



Overseas Development
Institute



Annual Report 2008

Britain's leading
think tank on
international
development

About ODI (www.odi.org.uk)



Our Mission



ODI is Britain's leading independent think tank on international development and humanitarian issues. Our mission is to inspire and inform policy and practice which lead to the reduction of poverty, the alleviation of suffering and the achievement of sustainable livelihoods in developing countries. We do this by locking together high quality applied research, practical policy advice, and policy-focused dissemination and debate. We work with partners in the public and private sectors, in both developing and developed countries.

Main research themes: 2007–2009

- The Millennium Development Goals (MDGs)
- Growth
- The future of aid
- Crisis and risk
- Think tanks for development

Research programmes

Humanitarian Policy

- Humanitarian Concepts, Principles and Debates
- Conflict, Civilian Security and Transitional Contexts
- Crisis Contexts and Humanitarian Action
- Evolving Architecture of Humanitarian Action
- Humanitarian Practice Network (HPN)

International Economic Development

- Business and Development Performance
- International Financial Architecture
- Investment and Growth
- Trade Policy

Poverty and Public Policy

- Aid and Public Finance
- Growth and Equity
- Politics and Governance
- Rights in Action
- Social Development

Research and Policy in Development

- Research
- Partnerships and Capacity Development

Rural Policy and Governance

- Forests, Environment and Climate Change
- Protected Livelihoods and Agricultural Growth
- Tourism
- Water Policy

Outputs

Publications and Online Communication

ODI publications capture the latest critical thinking on development issues. Our series range from short ODI Opinions by our experts on cutting-edge topics, to Working Papers on preliminary research results, and Briefing Papers or Natural Resource Perspectives that provide concise, policy-relevant research analysis. ODI also produces two international peer-reviewed journals: *Development Policy Review* and *Disasters*. Our online communication includes e-newsletters to provide updates on our work, while newsfeeds alert subscribers to new materials.

Events

ODI holds around 70 public meetings, workshops and seminars in London every year, including meetings with the UK All-Party Parliamentary Group on Overseas Development (APGOOD), and other relevant all-party groups. These attract expert speakers from around the world. ODI Event Series take an in-depth look at key development issues – recent Series have included: Lessons from Latin America; Japan and Africa in 2008; Civilians in Conflict; and Future Agricultures.

Media

ODI researchers speak to the media on a vast range of development topics, and many have recent first-hand knowledge of specific countries and regions. The ODI Communications Team supplies media with press releases, interviews and informal background briefings, and alerts them to breaking news, events and publications.

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Cover image: Cloth merchant in the Merkato market, Addis Ababa, Ethiopia
Photographer: Antony Robbins, ODI

Council Members

Those marked * are also Board members

Those marked > are newly elected Council members

* **Lord Adair Turner, Chair of ODI from December 2007**, is a Director of Standard Chartered plc. He has been Chair of the Climate Change Committee since January 2008, and has been appointed Chairman of the FSA (effective September 2008). He is Visiting Professor at the London School of Economics and at Cass Business School, City University.

* **Avinash Persaud, Deputy Chair of ODI from December 2007**, is a banker and Director of three investment boutiques in India, UK and Barbados. He is a member of the Councils of the London School of Economics and the Royal Economic Society. He is Co-Chair of the OECD Emerging Markets Network and Emeritus Professor of Gresham College.

> **Mike Aaronson** Civil Service Commissioner and Chairman of Frimley Park Hospital NHS Foundation Trust. External Director of Oxford Policy Management Ltd. Non-Executive Director of Corporates for Crisis Ltd. Chair of the Board of the Centre for Humanitarian Dialogue (to July 2008). Visiting Fellow of Nuffield College, Oxford. Senior Concept Developer with NATO (ACT). Chief Executive Save the Children UK 1995–2005.

Tony Baldry Conservative MP, chaired the International Development Select Committee from 2001 to 2005.

* **Andrew Barnett** Director of The Policy Practice Limited, an economist with extensive experience of both energy and technology policy analysis in developing countries.

> **Susan Barron** ODI staff member.

Hugh Bayley Labour MP, member of the International Development Select Committee, the NATO Parliamentary Assembly and the Commonwealth Parliamentary Association, Chair of the Westminster Foundation for Democracy.

Professor Jo Beall Professor of Development Studies at the London School of Economics; former Director of Development Studies Institute, London School of Economics.

Alan Beattie World Trade Editor of *The Financial Times*. Former Bank of England economist.

Andrew Bennett Chair of both CIFOR and SciDev.Net and President of the Tropical Agricultural Association (UK).

Malcolm Bruce Liberal Democrat MP and Chair of the International Development Select Committee. Also Chair of Globe UK and President of Globe International.

Tony Colman Director of the Africa Practice. Former MP.

* **William Day** Chairman of Water and Sanitation for the Urban Poor (WSUP). Special Advisor to UNDP and Senior Associate, University of Cambridge Programme for Industry.

Richard Dowden Director of the Royal African Society. Writer and journalist on Africa. Former Africa Editor of *The Independent* and *The Economist* and worked on *The Times*. Author of *Africa: Altered States, Ordinary Miracles* (September 2008).

Larry Elliott Economics Editor at *The Guardian*.

Professor Frank Ellis Professor in agricultural economics at the School of Development Studies, University of East Anglia.

Professor Diane Elson Member of the Department of Sociology and the Human Rights Centre, University of Essex. Former member of the Millennium Project Task Force on MDG3 to Promote Gender Equality and Women's Empowerment.

> **Guy Goodwin-Gill** Senior Research Fellow of All Souls College, Oxford and Professor of International Refugee Law at the University of Oxford. President of the Refugee Legal Centre in London and Founding Editor of the *International Journal of Refugee Law* (Oxford University Press).

Nik Gowing Main Programme Anchor for BBC World News, the BBC's 24-hour international TV news and information channel.

Ann Grant British High Commissioner to South Africa 2000–2005. Joined Standard Chartered Bank as Vice Chairman, Standard Chartered Capital Markets Ltd in 2005.

> **Edward Hedger** ODI staff member.

* **Isobel Hunter** Independent Human Resources consultant. Particular focus on international organisations in the not-for-profit and public sector.

Baroness Margaret Jay Non-executive Director of British Telecom and the Independent Media Group. Member of the House of Lords since 1992 and Minister for Health (1997–1998), member of the Cabinet as Leader of the House of Lords, and Minister for Women (1998–2001).

Sir Richard Jolly Director of IDS (1972–1981) before joining UNICEF as Deputy Executive Director for Programmes (1982–1995). Architect of UNDP's Human Development Report for five years. Returned to IDS in 2000 as a Research Associate, working on human development and on the UN Intellectual History.

* **Richard Laing** Chief Executive of CDC Group plc, the UK's bilateral Development Finance Institution which is a leading investor in the emerging markets of Africa, Asia and Latin America, placing its £2.5 billion of capital with a series of fund managers in those markets.

* **Michael Lipton** Research Professor at the Poverty Research Unit, University of Sussex. Fellow of the British Academy; CMG; Advisory Committee of HarvestPlus; Board of International Development Enterprises (UK). Author of a book on land reform (Spring 2009).

Baroness Lindsay Northover Liberal Democrat Lords Spokesperson on International Development. Has served on the European Union Foreign Affairs, International Development and Defence Select Committees and is an officer of the All-Party Group on Overseas Development, Executive member of the Commonwealth Parliamentary Association and a Trustee of the Tropical Health and Educational Trust (THET).

Anne Mills Professor of Health Economics and Policy at the London School of Hygiene and Tropical Medicine. She is Head of the Health Economics and Financing Programme and Head of the Public Health & Policy Department.

Salil Shetty Director, United Nations Millennium Campaign and former Chief Executive of ActionAid.

Dr Diane Stone Professor, Politics and International Studies, University of Warwick, Marie Curie Chair and Professor of Public Policy, Central European University and Chair, Researchers Alliance for Development.

Tidjane Thiam Executive Director of Prudential and Chief Financial Officer. A Non-executive Director of Arkema in France and a sponsor of Opportunity International, a charity focusing on microfinance in developing countries.

* **Sue Unsworth** Research Associate with the Governance Team at IDS, University of Sussex. Principal with The Policy Practice. Formerly Regional Director for Asia and subsequently Chief Governance Adviser at the Department for International Development.

* **Stewart Wallis** Executive Director of nef (the new economics foundation). Previously spent seven years at the World Bank before joining Oxfam as International Director in 1992.

* **Baroness Janet Whitaker** Vice-Chair of the All-Party Parliamentary Groups on Overseas Development and Ethiopia, and of the Parliamentary Labour Party International Development Committee. Currently Labour Party International Development Liaison Peer.

Ngaire Woods Professor of International Political Economy, Oxford University and Director of the Global Economic Governance Programme at University College, Oxford.

Introduction



**Adair Turner,
ODI Chair**

I was delighted to assume the role of Chair of ODI in December 2007, with Professor Avinash Persaud as the new Deputy Chair. Baroness Margaret Jay bequeathed an Institute with an admirable reputation around the world for the quality of its research and the strength of its involvement in major global debates. I would like to pay tribute to her for leading the Institute through a period of growth and change.

I am delighted that Margaret Jay will remain a member of the Institute's Council. The Council plays a key role in the ODI, providing guidance and encouragement to the executive and staff. I am grateful to all of its members for their commitment and input.

I have become involved with ODI because I believe it vital that the world understand and overcome the many major development challenges. Much of the world is now benefiting from successful economic growth, and participation in the global market economy is helping to lift hundreds of millions of people from poverty. But in many countries, particularly – but not exclusively – in Africa, economic success remains partial and its continuation is uncertain. In several fragile states, it is still entirely absent. In much of the rest of the world too, the benefits of economic growth are extremely

unequally divided. Furthermore, rising prosperity is in many developing countries accompanied by great environmental harm. Very rapid population growth is still a major development challenge in many countries; climate change a challenge for the whole world.

The world needs to understand the causes of wide divergence of economic performance, and to ensure that all policies – not just development aid policies – are well designed to spread economic success as widely as possible and to make it compatible with environmental sustainability. ODI research projects help achieve that understanding. And as one of the world's leading development think tanks, it helps to devise the policies required.

The ideas provided by think tanks like ODI are public goods and provide essential building blocks from which to construct better policy. But, think tanks must also facilitate global discussion of the issues. I am therefore pleased that ODI has invested significantly in strengthening its public affairs and partnership work.

This Annual Report illustrates a remarkable range of work and impact. The coming year will be Simon Maxwell's last as Director. He and his team deserve our thanks and full support.



**Simon
Maxwell,
ODI Director**

Margaret Jay has been a strong and supportive friend to me and to ODI. The evidence of her influence can be seen in changes both internal and external. Thanks to her leadership, we are larger, more focused and more effective. With Lord Adair Turner as our new Chair, and Professor Avinash Persaud as his Deputy, we are well positioned for further development.

The next steps for ODI were laid down in a five-year strategy review process we completed during the year under review. Internally, we have continued to strengthen the leadership cadre, made easier by the high quality of our five Directors of Programmes and our 20 or so Programme Leaders. It is at the programme level that innovation and entrepreneurial enthusiasm most often appear – in the Water Policy Programme, for example, or the programme on Pro-Poor Tourism. We want to nurture research, policy advice and public affairs in these teams. It then falls to Directors of Programmes to mentor programmes and lead on the big, cross-cutting issues that shape the development

agenda and inform the work of all of ODI.

Of course, ODI needs to work from the outside in and not from the inside out. Our programme of work demonstrates significant engagement with a changing development agenda, whether in response to long-term challenges, like the impact of China on the world economy, or climate change, and short-term shocks, like the impact of rising food prices. The Annual Report provides a platform for the Directors of Programmes: James Darcy; Alison Evans; Andrew Shepherd; Chris Stevens; and John Young, to lay out the themes that will frame ODI work in the coming years. They range across the development agenda, from managing risk and encouraging growth, to the future of aid and the delivery of the MDGs. John Young writes interestingly, for example, about 'open innovation' and the future of think tanks.

ODI has reason to be in good heart, with a young and ever-more diverse staff. They provide a solid platform for the future development of our Institute.

Inspiring action to red

By Simon Maxwell, ODI Director



New issues crowd on to the development agenda. The need for international collaboration grows greater. The time available to respond grows shorter. Think food prices, or oil, or natural disasters in fragile states. A think tank that aspires to be influential on the international stage needs to work in new ways, on new topics, with new partners, and to a new timescale.

In planning our own future, we have identified three big challenges, which we call the three ‘Cs’.

The first is about coverage. This has been a continuing theme at ODI, as we grapple with the question ‘What’s next in international development?’ The main issues are now well-established in the world and in our work: the impact of China on the manufacturing prospects for poor countries; the management of a new phase of globalisation; the increasing overlap between development and foreign policy; the growing importance of global and regional ‘public goods’, especially in relation to climate change; and the implications of all these for global institutions and global aid.

This new development agenda requires an approach that links sectoral and topic-specific programmes. For example, in grappling with reform of the international system, researchers need to work at the interface of development and humanitarian interventions, and the institutions that support them. Similarly, a concerted focus on the MDGs requires not only social sector expertise, but also an understanding of the essential underpinning of pro-poor growth – in agriculture, manufacturing and services, in rural areas and urban.

The scale and history of ODI’s work, its programmatic range and its multidisciplinary expertise, make it well-equipped to lead cross-cutting research and policy engagement around the new agenda. Directors of Programmes take personal responsibility for major themes, working across the Institute with all ODI programme teams to mobilise research and policy advice around cutting edge issues. The business contribution to growth and development has been a highlight over the past year, to be followed by concerted work around the MDGs, the future of aid and the management of risk. The articles by our Directors of Programmes that feature in this Report are personal and institutional manifestos to move ODI and the research debate forward.

The second challenge is about capacities: not only our own, but also, and more importantly, those of research institutes and think tanks in developing countries. There are a growing number

of these, patchy, of course, in geography and sometimes resources, but nevertheless performing many of the functions taken on in earlier times by counterparts in industrialised countries.

The third challenge is about communication. In a previous age, the ‘unit of production’ was the book, the research report or the article in an academic journal, supplemented by the occasional briefing paper and public meeting. Today, we still produce books and research reports, and proudly manage two refereed journals, *Development Policy Review* and *Disasters*. But the internet has changed the way we communicate, and the proliferation of media outlets has changed the way we engage with audiences. We have found we need to be brief and much, much faster. The two-page opinion or the five-paragraph blog, turned around in just a few hours, is an essential vehicle for policy influence. In the future, technology is likely to challenge even further the expert status of the researcher. It will require us to assume a different kind of role in facilitating new knowledge networks.

These challenges are more acute in a think tank like ODI than they might be in a traditional university department or research institute. We have always insisted that research quality is the foundation of our work at ODI – and continue to do so. However, it has also been the case that our researchers need the right skills for the think tank environment. We succeed because our staff are good story-tellers and expert communicators, great networkers, focused on practical change, and highly sensitive to political and policy processes. Furthermore, and unlike think tank staff working on purely domestic issues, our ODI policy entrepreneurs are mostly concerned with multinational and multistakeholder policy processes, on issues like trade or international finance. They work with partners around the world. Just as airlines work together in code-sharing alliances, the model we have developed at ODI is one we call ‘policy code-sharing’.

Our primary focus remains unchanged in the new environment. It remains our purpose to reduce poverty, not just study it. We aim to inspire and inform policy and practice that lead to the reduction of poverty and the alleviation of suffering in developing countries.

What we do recognise, however, is that if we want to deliver change, we will need even stronger partnerships with like-minded institutions in both the developed and developing worlds. We are fortunate to have long-term funding from the UK Department for International Development (DFID) to help build new partnerships, and have been learning about the challenges of working together in genuine collaboration. The Forum on the Future

uce poverty

of Aid and our recent programme of work on the G8 in Japan are examples of what will surely become a common way of working for ODI. Partnership will also run through our many long-term research programmes, as it does, for example, for the Chronic Poverty Research Centre. ODI will certainly play a part in facilitating south-south learning and policy engagement.

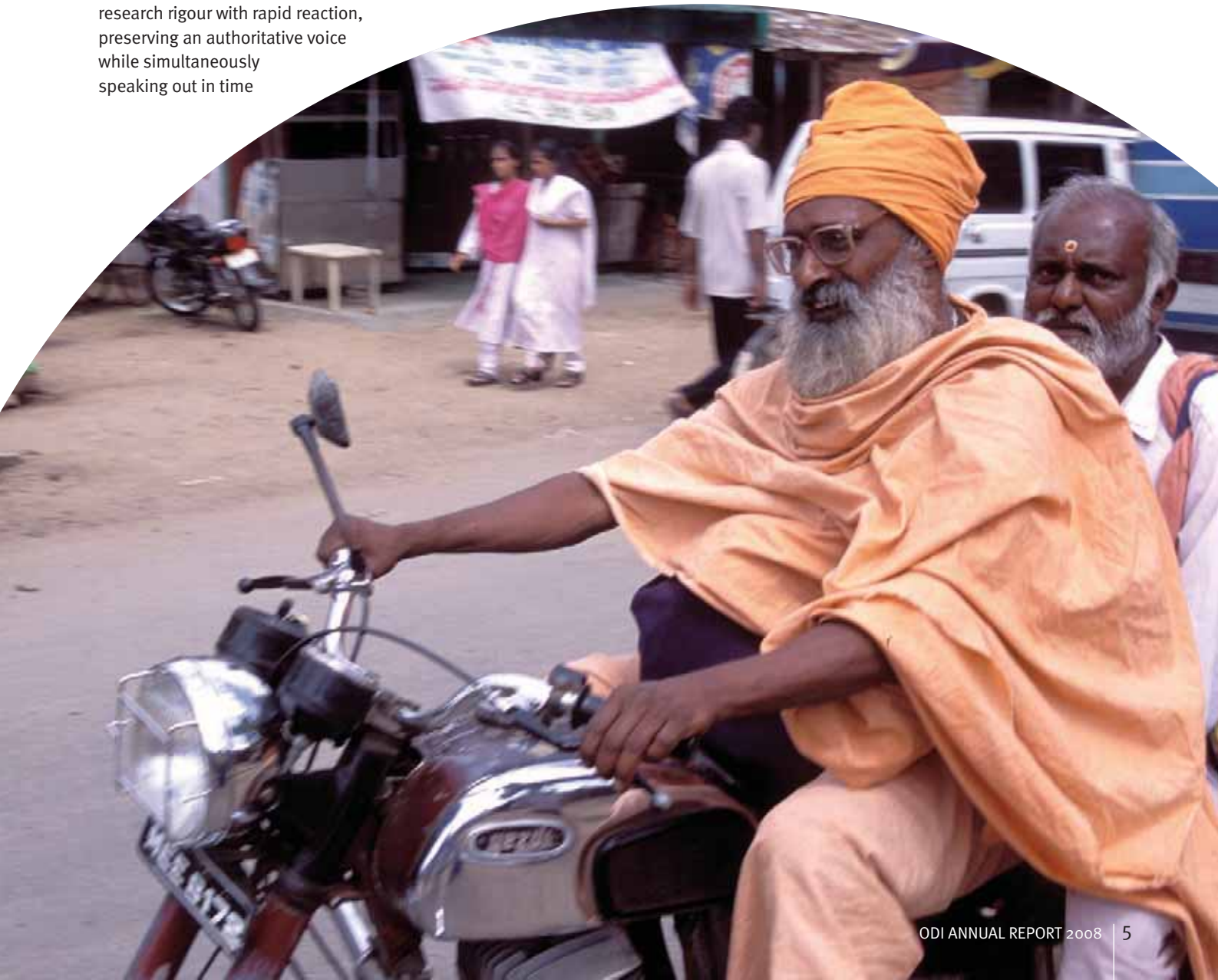
It is also clear that our programmatic coverage will change, as it always does, but possibly in less evolutionary ways than before. We will need to determine what is appropriate for a think tank based in London, rather than, say, Lagos or Luzon, to contribute. Our unique contribution needs to be crystal clear.

Finally, we will look for new ways to combine research rigour with rapid reaction, preserving an authoritative voice while simultaneously speaking out in time

to be useful, by email, in print or over the airwaves. Our blog is increasingly active as a platform for discussion. See also our Wikipedia and Facebook pages.

These changes are incremental but run deep. The management challenge – the institutional challenge – will be to remain global in our vision, analytical in our work, focused on change, collaborative in our approach and agile in responding to new problems and new opportunities.

ODI will be 50 years old in 2010. Its founders would hardly recognise it. But they would be pleased to know that its essential character and founding passion have both been preserved.



The Millennium Development Goals

Andrew Shepherd



The Millennium Development Goals (MDGs) are the most determined effort in history to galvanise international action around one set of development targets. The goals themselves are no-brainers: basic rights for all by the year 2015, with clear targets to be reached along the way.

However, we are just seven years from the 2015 MDG deadline. As the credit crunch and rising prices threaten to distract leaders from their global commitments, now is the time to regroup around the MDGs, looking beyond 2015 and changing direction if necessary.

There has been some progress, particularly in countries where commitment from the top is backed by strong policies and public expenditure. Examples include Vietnam, a one-party state, and Ghana, a multiparty democracy. Progress is also enhanced when efforts are made across a number of mutually reinforcing goals. Improvements in girls' education, for example, can boost demand for reproductive health services, and both can

dent intergenerational poverty.

Economic growth helps, and could put the world on track for the MDG target of halving the proportion of people living on less than one dollar a day. Growth means more tax revenue and resources for public expenditure, if the politics of public expenditure permit.

However, the challenges remain formidable. They include rising food and oil prices and accelerating climate change, as well as the continuing threats of chronic poverty, growing inequality, poor governance and the extreme problems facing the most fragile states, where the necessary leadership – and the basics of development – are often lacking.

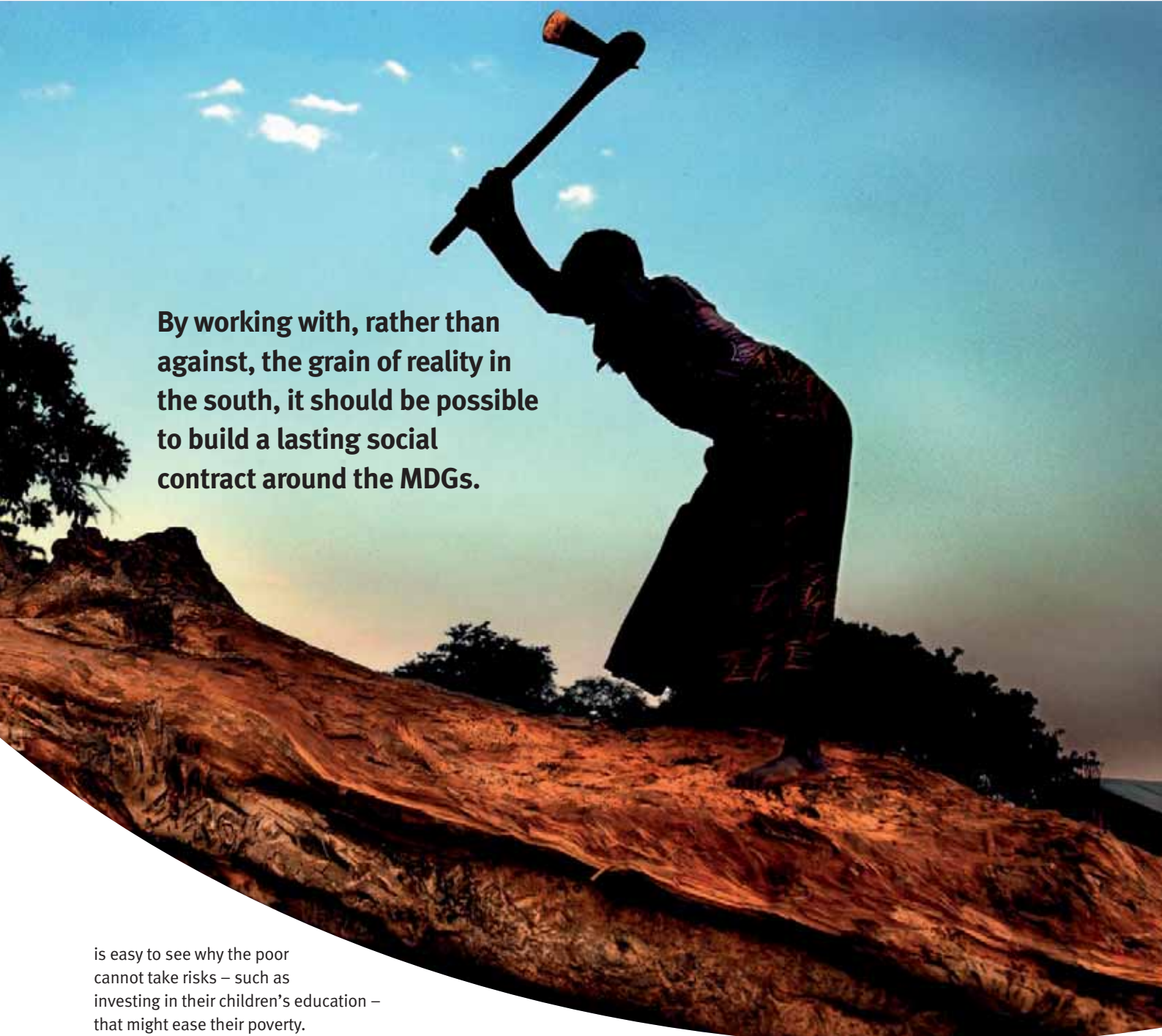
Less discussed are southern perceptions of who 'owns' the MDGs. With national priorities being shoehorned into MDG compliance, the goals are often seen as 'northern', and debate is relatively muted in the south. Reviving the southern debate may require a shift in focus away from sweeping global targets to strong local indicators showing the reality on the ground. Global goals are all well and good, but countries need to be able to set their own targets. What is important is a vibrant public debate about progress, informed by indicators that are backed by solid data.

Maternal mortality rates, for example, are scandalous. But their stubborn refusal to budge by more than a fraction in many countries shows that underlying issues are at play, and that we should look beyond the global rates for answers.

Action research around boosting the proportion of women in political representation may tell us more about gender discrimination and have a bigger impact.

By working with, rather than against, the grain of reality in the south, it would be possible to build a lasting social contract between donors, national governments, business and local citizens, rooted in social protection.

As the 2008 Chronic Poverty Report says, chronic poverty goes beyond low income. It means deprivation across the board – lack of food, water, sanitation, health care and education and lack of prospects. Add to this the physical insecurity experienced by the poorest in fragile states, and it



By working with, rather than against, the grain of reality in the south, it should be possible to build a lasting social contract around the MDGs.

is easy to see why the poor cannot take risks – such as investing in their children's education – that might ease their poverty.

Social protection is critical to protect the poor from sudden shocks, such as food price rises, and for the longer term, and should be added to the MDGs as a target under MDG1. By 2010 we should have enough evidence to argue for this addition, with targets that could be expressed in numbers of 'protected people' rather than, for example, percentage of expenditure or GDP.

In addition to social protection, a long-term strategy for fragile states is needed to close the gap between humanitarian and development action. Fragile states often exist in a kind of international limbo – between the uncertain safety nets provided by humanitarian action, and the reluctance of the international community to invest in a long-term development agenda. We need to ask what it takes to convert today's humanitarian system into a social protection umbrella. Without a long-term combined development and humanitarian approach, insecurity and conflict will continue to undermine and unravel development efforts.

And we need to look further ahead, to work on the post-2015 MDG agenda. This could include a new commitment to post-primary education, which fuels economic growth and adds to the attraction of primary education. For many countries this cannot wait until 2015.

Then there is the funding.

Estimates from the Millennium Project suggest that meeting the MDGs will require a doubling of current overseas development assistance (ODA) to gross national product (GNP) ratios. Donors should certainly aim to hit the promised target of 0.7% of GNP by 2015, but more funding, while welcome, will not guarantee results. We need resources to lift the poor out of poverty, and a wider 'cast list' to include new partners, particularly business, in building national social contracts around the MDGs. It is likely that domestic issues will be more important to the MDGs than international aid. The rich north needs to continue its search for pro-poor trade agreements and extended debt relief.

Talking is good, and Summits, such as the UN's Call to Action, reinforce commitment. But cynics fear that big meetings generate little but dates for the next big meetings. There is talk of batons being passed, from Japan to Italy, from Ghana to Qatar. Let us hope that we are not still circling the track in 2015. The point of a relay is that someone eventually wins.

To find out more: Andrew Shepherd (a.shepherd@odi.org.uk)

Andrew Shepherd is Director of ODI's Rural Policy and Governance Group

Growth

Christopher Stevens



Everyone pays lip service to economic growth as a crucial foundation for sustained human development, if only to emphasise the need for a 'green' or 'inclusive' variety. Yet we know little about its causes, it receives less aid than it should, and public perceptions of its link to poverty reduction are fuzzy. These problems are related. It is easy to justify aid that increases the consumption of the poor or supports popular causes such as 'micro enterprises', but it is harder to demonstrate the impact of growth on poverty through, for example, building roads.

How do we balance the desirability of aid for the poorest against the probability that university education is needed as well as primary education, that big firms might create more benefits than tiny ones, or that exports without a 'Fairtrade' label are not necessarily 'unfair'? Despite pro-growth rhetoric, it is far from clear that growth is being done well. The food price crisis, the credit crunch and renewed political interest in growth should be catalysts for a fundamental shift in approach. As the World Bank observes 'There is no universal set of rules.'

The central problem
facing the

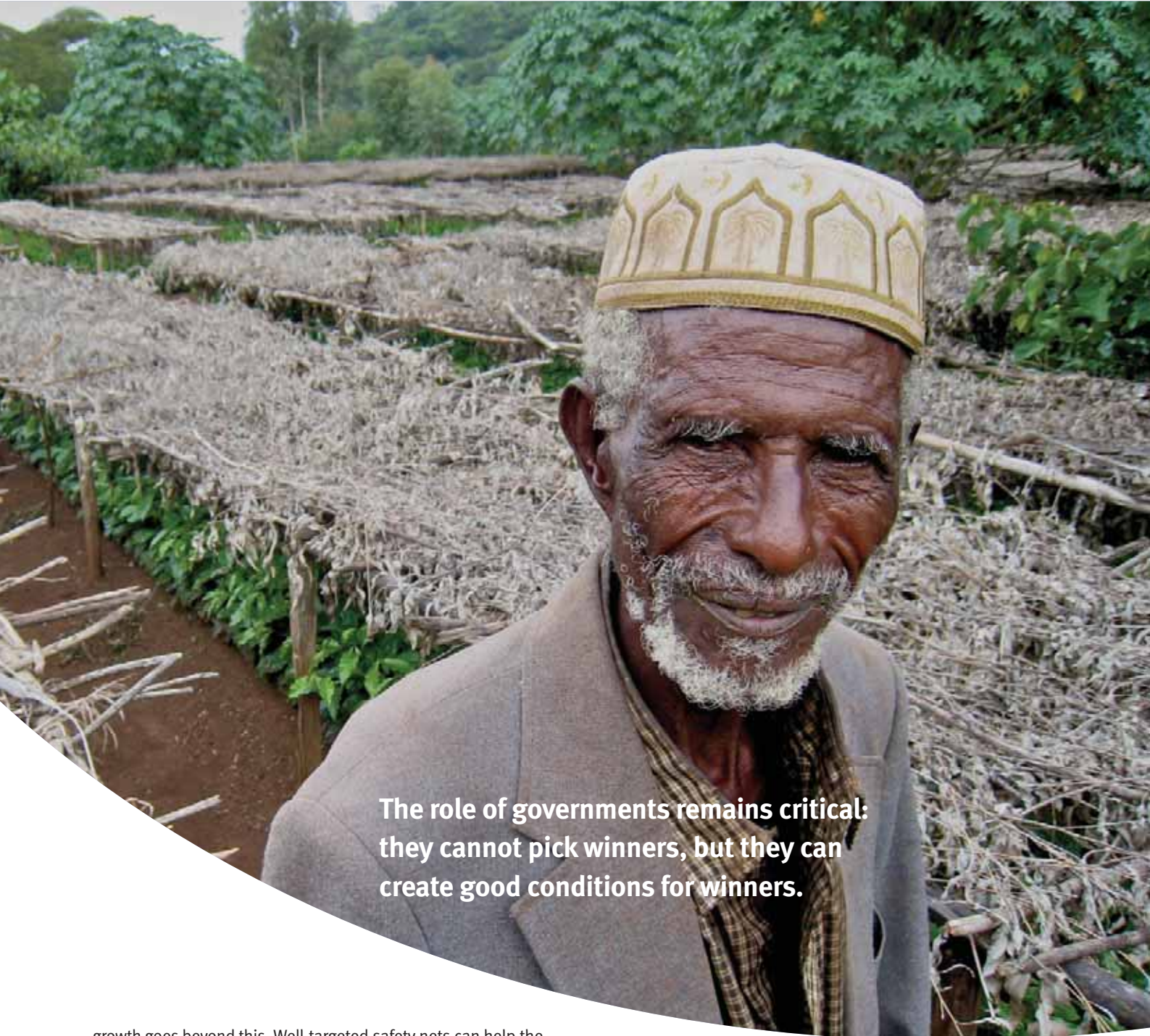
poorest countries is either the lack of growth or the wrong kind of growth. The commodities boom generates attractive numbers for those blessed with the right minerals, but can easily create the 'natural resource curse', making other economic sectors uncompetitive. While Botswana has used diamond resources to develop the country, Nigeria has seen income levels fall despite substantial oil revenues. For countries without minerals or surplus food, the outlook is bleak. The old prescription of 'industrialisation' no longer looks feasible for smaller countries following the emergence of China and India as major exporters. Climate change also challenges the use of agriculture as an engine of growth in many parts of Africa.

In Asia, new opportunities are created as old ones disappear, and the region is a growing importer as well as exporter. Sustained growth, however, requires countries to move resources to new activities with higher productivity, but these can no longer be as simple as 'agriculture' or 'manufacturing', or even the new buzz word 'services'. Should Africa's response to climate change be to grow more staples for domestic consumption? Perhaps 'yes' if staples are going to be viable after a dozen years of climate change, but if not, selling animal feed to support China's growing meat consumption might be a better bet. Or perhaps something completely different, such as donor-funded nurse training, with graduates contracted to work in their home country after a period in, say, the UK's National Health Service.

New activities probably mean new production locations, and perhaps more urbanisation. Good infrastructure is crucial for growth, but it has been neglected. Donors and developing country governments have failed to invest sufficiently in infrastructure and the private sector has failed to fill the gap. New instruments are needed, such as public-private partnerships and the blending of grants and development finance.

Growth has led to poverty reduction worldwide, but not everyone has gained.

There are many cases where more old jobs have been lost than new ones created, and where new jobs require new skills. While the movement of people to new jobs requires new social adjustment mechanisms to ensure that growth also benefits those whose livelihoods decline, the social dimension of



The role of governments remains critical: they cannot pick winners, but they can create good conditions for winners.

growth goes beyond this. Well-targeted safety nets can help the poorest retain their assets in difficult times, and can insure small countries facing big disasters. Too abrupt an introduction of western labour-market institutions can have negative results, but the smart and timely implementation of labour standards can bolster businesses – for example, it has helped Cambodia gain a market share in the USA.

The link also works the other way: good social policies are needed to support growth. Education, for example, is known to drive economic growth, but secondary and higher education have been neglected in the push for universal access to primary education. It is now recognised that the provision of a full range of education is essential for growth.

There needs to be a greater focus on country-level analysis, prioritisation of economic policies, and on how evidence-based growth policies have been adopted. The role of governments remains critical: they cannot pick winners, but they can create good conditions for winners. In economies with strong growth, the state can steer economies in market-friendly ways and remove potential bottlenecks. To achieve this in countries where growth is poor requires the creation of institutions to strengthen the capacities of the state and business, to support dialogue

between the state and business, and to prioritise reforms. Not all donors have taken this on board. Some recent policy documents are at odds with the academic literature on growth. While the former focus on ‘the rules of the game’ and imply that policies should be neutral, the latter identify specific roles for the public sector.

Businesses, already expected to engage in philanthropy, need to move beyond corporate social responsibility to enhance the development impact of their core business operations. The proportion of sales profit that remains with producing countries varies enormously depending on power within the supply chain. What systems work best for growth? How can consumer power best be harnessed to encourage retailers in the major markets to source their goods in the most development-friendly way? A Good for Development label proposed by ODI, which would cover a wide range of products and recognise their developmental benefits, is one avenue.

To find out more: Christopher Stevens (c.stevens@odi.org.uk)
Christopher Stevens is Director of ODI's International Economic Development Group

The future of aid

Alison Evans



It is common these days to talk of the 'shifting landscape' of aid. Official development assistance has more than quadrupled in the past 25 years, and the numbers of both aid actors and aid channels have soared. The number of official donors has increased, including, most recently China, India and Brazil. The size of China's aid programme is anyone's guess at the

moment, but recent estimates put it somewhere between \$1.5 billion and \$2 billion annually. The size of India's aid programme is equally hard to determine, but figures suggest that it stands at around \$150 million to \$200 million per year.

The World Bank's concessional lending arm, the International Development Association (IDA), was replenished to the tune of \$41.6 billion in the IDA 15 funding round of 2007, an increase of \$9.5 billion over the 2005 round. The latest round was significant, not only for increased funding, but also for the number of countries making pledges – 45 in all, including China, Cyprus,

Egypt, Latvia and Lithuania. Then there are the spiralling numbers of non-official providers, including private and corporate foundations and


social responsibility programmes. One of the most dynamic elements of the aid architecture in recent years has been the surge in private philanthropic funds that, in the USA alone, donated an estimated \$7.3 billion in aid in 2005. Uncertainties remain about the size of the sector globally.

Global vertical programmes are another element, pouring funds into specific areas, such as the control of malaria or measles. Created to bring visibility and focus to specific global priorities, they are viewed as symbols of the international community's commitment to the MDGs. Most have emerged since 2000 and, according to the World Bank, they have mobilised about \$33 billion between them to date. While most focus on health, HIV and AIDS and education, more recent programmes include the Enhanced Integrated Framework for Trade and the Clean Technology Fund. In the past 18 months alone, 14 new global financing initiatives have been launched to address global environmental challenges.

What this all adds up to is a huge and complex array of actors and sources of aid finance; from IDA and India on the one hand, to Gates and Google on the other. It's no wonder that some observers now talk about an aid 'non-system'. Not only is the system chaotic, it is also under delivering. Without dramatic increases in the next few years, many G8 members will fail to meet their Gleneagles commitments to scale up aid. The simplest estimates indicate that aid volumes will have to increase by 100% between 2007 and 2010 for the G8 to hit its target. But in addition to the scale of funding, what else should donor nations focus on in the coming years?

There are two key issues on the table.

The first and perhaps most obvious worry is the lack of coherence in the system. The current consensus on aid effectiveness, encapsulated by the Paris Declaration, incorporates the traditional multilateral and bilateral donors. But what about the non-OECD Development Assistance Committee donors, the emerging donors and the new private actors? Whose rules are they playing by? Is there scope for an even broader international consensus on aid effectiveness that goes above and beyond Paris? How can we bring together calls for greater aid transparency, increased alignment with



As the number of aid actors and channels soars, there is increasing talk of the aid ‘non-system’

national development goals and increased predictability in an international code of conduct for all aid actors?

The second concern is how to ensure that the aid system can deliver effectively in response to global risks and challenges, while remaining committed to the country-led approach to development. Responses to global challenges to date have tended to involve the creation of new vertical funds and new donor-driven initiatives. Work by ODI and others suggests that verticalisation and fragmentation of international development aid in recent years has threatened the national ownership of policy choices stressed in the Paris Declaration. More recent work points to the importance of synergy between responding to global public goods challenges on the one hand, and sector and country-wide policies on the other.

Some actors talk of raising funds vertically but spending horizontally. Initiatives such as the International Health Partnership, which aims to improve the way international agencies, donors and poor countries work together on health plans, go some of the way. But in the end, effective engagement on global issues requires the strong engagement of recipient countries. As the World Bank reports, ‘not all countries may feel equipped to take on this challenge and should demand and receive

special support’ to make it happen.

Yet the context in which recipient countries are being expected to assert their leadership over the aid agenda is also problematic. Domestic political incentives play a big part. As ODI has shown over the years, externally driven technocratic solutions, however well meaning, rarely work as a basis for building country ownership of the aid agenda. Adverse global economic trends also play a role as national governments turn their attention to short-term crisis management rather than longer-term institutional change and development.

The architecture of the international system also has a lot to answer for – in particular the lack of developing-country voice and representation in the powerhouses of the international aid system – the international financial institutions. Reforms are planned and there is change afoot – the International Monetary Fund has changed its voting rules and other elements of the international system are being overhauled. But with so many new players on board, reform is more urgent than ever.

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Alison Evans is Director of ODI’s Poverty and Public Policy Group

Crisis and risk

James Darcy



Risk affects almost every aspect of human enterprise, from the global to the household level. The global credit crunch can be seen as the result of a chronic 'underpricing' of risk linked to certain kinds of loan. Risk is a defining concept in the world's financial markets, just as it is in the gambling and insurance industries. It can also determine whether a country can plot a course for its

own development, and whether a family can take the kind of chance that might lift it out of poverty.

Fluctuations in commodity prices and interest or exchange rates create uncertainty (and hence potential risk) for governments, businesses and individuals alike. Uncertainty about the future and the need to hedge against adverse outcomes – for example a fall in commodity prices – has resulted in the growth of secondary markets trading not commodities or stocks but 'derivatives', such as futures and options, which are essentially agreements to do business at an agreed price

in the future. While the market for these has become largely divorced from their original risk-hedging purpose, they still provide some certainty in an

otherwise uncertain environment, allowing businesses to plan and invest with more confidence.

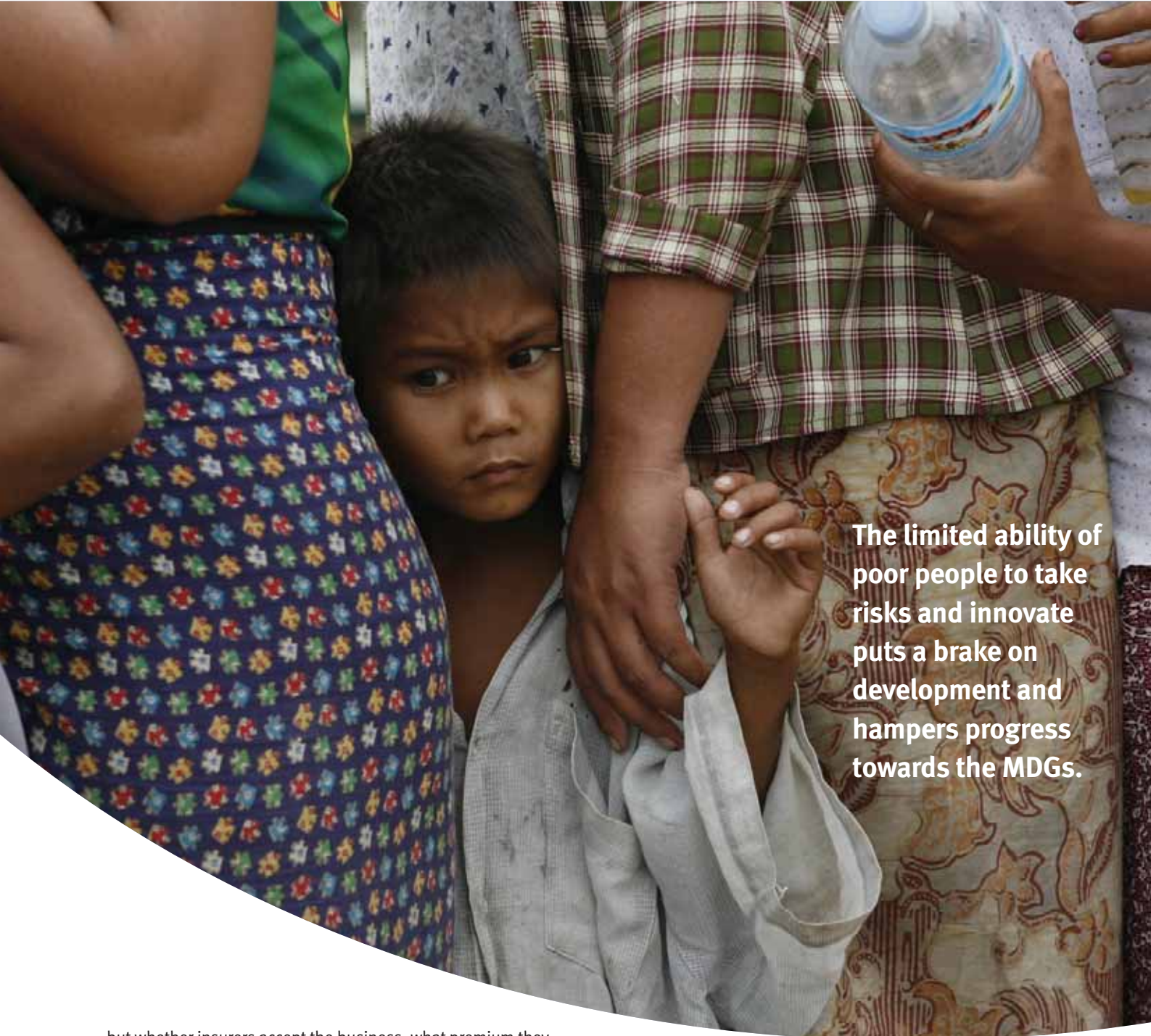
What does all this have to do with the humanitarian and development agendas? Far more than it might seem. At one level, the speculative trading of derivatives can have a sharp impact on both producers and consumers, and some argue that this has contributed to the current global food price crisis. At a more domestic level, the survival of farmers' businesses may depend on whether they can protect themselves against (say) a fall in maize prices by securing an agreement to sell crops at a fixed future price. Equally, their economic status may determine whether they can afford to take the risk of innovation. If you are poor, you may not be able to afford the potential loss of experimenting with new seed varieties, or new forms of livelihood, however attractive the potential gain.

The limited ability of poor people to take risks and innovate puts a brake on development and hampers progress towards the MDGs. But it is the effects of risk over which they may have no control that dominate the lives of many of the world's poorest. At this level of vulnerability, even a comparatively small shock can spell disaster. The growing numbers of poor people who face exposure to natural hazards are doubly vulnerable: to the direct physical impact of flood, drought or cyclone, and to the consequent loss of property, livelihoods and access to services.

Social protection measures – such as cash, food, employment or subsidies – provide a safety net for some, though current provision is grossly inadequate globally. Access to credit is part of the answer to bridge economic loss, but it does not fully address the issue of risk. Which raises the question: 'is it possible to make risk more manageable, and how might we do so?'

This sets an important research agenda for ODI over the next two years. We will investigate the means by which risk may be reduced, transferred or otherwise made manageable for poor and vulnerable people. We will look specifically at the risks associated with crisis, particularly natural disasters and their aftermath. Insurance provides one potential means of risk management here, based on the idea of risk transfer





The limited ability of poor people to take risks and innovate puts a brake on development and hampers progress towards the MDGs.

– but whether insurers accept the business, what premium they charge and whether this is affordable to those needing cover are major questions.

At the more modest end of the scale, micro-insurance and micro-credit provide potential lifelines to poor people in their attempts to manage the vicissitudes of fragile livelihoods. At the more dramatic end, global insurers and reinsurers are paying out increasingly large sums on disaster-related claims – but many people, particularly in the developing world, remain uninsured. To quote Swiss Re: ‘In 2005, economic losses from natural disasters hit a record high, with direct financial losses of about \$230 billion ... Despite a record payout of more than \$83 billion worldwide, uninsured direct losses of \$150 billion had to be carried by individuals, companies and ... the public sector’.

New instruments, such as catastrophe bonds and weather derivatives, are being trialled to hedge against such events in developing countries, as well as mutual insurance schemes like the Caribbean Catastrophe Risk Insurance Facility. On the face of it, these may provide a more rational and affordable way of using finance for disaster responses – or for compensation schemes – than the more traditional use of aid instruments. Many have the added advantage of being index-based and of paying ‘up front’

rather than on the basis of loss assessment.

Some risks can never be transferred. No amount of compensation could bring back the 100,000 or more who died in the immediate aftermath of Cyclone Nargis in Myanmar in May 2008. However, many of these deaths could have been prevented with relatively modest investment in early warning and preparedness, as experience from Bangladesh shows.

The heart of the disaster risk reduction agenda lies in the prevention of catastrophic threats to human life and the reduction of people’s exposure to such events. At a time when populations are growing, people are inhabiting increasingly marginal land and the incidence of natural hazards is increasing because of climate change, this poses a massive challenge to the development and humanitarian communities. It is vital that risk reduction features more centrally in the development agenda if preventable death and impoverishment are to be avoided in the future.

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James Darcy is Director of ODI’s Humanitarian Policy Group**

The 21st century think tank

John Young



In a world where the very definition of a think tank is under scrutiny, ODI claims this title. Like the 5,000 think tanks worldwide – only 1,000 of them in developing countries – ODI is an independent organisation working on policy research and advocacy. In the words of *The Economist*, such institutions aspire to ‘combine intellectual depth, political influence and flair for publicity, comfortable surroundings and a streak of eccentricity’.

The critical function of a think tank is to lock together credible, independent research-based evidence with policy advice and public affairs. Staff need to be ‘policy entrepreneurs’: able to distil convincing policy messages from complex research, to use networks and build policy coalitions, to maintain long-term programmes, and to operate effectively in the highly political environment of policy-making. An international think tank such as ODI faces the additional challenge of acting globally.

There is good evidence that
think tanks have been
influential in
shaping

development policy and practice.

That is why donors have invested in them on a large scale. The Africa Capacity Building Foundation alone provided support worth over \$30 million to think tanks and networks in Africa between 2000 and 2005, and it plans to invest the same again before 2010. The Hewlett Foundation has set aside \$100 million for its think tank programme over the next 10 years. However, both of these programmes still focus on the traditional think tank organisational model – organisations hot-housing groups of smart people. But the world, development policy processes and development delivery channels are changing fast. Is this still the right model for think tanks in the 21st century?


National government policies and practices are increasingly influenced by international agreements at regional and global levels. Democratic reform and decentralisation require stronger sub-national policies. While the demand for policy research is growing, privatisation in developed countries and under-investment in higher education in many developing countries has changed the shape of the organisations providing research. The information technology revolution has made research knowledge accessible in most countries, enhancing the ability of researchers and policy advocates to share information.

So what is the best model for an effective think tank in the modern age? A recent discussion at ODI among the heads of a wide range of northern and southern think tanks concluded that there is no one model for an effective international think tank.

Funding is a ubiquitous problem. Independence, credibility, partnerships and policy engagement are all essential. Clear core values are absolutely critical: or, as one participant put it ‘what can you not argue for and still be who you are?’

But the niche of the think tank as the place where clever people come up with good policy ideas can be challenged.

The emerging paradigm of ‘open innovation’ offers new organisational models. Organisations might actively seek new ideas from outsiders through formal and informal knowledge networks, or by purchasing intellectual property from others. ‘Think nets’, for example, do not need



**To be effective, the 21st century
think tank needs the right networks
and the right partnerships.**

large numbers of in-house experts, but invest in developing networks of specialists working in different research and policy spaces with access to different sources and types of knowledge. Expert knowledge is increasingly harvested from search engines, RSS feeds and blogs as well as academic papers and books. Debate on policy options increasingly takes place in web-based virtual spaces as well as in meetings and seminars. This growing virtual and impersonal world of knowledge producers and users provides fertile ground for new forms of think tanks to offer their services.

Finding structures and modes of work that retain intellectual credibility and depth and ensure policy impact in this rapidly changing context will be a real challenge for think tank directors over the next decade. They will need to assemble people with the right competencies, provide the right facilities and incentives to do the right kind of work in the right networks and partnerships, and find a business model that works.

Our work on think tanks over the next few years will explore these issues. As well as studying the interplay between research-based evidence in different policy domains and

political contexts, we will examine the role of different actors, including think tanks, civil society organisations, academia and consultancies, and their relations with national and global policy actors. We will look at capacity needs and capacity-development approaches and programmes. In every case, we will stress practical action research with northern and southern partners, aiming to influence policy in practice.

ODI is committed to using the results of this work to inform and enhance efforts to strengthen think tank capacity in the south, and also to help shape ODI itself as an international think tank in the modern age. Lest, as *The Economist* went on to say, think tanks which fail to respond to the new political reality will become known for their 'pedantry, irrelevance, obscurity, poverty and conventionality'.

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John Young is Director of ODI's Research and Policy in Development Group**

Humanitarian Policy

The Humanitarian Policy Group (HPG) at ODI is one of the world's leading teams of researchers and information specialists on humanitarian issues.



Conflict, Civilian Security and Transitional Contexts

This new area of work analyses the changing role of humanitarian action in conflicts, and particularly civilian security. Land tenure is a priority for the team, and its groundbreaking work aims to strengthen links between humanitarianism and development on this issue.

Competition over land has been a root cause of conflicts, including those in Colombia and Rwanda. When people flee, others are likely to move on to the land left behind. So, what happens when the fighting stops and people come home? It is not as simple as 'giving the land back', which could mean uprooting people who have tended the land for years. Sending people home without tackling land issues can reinforce the bitterness that first led to conflict.

Humanitarian agencies see land issues as complex, politically sensitive, and the responsibility of development agencies. At best, agencies miss important opportunities by overlooking land issues; at worst, they can add to tensions between different groups seeking access to land.

A two-year study of land issues by ODI shows that it is possible to analyse land issues during a crisis and that doing so leads to better post-conflict policies. Case studies from Angola, Colombia and Rwanda were carried out in 2007, alongside research on reintegration in Southern Sudan funded by DFID, CIDA and DANIDA. The research underscored the importance of identifying context-specific solutions informed by political analysis and technical expertise.

The team hosted a major conference in February 2008, bringing together experts on land issues and humanitarian policy, and is preparing a summary of the conference proceedings as well as a Network Paper on the learning gathered at field level from key agencies working on land issues.

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Crisis Contexts and Humanitarian Action

Corruption in humanitarian assistance is something of a taboo subject, with fears that open discussion could mean less funding. In reality, transparency not only helps to address corruption, it also reassures the public and donors.

Research by ODI and Tufts University in 2007-2008, commissioned by Transparency International, documents the perceptions, risks and consequences of corruption in humanitarian operations, the existing measures to address corruption, and the next steps. Seven international NGOs gave researchers unprecedented access, resulting in the report: *Preventing Corruption in Humanitarian Assistance*. Findings suggest that agencies are aware of the risks of corruption and have taken positive steps. Many measures used in normal operations can be used to mitigate the risk of corruption, but specific measures, such as internal audits and 'whistleblower' programmes, are better known in HQs than in the field.

The report calls for an end to the taboo around this issue, more transparency in reporting, and the inclusion of corruption prevention in the assessment of programme quality. It recommends more communication on the nature of corruption, and more inter-agency coordination to share best practice.

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The role of the crisis-affected state

The principle of the state's responsibility for victims of humanitarian emergencies within its own borders is well established. But there has been relatively little analysis of the role the state actually plays, and of its capacity to respond, in relation to the international humanitarian system. ODI is conducting a study that analyses the role of the state and its relationships with domestic NGOs and the international community, particularly in relation to natural disasters. Research includes case studies on the role of affected states in El Salvador, Mozambique, Peru, India, Indonesia and Sudan. A report on this two-year project will be published in Spring 2009. A further phase of research is planned, looking in more detail at the role of the state in responding to complex emergencies.



Evolving Architecture of Humanitarian Action

An ODI team is analysing the state of play in reform of the architecture of the humanitarian system. In 2007, the Inter-Agency Standing Committee (IASC) commissioned ODI to assess the progress of the ‘cluster approach’ – a key area of humanitarian reform – after two years of implementation. The approach aims to strengthen the humanitarian system by formalising a lead agency for each key sector, such as UNICEF for water and WHO for health, to ensure that humanitarian needs are met.

ODI, the Centre for International Cooperation and Columbia University completed the biggest evaluation to date on reform implementation. Findings from a range of emergencies and countries revealed that the cluster approach has resulted in progress in coordinated humanitarian responses. However, it found weaknesses in the implementation of the ‘provider of last resort’ stipulation; and it raised questions about the cost of progress, given the additional workload.

The evaluation included 30 recommendations for the IASC and the lead cluster organisations, including a more formal commitment to the cluster approach at the highest executive level, and the dissemination of clear guidance for senior management in all countries of operation. The IASC has developed an action plan to implement most of the recommendations.

To find out more: Adele Harmer (a.harmer@odi.org.uk)

Humanitarian Concepts, Principles and Debates

The protection of civilians has become ever more urgent, and ever more complex. There is little clarity on the appropriate role for humanitarian agencies in civilian protection and little understanding of what works. Building on the successful ODI meeting series, *Civilians in Conflict*, HPG carried out a two-year

Humanitarian ‘diagnostics’: Assessing the evolution of crisis

Through its ongoing work on needs assessment, HPG has pioneered new thinking on the way ‘need’ is understood in humanitarian contexts, and how the impact of aid interventions is assessed. Combining concepts of need and risk, the result is an outcome-based system of analysis that has formed the basis for reform in the analysis of UN and other agencies. Current work with OCHA and others examines frameworks for analysis that allow synthesis across different sectors of concern (food, health, etc.); and provide ways of linking different information and analytical mechanisms across the crisis ‘cycle’, including early warning, needs assessment, monitoring and impact evaluation. The wider concern of this research is with the quality and types of analysis brought to bear on crisis situations. This includes the application of economic, social anthropological, political, demographic and other social scientific techniques to the humanitarian ‘problem’.

research programme on ‘Protection in Practice’, looking at how civilian protection is working on the ground. The research identified lessons learned and best practice to help managers, policy-makers and specialist staff working on protection programmes, and was captured in the HPG report *Protective Action: Incorporating Civilian Protection into Humanitarian Response*, published in December 2007. The report was launched at a number of international events.

ODI is also exploring links between people’s protection and their livelihoods and subsistence in situations of conflict, with preliminary results presented in a Working Paper in September 2007. Related studies on different concepts of protection and the significance of protected status for people’s security will be published in late 2008.

To find out more: Sorchá O’Callaghan (s.ocallaghan@odi.org.uk) and James Darcy (j.darcy@odi.org.uk)

Humanitarian Practice Network (HPN)

With materials written by practitioners, for practitioners, HPN is a unique forum for humanitarians. This is their space to share and disseminate information, analysis and experience. In 2007–2008, HPN membership topped 5,000, with members drawn from humanitarian agencies and NGOs, governments, donors and academia across 130 countries.

Practitioners from across the sector contribute articles to the network’s *Humanitarian Exchange* magazine, reflecting recent experience and analysis on current issues. Others write in-depth Network Papers on best practice and policy analysis. The Online Exchange discussion forum helps keep members in touch with the latest thinking in humanitarianism.

Over the past year, HPN researchers travelled to the Central African Republic (CAR), Democratic Republic of Congo and Kenya to gather the views of practitioners in the field. The team organised public events on the crises in CAR, Iraq and Somalia. An event on relations between humanitarians and the media was covered by BBC Radio Four’s *Today* programme.

To find out more: Carolina Kern (c.kern@odi.org.uk)

International Economic Development

The International Economic Development Group (IEDG) at ODI promotes development by increasing understanding of international economic issues, policy and events, and their impact on the poorest.



Good for Development labelling

ODI's work on business and development performance includes the exploration of a possible Good for Development label – an idea that has been picked up by the media since it was first suggested by ODI in November 2007.

With funding from DFID, ODI has looked into the impact of ethical labelling schemes, and has found that they are not delivering the benefits that they could for the developing world. The Fairtrade labelling scheme, for example, has raised much-needed public awareness, but it only benefits a small proportion of developing country producers. At the same time, new 'air-freighted' labels may jeopardise the livelihoods of more than one million poor farmers in the developing world.

A Good for Development label would cover a wide range of products, recognise the development benefits of trade, and ensure that the carbon footprint of goods is seen in context.

A label could be granted to all agricultural exports from developing countries that meet minimum standards on development impact. The scheme could go further, awarding additional points – a 'gold standard' – for products that are likely to have particularly good impacts on development. Given the current level of consumer interest in buying ethical products, this could create a real incentive for businesses to improve their development impact.

Business and Development Performance

ODI is examining how economic incentives can be created to improve the development impact of the private sector – the way that business affects the poor in developing countries. We look beyond corporate social responsibility (CSR) to a relationship between business and development that is mutually beneficial. While CSR is always welcome, it is no substitute for ensuring that positive development impact is part of core business.

ODI has developed a framework to assess the development impact of the oil and gas sectors that could be adapted for other industries, and has partnered with Unilever and Business Action for Africa to discuss how companies can measure their economic footprint in developing countries. The aim is to reach a point where business development performance goes beyond corporate responsibility to become corporate self-interest – a far more powerful motivation.

To find out more: Karen Ellis (k.ellis@odi.org.uk)

International Financial Architecture

As the international financial architecture, particularly the World Bank and the International Monetary Fund (IMF), comes under growing scrutiny, ODI is examining reform of these institutions and the politics of financial flows to developing countries.

For the past two years, ODI has been monitoring the IMF reform process, examining the rationale for reform as well as progress towards the 2008 deadline for revision of the quota formula and voting structure.

An initial governance reform package was agreed in April 2008, and ODI drew on its past research to comment on the changes. The quota formula, which allocates representation on the basis of economic size, was simplified and made more transparent, increasing the representation of large developing countries. The number of votes each country receives for simply being a member (basic votes) has risen to increase the representation of small, poor countries. The IMF estimates that 135 countries will benefit from the reforms. However, the reforms will mean an increase in representation of just 2.7%, shared across the developing world. It is hoped that this is just the beginning of moves to make IMF governance more legitimate.



As the UK takes up the leadership of the G20 group of finance ministers in 2009, ODI will continue to monitor progress and examine ways to increase the voice of developing countries.

To find out more: Simone Milio (s.milio@odi.org.uk)

Investment and Growth

ODI's Investment and Growth programme examines what drives growth. It analyses government policies that help this process, such as incentives, education and state-business relations, and those that may hinder. It also examines the role of donors in supporting growth through such mechanisms as Aid for Trade, or Development Finance Institutions.

A key area of research over the past year was the role of services in growth strategies in small states, commissioned by the Commonwealth Secretariat. Small states face serious development challenges as a result of their size, location and dependence on a handful of products. Recent years have seen their agriculture and manufacturing prospects dwindling as a result of the gradual erosion of trade preferences, as well as the emergence of China and India as new economic giants. However, a select group of small states have managed high growth rates over a sustained period.

Drawing on six country case studies – Botswana, Mauritius, St. Lucia, Singapore, United Arab Emirates and Vanuatu – ODI explored the potential of the services sector as a way for small states to reposition themselves in the global economy through five promising sectors: finance; information and communication technologies; education; professional services; and tourism.

Presenting the findings to the Commonwealth Consultative Group on Small States in July 2007, ODI researchers advised High Commissioners from small states that their countries should invest more in the services sector to survive the threats of global competition. The research reveals that services sectors are less sensitive to high transport costs, diversify the economic base, reduce vulnerability to macro shocks and reduce reliance on uncompetitive agriculture and manufacturing. It also suggests that small states need to develop their human capital and build communication with the outside world, specialising in

unique products and building on the private sector, and require leadership to achieve a more promising growth strategy. The full findings are being published in a book by the Commonwealth Secretariat in 2008.

To find out more: Dirk Willem te Velde (dw.tevelde@odi.org.uk)

Trade Policy

ODI has tracked the progress of Economic Partnership Agreements (EPAs) for over 10 years and, in 2007–2008 helped to change the course of events. The EPAs are creating free trade areas between the European Union and the countries of Africa, the Caribbean and the Pacific (ACP) – a response to criticisms in the World Trade Organization of the old trade preference regime.

2007 was the crunch year, with the European Commission deadline for the signing of the final EPAs set for December, after which some ACP non-signatories would face punitive tariffs. The negotiations had been bruising, and as the deadline loomed there were concerns that time was too short to agree the details.

When the most vulnerable ACP states initialled interim EPAs in the closing weeks of 2007, ODI put years of expertise in this area to good use, to check for flaws in the hastily concluded accords. In partnership with the European Centre for Development Policy Management, and with funding from the Netherlands Ministry of Foreign Affairs, it provided a detailed synthesis of all the African EPAs, concluding that more had to be done to remove inconsistencies and tailor the agreements to country circumstances.

ODI took part in discussions between member states in the weeks before the European Council ruling on this issue, and influenced the Council's decision to ask the Commission for flexibility on renegotiations. Countries are now free to continue their negotiations to develop final agreements that are tailor-made and reflect the interests of both sides.

As a consequence, the Commission has postponed the deadline for signature of the interim EPAs, probably into 2009. ODI is helping ACP governments and stakeholders to use this extra window to identify the changes needed to the agreements they initialled at the end of 2007. It will also support them as they move to the next phase of the EPA negotiations.

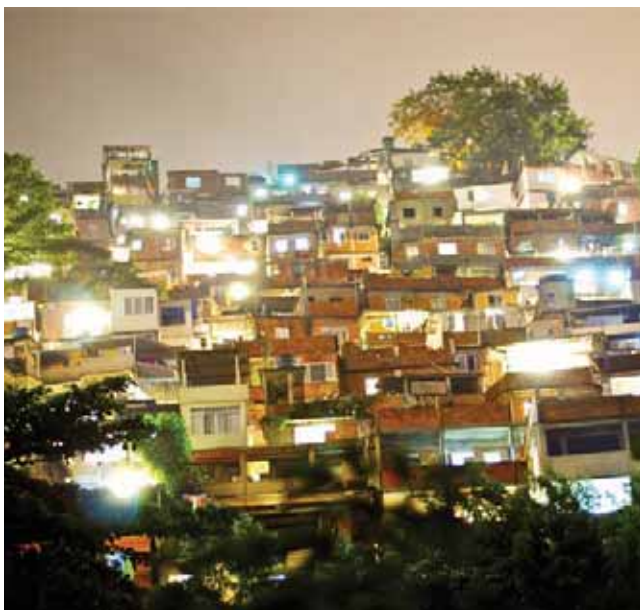
To find out more: Chris Stevens (c.stevens@odi.org.uk)

'Climate change proof' products?

ODI is starting to review the implications of climate change for trade, particularly in Africa. With that continent likely to be hit first and hardest by climate change, ODI is exploring how African farmers can be well prepared. There are also very practical issues to be addressed. For example, will African farmers be able to grow the same staple food crops by 2018? Will northern farmers be able to grow crops once exclusively African, and on a larger scale? Should African farmers continue to rely on staples, when it may make more economic sense, for example, to export cattle feed to China and India? ODI aims to find answers to inform agricultural policy in the coming years.

Poverty and Public Policy

The Poverty and Public Policy Group (PPPG) at ODI combines research and policy engagement at the intersections of poverty, policy and aid.



Aid and Public Expenditure

How can aid be reformed to make it more effective and accountable? This is the question for ODI's Centre for Aid and Public Expenditure, which looks at the reality of reforms, rather than the intention. Research in 2007 for the Advisory Board for Irish Aid, carried out with the Politics and Governance team, provides insights into the impact of pooled donor funding for such sectors as health and education. The team has again coordinated the survey of general budget support, hosted by the Strategic Partnership with Africa, launching a public database collating five years' data.

Southern researchers and practitioners can debate the merits of the aid system through the team's Forum on the Future of Aid, while work on southern perceptions about multilateral donors reveals a strong appetite for dialogue on aid effectiveness.

Research on accountability includes such thorny areas as the practicalities of the Paris principle of mutual accountability. Work on behalf of GTZ and other donors has produced case studies from Mozambique, Rwanda and Vietnam, while research on accountability for public finance for the National Audit Office shows how audit institutions can support scrutiny of public funds by Public Accounts Committees.

In 2007, the team hosted a global conference on the reform of public financial management, domestic governance and political economy, funded by DFID, Irish Aid and Belgian Technical Cooperation.

To find out more: Nick Highton (n.highton@odi.org.uk)

Growth and Equity

ODI aims to close the gap between two research themes – poverty and economic growth – that have followed separate paths. Our new programme on Growth and Equity takes the stance that poverty analysis is critical for the planning of inclusive growth. The poor are not all the same, and our research reveals diverse groups that can contribute to growth, as well as benefit from it.

Existing research in this area, combined with our ability to bring together different disciplines and link analysis to policy, is creating donor interest. GTZ has commissioned a review of tools to assess the impact of trade liberalisation on people at different income levels and in different environments. DFID and the Swedish Ministry of Foreign Affairs have requested analysis of the impact of trade on different groups and on poverty reduction. Meanwhile, a study of aid agencies across the European Union, asking for their views on links between aid and trade, is sparking demand for more information.

Our research suggests that trade reform should be backed by complementary policies that allow poor people to participate, and that understanding pro-poor policy processes is critical for pro-poor results. Advice to Swiss Development Cooperation on equity, development and basic social services may have influenced their approach to aid delivery and policy engagement. The key is to provide the tools needed for informed decisions, based on evidence, not perceptions.

To find out more: Kate Bird (k.bird@odi.org.uk)

Cambodia: Avoiding the 'resource curse'

The discovery of off shore oil and gas in Cambodia raises a question: is this a windfall or pitfall? Will all Cambodians gain, or will they suffer the 'resource curse', with only a small elite reaping the benefits? An ODI study has examined how these new resources could reduce poverty over the long term. Influential Cambodian decision-makers have been listening, and our research has informed their ongoing negotiations with multinational oil and gas companies.

Politics and Governance

Democracy and decentralisation are watchwords for donors, but neither negates the view that development requires strong states and leaders with a clear and consistent vision. The intersection of politics, development and aid is the focus of the



Politics and Governance (POGO) programme at ODI.

Recent work includes studies with the Centre for Aid and Public Expenditure, for the Advisory Board for Irish Aid, on governance and the delivery of aid, given the need to transfer 'ownership' of aid to developing countries. The research finds this ideal to be good in theory, but the reality is far more complex. To date, new approaches to aid delivery have been overly cautious and it may be that transforming institutions in recipient countries is more important than increasing funding.

In early 2008, DFID awarded ODI the leadership of a Research Programme Consortium worth £3.75 million, to research the development of political institutions that work for the poor in sub-Saharan Africa. Working with partners in Benin, France, Ghana, Niger, South Africa, the USA and elsewhere, the team is examining how power relations rooted in local society can be used to improve the delivery of solid development results.

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Why analyse politics in a growth study?

Experts now agree that the challenge of economic growth needs attention from economists and political scientists. Together with members of ODI's International Economic Development Group, POGO is exploring ways to assess the political viability of growth policies in selected countries. Instead of just asking 'are the policies sound?' we ask whether powerful politicians have an interest in supporting them and making them work. The answers are quantified and combined with economic assessments, to provide a richer and more realistic basis for the selection of growth policy options.

Rights in Action

Giving people a voice does not automatically lead to government accountability, according to research by the Rights in Action team. With funding from seven European donors through the Development Assistance Committee of the OECD, our research

has found that ticking the box marked 'voice' does not give people the skills they need to gain a seat at the policy table. Nor does it put enough pressure on governments to become more accountable. That requires access to justice, budget monitoring, sound electoral processes, a free media and citizens' watchdogs.

Evidence from case studies in Bangladesh, Democratic Republic of Congo, Indonesia, Mozambique and Nepal suggests that more needs to be done to support such mechanisms. The research was conducted using an evaluation framework developed by ODI in 2007, to help ensure that citizens are not only heard, but that their voice also has impact.

The team's work with the Centre for Economic and Social Rights has found that monitoring rights may not guarantee their fulfillment. Resource constraints are real, which makes costing essential. How much, for example, would it cost a country to fulfill its commitment to free primary education for all? The Rights in Action group is exploring how economic analysis and tools can be used to monitor human rights obligations. The aim is to create something unique: a tool that can be used to measure these all-important resource costs.

To find out more: [Marta Foresti \(m.foresti@odi.org.uk\)](mailto:m.foresti@odi.org.uk)

Social Development

This programme focuses on the intersection between poverty, social and gender relations, childhood and youth. It asks why, for example, it is so difficult to transform the large body of knowledge on gender and childhood into changes in policy and practice for women and children, backed by public expenditure. To what extent can deeply embedded exclusion and social relations be addressed in policy?

In West and Central Africa, the Social Development team is carrying out policy research for UNICEF on the efficacy of social protection for children and care-givers. This includes research into cultural norms that may contribute to the exclusion of some children from public services.

Working with the Trade and Poverty in Latin America project (COPLA), the team is investigating the support that youth and women need to allow them to take advantage of the opportunities of trade reforms. Its work with the GAVI alliance, meanwhile, highlights the importance of better data collection and analysis to monitor access to health services for boys and girls, men and women.

The programme works in industrialised as well as developing countries on issues of poverty and marginalisation. Research for the Open Society Institute has explored the status of migrant and marginalised children and young people in Europe to reveal the extent of their educational disadvantage.

This programme is expanding knowledge in pivotal areas for change. With funding, the work of the Social Development team will continue to focus on the demographic groups that account for most of the world's population: women and children. It will examine such issues as gender, chronic poverty and the MDGs; the rights of children and women in the changing context of aid; social relations and adaptation to climate change.

To find out more: [Caroline Harper \(c.harper@odi.org.uk\)](mailto:c.harper@odi.org.uk)

Research and Policy in Development

The Research and Policy in Development (RAPID) Group at ODI works with partners in the north and south to transform research-based evidence into action for the poor.



Research

In many cases, policy influence is shaped more by who you know rather than what you know. Although this can lead to detrimental policy decisions founded on desired fiction instead of discerning fact, understanding the linkages between knowledge, policy and power can also help to increase the uptake of research-informed evidence in the policy process. The RAPID research team's work focuses on understanding the roles of a variety of knowledge generators and knowledge brokers and how they can contribute to better quality policy dialogue aimed at poverty reduction, good governance and social inclusion.

Building on five years of research on the interface between knowledge, policy and practice, our current work explores how these dynamics vary across different political systems and policy areas:

- Political context plays a major role in influencing evidence-informed policy. RAPID examines the role of research in the policy process in democratic, transition and fragile states, in regional, national and sub-national governments; as well as reviewing different cultural approaches to power and knowledge.
- Ministries of finance, agriculture and social welfare have different mandates, capacities and resource constraints, as well as varying levels of interaction with civil society groups. What role does research-informed evidence play in different policy sectors, and how can improved understanding of these

Tackling complexity

In an idealised view, development processes follow a straight line, with clear cause–effect relationships, and distinct milestones on the way for those wanting to influence policies. In reality, development processes are anything but simple. They are highly complex: issues are messy, multidimensional and overlapping, and planning must deal with unavoidable uncertainty. Processes are driven by competing and often conflicting perspectives and interests, and change cannot be controlled by any one actor. Unfortunately, such ‘messy realities’ are often ignored. The pressure on policy-makers to provide firm and certain answers means that the unpredictability of change is glossed over, and bureaucracies put problems into separate silos, regardless of their interdependence.

ODI researchers from RAPID and the Active Learning Network for Accountability and Performance in Humanitarian Action (ALNAP) are looking for possible solutions in complexity theory. The aim is to provide conceptual frameworks and tools to help donors and practitioners understand and deal with complexity. A literature review in 2007 was followed by a working paper in 2008 exploring complexity concepts and what they mean for working with systems, actors and change.

ODI has already been asked to apply approaches informed by complexity theory to real-world situations, reviewing the policy and advocacy work of the Children in a Changing Climate programme for Plan International, and advising Tearfund's Disaster Management team on its capacity-building strategy. A series of seminars for researchers and practitioners will discuss practical ways to incorporate an understanding of complexity in aid policy and practice, and the Bakti programme in Indonesia has asked ODI to facilitate a seminar for the country's national development planning board and NGO staff. The key message is that the complexity of policy processes must be managed, not ignored. This requires development practitioners and humanitarians to approach problems with realism and humility, understanding the many mindsets and motivations of those involved in policy processes and being ready to seize unexpected strategic opportunities.

- differences enhance the quality of policy dialogues?
- Our recent research on behalf of the Science and Development Network (SciDev.Net), a web portal funded by DFID, highlights the importance of policy intermediaries: people who can help to translate complex academic knowledge into policy-salient and culturally resonant



messages. But who are they, and what approaches should they take with different policy-makers – be they legislators, ministry officials or donors?

- What kind of evidence is more persuasive to particular policy audiences? In which contexts are numbers more compelling than stories? When is evidence generated by ordinary citizens versus ‘experts’ more convincing? Our action research with legislators in East Africa and Vietnam, for example, is exploring these issues and trying to find ways in which policy-makers can be supported to develop greater research literacy.

Documentation of good practice from diverse contexts is urgently needed, as is action research bringing together researchers, civil society and policy-makers to experiment with different approaches to strengthening informed and inclusive policy dialogues. And here is where close links with RAPID’s Partnership and Capacity Development team are so vital.

To find out more: Nicola Jones (n.jones@odi.org.uk)

Partnerships and Capacity Development

RAPID’s Partnerships and Capacity Development (PACD) team aims to support the development of the systems and skills that northern and southern researchers, policy-makers and intermediaries need to make good use of research-based evidence.

The work of PACD includes capacity development, networks and partnerships, programme management and institutional and programme support. One of our main projects, the Evidence-based Policy in Development Network (ebpdn), creates the relationships and opportunities to deliver these services. Through ebpdn, and by working with a broad range of actors from donors to governments to think tanks, we can bring about changes in policy decisions and processes in favour of the world’s poor.

As in previous years, ODI expertise in this area was in great demand in 2007 and 2008. Workshops in such diverse countries as India, Kenya, South Africa, Uganda, Vietnam and the UK covered a range of topics, including policy entrepreneurship,

Building demand for good governance

Effective, sustainable policies come from good governance, but what makes governance ‘good’? Transparency in action and organisation, strong participation from civil society, and good use of evidence are all contributing factors. This is why ODI was pleased to win funding worth £5 million from the Global Transparency Fund at DFID for a new partnership to boost citizen demand for good governance.

The partnership aims to enhance the ability and capacity of citizens, media, civil society organisations and elected representatives to use evidence-based approaches when engaging with governments and institutions to promote good governance. As well as building national networks around good governance, the programme will develop pilot projects to test innovative approaches and establish a global community of practice to share lessons and promote successful approaches.

Working in 12 African countries over the next five years, the programme will draw on the expertise, experience and networks of organisations based in other southern regions, with an emphasis on south–south learning. ODI is working alongside the World Alliance for Citizen Participation and Inter Press Service, Africa, as well as local partner organisations.

Trade and poverty in Latin America

Comercio y Pobreza en Latino América (COPLA), launched in 2007, is a two-year project funded by DFID that explores links between trade, poverty and social exclusion in Latin America. Its starting point is the need for more nuanced thinking about who will win, and who will lose, as a result of the region’s trade liberalisation. It aims to build a bridge between research and practice in Latin America.

COPLA is a collaboration between ODI and policy-research institutions in Argentina, Bolivia, Nicaragua and Peru. ODI’s contribution includes the sharing of best practices in knowledge management among the programme partners and of lessons learned at the global level.

training of trainers and how best to work with parliamentarians.

RAPID met rising demand for network development and facilitation by using the Network Functions Approach, focusing on the functions of networks to determine the best development strategy. The approach is the basis of ODI managed networks: ebpdn, ALNAP and the Outcome Mapping Learning Community.

Our close engagement with DFID in the delivery of a capacity development programme on strategic policy influence was a highlight of 2007–2008. RAPID has been working with DFID’s teams in Malawi, Mozambique and Zambia, as well as several UK-based teams, on how to influence policy at the national, regional and international levels. Finally, RAPID is managing multicountry long-term programmes that seek to bridge research and policy. The Trade and Poverty in Latin America programme (COPLA) and the Governance and Transparency Fund (GTF) are shaping the way we work with and through our partners in developing countries.

To find out more: Enrique Mendizabal, e.mendizabal@odi.org.uk

Rural Policy and Governance

With around 75% of the world's poor living in rural areas, the Rural Policy and Governance Group (RPGG) at ODI aims to inform and inspire national and international debates on rural poverty reduction and sustainable development.



Forests, Environment and Climate Change

Measures to mitigate climate change must be pro-poor, as well as pro-environment, according to the Forestry, Environment and Climate Change programme at ODI.

In 2007, ODI played its part in the new-found prominence of the principle of REDD – Reduced Emissions from Deforestation and Degradation – which has the potential to bring social, as well as environmental, benefits to developing countries through financial incentives.

With funding from the World Conservation Union, ODI research has helped to reveal the potential impact of REDD on the poor. It has used case studies, particularly Indonesia, to show how the impact might vary in different countries and to suggest pro-poor approaches.

The aim is to inform the policy process to ensure that REDD will further the well-being of the poor, particularly those who are dependent on forests.

The UN Climate Change Conference in Bali in December 2007 agreed to include REDD in the international negotiation process. However, the focus is on the creation of a REDD regime that is politically acceptable and that delivers environmental results. The well-being of the poor is seen, at best, as a welcome spin-off.

There is a risk that, if forest carbon becomes a marketable

commodity, governments will mortgage their futures to the detriment of the poor. This could include reduced access to forested areas, and heavy policing of normal human activities such as shifting cultivation, charcoal production and the use of fire to maintain soil fertility. All are fairly benign in forest conservation terms, but difficult to 'sell' in international debate. Those who depend on public lands or common property may be left behind, as banks need proof of individual ownership.

ODI research shows that, if REDD is to be effective, the poor need to feel the benefits of any new financial flows.

To find out more: David Brown, d.brown@odi.org.uk

Protected Livelihoods and Agricultural Growth

ODI prides itself on having a small, reactive team that swings into action to provide lucid, authoritative research and commentary on hot topics around rural poverty: the Protected Livelihoods and Agricultural Growth (PLAG) programme.

The team is, for example, reviewing the Millennium Villages Project, a high profile development initiative, in four African countries on behalf of the Open Society Institute. It is also participating in one of the first joint evaluations of two key agencies in agriculture and rural development in Africa: the African Development Bank and the International Fund for Agricultural Development.

Similarly, when the UK Secretaries of State for the Environment and Transport ordered a review of the indirect effects of policies to encourage biofuel production, this team was asked to look at the impact on the poor in developing countries, responding in just six weeks. The findings are part of the Gallagher Review, of interest not only to UK ministers, but also to the European Commission.

The team's work on the food price crisis hit the headlines earlier this year. As a result of its research expertise in such areas as food security and social protection, PLAG had a wealth of information ready to add to the debate and was able to brief politicians, UN agencies and the media on the causes, expected trends, likely impact and possible policy responses. All were captured in a briefing paper timed to coincide with the UK Prime Minister's Food Summit in April 2008, resulting in a mass of media interviews, both national and international. Although the initial response drew on existing material, ODI expects this to lead to continuing work on the implications of rising food prices.

To find out more: Steve Wiggins (s.wiggins@odi.org.uk)



Tourism

Money spent by tourists can reach the poor in several different ways: directly, through tourism sector jobs in hotels and restaurants; and indirectly through crafts for tourists, the money coming into the local economy and the resulting tax revenues. ODI's tourism programme aims to reduce poverty through research that strengthens the links between tourism development and the poorest populations.

Putting theory into practice, the team completed a project in Da Nang in central Vietnam in 2007. Funded by the European Union's Vietnam Private Sector Support Programme, and supported by local stakeholders, this was the world's first truly participatory tourism 'value chain' analysis, looking at how much each link in the chain (from the hotels to the craft sector to the local Tourist Department) contributes to poverty reduction. As well as carrying out 50 interviews and ten workshops, the team conducted detailed hotel, tourist, taxi and tour company surveys.

The research found that Da Nang was missing out on upmarket international tourism. Hotels were too few, too downmarket and too far from the city's beautiful beach. International investors had been granted development rights by the government for a fixed term, but were stockpiling land that could be developed, waiting for prices to rise. On hearing the findings, the government agreed to enforce its own deadlines on

development approvals. Within a few months of the research, top brand hotels – like Hyatt, Raffles and Crown Plaza – were sprouting up along the Da Nang coastline and local authorities expect 7,000 hotel jobs to be created in the next three years.

Our work demonstrates that even small changes in tourism policy, such as applying the existing rules, can have a major impact. **To find out more: Jonathan Mitchell (jonathan@odi.org.uk)**

Water Policy

The water policy programme at ODI views both water and sanitation as crucial to poverty reduction and social development. In the International Year of Sanitation, however, the team has stressed the need for more focus on water's 'poor cousin'.

The MDGs aim to halve, by 2015, the proportion of people without sustainable access to basic sanitation. Yet 2.6 billion people lack proper toilets and, on current progress, there will still be 2.4 billion people without basic sanitation in 2015. This issue goes beyond health and hygiene, to personal dignity and lost potential. Girls, for example, may shun schools that lack proper sanitation.

Reluctance to talk about sanitation contributes to its neglect. But this silence is misleading. When women, in particular, are able to voice their views, they put sanitation and hygiene high on their wish list. Political leadership can convert this rarely expressed desire into genuine demand.

ODI leads RiPPLE (Research-inspired Policy and Practice Learning in Ethiopia and the Nile Region), a five-year programme. With funding from DFID, and working alongside partners, including WaterAid Ethiopia, the College of Development Studies at Addis Ababa University and IRC-the International Water and Sanitation Centre, RiPPLE shows how a good water supply leads to more productive people, higher economic growth and stronger development. Its findings help policy-makers, practitioners and donors improve rural water and sanitation services, and it assesses how Ethiopia's push for basic health, including community-led 'total' sanitation, is advancing.

RiPPLE has supported the Ministry of Water Resources in convening the Forum for Learning on Water and Sanitation (FloWS) to maintain momentum in Ethiopia, and is linking this to learning processes across the Nile region, to apply the lessons learned.

To find out more: Alan Nicol (a.nicol@odi.org.uk)

Backpackers: Coming to a hotel near you

In Gambia, the ODI Tourism team's research with the Commonwealth Secretariat on pro-poor tourism discovered a niche in the market for independent travellers. Gambia attracts plenty of package tourists, but had no way to link independent travellers to hotels that are off the beaten track and locally owned. As a result of ODI research and recommendations, World Hotel Link (www.whl.travel) is now operating in Gambia. Capitalising on the growing number of 'flight only' offers, the site gives backpackers a chance to experience the real Gambia.

Water means money for Water

RiPPLE research shows how people in the aptly named town of Water in Ethiopia are reaping the benefits of a new project by the Hararghe Catholic Secretariat. The project includes new latrines and wells, better irrigation and the restoration of hill terraces to retain groundwater. The scheme encourages farmers to grow crops that are in demand in nearby markets. Research shows that spin-offs include better levels of education and nutrition for poor households, which, if scaled up, could enhance Ethiopia's economic growth.

ODI hosts ...

ALNAP

The Active Learning Network for Accountability and Performance in Humanitarian Action (ALNAP) was established in 1997, after an evaluation of the Rwanda genocide found that the humanitarian world was failing to learn from experience and lacked a mechanism for collective knowledge management. Dedicated to improving humanitarian performance through increased learning and accountability, ALNAP is where humanitarians meet to share lessons and common problems and build consensus. Funded by subscriptions from its membership, it includes humanitarian organisations and experts from across the sector.

Highlights this year included a study on the quality and future scope of joint evaluation and an evaluation synthesis on the humanitarian response to the 2005 Pakistan earthquake. Both were published in ALNAP's *Review of Humanitarian Action*, to generate discussion on humanitarian performance. The first of ALNAP's biannual meetings in 2007 was hosted by Groupe URD in France in June, and focused on quality and accountability. The second, in Senegal in December, hosted by the Office for the Coordination of Humanitarian Affairs, examined the lessons of 'compounded crises' in West Africa and proposed suggestions for future action.

In 2007–2008, membership rose to include 57 organisations. It is the membership that determines ALNAP's priorities, and at the Senegal meeting, members adopted a new five-year strategy, setting out clear objectives to be reached by 2013. First, ALNAP will aim to bridge the gap between learning processes and humanitarian action on the ground. It will also advocate for, and promote, better performance in the humanitarian sector, and improve channels for active learning and the exchange of ideas. Finally, ALNAP will improve the quality and use of evaluations by its members and others, and expand its global reach to promote humanitarian learning.

To find out more: John Mitchell (j.mitchell@odi.org.uk)

CPRC

The Chronic Poverty Research Centre (CPRC) estimates that between 320 million and 443 million people are trapped in chronic poverty. Even if the first Millennium Development Goal is met – to halve absolute poverty by 2015 – this would leave some 800 million people living in deep poverty. With funding from DFID, this global partnership of 15 universities, research institutes and NGOs has brought together expertise on chronic poverty, much of it from the south – from Bangladesh, India, South Africa, Uganda and five countries in West Africa. ODI plays a leading role in the CPRC in the UK, alongside the Universities of Manchester and Sussex, Development Initiatives and HelpAge International. CPRC covers three areas: research, policy analysis and policy engagement, with a major shift towards the communication of research findings in 2007–2008. The

priority this year was to build on the success of the first *Chronic Poverty Report* (2004–2005), which highlighted the number, location and circumstances of the chronically poor. The CPRC mobilised around preparations for a second *Chronic Poverty Report*, gathering research on five key 'traps' that condemn generations to poverty, and on the policy responses needed to break the poverty cycle. Several partners in the south have developed these ideas to produce their own national chronic poverty reports aimed at their own policy-makers. ODI is leading CPRC research on the intergenerational transmission of poverty and a comparative study across a number of countries using life histories to examine those factors that enabled people to exit from poverty.

To find out more: Andrew Shepherd (a.shepherd@odi.org.uk)

A cross-cutting issue: Social protection

The importance of social protection in development is increasingly recognised by governments and donors. ODI's work in this area draws together strands of work from across the Institute, as shown by our three-year research programme on social protection and agricultural growth, funded by DFID. We examine the links between social protection, markets and multipliers, to find the synergies that help lift people out of poverty. Can social protection safeguard living standards and also contribute to growth?

Much of the existing evidence has been anecdotal or focused on inputs, such as the number of cows provided by an intervention. However, our research shows that the pathways from social protection to growth are complex – shaped by the form of intervention, patterns of spending, and the efficiency of markets. ODI modelling in Cambodia in 2007 examined the impact of six different social protection measures on six different household types. We found that cash transfers to subsistence farmers and farm employees had linkages to growth, especially when combined with complementary investments in the agricultural sector, in health, education and rural infrastructure.

The Social Protection team at ODI works with DFID advisers in Cambodia, Ethiopia, India, Bangladesh, Malawi and Zambia. In 2007, the World Bank asked ODI to assess social protection in Malawi, as the Government prepared a new Social Protection strategy. The team found social protection interventions scattered across a range of ministries and institutions, hampering efforts to make coherent and informed decisions on resourcing. The new framework developed as a result now underpins Malawi's new social protection policy.

To find out more: Rachel Slater (r.slater@odi.org.uk)

Communications

The communications team at ODI has seized every opportunity over the past year to share the work of ODI, and it shows. News coverage soared, with ODI mentioned in the media more than 200 times between April 2007 and the end of March 2008 – an increase of more than 100% on the previous year.

But looking beyond the headlines, our online communication has gone from strength to strength, with careful online marketing of ODI products to carry our messages to an ever growing audience. We have introduced new automatic news feeds to alert subscribers to new content on the ODI website that they will find of particular interest – all part of our determination to target the right information to the right people in the right way. While the ODI website itself continues to attract increasing numbers of visitors, there is a new emphasis on using even more powerful global channels to put our messages across, with ODI videos now appearing on YouTube, ODI photos available to anyone on the flickr website, and a growing number of friends on ODI's Facebook pages.

Priorities for the next year include more thinking around the needs of our audiences, particularly in the south. The aim: to move our communications work closer to the developing world's most powerful spheres of influence.

To find out more: Antony Robbins (a.robbs@odi.org.uk)

Getting the message out

- 72 public events in London, attended by almost 6,300 people
- 207 media mentions – a dramatic increase on the previous year: including 58 news agencies, 37 TV, 28 radio and 84 internet/online
- Around 45,000 web pages are viewed on the ODI website every month
- Almost 16,000 people subscribe to our monthly newsletter
- Around 500 people have signed up for our new automatic news feeds, and now get updates on new ODI resources that are relevant to them

ODI journals

Our international, peer-reviewed journals are required reading for development professionals the world over. *Development Policy Review* draws on the best available research for its unique and challenging perspective on development, while *Disasters* is the leading peer-reviewed journal in the field of complex emergencies and natural disasters. Both journals are published by Wiley-Blackwell.

Development Policy Review:

- Available in more than 6,600 academic institutions worldwide – a 93% increase on last year
- An increase of 42% in the readership of online articles, with more than 85,800 downloads
- An increase of 33% in the number of registrations for email alerts on new issues, rising to almost 1,600 individuals

To subscribe or find out more: www.blackwellpublishing.com/dpr

Disasters:

- Available in more than 6,700 institutions worldwide – a 53% increase on last year
- The vast majority of these institutions (4,400) offer free or low-cost access in the developing world
- An increase of 22% in the readership of online articles, with more than 76,200 downloads

To subscribe or find out more: www.blackwellpublishing.com/disa



The ODI Fellowship Scheme

The Fellowship Scheme gives postgraduate economists an opportunity to work in the public sector of developing countries. Governments in Africa, the Caribbean and the Pacific establish their own priorities in employing Fellows on two-year contracts. Since its inception in 1963, the Scheme has worked in over 30 countries. The Scheme is growing, and in 2007, 38 awards were made. There are currently 78 Fellows in post, working with 22 developing-country governments, including the Government of Southern Sudan, which joined in 2007, and three regional bodies. There is also an active alumni group of over 750 Fellows.

Overview

By Adrian Hewitt

We continue to receive lavish praise for our Fellowship Scheme. One example from the head of the South African Treasury is shown opposite. But I receive compliments from civil service chiefs, even prime ministers and presidents, from the smallest island governments to large regional bodies, on the contributions of ODI Fellows. So often, technical assistance is seen as an imposition by a donor. So what is different about the ODI Fellowship Scheme? The Scheme works because it is mutually beneficial. The Fellows clearly benefit – look at the comments from Tom Hart, Ciara McKeon and Matthew Morris – and a rigorous, open selection process and strong quality controls ensure maintenance of high standards. The Scheme now represents a trusted ‘brand’ on the supply side, with the pick of the world’s best young economists. On the demand side, we meet government representatives face-to-face to determine the real priorities. Placements are made on trust at the request of the employing government.

Highlights this year included budget training in Juba, capital of Southern Sudan, for civil servants from a new-born government. Their thirst for knowledge was met by Tom Hart and by former ODI Fellows who, having worked previously in HM Treasury or Uganda’s Finance Ministry, could pass on their experience. That Government (GoSS) joined the Scheme in 2007 and already plans to double the number of Fellows. We are exploring the possibility of Angola, Democratic Republic of Congo, Madagascar and Timor Leste joining the Scheme, so watch this space next year.

Meet the ODI Fellow: Tom Hart

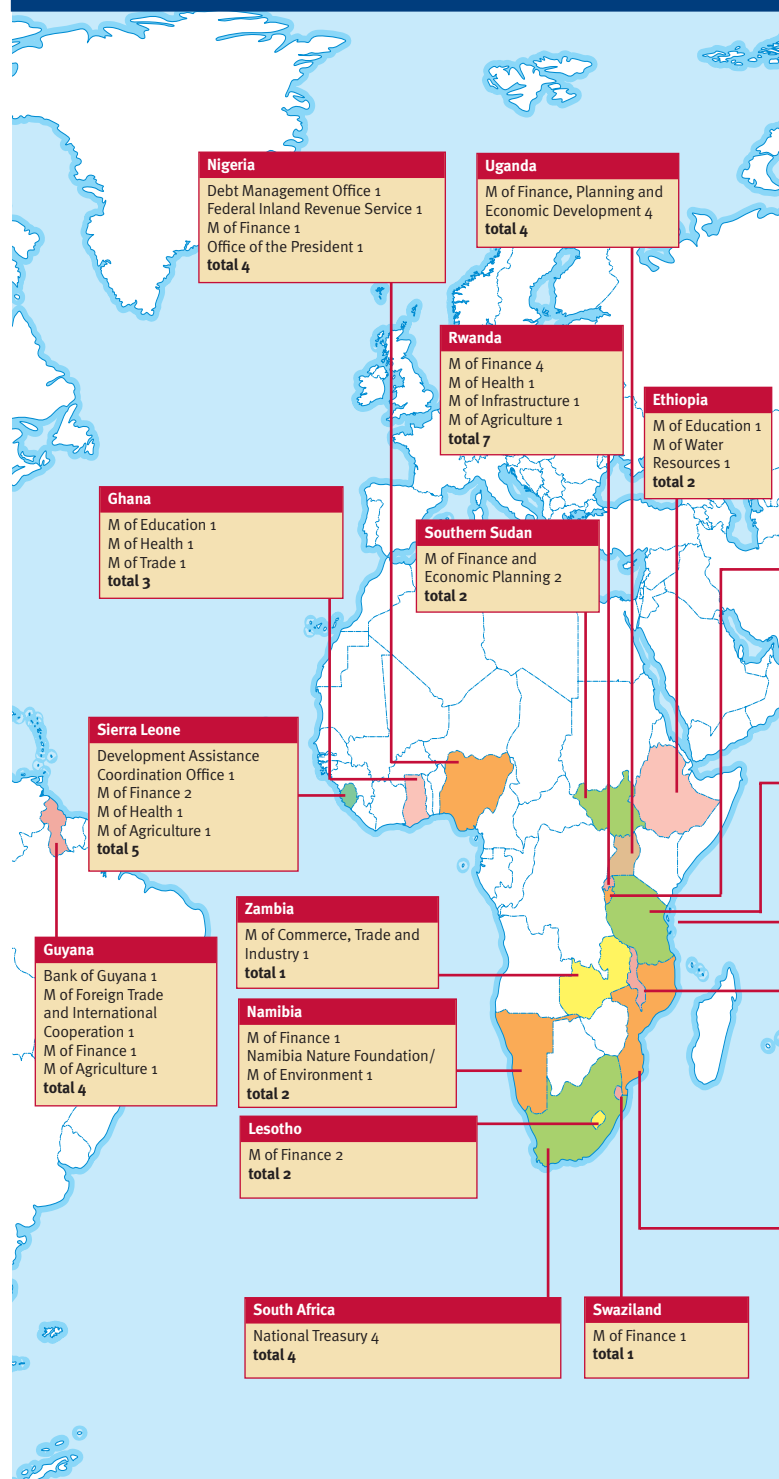


Government of Southern Sudan, Ministry of Finance and Economic Planning, 2007-2009

Spending a Saturday afternoon loading the budget book onto the back of a pick-up after it had been flown into Juba from the printers in Kampala was not something for which my

time at the UK Treasury had prepared me. Producing policy documents to tight deadlines, but not this. Such experiences indicate the depth of involvement you gain working in a ministry that was only established in 2005, following a 22-year long civil war – from formulating policy to, literally, delivering it. Working in such a young government is a constantly fascinating experience, even when it frustrates. It is a privilege to be able to play a part in helping to build the capacity of a new ministry of finance.

FELLOWS IN POST MAY 2008



‘It is nearly ten years since the first placement of an ODI Fellow with the South African National Treasury. The nine young professional economists who have spent time in our midst have contributed to an extraordinarily wide range of financial and advisory responsibilities. I would like to thank the Fellowship Scheme for the professional manner in which the recruitment, selection and placement of the Fellows has been done ... and the high calibre of their economic and analytical expertise.’

Lesetja Kganyago, Director-General, National Treasury, Republic of South Africa



Meet the ODI Fellow: Ciara McKeon



Government of Tanzania, Ministry of Finance and Planning, 2006–2008

Looking back on almost two years as an ODI Fellow, I cannot overemphasise the impact my time in Tanzania has had on my approach and attitude towards development. The experience

of working side by side with Tanzanian colleagues and of seeing the process of governance from the inside out and from the perspective of a developing country government is one that I firmly believe is unique to the ODI Fellowship Scheme. Witnessing at first hand the complexities involved in the policy-making process has confirmed my prior belief that there are rarely any easy answers or quick-fix solutions in development. Although frequently challenging, my time in Tanzania has been intensely rewarding, both personally and professionally, and I have no doubt that it will continue to influence my decisions and allow me to see things from an alternative, more informed perspective throughout my professional life.

Meet the former ODI Fellow: Matthew Morris



Papua New Guinea, Ministry of Trade and Industry, 1997–1999

Following my Fellowship I stayed on in PNG to help the Treasury organise a bail-out from the IMF and World Bank. Working with a great team of government officials, advisers and ODI

Fellows, we learnt how to implement complex reforms under immense pressure and by 2002 the economy was on the road to recovery.

I left PNG in 2003, joined DFID and a year later was posted to Nigeria. By then, the Nigerian economy was turning around under the leadership of Finance Minister Ngozi Okonjo-Iweala. I had the privilege to work with her team, donor colleagues and some excellent ODI Fellows on economic reforms and Africa's largest debt deal. She is now the second-in-command at the World Bank.

I moved back to the Pacific in 2007, working as an economic adviser for the Australian Agency for International Development (AusAID) based in Canberra. Many ex-Fellows remain engaged in the Pacific, providing economic advice to governments, AusAID and the IMF.

The scheme rightly enjoys a tremendous reputation, providing invaluable support for governments, excellent experiences for Fellows and unrivalled value for donors.

ODI Staff

DP = Director of Programmes
PL = Programme Leader
RF = Research Fellow
RO = Research Officer
SRA = Senior Research Associate
RA = Research Associate
› Joined during the year
HPG = Humanitarian Policy
IEDG = International Economic Development
PPPG = Poverty and Public Policy
RAPID = Research and Policy in Development
RPGG = Rural Policy and Governance

Research Staff

Caroline Ashley SRA Impacts of business on local development; tourism and poverty reduction; pro-poor value chains

Claire Avery Project Administrator, PPPG

› **Sarah Bailey RO** Cash transfer programming; livelihoods; food security; displacement; corruption in emergencies

Kate Bird PL/RF Chronic/intergenerational poverty; pro-poor growth; trade-poverty links; policy analysis and reform

Neil Bird RF Environmental aid policy; forest governance and poverty reduction

David Booth RF Editor, *Development Policy Review*; Governance and development in Africa and Latin America; aid and national policy processes

Tim Brauhnoltz Speight RO Poverty; social protection; discrimination; rights; conflict and the state; natural resources

David Brown PL/RF Governance and social development; institutions and environmental policy; forests, poverty, climate change

Julia Brunt Programme Manager, Chronic Poverty Research Centre

Simon Burall RF Aid accountability, effectiveness and reform; role of civil society in aid debates; UN reform

› **Chloe Byrne** Project Administrator, RAPID

Lidia Cabral RF Policy processes and aid management in agriculture and environment; Public financial management; public expenditure review

Massimiliano Cali RO Trade, investment and growth; international migration; urbanisation

Diana Cammack PL/RF Politics of aid reform; neopatrimonialism; development and governance; political economic analysis

James Carlin database and website administrator, HPG

› **Victoria Chambers** Programme Manager, PPPG

Edward Clay SRA Economics of aid, especially food, and natural disasters

James Darcy DP (HPG) Humanitarian law and principles; civilian protection; needs and risk assessment; organisational strategy

› **Ajoy Datta RO** Research-policy links focusing on actors, political contexts, sectors and spaces (national/global)

Paolo de Renzio RA Public financial management; aid modalities; aid effectiveness; political economy; governance

Priya Deshingkar RF – based in Hyderabad – Internal and international migration; remittances; rural labour markets and rural-urban links

Samir Elhawary RO Political economy of war; land issues; forced displacement; state-building; Colombia

Karen Ellis PL/RF Business and development; growth and private sector; financial inclusion; competition and trade

Alison Evans DP (PPPG) Public policy; aid effectiveness and strategies for institutional change

John Farrington SRA Social protection; livelihood diversification; policy processes

Jojoh Faal Project Administrator, RPGG

Matthew Foley Publications Coordinator, HPG

Marta Foresti RF Human rights and social justice; accountability and governance; development evaluation

Ursula Grant RO Poverty analysis and dynamics; urban poverty; social policy processes; participation and governance

Geoff Handley RO Public financial management; public sector management and reform; aid effectiveness

David Harrison RA Tourism as a development tool; corporate social responsibility in tourism; less developed countries and regions

Adele Harmer RF – based in New York – Humanitarian aid architecture and financing; aid in protracted crises; security of aid operations

Caroline Harper PL/RF Chronic poverty; childhood and intergenerational poverty; social development; policy processes

Paul Harvey RA Humanitarian programming/operations; food security in emergencies; cash transfers; corruption; HIV/AIDS and impact analysis

Dina Hashem Group Administrator, HPG

› **Simon Hearn RO** Knowledge; networks, communities of practice; collaboration tools; information/communication technology

Edward Hedger RF Public finance management; governance and accountability; public sector reform; institutional development

Adrian Hewitt RF European development policy; aid; trade; commodities; WTO; global public goods; development strategy

› **Kate Higgins RO** Poverty and policy

processes; pro-poor growth; spatial poverty; impact, monitoring and evaluation

› **Nick Highton PL/RF** Aid effectiveness and reform; international aid architecture; public financial management

Rebecca Holmes RO Social protection instruments and impacts; social development, gender and household dynamics

John Howell SRA – based in Pretoria – southern Africa agricultural export trade; Chagos Islands resettlement

Alan Hudson RF Development effectiveness; policy coherence; governance; accountability and voice; parliaments

› **Sarah Hunt** Group Administrator, RAPID

› **Francesca Iannini** Group Administrator, RPGG

Marialivia Iotti Coordinator, Research-inspired Policy and Practice Learning in Ethiopia and the Nile Region (RIPPLE)

› **Harry Jones RO** Complexity in aid; interface of knowledge, policy and power; equity/social justice; impact evaluation

Nicola Jones PL/RF Policy processes; knowledge-policy interface; poverty reduction; social development; gender; childhood

› **Nanki Kaur RO** Climate change; water policy

› **Jodie Keane RO** International trade; global value chains; traditional and non-traditional markets, goods and sectors

Jane Kennan RO Analysis of trade and related statistical data

Carolina Kern Communications Officer, HPG

Tony Killick SRA Economics and effectiveness of aid; World Bank and IMF; debt; PRSPs; African economies

Zainab Kizilbash Agha RO Public financial management; politics of reform; aid modalities and aid management at sector level

› **Jeff Knezovich** Communications Assistant, RAPID

› **Jenny Laidlaw** Project Administrator, RPGG

Stephanie Levy RF Modelling; pro-poor growth policy analysis; investment; food security; social protection, natural resource booms

Kate Longley RF – based in Nairobi – Food security; agricultural relief and rehabilitation; rural livelihoods and chronic crisis

Eva Ludi RF Natural resource management; rural livelihoods; environment; agro-commodities; resource governance

Cecilia Luttrell RA Governance and natural resources; vulnerability, livelihood analysis; forest/CPR management; resource rights

› **Hafsa Mahtab** Project Administrator, PPPG

Ellen Martin RO Humanitarian aid

architecture; UN systems and reform; humanitarian donorship; urban displacement

› **Tari Masamvu** Project Administrator, PPPG

Enrique Mendizabal PL/RF Networks; policy. influence; complexity; think tanks; learning; capacity development; Latin America

Mareike Meyn RO International and regional trade, trade-related reforms; EU-ACP relations; regional integration

Jonathan Mitchell PL/RF Pro-poor tourism analysis; value chain analysis; local economic development and project appraisal

› **Sobona Mtisi RO** Water reforms; policy, process and decentralised water management; impact on livelihoods

› **Jenny Morgan** Project Administrator, RPGG

Peter Newborne RA Water and environment policy and governance; flood management and climate change; sanitation policy

Alan Nicol PL/RF Social, institutional and political dimensions of water resources policy and management

Cecilia Norlander ebpdn Coordinator, RAPID

Sorcha O'Callaghan RF Civilian protection, programming and advocacy in complex emergencies; humanitarian principles; Horn of Africa

Tam O'Neil RO Politics of policy and institutional reform; governance; corruption; accountability; rights

› **Timothy Othieno RF** Conflict; peace building; fragile states; international relations; African politics

Sheila Page SRA Trade and development; trade policy, WTO and regions; aid for trade; tourism; foreign investment

Sara Pantuliano PL/RF Programming in protracted crises/transitions; livelihood security; pastoralism; land tenure, Sudan

› **Arnaldo Pellini PL/RF** Local governance; decentralization; civil society; evidence based policy; project/programme management

Leo Peskett RO Carbon markets; reduced deforestation (REDD); biofuels; climate finance (adaptation and mitigation)

› **Dani Phillips** Group Administrator IEDG

Martin Prowse RO Poverty dynamics; livelihoods; vulnerability and food security; mixed methods; contract farming; value chains

› **Portia Reyes** Communications Officer, Chronic Poverty Research Centre

Alina Rocha Menocal RF Democratisation; governance; state-building; institutions; voice; development politics; aid

Fiona Samuels RF HIV and AIDS links to livelihoods, food security, migration, stigma, empowerment, access to services

Kate Schreckenber RA Community forestry; non-timber forest products; pro-poor value chains; REDD; forest policy

› **Sonia Sezille** Programme Manager, Africa Power and Politics, PPPG

Bhavna Sharma RO Governance; accountability; political economy; fragile states; civic engagement; gender and rights

Andrew Shepherd, DP (RPGG) Poverty analysis and reduction; policy and programme evaluation; rural development; aid management

Gill Shepherd SRA International forest and environment policy; ecosystem approaches; spatial aspects of poverty

Rachel Slater PL/RF Livelihoods; food security, food policy and social protection

Tom Slaymaker RF Water sector governance and accountability; pro-poor service delivery; difficult environments

› **Liesbet Steer RF** Aid effectiveness, results-based aid, new aid flows; growth and the private sector

Christopher Stevens DP (IEDG) Trade policy, especially EU and WTO; Economic Partnership Agreements; climate change; biofuels

Christopher Taylor Programme Manager, IEDG

Dirk Willem te Velde PL/RF Growth; services and development; foreign investment; state and business; WTO; regional integration

Fletcher Tembo RF Social accountability; civil society, poverty reduction and governance; power and politics

Helena Turgel Group Administrator, PPPG

Robert Tripp RA Agricultural research and extension; seed systems; natural resource management

Josephine Tucker RO Water resource management; water-poverty linkages; water policy/institutions; civil society roles

› **Marcella Vigneri RF** Agricultural markets; smallholder livelihoods; land productivity; dataset analysis; food security

› **Cecilie Wathne RO** Aid effectiveness; elopment; democratisation; mutual accountability

Katharina Welle RO Social, institutional, financial and policy aspects of water/sanitation in rural/peri-urban areas

› **Guy Whale** Journals Administrator, RAPID

› **David White** Group Administrator, HPG

Tim Williamson RA Public financial management; national/sector policy and budget processes; decentralisation

Steve Wiggins PL/RF Rural livelihoods and non-farm economies; rural-urban linkages; governance and environment; food

John Young, DP (RAPID) Evidence-based policy; complexity; knowledge systems; communication; think tanks; partnerships

Central Communications

Joanna Adcock Production Coordinator

› **Angela Hawke** Senior Editor and Staff Writer

› **Leah Kreitzman** Media Officer

› **Alice Lemaitre** Internal Communications Officer

› **Antony Robbins** Head of Communications

Nick Scott Online Communications Manager

Directorate

Moir Malcolm Company Secretary

Simon Maxwell, Director ODI Development theory and policy; poverty; food security; aid and aid architecture

Fellowship Scheme

Susan Barron Programme Officer

Adrian Hewitt Head of Fellowship Scheme

› **Darren Lomas** Fellowship Administrator

Finance and Administration

› **Alexis Chapman** Director of Finance and Operations

› **Caroline Chawah** Finance Officer

Ehima Efeyini Financial Accountant

Alec Hinshelwood Head of Finance

› **Jayne Hughes** Head of Human Resources

Sau-Wah Lam Senior Human Resources Officer

› **Natasha Matthews** Human Resources Assistant

Keith Miller Project Accountant

› **Muriel Mostert** Senior Project Accountant

› **Asif Naqvi** Finance Officer

› **Mari Nortier** Project Accountant

IT and Facilities

Daniel Demie IT Officer

› **Steven Dickie** Facilities Assistant

Peter Gee Head of IT and Facilities

› **Ven Thangswaran** Assistant IT Officer

Research farewells 2007-2008

Edward Anderson, Rachel Atkinson, Kent Buse, Robert Chapman, Naved Chowdhury, Karin Christiansen, Ruth Driscoll, Verena Fritz, Sue Graves, Ingie Hovland, Yasmeen Khwaja, Andrew Lawson, Caroline Moser, Pamela Muckosy, Lauren Phillips, Mahvash Qureshi, Kevin Savage, Kay Sharp, Elizabeth Turner, Michael Warner, Victoria Wheeler

Major funders 2007-2008*

The Advisory Board for Irish Aid
 Agence Française de Développement
 Agricultural Trade Forum
 The Asia Foundation
 Australian Agency for International Development (AusAID)
 Austrian Development Agency
 BG Group
 Botswana Institute for Development Policy Analysis
 British Council
 CABI – Africa
 Canadian International Development Agency (CIDA)
 CARE International UK
 Catholic Agency for Overseas Development
 Centre for Economic and Social Rights
 The Centre for International Development and Training
 Chatty Gambe
 Christian Aid
 Commonwealth Secretariat
 Danish Ministry of Foreign Affairs
 Department for International Development, UK (DFID)
 Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH
 Development Network Africa
 Development Researchers Network
 Development Studies Association
 Ecorys Netherlands BV
 Eastern Nile Technical Regional Office (ENTRO)
 Environment Agency, UK
 Engineering and Physical Sciences Research Council (EPSRC)
 Epic
 Eptisa, Spain
 Esmenia Cuna
 European Commission
 European Development Finance Institutions (EDFI)
 European Parliament
 European Union – Latin America Relations Observatory (OBREAL)
 FACT
 Foreign Affairs and International Trade (DFAIT), Canada

Fundación Internacional y para Iberoamérica de Administración y Políticas Públicas
 Ford Foundation
 Fundación Carolina
 Gavi Alliance Secretariat
 Federal Foreign Office, Germany
 The German Development Institute
 The Home Office, UK
 HTSPE Limited
 HypoVereinsbank
 IC Consultants Ltd
 Imani Development
 Institute of Development Studies (IDS)
 Intercooperation, Switzerland
 International Bank for Reconstruction and Development
 International Business Leaders Forum (IBLF)
 International Fund for Agricultural Development (IFAD)
 International Labour Office
 International Poverty Reduction Centre in China (IPRCC)
 International Trade Centre (ITC)
 Irish Aid
 ITAD
 Japan International Cooperation Agency (JICA)
 KfW Entwicklungsbank Policy Group
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 National Audit Office, UK
 National Treasury of South Africa
 Netherlands Development Organisation (SNV)
 The Nigerian Economic Summit Group
 Nike UK Limited
 Norwegian Agency for Development Cooperation (NORAD)
 Office for the Coordination of Humanitarian Affairs (OCHA), United Nations
 Organisation for Economic Cooperation and Development (OECD)
 Oxfam
 Oxford Policy Management Limited
 Pact Sudan

PAK Nigeria
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 Rio Tinto
 Save the Children Fund
 Scanteam
 Science and Development Network (SciDev.Net)
 Shell Gas & Power International
 Silas Kpanan' Ayoun Siakor
 Soros Humanitarian Foundation
 Southern African Development Community (SADC) Secretariat
 Swedish International Development Cooperation Agency (SIDA)
 Swiss Agency for Development (SDC)
 Swiss Peace
 Swiss State Secretariat for Economic Affairs (SECO)
 TOTAL
 United Nations Development Programme (UNDP)
 United Nations Children's Fund (UNICEF)
 United Nations Industrial Development Organization (UNIDO)
 United Nations
 University of Manchester
 University of Wisconsin-Madison
 United States Agency for International Development (USAID)
 Vietnam Academy of Social Sciences
 World Bank
 World Conservation Union (IUCN)
 World Food Programme

*Organisations and individuals providing funding of at least £10,000. A complete list of funders can be found in the ODI Trustees Report, available from the Finance Team, Overseas Development Institute, 111 Westminster Bridge Road, London SE1 7JD, United Kingdom

NB. The list includes some secondary donors, who channel funds to ODI from other contributors.

Finance

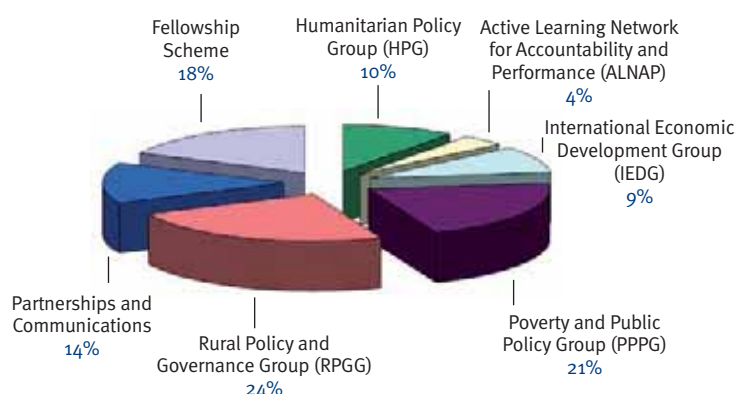
Balance Sheet Summary

	31 March 2008 £	31 March 2007 £
Fixed Assets		
Tangible Assets	166,127	152,284
Investments (Market Value)	1,377,026	1,373,076
	1,543,153	1,525,360
Current Assets		
Stocks	44,890	43,033
Debtors and Cash	4,176,497	3,611,297
	4,221,387	3,654,330
Current Liabilities		
Creditors and Accruals	(3,566,560)	(2,821,336)
Net Current Assets	654,827	832,994
Net Assets	2,197,980	2,358,354
Designated Funds	166,127	152,284
General Fund	2,031,853	2,206,070
Unrestricted Reserves	2,197,980	2,358,354

Income and Expenditure Account Summary

	2007-2008 £	2006-2007 £
Income		
Grants and Project Finance	12,824,722	11,681,092
Interest Income	614	118
Other Operating Income	38,093	180,896
Total Income	12,863,429	11,862,106
Expenditure		
Staff Costs	5,849,340	5,240,615
Depreciation	63,449	50,267
Research Expenditure and Direct Costs	3,421,265	3,600,678
Other Operating Expenses	1,100,705	917,329
Meetings, Conferences and Publications	597,290	474,202
Professional and Audit Fees	38,907	66,158
Fellowship Activities	1,956,798	1,683,002
Total Expenditure	13,027,753	12,032,251
Realised Investment Gains	0	11,731
Unrealised Investment Gains	3,950	64,919
Transfer (to) from Designated Funds	(13,843)	44,144
(Deficit) on General Funds	(174,217)	(49,351)

ODI Income by Group Activity 2007-2008



Board of Trustees' statement

The members of the ODI Board of Trustees confirm that the summarised financial statements on this page are a summary of the information extracted from the full annual financial statements, which were approved on 7 July 2008.

The summarised financial statements may not contain sufficient information to allow for a full understanding of the financial affairs of the Institute.

For further information, please consult the full annual financial statements, the auditors' report and the Trustees' Report. Copies of the full annual accounts may be obtained free of charge from ODI.

The summarised financial statements do not constitute full financial statements within the meaning of the Companies Act 1985 or the Charities Act 1993. A copy of the statutory financial statements of ODI, upon which the auditors have reported without qualification, will be delivered to both Companies House and the Charity Commission.

Approved by the members of the Board of Trustees and signed on their behalf by the Chair, Lord Turner, 7 July 2008.

Independent Auditors' statement

We have examined the summarised financial statements of the Overseas Development Institute for the year ended 31 March 2008.

Respective responsibilities of Trustees and Auditors

The members of the Board of Trustees are responsible for preparing the summarised financial statements in accordance with the recommendations of the charities SORP.

Our responsibility is to report to you our opinion on the consistency of the summarised financial statements with the full financial statements and the Trustees' Report. We also read the other information contained in the summarised annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summarised financial statements.

Basis of opinion

We conducted our work in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board for use in the United Kingdom.

Opinion

In our opinion, the summarised financial statements are consistent with the full financial statements and the Trustees' Report of the Overseas Development Institute for the year ended 31 March 2008.

Buzzacott, London 12 August 2008.

PHOTO CREDITS AND CAPTIONS

This report was prepared by the ODI Communications team with support from colleagues across ODI. Designed by Clifford Singer at Edition.

Cover	ODI/Antony Robbins Cloth merchant in Addis Ababa, Ethiopia
Page 1	UNICEF/HQo6-1954/Josh Estey Children in Aceh, Indonesia, move their desks to a new school
Page 3	ODI/Dave Rogers Adair Turner, Chair of ODI ODI/Juliette Atkinson Simon Maxwell, Director of ODI
Page 5	World Bank/John Isaac Two men on a motorcycle, India
Page 6	ODI/Antony Robbins Andrew Shepherd, Director, Rural Policy and Governance Group UNICEF/HQo6-2817/Anita Khemka Pregnant woman fetches water in Madhya Pradesh, India
Page 7	UNICEF/HQo2-0260/Ami Vitale A woman chops wood on land affected by soil erosion, Malawi
Page 8	ODI/Antony Robbins Christopher Stevens, Director, International Economic Development Group Panos/Philippe Lissac A woman holds banknotes during a weekly branch meeting of the Grameen Bank in Bangladesh
Page 9	ODI/Antony Robbins Coffee farmer in Ethiopia
Page 10	ODI/Antony Robbins Alison Evans, Director, Poverty and Public Policy Group UNICEF/HQo8-0321/Adam Dean A boy whose house was destroyed by cyclone Nargis watches an approaching storm
Page 11	UNICEF/HQo5-1282/Radhika Chalasani Women with sacks of millet in Niger
Page 12	ODI/James Darcy James Darcy, Director, Humanitarian Policy Group UNICEF/HQo6-0162/Michael Kamber A Masai woman plays with her grandchild in Kenya
Page 13	UNICEF/HQo8-0343/Adam Dean A child queues for cooking oil in Myanmar after cyclone Nargis
Page 14	Panos/Mark Henley A woman in China using a mobile phone next to satellite dishes
Page 15	Gertrud Kanu, Berlin Das Atomium
Page 16	Edward Parsons/IRIN A father holds his child as he surveys the devastated city of Balakot, Pakistan in 2005
Page 17	Allan Gichigi/IRIN Displaced people being relocated in Kenya, January 2008
Page 18	EC library/G. Barton A busy day at the port in Zanzibar
Page 19	World Bank/Curt Carnemark China
Page 20	flickr/Julio Aguiar Cesar, Rio de Janeiro, Brazil Favela in Rocinha
Page 21	UNICEF/HQo8-0156 A boy in Gaza City, Occupied Palestinian Territory
Page 22	World Bank/Ami Vitale Women refugees speaking at a local radio station, Côte d'Ivoire
Page 23	flickr/Tomás Jorquera Gathering around a laptop in Río Claro, Chile
Page 24	flickr/R-Z Corn cobs
Page 25	Wild Dog/Andrew Johnstone Villager and chickens in Ethiopia – a programme that links good water supply to local economic development
Page 27	flickr/Rogiro Members of Ngoma Afrika, from South Africa
Page 28	ODI/Tom Hart Tom Hart in Juba, Southern Sudan
Page 29	ODI/Susan Barron Ciara McKeon, ODI Fellow ODI/Matthew Morris Matthew Morris, former ODI Fellow



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CONTACT ODI

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Media: media@odi.org.uk

Bookshop: publications@odi.org.uk

Email format for individual staff: initial.surname@odi.org.uk

Getting to ODI

Our offices are on the south side of Westminster Bridge Road, close to the junction with Kennington Road. ODI is one minute from Lambeth North underground station (Bakerloo line) and five minutes from Waterloo railway station.

Charity number: 228248