel, comprised of four eminent academics working on governance and institutions, advises the World Bank's Finance and Private Sector Development team on achievable institutional and governance reforms for industrial policy. Thus far, it has assisted the Planning Commission of India with their Manufacturing Plan. In a letter from Ivan Rossignol of the World Bank (6), it was stated that Khan's invitation to the Panel was based on his position as 'a leading thinker on questions of institutions, governance, how to achieve growth in practice and on what makes for effective real-world policy.'

As a result of Khan's work on governance and the 'political settlement' in Bangladesh (output d), he was involved in the World Bank's 2010 mission to Bangladesh on power sector reforms. Khan's work on political settlements fed into the policy advice provided to the Bangladesh government.

A large part of Khan's work outside academe has been conducted in close collaboration with the French AFD. He has participated in the AFD-sponsored 'African Programme on Re-thinking Development Economies' (APORDE) since 2007, a South African Department of Trade and Industry initiative, comprising a two-week seminar series involving policy makers and civil society representatives from Africa, Asia and Latin America, exploring alternatives to mainstream approaches to development issues so as to promote original, dynamic thinking.

He has also contributed substantially to a long-standing AFD project that examines institutions, governance and growth in developing countries, including India, Bangladesh and Pakistan. Khan's work has greatly influenced AFD policy and the policy advice it provides developing countries, as confirmed by Nicolas Meisel, Senior Programme Manager in the AFD's Research Department:

"I have observed that, in the aid industry, Khan's work has been increasingly cited over the past 5 years. He has added a lot to the field, especially through his papers for DFID on governance capabilities for managing industrial transformation in developing countries. Khan has a strong, long-term relationship with AFD. The domain of ideas put forward in his work on governance and political settlements has influenced the planning of new instruments, policies and programmes at AFD" (7, 8).

Together with Meisel, Khan has also offered policy advice directly to governments in developing countries. For instance, in 2013, he presented at a four-hour roundtable with senior members of

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the Ethiopian government including the Prime Minister, following which AFD received an official request to further advise the country.

Further evidence of Khan's impact is demonstrated by the many references to his research in reports published by leading development institutions, for example the US Government Accountability Office, Developmental Leadership Programme (Australia) (10), the Overseas Development Institute (9), Asia Foundation, Netherlands Institute for International Relations, Advisory Board for Irish Aid, Christian Aid (11) and Action Aid.

5. Sources to corroborate the impact (indicative maximum of 10 references)

1. Details of the members of the UN Committee of Experts on Public Administration (CEPA): <http://www.unpan.org/DPADM/CEPA/CEPAMembers20102013/tabid/11113/language/en-US/Default.aspx> [Most recently accessed 25.11.13].
2. Report on Corruption to 11th Session of UN (CEPA) referred to in Report of April 2012: <http://unpan1.un.org/intradoc/groups/public/documents/un/unpan049669.pdf> [Most recently accessed 25.11.13]. and paper on Corruption: <http://unpan1.un.org/intradoc/groups/public/documents/un/unpan048444.pdf> [Most recently accessed 25.11.13].
3. DFID's Governance for Growth project page with reference to impact: <http://r4d.dfid.gov.uk/Project/60560/Default.aspx> [Most recently accessed 25.11.13].
4. Khan cited in DFID synthesis paper: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67679/plcy-pltcs-dfid-rsch-synth-ppr.pdf [Most recently accessed 25.11.13].
5. Max Everest-Phillips, Director of the UNDP Global Centre for Public Service Excellence.
6. Letter from Ivan Rossignol, Sector Manager, Finance and Private Sector Development, South Asia region, The World Bank.
7. Nicolas Meisel, Senior Programme Manager, Research Department, Agence Française de Développement (AFD)
8. Khan cited in AFD report 2009: http://mgsog.merit.unu.edu/research/IPD/docs/10-01-29_IPD%202009_ENG.pdf [Most recently accessed 25.11.13].
9. Khan cited in Overseas Development Institute working paper: <http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/6028.pdf>
10. Khan cited in a background paper for Australia's Developmental Leadership Programme: <http://www.dlprog.org/news-events/political-settlements-elite-pacts-and-governments-of-national-unity.php> [Most recently accessed 25.11.13].
11. Khan cited in Christian Aid report, 'Introducing Political Settlements': <http://www.christianaid.org.uk/images/final-political-settlements-paper.pdf> [Most recently accessed 25.11.13].