



Overseas Development
Institute



Annual Report 2006

What's next in international development?

About ODI

ODI's 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. ODI's work centres on its research and policy groups and programmes.

Research groups

Humanitarian Policy
International Economic Development
Poverty and Public Policy
Research and Policy in Development
Rural Policy and Governance

Research programmes

Business and Development Performance
Centre for Aid and Public Expenditure
Chronic Poverty Research Centre (ODI is a major partner)
Economic and Statistics Analysis Unit (hosted by ODI)
European Development Cooperation
Forestry Policy and Environment
Protected Livelihoods and Agricultural Growth
Rights in Action
Tourism
Tsunami Evaluation Coalition (secretariat based at ODI)
VERIFOR – options for forest verification
Water Policy Programme

International networks and cross-cutting programmes

Active Learning Network for Accountability and Performance in Humanitarian Action (secretariat based at ODI)
Agricultural Research and Extension Network
Civil Society Partnerships Programme
Forum on the Future of Aid (hosted by ODI)
Humanitarian Practice Network

Fellowship scheme

The ODI Fellowship scheme places young economists on attachment to the governments of developing countries. Read more about the scheme on page 36.

Outputs

Publications

ODI produces publications aimed at a wide range of audiences. Outputs include books, *Research Reports*, *Working Papers*, *Briefing Papers*, *Opinions*, *Key Sheets*, practitioner-focused toolkits and meeting reports. Many are available to download free from the website, and *Briefing Papers* are posted regularly to over 6,200 subscribers around the world. ODI also produces

materials on CD-Rom, and this year joined a wider collaborative scheme to distribute research on CD, facilitated by Eldis, the electronic information service.

ODI produces two journals, *Development Policy Review* and *Disasters*. They are available through the publishers Blackwells in a range of subscription packages, either electronically or in print. Find out more on page 40.

Meetings

ODI holds regular discussion meetings, workshops and seminars on development topics of general and specialist interest, addressed by speakers from the UK and overseas. ODI organises many high-profile meetings with APGOOD, the UK's All-Party Parliamentary Group on Overseas Development. Meeting reports are posted on the website within 48 hours, and audio clips are also made available. ODI's meetings are referred to throughout this Annual Report as they thread through many of the development research themes explored under the banner 'What's Next in International Development?'. In addition, ODI hosts informal background briefing sessions for MPs, for colleagues working at international agencies, and for journalists.

Media

ODI's press office is in regular contact with a wide range of internationally based journalists. It provides the media with resources including press releases, media roundtables (journalists meet with researchers to explore a topical issue), thematic web portals and blog alerts (journalists are contacted regarding new ODI blogs that link to international affairs). In addition to media appearances by research staff, many researchers spend time providing background information for programme-makers and writers. Read more about the impact of this work on page 7.

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Cover image: Construction workers take a break near the Three Gorges Dam in China.
Photographer: Mark Henley/Panos

The Council

Those marked with an asterisk are also Board members.

Tony Baldry is a Conservative MP who chaired the International Development Select Committee from 2001 to 2005.

Andrew Barnett* is a Director of Policy Practice Limited and an economist with over 25 years of experience of both energy and technology policy analysis in developing countries.

Hugh Bayley is a Labour MP and a member of the International Development Select Committee. He is also a member of the NATO Parliamentary Assembly and the Commonwealth Parliamentary Association, and chairs the Westminster Foundation for Democracy.

Andrew Bennett is Executive Director of the Syngenta Foundation for Sustainable Agriculture and is also the President of the Tropical Agricultural Association (UK).

Malcolm Bruce Newly elected Council member Malcolm Bruce is a Liberal Democrat MP and is the chair of the International Development Select Committee. He is also the Chair of Globe UK and the President of Globe International.

Dominic Bruynseels* is Chief Executive Officer for Barclays Africa & Middle East. He also holds the role of Executive Director and is a member of the board of Absa, South Africa's leading retail bank.

Tony Colman Newly elected Council member Tony Colman, a former Labour MP, is Associate Director of the Africa Practice, African Investment Advisory and Africa Venture Capital Association.

William Day* is a Special Advisor to the UNDP and a Senior Associate of the University of Cambridge Programme for Industry.

Richard Dowden is the Director of the Royal African Society. A journalist, he has worked for *The Times*, and was Africa Editor of *The Independent* and *The Economist*.

Larry Elliott is Economics Editor at *The Guardian* newspaper.

Lord Holme is the Chairman of GlobeScan and advises Standard Chartered Bank and BG Group on sustainable development. He is also the Chairman of the Select Committee on the Constitution, the Royal Africa Society and LEAD International, and Chancellor of the University of Greenwich.

Isobel Hunter* is an independent Human Resources consultant with over 20 years' HR experience. Her particular focus is on international organisations.

Baroness Margaret Jay* is the Chair of the Overseas Development Institute. She is also a Non-executive Director of British Telecom and the Independent Media Group. She has been a member of the House of Lords since 1992 and was a Minister for Health (1997-1998), a member of the Cabinet as Leader of the House of Lords, and Minister for Women (1998-2001).

Sir Richard Jolly was the Director of IDS (1972-81) before joining UNICEF as Deputy Executive Director for Programmes (1982-95). He was the architect of UNDP's Human Development Report for five years. Since 2000, back at IDS, he has been working on an intellectual history of the UN.

Richard Laing* is the Chief Executive of CDC Group, a leading investor in private equity funds in the emerging markets of Africa, Asia and Latin America.

Professor Michael Lipton* is a Research Professor at the Poverty Research Unit at the University of Sussex.

Professor Anne Mills Newly appointed member Anne Mills is Professor of Health Economics and Policy at the London School of Hygiene and Tropical Medicine. She is Head of both the Health Economics and Financing Programme and (from September 2006) the Public Health and Policy department.

Baroness Lindsay Northover Newly appointed Council member Baroness Northover is the Liberal Democrat Lords Spokesperson on



International Development. She has served on the EU Foreign Affairs, International Development and Defence Select Committees and is an officer of the Aid, Debt and Trade All-Party Parliamentary Group (APPG).

Avinash Persaud* is the Chairman of Intelligence Capital, a member of the Councils of the London School of Economics and Royal Economic Society, and Co-Chair of the OECD Emerging Markets Network.

Salil Shetty is the Director of the Millennium Development Goals Campaign and former Chief Executive of Action Aid.

Professor Diane Stone* is Marie Curie Chair and Professor of Public Policy at the Central European University in Budapest. Her permanent appointment is in the Department of Politics and International Studies at the University of Warwick.

Tidjane Thiam Newly appointed member Tidjane Thiam is the Managing Director of Aviva International. He was a member of the Commission for Africa, set up to take an independent look at the challenges facing the continent and make recommendations for its future.

Sue Unsworth* is a Research Associate with the Governance Team at IDS Sussex. She was formerly Regional Director for Asia and subsequently Chief Governance Adviser at DFID.

Anuradha Vittachi is the Director of OneWorld UK. She is also a journalist and an academic.

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

Bowen Wells is a former Conservative MP and founding Chairman of the International Development Select Committee (1997-2001).

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

Ngairé Woods is a Fellow in Politics and International Relations, Dean of Graduates and Director of the Global Economic Governance Programme at University College, Oxford.

2005/6 saw the departure of Lydia Pretzlik, Frances Stewart and Lord Stone from the Council – many thanks to them all for their invaluable advice and support.

Introduction



Margaret Jay,
ODI Chair

A successful think tank such as ODI needs to engage simultaneously with the current agenda in international development and with emerging issues. Indeed, by mapping and understanding the emerging issues, we not only respond to the concerns of policy-makers, but also help to shape the field. This is no doubt why we were named 'Think Tank to Watch 2005' by *Prospect* magazine.

The past year has seen us fully engaged with the headline challenges in Africa, whether in background work on aid, trade and governance for the Africa Commission, or in providing a forum for discussion of the food crisis in Niger, or in field studies of chronic poverty. As usual, we bring together — 'lock together' says our Mission statement — high-quality applied research, practical policy advice and policy-focused dissemination and debate.

At the same time, new topics are appearing in our programme, and old topics are appearing in new ways. The surge in commodity prices, for example, presents familiar challenges for macroeconomic management

and governance in resource-rich countries — but also leads to questions about appropriate development strategies and about the geopolitics of the scramble for natural resources. Similarly, growing concern about climate change highlights the need for work on the technical management of the issue, but also on more general questions about the mandate and reach of global and regional policy.

ODI thus needs to be engaged in constant renewal. I am grateful to Simon Maxwell and his team for rising to that challenge, with new programmes and, this year, planning for new management structures.

The governance structure has also been re-designed. Rather than a single, large Council with trusteeship responsibilities, we have created a smaller trustee body, drawn from what eventually will be a larger Council of advisers and supporters. The new Board of trustees will lead ODI's strategic development. The larger Council will provide a sounding-board and a bridge to the wider development and humanitarian communities.

'We are driven by concern for the lives and livelihoods of the poorest people. In studying and attempting to influence change, a good mantra is: Who gains? Who loses? And why?'



Simon Maxwell,
ODI Director

As Margaret Jay observes, the context in which ODI works is changing and we need to be agile. Of course, that is always true and our programme is constantly evolving — look at how much more we do now on politics and state-building in Africa than just a few years ago.

The global challenges, however, will compel us to innovate still more. Rapid growth in Asia offers historically unparalleled potential for poverty reduction, with 300 million poor people already having moved above the dollar-a-day threshold. However, within Asian countries, issues of regional balance, social exclusion and inequality are also becoming more prominent, alongside traditional concerns with infrastructure, business development and growth.

More generally, Asian growth also implies pressure on natural resources worldwide, a restructuring of global supply chains, and new configurations and alliances in global institutions. The short-term turbulence and the long-term structural shifts challenge all regions of the world.

I write overleaf about the new agenda. Three principles need to guide us as we plan our response.

The first is to remember that we are driven by concern for the lives and livelihoods of the poorest people. In studying and attempting to influence change, a good mantra is: Who gains? Who loses? And why?

The second is to remember that good design — even intelligent design — must be translated into good implementation. Aid pledges made in 2005 need to be translated not just into actual aid flows, but also into programmes and projects that make a difference. As our own research constantly illustrates, this is by no means straightforward.

The third principle is to remember that complex challenges almost always benefit from concentrated work by teams that bring together different perspectives. ODI has always been a place which encourages multi-disciplinary work and cross-sectoral enquiry.

Meanwhile, we said farewell to some staff and gained new colleagues. I would like to pay particular tribute to John Roberts, tragically killed while mountain-walking in Italy. A separate note on John can be found on page 39.

What's next in international development?

By Simon Maxwell, ODI Director



The question 'what's next?' has two answers — one expected, the other less so. The first is prominent in a set of aid-dependent countries that was the focus of much attention in 2005. Call these the '20% club', in which aid accounts for around 20% of GDP. The other answer is relevant to those countries, but stands out more clearly in the '0.2% club', in which

aid amounts to only a small share of GDP. The club designations are indicative. However, 20% is the average aid/GNP figure for sub-Saharan Africa and 0.2% is the ratio for India.

Development outcomes in 2005

The development 'project' in 2005 delivered substantial benefits to the 20% club, notably new initiatives on debt relief and a commitment to double aid by 2010. This was not all that was hoped for. In particular, the MDG Summit made less progress on UN reform than had been hoped. The WTO meeting in December was a disappointment.

It also goes without saying that pledges of future aid come without guarantees. Though the story of 2005 can be read in an optimistic light, this was also the year that began with the tsunami and saw hunger in Niger, continued crisis in Darfur, the earthquake in Pakistan and increases in the numbers affected by HIV/AIDS.

Nevertheless, that there would be gains in 2005 was not a foregone conclusion. It took a combination of three things to make change happen: an intellectual framework provided by the work of the UN Millennium Project and the Africa Commission, among others; a public campaign, led in the UK by Make Poverty History and internationally by the Millennium Campaign and the Global Call to Action Against Poverty; and the impetus provided by political leaders around the world.

Challenges in the 20% club...

The provision of additional aid will be associated with implementation problems that effectively define the agenda for donors and their partners in the 20% club:

1. **Absorptive capacity** is a concern, because of the limited supply of skilled managers and workers in most poor countries, but also because of the potential macroeconomic impact of additional aid, on the exchange rate especially. ODI research shows that many countries have been unable to spend foreign exchange windfalls successfully.

2. The main focus since the mid-1990s has been on the human development content of the international development targets, later the Millennium Development Goals, particularly primary health and education. In 2005, driven in part by concern about growth in Africa falling well below the target of 7% p.a., the pendulum began to swing back to earlier concerns with **infrastructure, science and technology, higher education and the needs of the productive sectors**.
3. **Political questions** have become more prominent, driven partly by the obvious incapacity of fragile states, but also by more deep-seated concerns about the impact of aid funding on political accountability in poor countries characterised by patronage politics.
4. Donors have begun to realise that the **proliferation of aid agencies** and new, vertical funds make the Paris agenda of harmonisation among donors and alignment to country priorities hard to achieve. With 75% of aid still being provided through bilateral channels rather than multilateral, the slogan 'don't just harmonise, multilateralise' has growing resonance. There have been interesting innovations on the humanitarian side, with a Good Humanitarian Donorship Initiative and new multilateral financing arrangements.
5. **Mutual accountability** has come to the fore, as developing countries ask how reliable the pledges made by rich countries to increased aid, debt relief and trade access are.

The way these issues are decided will shape aid agencies in the future. They will need to develop new competencies or rediscover old ones, for example in infrastructure or political analysis. More radically, if a shift takes place to multilateral agencies, as it should, the bilaterals will need fewer specialists in delivering aid and more in managing relationships with the World Bank, the UN or the EU.

...and in the 0.2% club

Though these post-2005 issues are challenging, there is more. For the 0.2% club, they are germane but not dominant.

Their agenda derives from the rapid changes in their economies, and from their growing weight in the world. These are countries that are growing fast and reducing poverty accordingly: in Asia, the number of people living below US\$ 1 per day fell by 300 million between 1990 and 2003.

'If the development agenda broadens, are aid agencies best equipped to lead? If not, how should policy be managed across ministries of aid, trade, defence, foreign affairs and others?'

There is also a more subtle debate about development models: with the prices of natural resources rising and those of manufactures falling, some have questioned whether industrialisation remains a viable strategy for the poorest countries.

2. Though aid is by definition relatively less important in the 0.2% club than in the 20% club, **financing needs** are large. East Asia alone needs investment in infrastructure of US\$200 billion a year. New financing instruments will be required, and agencies are more likely to find themselves taking equity stakes rather than simply providing loan finance to governments.
3. **Regional and inter-regional issues** become more prominent, as countries trade more with each other and also attempt to tackle cross-boundary problems like water or environmental pollution. In Africa, it has been interesting to see the Organisation of African Unity evolving into the African Union. Will the same happen in Asia?
4. The **range of topics** in the development field changes, as trade, security, and the global commons rise up the agenda. Many current issues fall under this head, such as global warming or the management of financial imbalances.
5. Developing countries in the 0.2% club will be looking for a **new and more equal relationship** with developed countries — whether expressed in bilateral relations, through inter-regional dialogue or in multilateral organisations. It is worth noting that many countries in the 0.2% club are themselves becoming aid donors.

Here again, there are implications for development agencies. If the development agenda broadens, are aid agencies best equipped to lead? If not, how should policy be managed across ministries of aid, trade, defence, foreign affairs, and others?

It would be a mistake to think that the challenges thrown up by the 0.2% club do not apply elsewhere. Security, trade, the role of the private sector, and the management of the global commons are universal topics. But they become more visible when the landscape is unclouded by aid relationships.

What researchers and policy-makers should do next

Finally, all this has implications for researchers and policy-makers, who need to think globally, monitor structural change and engage with new institutional formations. Urbanisation needs higher priority. Ditto the private sector. Ditto migration. Ditto regional and global governance.

At the same time, new theory and new skills will be needed. More on institutions? More geography? More law? More international relations? In general, the new agenda points to a growing role for genuinely multi-disciplinary development studies.



There are structural changes, too: for example, 70% of East Asia's growth originates in cities. China's manufacturing power is reshaping the world economy: the world capital-labour ratio has nearly halved because of incorporation of a new labour force in the global economy.

The resulting development challenge has familiar elements. For example, can Asia sustain high rates of growth that are environmentally sustainable, while simultaneously managing political liberalisation and avoiding a sharp increase in levels of inequality?

There are also new elements:

1. Growth on the scale currently observed stretches **the analytics of globalisation** and creates new geopolitical and development relationships. There is a now familiar debate about the sourcing of natural resources and the impact of new market entrants like China on markets, but also on political relationships, especially in Africa. In particular, a concern for energy security is driving foreign policy around the world.

Communications and development

By Kirsty Cockburn, ODI Head of Communications

If 2005 was seen as an opportunity to incubate a new aid agenda, it also gave ODI a spur to be more proactive in sharing its work, and to think about ways of strengthening our communications for the future. An extensive global User Survey told us more about our approach and impact, while a new Communications Strategy helped drive forward public affairs work based on key cross-cutting themes. With one eye on external events and the other on the ongoing research of the Institute, we linked our work — on aid, trade, poverty, governance, livelihoods and humanitarian action — to key calendar events. A communications consultant, Peter da Costa, was instrumental in driving this work forward from Spring through to late Autumn. By the time I arrived in October, ODI had already completed a wide range of activities to address the 2005 agenda, sharing clear messages on a complex set of issues in a rapidly changing world.

While a new communications team worked with researchers to deliver a busy schedule of clustered activities, our Director, Simon Maxwell, started asking ‘What’s next in international development?’. As we entered 2006, a series of public meetings — in partnership with the UK’s All-Party Parliamentary Group on Overseas Development (APGOOD) — saw high-profile speakers from around the world warm to this theme. Among them, John Githongo, the Kenyan anti-corruption tsar, addressed a packed public meeting as part of our (Re)building Developmental States series. You can read an extract of his speech on page 10.

We have also been experimenting with our new blog. Some postings emerged from internal email discussions, others have been reactions to

current affairs and global events, while several more have been daily blogs from summits and conferences (the World Economic Forum, Davos and the World Water Forum in Mexico). The blog is flexible, informal and fast, and offers a new way of engaging with a global audience — dialogue and interaction will be a key emphasis in future communications work.

Acting on the ‘What’s Next...?’ theme across 2006 and 2007 will see us producing a new range of information materials in response to requests from civil society organisations (see page 33), making more of our networks and building links with key media around the world (offering materials in a range of useful formats). We will also overhaul the website and improve our knowledge management capabilities, a task that will be enhanced by the introduction of a new Intranet.

ODI IS THE ‘THINK TANK TO WATCH’

ODI was named as the ‘Think Tank to Watch 2005’ in *Prospect* magazine’s ‘Think Tank of the Year’ awards in September. David Goodhart, the awards organiser and Editor of *Prospect*, said that the award recognised ODI’s efforts in getting its work into the hands of policy-makers, academics and journalists. ‘I am especially pleased’, he said, ‘that one of our awards has gone to a think tank that thinks so globally.’

David Walker of *The Guardian*, who chaired the panel of judges, added: ‘ODI has had a good year, with Africa and development in the policy mill. A concentrated centre of expertise such as ODI is sure to become even more of a player in the think tank world.’

WILL OIL BE THE MAKING OF WEST AFRICA?

ODI Research Fellow Michael Warner appeared on BBC *Newsnight* in January to comment on the opportunities for West Africa provided by a new oil boom. For the eight major oil exporters in sub-Saharan Africa, their combined financing surplus (over and above their own MDG needs and recurrent public expenditure) could be as high as US\$22 billion in 2006 and US\$35 billion in 2015. Warner was asked what this might mean when set against the cost of achieving the UN goals to end poverty by 2015:

‘The international community has been scouring the world looking for finance to support the MDGs. All sorts of creative ways have been suggested to try and find this finance. While we’ve been looking around, the prices of oil and other natural resources such as minerals and metals has been rising, potentially in a sustained way. This is a new source of capital that should be looked at seriously as a potential way of contributing to those targets.’

Michael Warner is Head of ODI’s Business and Development programme. <http://www.odi.org.uk/business.html>

‘In developing countries, it’s not about donors being accountable – it’s about developing country governments being accountable to their own people. A free and open media plays a hugely important role in helping to make this happen.’

Hilary Benn, UK Secretary of State for International Development, February 2006

ODI’s top blog of the year: ‘Have I got old news for you?’

By John Mitchell, posted January 2006

ODI introduced its new blog in 2005. The most popular item to date, with 3,700 views, focused on the ‘leaked’ Disasters Emergency Committee (DEC) evaluation of the tsunami response, and TV coverage critical of the role humanitarian agencies had played. The blogger, John Mitchell, is Head of the Active Learning Network for Accountability and Performance in Humanitarian Action (ALNAP), based at ODI.

‘...So, what went wrong? By all accounts the evaluation report simply says what one would expect, painting as it does a mixed picture of what went well and what did not go so well. It is no surprise to learn that replacing housing after a major natural disaster is difficult, and that land rights are a particularly tricky issue. Equally, it is common knowledge that the so-called ‘flag flying’ and ‘competition’ between agencies in the really big disasters does take place. The focus of any constructive discussion around these issues should be how to deal with them more effectively, not about whether they happen or not.

‘Why has old news suddenly become a mini-scandal? One of the reasons is to do with the changing attitudes of the media to humanitarian agencies. Until relatively recently humanitarians could do no wrong in the eyes of the media. But the media had



Above: Medical supplies are distributed in Banda Aceh, Indonesia. Opposite: Al Jazeera newsroom, Doha, Qatar.

it wrong. Back in the ‘80s we were a lot less accountable than we are today. Evaluations were rare. Gradually, the climate has changed and we now work in a culture where evaluation and learning are ingrained in the system. And rightly so.

‘Better accountability does require elements of trust between different stakeholders and it is worrying to see a hardening of the media attitude to humanitarian agencies. The consequence is that agencies are much more reluctant to “wash their dirty linen” in public. Neither trend is welcome or conducive to improving the system.’

<http://blogs.odi.org.uk/blogs/2005/archive/2006/01/16/110.aspx>

RESOURCES (statistics cover the financial year)

Meetings

57 public meetings, including these major series:

Summer 2005

Social protection: Making child poverty history

Autumn 2005

Achieving pro-poor growth through agriculture
Agriculture in Africa: An effective route out of poverty? (ODI/APGOOD)
The WTO towards Hong Kong

Spring 2006

What’s next in international development?
(ODI/APGOOD)
(Re)building developmental states

Website and e-marketing

1.6m visits (annual figure)
Visits per month: **136,992** (average figure)
Downloads per month: **81,813** (average figure)

32 web Opinions

Views per month: 2,436 (average figure)

26 blogs

Views per month: 800–1,500 views (average figure)

7 web portals

 (thematic topical resources)

Views per month: 2,900 (average figure)

15,500 subscribers receive ODI’s electronic newsletter monthly

Media

134 radio/tv/newspaper interviews featured across a wide range of international media, North and South

4 media roundtables (briefings between researchers and key journalists) were held on:

- G8 Gleneagles
- The MDG Summit
- The Hong Kong WTO meeting
- Governance and fragile states

Publications

12 Briefing Papers were sent by mail to 6,200 recipients across the world

16 Working Papers and **4 books**

Aid architecture: A blueprint for the future

By Simon Maxwell, ODI Director



With aid set to double by 2010, the capacity of the aid system to deliver is thrown into question. Earlier this year, speaking at a meeting hosted by ODI, the UK's Secretary of State for International Development, Hilary Benn, was clear that the system is not 'fit for purpose'. How it might become so has been a theme of ODI work during the year.

Our main concern has been with the 'architecture' of the aid system, especially the proliferation of bilateral agencies, international bodies and special-purpose 'vertical' funds. There are too many in total and too many in each country, with overlapping mandates, complex funding arrangements, and conflicting requirements for accounting and reporting.

The whole system is unbalanced. We have described it, with an analogy from the supermarket sector, as looking like Wal-Mart on one side of the street and on the other a long row of Mom and Pop stores. The World Bank is Wal-Mart, dominant by virtue of its resources and its political muscle. Everyone else is a Mom and Pop store. An industrial structure like this is unsustainable, unstable and inequitable.

One way forward is to reduce the number of players by focusing on the role of multilateral agencies, in order to create two or three other large players alongside the World Bank. The European Union should be one of these, the UN another, the family of regional development banks a third. This view is captured by the mantra 'don't just harmonise, multilateralise'.

Instead of 75% of aid being channelled through bilateral mechanisms and 25% through multilateral, the aid system should be stood on its head, with 75% being multilateral.

Mostly the topic is debated in donor countries rather than by those on the receiving end. We have been trying to remedy this through our Forum on the Future of Aid, and workshops for developing country practitioners and policy-makers, held in London, Dhaka and Yaoundé. The Asian and African regional workshops in this 'Southern Voices' project have been carried out jointly with the Commonwealth Secretariat and Francophonie.

The redesign of the aid architecture is likely to be gradual. Managing change in the international system is an obstacle course in collective action.

AN INTERNATIONAL DEVELOPMENT SYSTEM FIT FOR THE 21ST CENTURY

Speaker: Hilary Benn, UK Secretary of State for International Development

What's next in international development? An ODI/APGOOD series

'Over four-fifths of 35,000 aid transactions that take place each year are worth less than \$1 million, and require 2,400 quarterly progress reports. In Vietnam 11 different UN agencies account for only 2% of aid. Most are active in HIV/AIDS — all pursuing the same donor money — and each agency has its own overheads. Zanzibar, with a population of only one million people, has 20 different agencies operating in it.

'An improved system is about three things: responding effectively to conflict and disasters; improving global governance; and becoming better at supporting development.'

WILL 'EMERGING DONORS' CHANGE THE FACE OF INTERNATIONAL COOPERATION?

Speaker: Richard Manning, Chair, DAC, OECD

What's next in international development? An ODI/APGOOD series

'We should welcome, not discourage, a greater role by donors outside the DAC. It is entirely logical that we move from a world dominated by North-South flows to a much more multi-polar approach where the web of cooperation links countries of every sort. The DAC should not aspire to be a donors' cartel. Greater choice for developing countries is in principle good.

'We should encourage countries whose policies impact on poor developing countries to give greater weight to the coherence of all their policies. Failing states in the developing world are in no-one's long-term interest. Aid does not make up for bad policy in donor countries at any level of development.'



**‘The whole system is unbalanced.
An industrial structure like this
is unsustainable, unstable
and inequitable.’**

Aid architecture: an allegory

By Andrew Rogerson, Forum on the Future of Aid

You inherit a modest house that badly needs repair. You plan to rely on family resources and local materials. A small loan to speed things up and some skilled help with the electrics and plumbing would be handy. You have noticed minor damage to the floor joists that you plan to deal with later. The garden is messy but offers an opportunity to raise chickens for extra income.

You talk to neighbours, friends, tradesmen and some banks. You are surrounded by advice. The neighbours are delighted to help, but only in exchange for an undisclosed part of your garden.

Your friends have formed an international organisation; they offer help – but only if you attend meetings with them in other towns to promote their organisation.

The tradesmen are divided. Some advise ripping everything out, others careful restoration. No-one will touch the others’ work, but no-one will do the whole job. They offer free training, but not so *you* can then do the work; you have to watch and learn from their experts. However, the experts are abroad for months, and only work three hours a day at 20 times your hourly wage.

Most tradesmen require full prior payment from the bank their cousins own. The cousins say they have easy terms; they just want you to get results, let’s discuss the details later.

The local branch of GlobalBank says they can do it all, from design to chicken marketing, but you must first present your ‘family improvement strategy’ at a town hall meeting. They will lend you many times what you originally asked for,



Above: After the tsunami, roof-building in Bandah Aceh, Indonesia.

Opposite: Bank of China old and new, Dalian, Liaoning Province, China.

but can stop disbursements at any time.

After several months of negotiations, they visit the house; their engineer discovers what he calls dry rot in the floor joists; this is the first time anyone has heard of this in your country. They ask you to demolish the old structure and start afresh with new technology. To recoup costs, they advise you to start a new office business instead of renovating the house.

Having by now lost support from friends, neighbours, and local artisans, much time and frustration, and all your savings as well as one of your day jobs, you have no option but to take the plunge...

To read the piece in full, <http://www.odi.org.uk/ffa/papers/story.html>

RESOURCES

Meetings

What’s next in international development? ODI/APGOOD

Workshops

The Centre for Aid and Public Expenditure (CAPE): Aid, budgets and accountability

The Future of Aid, in partnership with the Commonwealth Secretariat and La Francophonie: User perspectives on reform of the international aid system, Dhaka, Bangladesh and Yaoundé, Cameroon

Southern voices for change in international aid

Working Papers

Learning from experience? A review of recipient-government efforts to manage donor relations and improve the quality of aid, WP 268, by Alina Rocha Menocal and Sarah Mulley

What would doubling aid do for macroeconomic management in Africa? WP264, by Mick Foster and Tony Killick

Politics and poverty reduction strategies: Lessons from Latin American HIPC’s, WP262, by David Booth, Arturo Grigsby and Carlos Toranzo

Missing links in the politics of development: Learning from the PRSP experiment, WP256, by David Booth

Which way the future of aid? Southern civil society perspectives on current debates on reform to the international aid system, WP259, by Alina Rocha Menocal and Andrew Rogerson

Spyglass. Spigot. Spoon. Or Spanner. What future for bilateral aid? WP250, by Simon Maxwell

Briefing Papers

Promoting mutual accountability in aid relationships by Paolo de Renzio

What would doubling aid do for macroeconomic management in Africa? by Tony Killick and Mick Foster

Scaling up v. absorptive capacity: Challenges for reaching the MDGs in Africa by Paolo de Renzio

Opinions

The primacy of domestic politics and the dilemmas of aid: What can donors do in Ethiopia and Uganda? by Paolo de Renzio

Power to consumers? A bottom-up approach to aid reform by Paolo de Renzio and Andrew Rogerson

Aid to Africa: More doesn’t have to mean worse by David Booth

ODI Blogs (selection)

‘What about aid quality?’ by Paolo de Renzio

‘The pilot IFF gets the go-ahead. Now is the time to start talking about the future of aid architecture’ by Simon Maxwell

‘UK suspension of aid to Ethiopia raises accountability questions’ by Simon Maxwell

‘Multilateral debt relief for HIPC countries: Just re-arranging furniture?’ by John Roberts

Governance and corruption

By Verena Fritz and Diana Cammack

High-quality governance and state capacity are necessary to make aid and poverty reduction strategies effective. Donors have struggled in recent years to develop effective approaches to help improve the quality of governance, as has been seen by the backsliding of ‘good performers’ such as Ethiopia and Uganda.

ODI seeks a deeper understanding of how a nation’s political economy shapes its governance and state capacity. But governance is not simply concerned with formal institutions, as informal political systems are fundamental to underdevelopment in many poorly performing countries. This area requires more focused political economy analysis, and ODI researchers have been working to improve methodologies to help shape more effective interventions in particular sectors, for example in health and education. At the same time, ODI is exploring how governance measures can be used in deciding on aid allocations and modalities.

ODI’s interest in state-building has made us realise that the good governance agenda as proposed by donors in recent decades has been unrealistic. The US academic Merilee Grindle echoed this view when she came to ODI to speak on ‘good enough governance’ (see panel, right).

Over the past year, ODI has begun to engage more directly with the corruption agenda. Rising aid levels and currently rising resource rents make it all the more urgent to address corruption effectively, so that additional funds can help to reduce poverty. ODI is seeking to contribute to the conceptual

and empirical debate on corruption by exploring why existing attempts at reducing corruption have seldom worked, how corruption is linked to overall political

economy systems, and how to tackle it. The aim of this work is to explain why corruption is so difficult to reduce, and which aid approaches and modalities are likely to be most effective.

FROM CIVIL SERVICE REFORM TO CAPACITY DEVELOPMENT

Speaker: Merilee Grindle, Center of International Development, Harvard University

(Re)building developmental states, an ODI meeting series

‘There is a need to reformulate the good governance agenda to be more realistic — we need “good *enough* governance”. These are the minimal conditions that are important for the next steps in development. Not all governance deficits can be or need to be tackled at once. Before we continue pontificating about developing countries, let’s look at history. I’ve been looking at civil service reform in my country, the United States. Depending on who you read, it took 40 or 60 years before there was an effective civil service. A process of implicit bargaining took place between the politicians and political reformers. Now it may not take so long in developing countries as they introduce or develop their own civil services, but we should remember that it will take time. We tend to idealise ideas of good governance without taking history into account. Civil service reform may make government more efficient but it may not alleviate poverty. We need to think about the goal and then the governance interventions to achieve it.’

CORRUPTION AND ANTI-CORRUPTION

Speaker: John Githongo, former Permanent Secretary for Governance and Ethics in the Government of Kenya and currently Senior Associate Member, St Antony’s College, University of Oxford

(Re)building developmental states, an ODI meeting series

‘The issue of corruption and anti-corruption has become politicised in Africa. The perception that the government is corrupt easily takes hold, creates a crisis and is difficult to change. However, confusion between incompetence and corruption is common. There is also a need for more discussion on political party finance. A few powerful financiers have a presence in many countries. The question of who pays for democracy has not been answered. Where should countries get the resources to finance elections? What happens when corruption finances democracy? African parties must have fighting corruption on their agenda if they want a chance at winning. There are major challenges for development partners. Should they continue to give aid in a corrupt environment? Partners need to be versatile, as the administrations they work with can change with elections every five years.’



'The issue of good governance and capacity-building is what we believe lies at the core of all Africa's problems.'
Commission for Africa, 2005

Malawi: the politics of hunger

By Diana Cammack, ODI *Opinion*, January 2006

For the second time in three years, a significant number — this time nearly five million people, more than a third of Malawi's population — are facing famine. This latest emergency is another blow to a country where nearly two thirds of the population already live with long-term hunger. A basic lack of food contributes to an under-five mortality rate of 178 per 1000 and a stunting figure of more than 50%. Such dismal statistics exist in spite of the World Food Programme-led aid programme, which has been in operation for nearly two decades and which in normal years distributes food to perhaps half a million people each month in the 'hungry season' before the harvest. This year the UN, the bilateral agencies and the Malawi government have scaled up the aid programme, though recent reports suggest that this effort will not be enough.

Food policy specialists point to several factors that undermine food security on an annual basis and that easily push Malawians over the edge into famine when the maize crop fails. Some of the reasons are immediate (drought and floods) — while others are longer-term, and are found in soil infertility and small plot sizes.

Yet one explanation for Malawi's continuing hunger and recurrent emergencies is often ignored. This is in part because elements of the media, donors and relief agencies seemingly feel the need to concentrate on the less contentious causes of hunger to raise funds from the public rather than mention 'poor governance'.

This failure to provide a political explanation leaves the public with the dangerously misleading impression that the solution to Malawi's problems, including its food insecurity, is simply a technical or financial one. It also ignores the question of why improvements that were long ago identified by agriculturalists are not being implemented. The answer is that Malawi has not 'got the politics right', and this keeps it from becoming a 'developmental' state.

Developmental states share a set of attributes that are



Above: Nearly two thirds of Malawi's population live with long-term hunger. **Opposite:** Masai women queue to vote in Kajiado, Kenya.

essential to their success, whether in 18th century Europe, 19th century America, or 20th century Asia. These include:

- Strong state authority and systems
- A competent economic bureaucracy insulated from politics
- A legitimate government that is not required to redistribute public goods to retain support
- A state that is independent from but linked to state and non-state actors who share developmental goals
- A consistent economic policy promoting entrepreneurship
- Attitudes that support the adoption of new approaches
- Relatively uncorrupt leaders interested in economic growth

To read the *Opinion* in full, http://www.odi.org.uk/publications/opinions/69_Malawi_hunger_politics.pdf

RESOURCES

Meetings

Governance, development and the 2005 agenda (Re)building developmental states, an ODI series

Working Papers

Drivers of change and development in Malawi, WP261, by David Booth, Diana Cammack, Jane Harrigan, Edge

Kanyongolo, Mike Mataure and Naomi Ngwira

Briefing Papers

Governance, development and aid effectiveness: A quick guide to complex relationships by Julius Court, Goran Hyden and Kenneth Mease

Opinions

The politics of hunger — see extract above

Other publications

Managing the risks of corruption in humanitarian relief operations by Barnaby Willitts-King and Paul Harvey, HPG commissioned report for DFID

Making states work

By Clare Lockhart and Simon Maxwell

Two sets of issues intersect forcefully in so-called ‘fragile states’: on the one hand, poor governance and the need to build better functioning, ‘developmental’ states; on the other hand, the policies and behaviour of aid donors. In the best case, aid donors are able to work together and make sustained contributions to recovery and development in conflict, post-conflict or otherwise weak states. In the worst, and depressingly familiar case, the reverse is true: aid can be positively unhelpful to the long-term project. Poor performance matters: fragile states contain 14% of the world’s population and a third of all the world’s poor.

ODI research has illuminated both faces of this particular coin, and has begun to map a way forward. From the perspective of donors, as Diana Cammack has argued, short-term humanitarian and developmental objectives are deeply enmeshed in wider strategic and security concerns.

The term ‘fragile states’ is applied to many different situations, partly reflecting rich country preoccupations, which in turn are mapped onto the many governmental and non-governmental bodies engaged on the ground — military, private sector security, bilateral and multilateral aid agencies and NGOs among them.

From the perspective of recipients, the result is an incoherent melange of interventions that often by-passes key state actors. Afghanistan has become a classic example, as Ashraf Ghani (see panel right) and ODI researchers have shown. Why was it, for

example, that the consolidated appeal asked for US\$1.6 billion for donor activity to be channelled through parallel organisations set up for the purpose and initially only \$20 million to enable the government

to function? And is it any surprise that donors and NGOs poached so many of the best people, often to work in lesser jobs at multiples of their former civil service salaries?

ODI researchers and their collaborators have argued strongly that the way forward is a primary focus on state-building as the goal of international and national agents. Our work with Ashraf Ghani and Michael Carnahan has proposed a framework (see right) for analysing state functions using a state-effectiveness index and a number of diagnostic and policy tools. We have called for long-term compacts between governments and their donors. We are now applying the framework in countries including Afghanistan, Sudan and Nepal, as well as in disaster relief contexts.

Meanwhile, Karin Christiansen and others at ODI have focused on immediate donor behaviour, modifying tenets from the Paris agenda on harmonisation and alignment to fit the case of fragile states: ‘shadow systems alignment’ is the key phrase.

LEADING OR MANAGING GLOBALISATION? TOWARDS A RULE-BASED GLOBAL SYSTEM

Speaker: Ashraf Ghani, Chair of Kabul University and former Finance Minister of Afghanistan

What’s next in international development? An ODI/APGOOD series

‘Many regions and up to four billion people are being left behind in a globalising world. Criminal networks are spreading. There are up to 60 fragile states. The first thing to recognise is that a dollar of aid is sometimes worth 5 cents and sometimes worth US\$4 or US\$5.

We are not being transparent about value. When a community builds a school in Afghanistan it costs a maximum of \$40,000. When a US agency for development builds the same school it costs \$250,000, with Afghan contractors receiving only \$50,000.

‘Despite all the talk of accountability I’ve yet to see NGOs come with a full account of what services they have provided and at what cost. The current modality of technical assistance undermines both trust and the global partners. Instead of generating goodwill it is creating ill will. Unless local systems become the focus and we start with them we are not going to get out of this vicious circle. Aid systems and local systems should be harmonised. There is a clear misalignment between overarching policy statements about the importance of building capable states and the skills of the international bureaucracies. Donors are committed to the Paris agenda of harmonisation and alignment, but aid is often inappropriate and not sustained. One result is that 50% of peace agreements fail, with countries reverting to violence.

‘So what should we do? International financial institutions and other aid donors need a strong vision of state development and a strong focus on process.’



‘Aid systems and local systems should be harmonised. Aid is often inappropriate and not sustained. One result is that 50% of all peace agreements fail’

Closing the sovereignty gap: an approach to state-building

By **Ahraf Ghani, Clare Lockhart and Michael Carnahan**

The aid system has often undewritten the creation of a dual bureaucracy, whereby nationals of a country work in an unpaid and under-resourced national system, while a more privileged segment works for international organisations. In Afghanistan, for instance, approximately 280,000 civil servants work in the government bureaucracy receiving an average salary of US\$50 per month, while approximately 50,000 Afghan nationals work for NGOs, the UN and bilateral and multilateral agencies where support staff can earn up to US\$1,000 per month. Unsurprisingly, there has been a brain drain from the managerial tier of the government to menial positions in the aid system. If the disparity in wages resulted from a competitive market, the people might judge it to be fair; the problem is that both bureaucracies are funded from the resources of the aid system and the rules for remuneration are arrived at by bureaucratic fiat rather than by open processes of competition...

An alternative approach to the current practices of the international system would be to agree on a long-term state-building strategy.

We define a sovereignty or state-building strategy as:

- 1 The alignment of the internal and external stakeholders...
- 2 To the goal of a functioning sovereign state that creates internal and external legitimacy...
- 3 Through the formulation and calibration of rules of the game,
- 4 Mobilisation of sufficient resources,
- 5 Establishment of processes and organisations,
- 6 Designation of critical tasks, by...
- 7 Credible leadership and management,
- 8 Measured through iterative monitoring



Above and opposite: Afghanistan — how can international donors collaborate with recipient countries to greater effect?

In order to design and implement state-building strategies, the operation of the current international system must be reoriented towards a model where partnership and co-production of sovereignty becomes the aim of both national leaders and international partners.

Bringing about this fundamental change will require agreement among both bilateral and multilateral organisations responsible for the political, economic, development and security domains on the common goal of creating and bolstering sovereignty in a particular country. On entering into this agreement, they will need to subordinate their existing processes, mental modes and bureaucratic interests to the common objective, and to the creation of a culture of collaboration.

To read the Working Paper in full: http://www.odi.org.uk/publications/working_papers/wp253.pdf

RESOURCES

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(Re)building the developmental state, an ODI series

Working Papers

Closing the sovereignty gap: An approach to state-building, WP253, by Ashraf Ghani, Clare Lockhart and Michael Carnahan — extract above

Opinions

Rethinking nation-building by Ashraf Ghani and Clare Lockhart

Closing the sovereignty gap: How to turn failed states into capable ones by Ashraf Ghani, Clare Lockhart and Michael Carnahan

Six approaches to fragile states by Simon Maxwell

Blogs

‘Six approaches to fragile states’ by Simon Maxwell
‘Making poverty history — the state as the missing link’ by Clare Lockhart

WTO: Once bitten, twice shy

By Christopher Stevens

If 2005 was a development *annus mirabilis* (Commission for Africa, Gleneagles), will 2006 be the one that heralds the end — at least in its current form — of the multilateral trade and finance system as we have come to know it? And does this matter?

The long-term outlook for the World Trade Organization (WTO) is for breakdown, not break up. The lesson of Doha is that there has been little understanding (even among developing countries) of what a ‘development round’ should look like. The International Monetary Fund (IMF) is also searching its soul deep and could become irrelevant to many middle-income developing countries (see Lauren Phillips’ article, far right). The danger for developing countries is not the WTO’s dramatic collapse but its drift into irrelevance.

We saw it all before with the WTO’s predecessor, the GATT (the General Agreement on Tariffs and Trade). The Uruguay Round also slipped into narcolepsy several times, and each bout was accompanied by concern at a descent into rival regional blocs.

Trade rules will still be made — but not in a forum where developing countries have safety in numbers (as Larry Elliott shows in the panel right). In fact, 2006 will see less trade policy change negotiated in the WTO than in the Economic Partnership Agreements (EPAs) that the EU and African, Caribbean and Pacific (ACP) states are scheduled to bring to closure in 2007.

For the multilateralists, the lesson is that the character of trade policy-making changed fundamentally with the creation of a WTO with an inbuilt

WTO: A MIXTURE OF HOPE AND FEAR

By Larry Elliott, Economics Editor, *The Guardian*, and ODI Council member

Developing countries have viewed the WTO with a mixture of hope and fear. They had hoped that the promise of a development round made in Doha in November 2001 would be fulfilled. They feared that when it came to the crunch there would be attempts to marginalise them in the traditional 11th-hour carve up.

Things have changed — largely for the better — since the end of the Uruguay Round in 1993. For a start, the expectations of developing countries are much higher. Having been led to the top of the hill in Doha, they have been furiously resisting attempts since the Hong Kong ministerial meeting in December last year to march them down again.

Secondly, the emergence of China, India and Brazil as rivals to the European Union and the United States has given developing countries as a whole far more clout at the negotiating table.

It is true that some of the least-developed countries, particularly in Africa, worry about being ‘sold out’ by the Brazilians and the Indians, but the voice of the poor has been heard far more consistently in this round than in any previous set of trade talks.

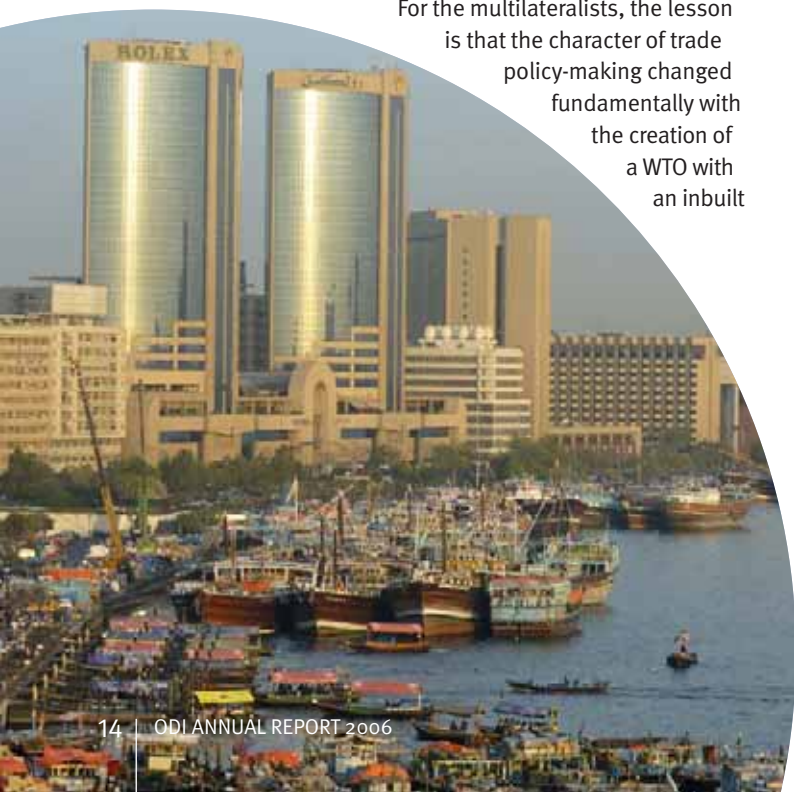
Thirdly, there have been genuine attempts by the WTO Secretariat to encourage greater participation by poorer countries at the talks in Geneva.

The upshot of all this is that developing countries are in a reasonably strong position, and they know it. From poor countries, the message is: once bitten, twice shy.

developing country majority, a more complex agenda and binding decisions — but that the members have failed to adjust. Despite plenty of good, detailed work (that is rarely publicised), there is still an excess of gesture politics — on both sides. Unless all the big players start to limit their demands to what is negotiable, and make offers that are worth something, the outlook is unpromising — barring another 9/11 (which was a catalyst for Doha) or other non-trade drama.

Deciding how bad the outcome would be (and what to do) requires a great deal of research. It is easy to march under the banners of ‘No to Doha’ or ‘Stop EPAs’; but the Chinese proverb ‘Be careful what you wish for’ is all too relevant.

Assessing the merits of the available options means considering all the likely counterfactuals and their relative attractions. It is a task that ODI has set itself for 2006 and 2007.



‘The emergence of China, India and Brazil as rivals to the European Union and the United States has given developing countries as a whole far more clout at the negotiating table.’

Bretton Woods: do we need the IMF?

By Lauren Phillips

The future of the IMF is in question owing to several new challenges which risk making the institutions irrelevant. First, the accumulation of foreign exchange reserves by Asian and other regional economies has dwarfed the IMF's resources, making it increasingly unlikely that these countries would draw on Fund resources in times of crisis. Second, the IMF's financial situation is increasingly precarious due to early repayments of large debt tranches by some middle income countries.

However, there are two fundamental reasons to preserve, strengthen and reform the Fund. First, few other institutions have the capacity to produce authoritative research on issues of critical import to the global economy, such as macroeconomic imbalances. The second reason is that one of its core businesses, lending to offset cyclical deficits, remains strong. Far from slipping into obscurity, the Fund is likely to be even more important in future crises, in which higher levels of global integration create more potential for contagion and systemic risk.

The more complicated questions are how the IMF should be governed and its current crisis of legitimacy addressed. The voluminous literature on IMF reform ranges from the mundane to the boldest ‘paradigm shifting’ proposals. Most have dealt with the formal issue of votes and representation on the Board of Directors, the so-called ‘chairs and shares’, though proposals have also been put forward on transparency, the selection of leadership and the ‘intellectual portfolio’.

The decision on ‘chairs and shares’ is critical, because the



Above: Micro-credit scheme in Bangladesh.

Opposite: Skyscrapers and docks in the busy commercial hub of Dubai.

largest shareholders of the Fund dictate its mandate, goals and programmes. Redistributing formal representation to a select few emerging market developing countries, a probable outcome of the autumn meetings, may change this. However, quota increases for a limited number of middle income countries will still do little to boost the representation of smaller and less wealthy nations, leaving key challenges for governance reform. One option is to measure GDP in purchasing power parity and make a country's propensity to experience volatility a key determinant of voting power. These proposals are advocated by the G24 — a group of large developing countries within the IMF and the World Bank.

To read the Briefing Paper in full: http://www.odi.org.uk/publications/briefing/bp_mayo6_bretton_woods.pdf

RESOURCES

Meetings

The WTO towards Hong Kong: What type of effects can developing countries expect from the Doha Round?

One-off meetings:

- The WTO and agriculture
- Economic Partnership Agreements
- Services and Special and Differential Treatment
- How the WTO negotiations could affect Africa (ODI/Royal African Society)

Books and book launches

Poverty and the WTO: Impacts of the Doha development agenda edited by Thomas Hertel and Alan Winters
Trade and aid: Partners or rivals in development policy? edited by Sheila Page
Special and differential treatment of developing countries in the WTO by Peter Kleen and Sheila Page

Briefing Papers

Bretton Woods reform: Sifting through the options in the search for legitimacy by Lauren Phillips — see extract above

Water and the GATS by Tom Slaymaker, Peter Newborne and Sven Grimm

Opinions

Lead, follow or get out of the way? The European Union and impending Bretton Woods reform by Sven Grimm and Lauren Phillips

Aid for trade: What does it mean? by Lauren Phillips, Sheila Page and Dirk Willem te Velde

From brain drain to brain gain: How the WTO can make migration a win-win by Dirk Willem te Velde and Sven Grimm

It's a long bumpy road to Hong Kong – and there's still no real route map by Ian Gillson

Background Papers

The post-Hong Kong challenge: Building on developing country proposals for a future food aid regime by Edward Clay

Food aid and the Doha development round: Building on the positive by Edward Clay

Web portal and blogs

WTO portal: information for journalists, policy-makers and researchers

'Is the WTO too complicated or not complicated enough?' by Simon Maxwell

'Debunking myths on the WTO' by Dirk Willem te Velde

Growth and poverty reduction in Asia – where next?

By John Farrington

Over the last two decades, Asia has grown faster than any other region, and growth has driven poverty rates down faster than elsewhere. But over half the world's poor still live in Asia.

Whether growth can be sustained, and made more poverty-focused, is far from certain: growth prospects are challenged by rising energy prices, the spectre of financial instability, and environmental pollution — Asia has nine of the ten most polluted cities in the world. Asia is hugely diverse — culturally and politically as well as in terms of economic opportunity. Vast areas, some of them carrying dense populations, are weakly linked to mainstream markets and have few resource endowments.

Much is still to be done to promote access to the benefits of growth by ethnic, social and religious minorities. All this means that fast-growing countries and provinces co-exist those growing more slowly.

What are the implications of this kaleidoscope for development assistance, specifically for a bilateral agency such as DFID? This was the central question at the conference *Asia 2015: Promoting Growth, Ending Poverty*, held in London on 6-7 March 2006. The event was opened by UK Prime Minister Tony Blair and co-sponsored by DFID, the World Bank and the Asian Development Bank. A joint ODI/Institute of Development Studies team, led by John Farrington, provided thematic support for the conference.

Discussions at the conference, led by ministerial-level delegations, concluded that slower-growing countries and areas would continue to need conventional development assistance, but

streamlined through better harmonisation procedures, and geared as much to the testing of new approaches to development as to financial provisions. For the faster-growing areas, the main discussions were around shared concerns over energy, the environment, security, disaster management, global financial stability, migration and trade.

Within donor countries work on these issues is typically led by departments other than those dealing with aid, such as trade, industry and defence departments. The challenge for development assistance departments will be to identify how to work best with these, making financial transfers to and via them where necessary, and, ultimately, influencing their agenda towards poverty reduction.

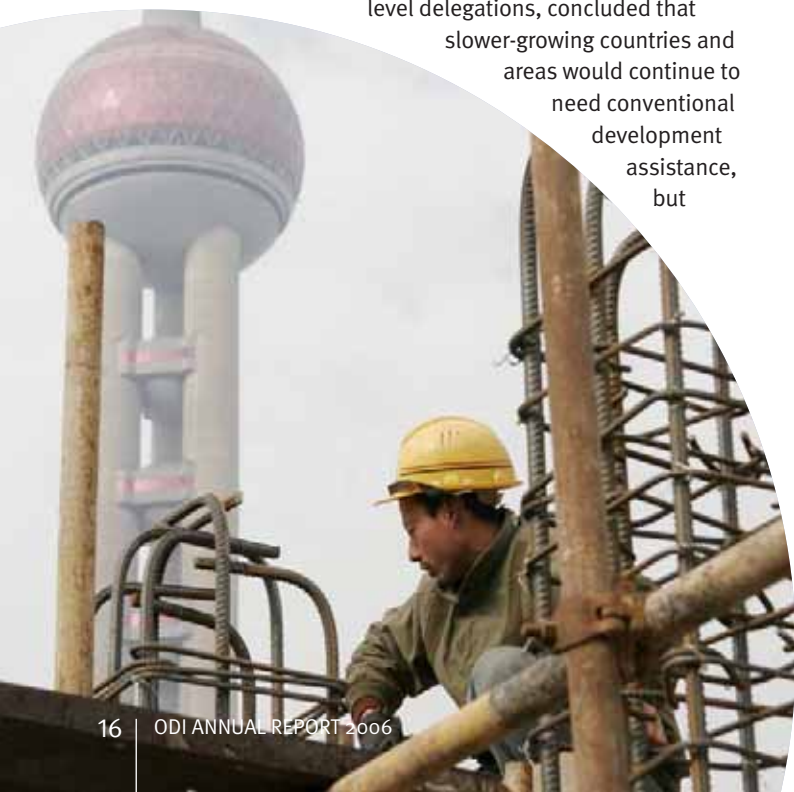
POVERTY IN ASIA

- Asia has two-thirds of the world's population — China alone has a population of 1.3 billion people
- Almost two out of three of the world's poorest people live in Asia
- There are around 650 million people in Asia living on less than US\$1 a day
- China and India account for a third of the world's people. This is five times the population of the European Union
- There are 882 million undernourished people living in Asia

GROWTH IN ASIA

- Trade within Asia is growing at nearly three times the global rate, with China emerging as the biggest trading partner for most Asian countries
- China alone produced profits of US\$4.4 billion for US companies in 2003
- However, growth rates and progress towards poverty reduction are uneven between and within countries. For example, in Vietnam the economy has grown at an average of 7% a year over the past decade. However malnutrition rates among children remain among the highest in Asia
- Developing countries in Asia will spend more than US\$1 trillion over the next five years on infrastructure
- Supported by a pool of hard-working and increasingly well-educated workers, China has become an engine for growth in Asia and the global economy. The World Bank forecast that in 2005, China's economy would grow by 8.3%, pushing East Asia's growth to 6%
- Excluding Japan, Asia's share of world exports rose from 23% in 1985 to 38% in 2002

Statistics in the two panels above are taken from the *Asia 2015* fact sheet available at: <http://www.asia2015conference.org>



‘Reforms cannot proceed without more accountable and inclusive public institutions and good governance. The voice of people must be heard and heeded.’

Shaukat Aziz, Prime Minister of Pakistan, Asia 2015

Internal migration, poverty and development

By Priya Deshingkar

Internal migration, the movement of people within a country, exists on a massive scale in Asia. It has the potential to accelerate the reduction of poverty and stimulate economic growth. It is diverse and complex, but still poorly understood and regarded in a negative light by many policy-makers.

Although internal migration is by no means a new phenomenon, it increased rapidly during the 1980s and 1990s and is continuing to do so. This is especially true of circular migration, where people migrate temporarily and then return periodically to their original locality. It is driven by several factors, including: improvements in transport and other communications; the growth of labour-intensive production and services; environmental and global market conditions adversely affecting the agricultural sector; the growth of urban and manufacturing opportunities; and new opportunities for women in industry and/or because of changing social norms.

There are significant potential benefits to be had from internal migration. Remittances sent home by internal migrants, for instance, can reduce poverty at the household level and also stimulate economic growth in both the receiving and sending areas. Migrant remittances flow back to families and their improved economic status can stimulate demand in the local economy for locally produced goods (manufactured and primary agricultural commodities, and food) as well as local labour. This can give an overall boost to the sending area. Remittances may also work to reduce social inequalities. However, policies have tended to discourage internal migration, which severely restricts its potential. Migrants also tend to be stigmatised and endure poor access to social benefits.

Policy-makers are starting to realise the benefits of migration in gains reaped from localised growth, but maximising its benefits while reducing the costs and risks attached requires effective partnerships between governments, civil society, the



Above: Factory production in Laiwu, Shandong Province, China.

Opposite: Construction labourers in Shanghai.

private sector and donors. Fostering these partnerships will require the acquisition of quality data on internal migration, and the recognition that many context-specific factors operate in migration streams.

Key research findings:

- Massive and increasing internal migration can reduce poverty and contribute to economic growth and development in Asia
- Internal migration is complex, diverse and highly context specific
- Internal migration is poorly understood and still regarded negatively by policy-makers
- Cooperation is required between numerous agencies to maximise the benefits of internal migration
- Research must provide data on the factors stimulating and affecting internal migration in all its forms

Summary taken from an Asia 2015 conference paper (full title below).

All available at <http://www.asia2015conference.org>

RESOURCES

Papers produced by ODI researchers for the conference

Promoting growth and ending poverty in Asia: Conference overview paper compiled by John Farrington
Growth and the investment climate: Progress and challenges for Asian economies by Lauren Phillips

Internal migration, poverty and development in Asia by Priya Deshingkar — see extract above
Where next? Setting the agenda for partnerships to 2015 by Simon Maxwell and Mark Robinson (IDS)

Web

ODI Asia 2015 portal: resources for journalists,

policy-makers and researchers

Journals

ODI's *Development Policy Review* (Volume 24, Supplement 1): *Growth and poverty in Asia: Where next?* edited by John Farrington
IDS Bulletin (Volume 37, No 3): Asia 2015

Water: New goggles required

By Alan Nicol

2006 has been a busy year for water. The Mexico World Water Forum drew over 10,000 participants and at least as many protestors in March. In July the UNDP launched the Human Development Report on water and in August the Stockholm World Water Week examined in detail benefit sharing and transboundary waters. So much global attention demands that the water sector both sharpen its focus and improve its peripheral vision — including increasing linkage to other sectors.

A centrepiece in Mexico was the launch of the second UN World Water Assessment Report on shared responsibility. This emphasised sector governance and underlined that whether the issue is further drought in Africa or new desalination plants on the UK's River Thames, each case requires close attention to empowerment and rights, as well as choice of technology.

Governance as a theme resonated throughout the Water Policy Programme's work through our jointly-convened Economic and Social Research Council (ESRC) meetings series on new governance paradigms, work on effective water governance in East Africa with the Global Water Partnership (GWP), and a review of water policies of Nile basin countries for the Nile Basin Initiative (NBI). Our study on water and GATS also showed how increasingly polarised debates could benefit greatly from fresh analysis.

Above all, research undertaken continued to highlight the importance of understanding how embedded power relations and complex political economies work at different levels,

and how greater understanding becomes doubly important as physical water management challenges increase. This is not least because solutions are

increasingly sought in large infrastructure — egged on by the World Bank and China.

Sector analysis that assists in analysing power relations and political economies, in understanding the new aid architecture, and in providing for linked approaches across sectors is now critical. The Water Policy Programme's research agenda will continue to craft the necessary analytical 'goggles' in the coming year.

WORLD WATER FORUM, DAILY BLOG FROM MEXICO, BY WATER POLICY PROGRAMME STAFF

Final day, March 24

'Over the final two days, a key theme in terms of food, environment and risk, seemed to be local knowledge and how this could create better understanding of impact, how to engage locally and how to bring local knowledge into global forums. Unfortunately, many local actions presented at the forum had been anything but local, which rather neutralised the forum's potential use (though there were exceptions, such as the Multiple Use Services session).

'More generally, a sign that greater local Mexican knowledge was entering the forum became visible in the multiplication of sombreros worn by the campesinos, who in some sessions made their knowledge clearly felt. In one session, for instance, they forcefully challenged the wisdom of an FAO representative who was extolling the virtues of large-scale irrigation. The locals argued that low-cost technology was more sustainable and had greater social and cultural impact in preserving local forms of knowledge.

'Elsewhere, locals underlined the critical need to maintain use of local seed varieties and the significant impact of deforestation on water resource availability and use. The strength of views and capacity for direct action had been evident on the streets days before. Echoing this theme, an interesting session on culture and water argued that the resource had complex and deep social and cultural values that were often subject to efforts at state control (China and Kenya were cited). Particular problems arose with respect to pastoralists and nomads in arid environments. In some cases these changes were part of longer-term state-society change, but the emphasis on the importance of respecting cultural as well as economic value was strong.'



‘Whether the issue is drought in Africa or desalination plants on the UK’s River Thames, each case requires close attention to empowerment and rights, as well as choice of technology.’

Water and the GATS: Mapping the trade-development interface

By Tom Slaymaker and Peter Newborne

Trade and development were identified as twin goals at the 2005 G8 Summit. The G8 communiqué looked forward to the successful conclusion of the Doha Round of international trade negotiations led by the WTO as a key vehicle for promoting economic growth and development — including expansion of trade in services under the GATS (General Agreement on Trade in Services).

Yet in international debates on water policy, liberalisation of services trade is contested as a means of achieving the water supply and sanitation (WSS) targets under the MDGs. Concern is expressed that GATS negotiations may put developing countries under pressure to create markets in water services, and open them to foreign operators in conditions and at a pace that are detrimental.

But this begs the question of how far trade-oriented reforms are consistent with development and specifically ‘pro-poor’ development objectives. If, in relation to water services, pro-trade and pro-development objectives are to be compatible and convergent, it must be possible at a national level to liberalise the market according to GATS principles, or equivalent domestic rules, and to regulate so as to secure (poor) citizens’ access. But is this actually the case? Our research concludes the following:

- Many obstacles to achieving universal water coverage are not in fact trade-related, and the scope for Private Sector Participation (PSP) in developing country markets currently remains limited.
- GATS rules are still evolving but there are some legitimate concerns that developing country governments may inadvertently become ‘locked in’ to a particular set of policy choices.
- Regulatory authorities in developing countries which have little experience of PSP and GATS may not be able to regulate for



Above and opposite: Access to water and sanitation are basic needs. Trade, security and rights are a few linked research priorities.

things they cannot foresee.

- A gradual approach to market access and national treatment commitments in the water sector is advisable if trade-oriented and development objectives are to be effectively aligned.
- GATS presents a particular capacity challenge for developing countries, not least their ability to negotiate GATS commitments effectively with other WTO members.
- Learning is required at the GATS-water sector interface. Trade officials need to build up their understanding of the content of the different GATS rules and how they are interpreted internationally under WTO procedures/auspices.

To read the Briefing Paper in full: http://www.odi.org.uk/publications/briefing/bp_oct05_Water_and_GATS.pdf

RESOURCES

Meetings

Water governance: Challenging the consensus, an ESRC-funded seminar series

Research reports

Harmonisation and alignment in water sector programmes and initiatives, Danida Good Practice Paper
Water and GATS: Mapping the trade-development interface, ODI Water Policy Report 5, by Peter Newborne

Ideas and experiences in mainstreaming environment and water, Environment and Water Department, DGIS (Netherlands)

Briefing Papers and Opinions

Water and GATS: Mapping the trade-development interface — see extract above
Water: Sharing works best, by Alan Nicol

Water and GATS: Lots of smoke but where exactly is the fire? by Tom Slaymaker, Peter Newborne and Sven Grimm

Web and blogs

WPP@WWF4 blog Days 1 – 6: WPP’s Mexico World Water Forum Trip Report, by Alan Nicol and colleagues
<http://www.nilebasindiscourse.org>

Too little, too late

By James Darcy

While much of the world's attention has been on dramatic rapid-onset natural disasters in the past year — such as the earthquake in Kashmir — two deadly but more insidious disasters hit sub-Saharan Africa. The crop failure in Niger and the Sahel in the first half of 2005, and the more recent drought in the Greater Horn of Africa (Somalia, Eritrea, Kenya, Ethiopia, Djibouti), each claimed many lives and left many more weakened and destitute. In both cases, national governments and the international community showed themselves unable to intervene effectively to prevent the emergence of a full-blown crisis. While in the Sahel case, this can be laid partly at the door of early warning failures, no such excuse can be made in the Horn of Africa, where the crisis was well signalled in advance.

The sub-Saharan crises were both triggered by rain failures, part of a recurrent pattern of climatic variation that is predictable both in its occurrence and its effects. Yet for a variety of reasons, the aid response in each case was slow and insufficient. The responses, when they did come, have in many cases been inappropriate in kind and scale. In the Horn of Africa in particular, no concerted attempt was made to shore up the livelihoods of pastoralists and to protect their livestock — with direct humanitarian consequences for their ability to feed their families and to ensure their basic subsistence. Given the wealth of accumulated knowledge on drought and its effects in the regions, and the existence of drought planning and response mechanisms, this seems unaccountable and inexcusable. What

explains it? In the case of Niger and the Sahel, there were failings in both the early warning systems and in the way that early

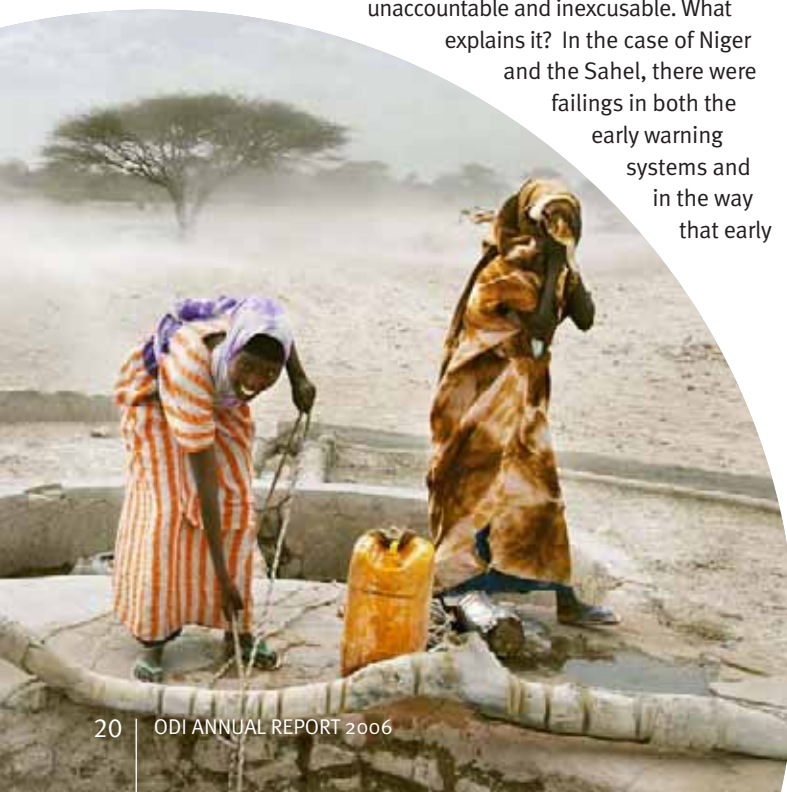
warning analysis was interpreted. As in previous droughts, too much emphasis was placed on national-level availability of food, too little on local variations and on the crucial question of people's access to food. In the worst affected districts, people's ability to purchase food collapsed, with grain prices rising and livestock prices plummeting. As Amartya Sen pointed out more than 20 years ago, people may starve even where food is available in the market if they do not have the means to buy it.

In Niger and elsewhere, politics and ideology play a part. A dominant consensus against the use of food aid, coupled with a

GAUGING SEVERITY: FAMINE AND RESPONSE THRESHOLDS

One recurrent problem is the issue of how to gauge the relative severity of a situation and to predict its course. Too often, relief responses are mounted only when alarming levels of acute malnutrition are reported, at which point it is often too late to influence the course of the crisis, and possible only to mitigate its worst effects. Part of the problem has been debate over whether a situation of 'famine' exists, a question that has very significant political implications. No precise definition of famine exists and, as with the debates over the occurrence of genocide, putting such stress on reaching a single catastrophic 'threshold' risks ignoring the present reality. The Phase Classification model developed in relation to Somalia and now being trialled in other contexts represents an important advance, allowing situations to be classified according to their current status, relative severity and potential for deterioration.

concern not to distort the market or create dependency amongst recipients of relief, contributed to critical delays in the relief response in Niger. Here and in the Horn of Africa, livelihood support options were pursued on far too small a scale, and the use of alternatives like cash transfers was probably under-utilised. Two main factors appear to be at work here. One is the politics of famine: national governments in particular are notoriously unwilling to admit the existence of famine or food crisis until the evidence is overwhelming — at which point it is too late to avert the crisis. The second concerns the aid industry, stuck in a relief-development paradigm that divides the world into 'crisis' and 'normal' states, and constructs its programme responses and funding mechanisms accordingly. The reality of people's lives in such contexts is more complex, and effective prevention of crisis requires forms of intervention that may fit neither relief nor development models. Unless this crude binary view of the world is abandoned, responses will continue to be hampered and many will needlessly suffer as a result.



‘Too much emphasis was placed on national-level availability of food, too little on local variations and on the crucial question of people’s access to food.’

‘Their animals died. Will these people be next?’

The Observer journalist Tracy McVeigh reported from northern Turkana in Kenya. This is an extract from her piece:

...Dr Sara Pantuliano is an expert on pastoralism. A research fellow of the Humanitarian Policy Group at the Overseas Development Institute, she will host a meeting in London this week to look at the gaps in the response to the drought. She said too many government officials believed the answer to helping the nomadic peoples of the Horn of Africa was not to help them in practical ways to sustain their traditional lifestyles, but to make them settle down.

“The ecosystem there cannot support large numbers of people so the areas are sparsely populated and easily forgotten. These are people who make the best use of resources by moving around and their way of life is valuable to the economy and they provide meat. They need investment such as abattoirs and livestock markets and roads, so their animals can be bought and sold. In times of drought, people could then sell their cattle before they died and smaller herds would have a better chance of survival, especially if more wells and bore holes were built,” she said.

“The biggest problem is that pastoralists have always been political outcasts, marginalised by the mainstream,” said Pantuliano. “So no investment is forthcoming — politicians are taught outdated theories that the pastoralists have an inefficient economy and the only way they will survive is to settle. But 20 years of research has shown that is not true. They



Above and opposite: Drought in the Horn of Africa. As wells dry up children wait with containers hoping to receive water from passing trucks.

are economically productive: put them in settlements and they become an increasing burden on their government and on the international community.”

Extract taken from *The Observer* newspaper 28 May, 2006

RESOURCES

Meetings

Responses to the drought in the Greater Horn of Africa, events held in Nairobi and London. The meetings focused on early warning and assessments; humanitarian responses; funding mechanisms; regional perspectives; and understanding pastoral livelihoods.

Cash and emergency relief, London. The conference aimed to provide a forum to raise

awareness within the humanitarian system of the growing body of experience with cash responses as well as an opportunity for debate at a senior policy level about when and where cash responses are likely to be appropriate.

Research reports

Dependency and humanitarian relief: A critical analysis, HPG Report 19, by Paul Harvey and Jeremy Lind

Cash and vouchers in emergencies, HPG Background Paper, by Paul Harvey

Briefing Notes and Papers

Saving lives through livelihoods: Critical gaps in the response to the drought in the Greater Horn of Africa, HPG Briefing Note

Humanitarian issues in Niger, HPG Briefing Note

Poverty and Public Policy

The Poverty and Public Policy Group’s mission is to contribute through research, advice and communication to measures that work effectively towards the goal of eradicating poverty on a global scale. The research spans all aspects of public policy for poverty reduction, including ‘upstream’ policy and management issues and ‘downstream’ analysis of the causes of poverty and social exclusion.

Overview

By David Booth



During 2005, the public debate focused on the unmet human needs signalled by the MDGs, and on the gulf between these and the scale of current international efforts. More international resources for poverty reduction are needed. But we misinform our leaders and the public if we imply that this is currently

the only critical constraint. It is impossible to meet the needs signalled by the MDGs without also having resource utilisation and delivery systems that are adequate to the task of turning inputs into results; and without a state political leadership that is capable of driving the creation of such systems.

Among aid officials and technicians, the impossibility of buying poverty reduction with hard currency is increasingly appreciated. In the Poverty and Public Policy Group we began the year with work documenting the perverse interactions between politics, aid and development performance in Malawi. We ended it with studies across several countries revealing the difficulty of making good use of scaled-up aid without much increased utilisation capacities.

We contributed thinking on aid quality and effectiveness both on the donor side — including the Paris Declaration — and in the context of recipient governments’ aid management systems. We helped sharpen international thinking on the PRSPs, effectiveness in budget support, approaches to human rights and the policy needs of the chronically poor. We increased our capacity with new appointments in politics and policy engagement, public financial management, impact assessment, health programming and AIDS.



Above: Children play with toy guns in Cantogalo favela, Rio de Janeiro. Opposite: Maize, staple food of Malawi and the core of its food crisis.

Main research areas

POVERTY AND INEQUALITY

The team’s work focuses on a better understanding of the dimensions and causes of poverty and inequality, and the potential policy solutions. Political commitment, organisational capacities and human resources for action against poverty, including the promotion of pro-poor growth, are in short supply in many poor countries. The scope for more effective poverty reduction through more informed policy design and more intelligent implementation — drawing on the best research — is therefore considerable.

We link to the DFID-supported Chronic Poverty Research Centre (see page 34). We also host the Inter-Regional Inequality Facility (see right). Other work is focused on investment and pro-poor growth, inequality and growth, and linkages between HIV/AIDS and other manifestations of poverty.

POLITICS AND RIGHTS

Improving understanding of the politics and political economy of successful development, and supporting the realisation of human rights in development processes, is the focus of our work. Our premise is that failure to understand the states and political systems that are typical of poor countries is a key bottleneck in international development efforts. Another is the way the aid system itself generates incentives that work against the adoption and implementation of effective public policies in support of pro-poor change.

We undertake Drivers of Change and political economy studies at national and sector-policy levels; apply comparative analysis on state building to issues in aid policy, including capacity development, anti-corruption and democracy; and advise on international health and education initiatives.

CENTRE FOR AID AND PUBLIC EXPENDITURE

CAPE undertakes professional advisory and evaluation work on public financial management systems and on new aid approaches that aim to strengthen country systems.

In addition, CAPE promotes discussion and research on core questions of aid policy and aid management, including country aid-management policies, mutual accountability, incentives in aid agencies and the international institutional architecture of aid. We carry out research from a political economy perspective on the reform of public financial management systems.

‘Among aid officials and technicians, the impossibility of buying poverty reduction with hard currency is more widely appreciated with each passing year.’

Research highlight

Inequality and poverty

Poverty reduction has been the driving force of development policy for many years, but inequality matters too: both on its own account and because reducing inequality contributes to poverty reduction.

The Inter-Regional Inequality Facility exists to promote inter-regional dialogue and knowledge sharing on the issue of inequality — how it affects development, and how it can be addressed by policy — between Africa, Asia and Latin America. The Facility funds research, exchanges and advocacy activities that strengthen South-South dialogue on this issue, and helps build a coalition in favour of a more equal and inclusive development process.

The Facility has commissioned a set of 15 policy case studies, which provide information about the objectives, details and impacts of policies used by governments in Africa, Asia and Latin America to address inequality, including the political processes through which they came to be implemented. In addition there are three regional synthesis papers for Africa, Asia and Latin America.

The African Development Bank, the African Union, the Asian

Development Bank, the Inter-American Development Bank, NEPAD and the United Nations Economic Commission for Africa are members of the Inter-Regional Inequality Facility.

Details can be found at http://www.odi.org.uk/inter-regional_inequality/index.html



RESOURCES

Also see resources listed on pages 8-13 for more on the work of the Poverty and Public Policy Group

Meetings

CAPE Workshop 2005: Aid, budgets and accountability

A new equity agenda? Roundtable discussion

Donor approaches to human rights and development: Lessons from NGO and governmental agencies

Confronting the challenge of state-building in conflict-affected countries

The G8 and Africa: Will it happen? Will it work? An ODI perspective

Persistent poverty and barriers to pro-poor growth

Working Papers

A new equity agenda? Reflections on the 2006 World Development Report, the 2005 Human Development Report and the 2005 Report on the World Social Situation, WP265, by Edward Anderson and Tammie O’Neil

The role of public investment in poverty reduction: Theories, evidence and methods, WP263, by Edward Anderson, Paolo de Renzio and Stephanie Levy

Incentives for harmonisation and alignment in aid agencies, WP248, by Paolo de Renzio with David Booth, Andrew Rogerson and Zaza Curran

Poverty monitoring systems: An analysis of institutional arrangements in Tanzania, WP247, by David Booth

Poverty monitoring systems: An analysis of institutional arrangements in Uganda, WP246, by David Booth and Xavier Nsabagasani

Briefing Papers

Linking policies and budgets: Implementing medium term expenditure frameworks in a PRSP context by Paolo de Renzio and Samantha Smith

Inter-Regional Inequality Facility Policy Briefs, a set of papers by Edward Anderson

Opinions

Changing course in Latin America: Reconciling democracy and the market? by Alina Rocha Menocal

The new international benchmark standard for environmental and social performance of the private sector in developing countries: Will it raise or lower the bar? by Michael Warner

Human rights: Promoting accountable aid by Laure-Hélène Piron

Sustained oil, gas and mineral windfalls mean that Africa could fund a substantial portion of its own MDG financing gap by Michael Warner

Blogs

‘What about aid quality?’ by Paolo de Renzio

‘The primacy of domestic politics: Ethiopia and Uganda, what next with aid?’ by Paolo de Renzio

‘Failure to establish a Human Rights Council is a cop-out by UN member states’ by Laure-Hélène Piron

‘Marginalised and ignored: Why some issues never make it onto policy agendas’ by Kate Bird

Protected Livelihoods and Agricultural Growth

The Protected Livelihoods and Agricultural Growth Programme aims to inform and inspire debates on rural poverty reduction and natural resource management, raising their profile by drawing on new thinking and analysis of best practice.

Overview

By Andrew Shepherd (pictured) and Steve Wiggins



The reawakening of interest in agriculture by governments in Africa and by donors continued during 2005. The Gleneagles G8 summit in July included the following statement: 'We will... support a comprehensive set of actions to raise agricultural productivity, strengthen urban-rural linkages and empower

the poor, based on national initiatives and in cooperation with the AU/NEPAD Comprehensive Africa Agriculture Development Programme (CAADP) and other African initiatives.'

The New Partnership for African Development (NEPAD) continues to work for the implementation of the CAADP. CAADP has four pillars:

- sustainable land management and reliable water control
- rural infrastructure and market access
- food security
- agricultural technology

NEPAD supports these not least through pressing for governments to commit at least 10% of their budgets to the sector, as agreed at the Maputo meeting of July 2003. Judging by the evidence of our analysis of Poverty Reduction Strategies, in Africa, the infrastructure pillar in particular has not yet been adequately highlighted in policy.

At the end of the year, DFID published a policy paper, *Growth and poverty reduction: The role of agriculture* (an ODI/APGOOD series — Agriculture in Africa — fed into this). This argues that agricultural development is central to economic growth and poverty reduction, particularly for poorer countries, largely because farming has the potential to create dynamic links to other parts of the rural economy and indeed to the national economy.

The paper stresses the importance of tackling areas of market failure to ensure that agriculture can achieve its potential within liberalised economies, and within the global economy. The focus is very much on domestic markets rather than exports and niche markets, as growth and poverty reduction outcomes are thought to be more promising. This states an emerging consensus that work by ODI has helped to form. However, it is not yet a full consensus among international donors.

If the arguments for agricultural and rural development are to have a chance to prevail, then the challenge is to be able to answer the more detailed questions on investment and policy. The research group is helping address some of these, often through close work with colleagues in other organisations with similar interests.

Main research areas

EXAMPLES OF OUR WORK INCLUDE

- **Future of small farms** — making the case for smallholder development and signalling key strategic options, in co-operation with the International Food Policy Research Institute, Washington DC, and Imperial College, London. There are countries opting strongly for commercial agriculture strategies that do not prioritise small farms — this is being looked at by ODI's Future Agricultures Consortium (see below).
- **Social protection and agricultural growth** — for the poor who are unable to work, and for those affected by calamities, social protection will be needed. The working poor also benefit, and there is evidence that a degree of protection enables investment. The aim here is to explore complementarities between policies designed to promote agriculture and those providing social protection.
- **Aid and public sector policy** — the favoured modes for delivering aid, such as PRSPs and SWAPs have important implications for agricultural and rural development efforts. Key questions here include: What are they, and how can rural priorities be accommodated within the emerging frameworks?
- **Agricultural technology** — long-standing interests continue in low-external-input agriculture, intellectual property rights and seed systems, and extension, including farmer field schools.
- **Future Agricultures Consortium** — formed with Imperial College and the Institute of Development Studies, this grouping began work in 2005 to address some of the more detailed policy questions arising in agricultural development, in the first instance in Ethiopia, Kenya and Malawi.



Above: What goes around comes around — renewed interest in agriculture is set to build in 2007.

'If the arguments for agricultural and rural development are to have a chance to prevail, then the challenge is to be able to answer the more detailed questions on investment and policy.'

Research highlight

Tackling risk and vulnerability is critical to pro-poor agricultural growth

By John Farrington

The poor benefit from growth either through productive activity in which markets play a central role, or through subsidies and transfers funded through taxation or external aid. Where the balance of public expenditure should lie — investment in growth versus transfers targeted towards the poor — is a long-standing question. Clearly there are trade-offs along the spectrum from policies that support growth with little heed to risk and vulnerability, to those that reduce risks and vulnerability, but which require taxation that deters private investment and initiative.

The criteria for public investment will vary according to local characteristics of production opportunities, the numbers in poverty, the nature and location of poverty and so on.

Our research aims to contribute to more refined policy decision-making by examining how risk and vulnerability can be addressed in relation to agriculture, given that productive sector policies currently consider, at best, only limited aspects of risk and vulnerability.

The challenge is to identify new roles for government in the context of markets that are changing rapidly but continue to function imperfectly from the perspective of the poor. We focus

on risks affecting enterprises as distinct from the domestic sphere, asking how people can be better protected against the prevalent types of entrepreneurial risk.

But we recognise that some kinds of risk are common to both spheres, and that money is fungible, so that, at household level, money flows both ways between entrepreneurial and domestic spheres in response to prevailing shocks and stresses.

Adapted from Enabling Pro-Poor Growth Through Agriculture (Chapter 7, Section 2). To read in full: http://www.odi.org.uk/RPEG/research/livelihoods/pdfs/tack_r_v_to_growth.pdf



RESOURCES

Chronic Poverty Research Centre – for more on this see page 34.

Future Agricultures Consortium

A consortium of three UK-based organisations — IDS, ODI and Imperial College, London — together with Southern partners will focus on the pressing questions of how to transform the agricultural sector to generate growth and reduce poverty.

Working Papers

Growth and poverty in Asia: Where next? WP267, by John Farrington

Poverty Reduction Strategies and the rural productive sectors: Insights from Malawi, Nicaragua and Vietnam, WP258, edited by Lidia Cabral

Natural Resource Perspectives

This series of publications is funded by the Swedish

International Development Cooperation Agency and aims to present accessible information on current development issues.

Poverty Reduction Strategies and the rural productive sectors: What have we learnt, what else do we need to ask? by Lidia Cabral

Walking tightropes: Supporting farmer organisations for market access by Ephraim Chirwa, Andrew Dorward, Richard Kachule, Ian Kumwenda, Jonathan Kydd, Nigel Poole, Colin Poulton and Michael Stockbridge
Responding to HIV/AIDS in agriculture and related activities by Rachel Slater and Steve Wiggins

Opinions

Seasonal migration: How rural is rural? by Priya Deshingkar

Farm subsidies: A problem for Africa too by John Howell

Restoring growth in African agriculture by Steve Wiggins

Books

Policy windows and livelihoods futures: Prospects for poverty reduction in rural India, edited by John Farrington, Priya Deshingkar, Craig Johnson and Daniel Start

Poverty, vulnerability, and agricultural extension: Policy reforms in a globalising world, edited by Ian Christoplos and John Farrington

Self-sufficient agriculture: Labour and knowledge in small-scale farming, by Rob Tripp

Also:

Agricultural Research and Extension Network Papers are available from: <http://www.odi.org.uk/agren>

Forestry

The Forest Policy and Environment Programme seeks to inform the processes of policy change in tropical forestry in ways that improve the livelihoods and well-being of the forest-dependent poor, whilst also securing the long-term future of forest resources.

Overview

By David Brown



Forestry professionals have been much preoccupied over the past year with securing forestry's place in the global aid agenda. Forestry needs to justify itself not only against topical concerns such as security, governance and disaster relief, but also against other less controversial, shorter-cycle and more tangible investments in public services.

Nevertheless, the year saw many high-profile forestry events. Forestry's profile was enhanced by the Gleneagles Communiqué, which endorsed the outcome of the G8 Environment and Development Ministerial Derby conference on illegal logging. This is now an issue of major international policy concern, with the 2005 EU Forest Law Enforcement Governance and Trade (FLEGT) Regulation opening the way for EU delegations to start negotiations over voluntary partnership agreements with selected producer countries. These will allow for the rejection of non-licensed timber at the EU frontier, and thus act as a deterrent to illegal logging.

Forests have also moved back up the climate change agenda. UNFCCC COP 11 (Conference of the Parties to the Convention) took note of the view that slowing tropical deforestation may be decisive in global efforts to stabilise greenhouse gas concentrations. The issue of 'avoided deforestation' is to be revisited, with a view to giving credit for the protection of forests. The meeting established a process to explore the methodological, technical, policy and implementation implications, with a view to a decision in 2007. If these issues can be addressed, such an approach could encourage not only reduced emissions but also the other poverty, conservation and biodiversity benefits that come from reduced deforestation.

Main research areas

VERIFOR researches the verification of legality in the tropical timber trade. It has a strong producer country focus, and covers the implications of the EU FLEGT regulation. It is difficult to require that the major timber exporters ensure the legality of their production and trade along the whole commodity chain. Doing so in ways that champion the interests of small forest enterprises and defend the developmental interests of the poor is even more challenging, and far from guaranteed. A particular concern is sustaining the access rights of forest-dwellers. VERIFOR aims to offer cutting-edge research to a wide range of international interest groups on the ways in which the legality of the trade can be verified in a manner that respects national



Congo basin forests: what are the access rights of the forest-dwelling poor?

sovereignty but is internationally credible. More broadly, it will contribute to the international debate on the roles of private authority in public governance, and the interplay between international and national interests in the management of sovereign goods that provide global benefits.

It is a four-year €2.4 million initiative co-funded by the EC and the Governments of the Netherlands and Germany, in which ODI leads in collaboration with international partners (CATIE, Costa Rica, for Latin America; CIFOR, Cameroon, for Africa; and RECOFTC, Thailand, for Asia).

The programme has also been involved in a range of studies that aim to heighten the profile of forests and environment in the policy process. Forestry, like any other sectoral interest, will commend itself to the development community when its benefits are evident and quantified. In Indonesia and Honduras, the team is researching the ways in which legal recognition of community tenure of forest lands can contribute to long-term poverty reduction. Other work, in Mexico and Bolivia, aims to identify the factors that determine the success of NTFP (non-timber forest products) commercialisation. We are also investigating the contribution that participatory forest management might make to poverty reduction in countries as diverse as Kenya and Nepal, Tanzania and Vietnam. Climate change is an area of growing interest, and our concern is to ensure that the sizeable external investments in forestry are deployed in ways that are compatible with the interests of the poor.

RESOURCES

ODI Forestry Briefings

Available at: <http://www.odifpeg.org.uk/publications/policybriefs/forestrybriefings/>

VERIFOR Forest Sector Case Studies, Comparative Case Studies and Briefing Papers Available at: <http://www.verifor.org/>

Books *Commercialisation of non-timber forest products*, edited by E Marshall, K Schreckenber and A Newton, UNEP/WCMC

Tourism

The Tourism Programme examines the link between tourism development and poverty reduction. The original research coined the phrase 'pro-poor tourism' and since then ODI has sought to apply the principles of pro-poor growth to the tourism sector. We aim to address the questions: How does tourism affect the poor? How can the pro-poor impact of tourism be increased? And, in the year of the Africa Commission: What are the prospects for tourism in Africa?

Overview

By Jonathan Mitchell



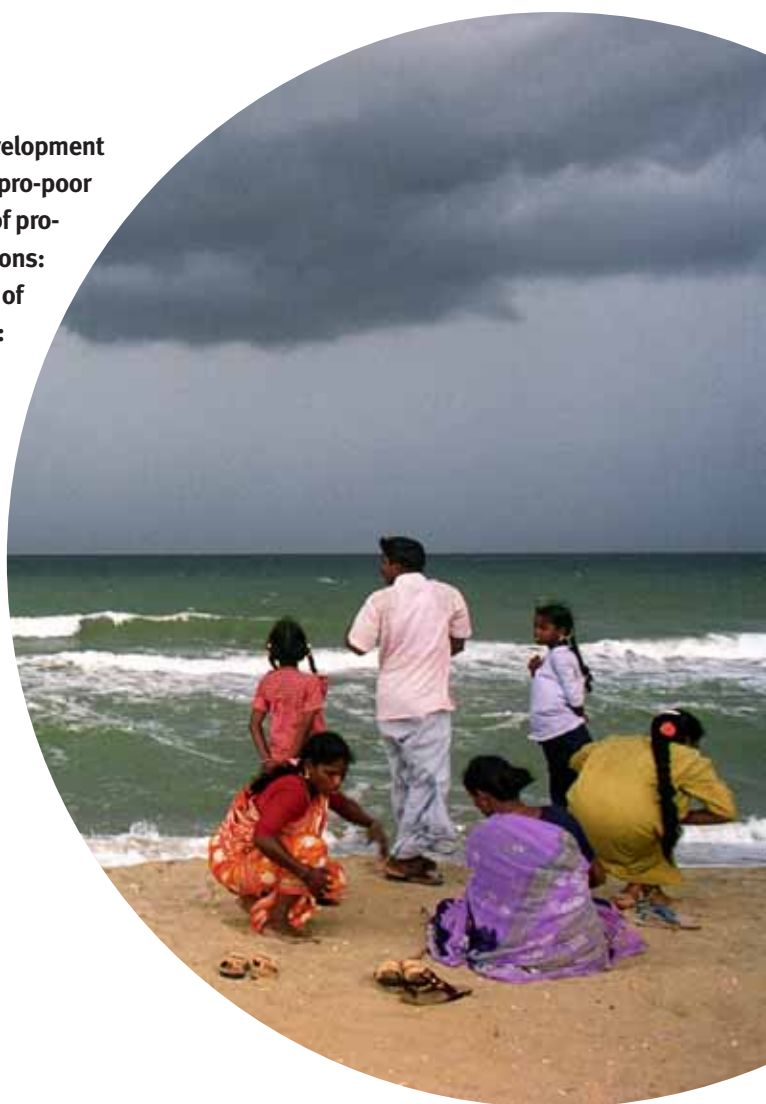
2005 was a year of transformation for Tourism research at ODI. First, in terms of people, the programme expanded very significantly with a three-fold increase in researcher capacity by the end of 2005. The geographic focus of tourism work in ODI has broadened considerably from the programme of action research on business

linkages with local communities in Southern Africa, which was successfully concluded during 2005. Researchers are now applying the lessons learned from this pioneering work over the past five years in a rich variety of contexts throughout the Caribbean, East, West and North Africa and South East Asia.

Attempts to link pro-poor tourism debates with broader pro-poor growth debates were boosted by the collaboration with the Canadian International Development Research Centre to develop a research agenda on the theme of how the rural poor can more successfully engage with global economic processes. Finally, the programme is developing stronger linkages with a broader network of stakeholders, including tour operators and the academic community.



Above: Craft market at Spier Hotel, Stellenbosch, Western Cape, South Africa. Right: A family outing to the beach in Tamil Nadu, India.



HOW TO: TIPS FOR TOURISM COMPANIES ON LOCAL PROCUREMENT, PARTNERSHIPS AND PRODUCTS

This set of four briefs provides information on ways in which tourism companies can increase their contribution to the local economy and, at the same time, enhance their businesses. The emphasis is on ways to adjust business operations, such as procurement, to add more value to the local economy. The three core principles for companies investing in linkages are:

- **Innovate** — Be prepared to think, and do, business differently.
- **Protect the core business** — Find linkages that make long-term business sense.
- **Work inside out** — Support local entrepreneurs, but carefully manage internal change in the way business is done.

RESOURCES

Discussion Paper

Facilitating pro-poor tourism with the private sector: Lessons learned from the 'Pro-Poor Tourism Pilots in Southern Africa' by Caroline Ashley

Briefing Papers

Can tourism help reduce poverty in Africa? by Jonathan Mitchell and Caroline Ashley

Tourism business and the local economy: Increasing impact through a linkages approach by Caroline Ashley and Jonathan Mitchell

Can tourism accelerate pro-poor growth in Africa? by Caroline Ashley and Jonathan Mitchell

'How to' guides

Tips and tools for tourism companies on local

procurement — see panel above. Produced by ODI and Business Linkages in Tourism

Making tourism count for the local economy in the Caribbean: Guidelines for good practice by Caroline Ashley, Harold Goodwin, Douglas McNab, Mareba Scott and Luis Chaves. Produced by the Pro-Poor Tourism Partnership and the Caribbean Tourism Organisation

Humanitarian Policy

The Humanitarian Policy Group is one of the world's leading teams of independent researchers and information professionals working on humanitarian policy issues. HPG is dedicated to improving humanitarian policy and practice through a combination of high-quality analysis, dialogue and debate.

Overview

By James Darcy



The past year has seen a number of events and developments that are likely to continue to shape the humanitarian agenda over the coming year and beyond. The tsunami and South Asian earthquake and the responses to them have led to a process of reflection on a range of topics, from disaster risk reduction to needs assessment

and the coordination of international and national responses. Food crises in Niger and the Sahel, in Southern Africa and more recently in the Horn and East Africa have all raised questions about early warning, prevention and appropriate response in chronically food-insecure environments. Here and elsewhere, the relationship between relief, welfare and development approaches remains an area of persistent policy concern.

While the incidence of violent conflict has declined over the past 15 years, and some argue that war has become less deadly, the direct and indirect effects of conflict on civilian populations remain catastrophic. The past two years have seen peace agreements in Sudan, Sri Lanka and Indonesia, but the continuing tragedies of Darfur, the Democratic Republic of Congo, Northern Uganda and other armed conflicts in Africa and beyond remain the most pressing humanitarian priorities. These have been the subject of much soul-searching about the apparent inability of the international community to protect civilians — or to exert sufficient leverage to ensure protection by the governments in question. The official endorsement of the 'responsibility to protect' doctrine in the Millennium Summit declaration has highlighted the gulf between rhetoric and reality in this crucial area of humanitarian concern. Debates about the role and capacities of mandated protection forces are paralleled by debates about the functioning of integrated UN missions and the security and integrity of their humanitarian components.

The year 2005 has been one of reform proposals and new initiatives in the realms of development, security and humanitarian policy. A review by HPG of reform initiatives identified three main strands specific to the humanitarian sector, relating to financing mechanisms, leadership and response capacity, and gauging needs, impact and collective performance. Under these headings, initiatives ranging from the expanded Central Emergencies Response Fund to new sector-based 'cluster lead' arrangements, and developments in assessment and benchmarking, will form an important part of HPG's future research.

HPG's work over the past year has encompassed a range of



Ethiopia: A goat herder leads his livestock over dry land.

conceptual, structural and programmatic issues of concern to the humanitarian agenda. Work on the shifting significance of 'protected status' for civilians, refugees and internally displaced peoples has highlighted the extent of the perceptual and policy shifts that have occurred over the past few years (see right). A study on the role of the military in humanitarian action shows how far practice has evolved in this area, as well as the issues that remain to be resolved in the relationship between military and civil actors.

Main research areas

THREE CLUSTERS

HPG explores its themes through an integrated programme of research, networking with the Humanitarian Practice Network (HPN – see page 35), and events. There are three main research clusters:

Laws, principles and concepts of humanitarianism

This work aims to clarify the essential components of humanitarianism, and to provide a conceptual platform for discussion of problematic 'grey zone' issues at the interface between humanitarian, political and other agencies.

The evolving architecture of humanitarian action

This cluster investigates the implications of recent changes in the shape and context of the international humanitarian 'system'.

Crisis contexts and humanitarian responses

This area aims to inform practical programming strategies that enhance humanitarian action to save lives and alleviate suffering. Its focus is on research that addresses some of the key dilemmas in the assessment, design and delivery of humanitarian assistance.

‘The relationship between relief, welfare and development approaches remains an area of persistent policy concern.’

Research highlight

How to support rural people who have been affected by conflict

By Catherine Longley, Ian Christopolos and Tom Slaymaker

Humanitarian agencies are increasingly interested in protecting and promoting livelihoods in protracted crises and post-conflict situations. Crop and livestock agriculture is often the cornerstone of rural livelihood strategies in post-conflict societies, and agricultural interventions form the basis of food security interventions. Yet current agricultural programming in countries emerging from conflict tends to consist of piecemeal, project-based approaches that are ill-suited to addressing the causes of vulnerability.

Agricultural rehabilitation can contribute to linking humanitarian assistance, social protection (acts and measures designed to protect people against risk and vulnerability) and longer-term development, through the provision of effective support in ways that are consistent with core humanitarian principles, as well as with livelihoods and rights-based approaches. Agricultural rehabilitation in countries emerging from conflict needs to go beyond seed aid and a focus on increasing agricultural production merely to enhance consumption, markets and institutions. Instead, social protection and livelihood promotion allow for vulnerability to be addressed and potentially provide a means for linking relief and development. But challenges remain in practice, not least the risk that social protection may exacerbate the political and social inequalities that characterise chronic and post-conflict

situations.

Agricultural production fares surprisingly well in the face of conflict. Despite the collapse of formal agricultural service delivery systems, farmers generally continue to access inputs and services through local social networks and — to some extent — private sector providers. The impact of conflict on production and markets is often highly uneven.

Agricultural production may be the cornerstone of rural livelihood strategies, yet rural people — especially the poorest — rely on a range of different livelihood activities for their survival. There is a growing realisation that an increasing proportion of the rural poor earn most of their income outside of the homestead farm — if they own a farm at all.

Extract taken from an HPG Report (details below). To read the report in full: <http://www.odi.org.uk/hpg/papers/hpgreport22.pdf>



RESOURCES

Meetings

Cash and emergency relief, London, January 2006
The conference aimed to provide a forum to raise awareness within the humanitarian system of the growing body of experience with cash responses as well as an opportunity for debate at a senior policy level about when and where cash responses are likely to be appropriate.

Research reports

Agricultural rehabilitation: Mapping the linkages between humanitarian relief, social protection and development, HPG Report 22, by Catherine Longley,

Ian Christopolos and Tom Slaymaker — see extract above

Resetting the rules of engagement: Trends and issues in military–humanitarian relations, HPG Report 21, edited by Victoria Wheeler and Adele Harmer

Diversity in donorship: The changing landscape of official humanitarian aid, HPG Report 20, by Adele Harmer and Lin Cotterrell

Dependency and humanitarian relief: A critical analysis, HPG Report 19, by Paul Harvey and Jeremy Lind

Briefing Notes and Papers

Saving lives through livelihoods: Critical gaps in the response to the drought in the Greater Horn of Africa, HPG Briefing Note

Humanitarian issues in Niger, HPG Briefing Note

The currency of humanitarian reform, HPG Briefing Note

International Economic Development

The group's activities extend beyond economic analysis to include policy advice to developing countries and to the UK Department for International Development, the European Commission and Parliament, the World Bank and the World Trade Organization. We work with other economists in Europe and in developing countries. Projects range from multi-year multi-country comparative analyses to studies that answer immediate policy questions.

Overview

By Christopher Stevens



The multilateral arena has been the main focus for 2005 — and will continue to be important in 2006. The WTO's ministerial summit in Hong Kong in December 2005 dominated trade policy, with the group actively influencing the agenda through opinion-forming based on rigorous research

and also personal involvement in Hong Kong as part of a developing country delegation. Governance of the World Bank and IMF also received explicit attention, highlighting the ongoing debate about representation of large emerging market and low income countries on the Boards of both.

Influencing fast moving events such as the end-game of the Doha development round was always going to be a logistical challenge. Our approach is to lay down solid research foundations by anticipating the key issues. Then, when the negotiations move on to detail, advice can be given that is both rooted in theory and empirically accurate. The group's work on special and differential treatment (SDT) and on aid for trade helped influence the agenda before Hong Kong, and has been even more in demand since. As the WTO searches for compromise, ODI's mission is to ensure that what is agreed supports development.

There was similar 'foundation laying' in 2005/6 on Europe's laborious trade negotiations with the Africa, Caribbean and Pacific (ACP) group. Whilst there has been little substantive progress since negotiations began in 2002, the tempo picked up last year and will accelerate. Closely linked to research work on Europe and Africa, the team has helped ACP states prepare an analytical and statistical framework within which to develop their detailed negotiating position and assess EU proposals when these are known.



Dominica: Fairtrade bananas are prepared for shipment to the UK.

Main Research Areas

TRADE POLICY

Research projects have been undertaken linked to current WTO negotiations. We examined options for special and differential treatment for the LDC group at the WTO prior to the Hong Kong ministerial. After the ministerial, we have continued our work in the area of aid for trade, suggesting specifics for a financial architecture as part of WTO negotiations.

For the European Parliament we examined the EU's trade-related assistance.

Other WTO-related research covered WTO services negotiations, including the role of technical assistance in GATS for Geneva-based services negotiators, options on 'Mode 4' negotiations for the Zambian Government, and examining possible GATS schedules for Belize (Commonwealth Secretariat).

Further trade policy research has focused on capacity building for regional trade negotiations. We have conducted an impact assessment of a possible EPA for Zambia (PMU) and provided briefings for services and investment negotiators in COMESA and CARIFORUM.

We continue to collaborate with partners in developing countries including with CUTS International on UK and EU trade policy and the linkages with development and poverty.

FOOD AID

The OECD study, *The development effectiveness of food aid: Does tying matter?* with Edward Clay as lead author was launched at ODI in September 2005. It provides robust evidence on the inefficiency costs of aid tying, and so became a key, much-cited document in the intense Doha development round negotiations about the future of food aid. Also, continuing a long-term research interest in food aid performance and policy, Edward Clay has been involved in meetings related to the WTO negotiations in Europe and North America. He has briefed the media and contributed two background papers to the ODI WTO Portal.

INVESTMENT AND GROWTH

The work in this area has continued with a background paper on four decades of research on the FDI-development nexus (UNCTAD) and work on the link between FDI and international services and investment negotiations. Work continues on investment and growth in the context of the Research Programme Consortium on institutions and growth (DFID).

Economics and Statistics Analysis Unit

ODI is contracted to run ESAU, which gives DFID economists and statisticians a chance to undertake research sabbaticals on subjects relevant to DFID's objectives of poverty reduction and promoting pro-poor growth, and which carries out other relevant analysis and briefing.

Overview

Across 2005 the main areas of research were an investigation into the relative importance of alternative factors that affect the motivation and retention of nurses in Malawi's public sector. This continuing project will be based on primary research data from questionnaires and interviews completed with state-registered nurses in urban and rural areas. Another project looked at how successful the Maputo Development Corridor in South Africa has been in terms of increasing the flow of goods, and analysing what has prevented this from being more successful (thereby providing recommendations for future policy). A third area analysed recent trends in the international shipping industry and their implications for South Africa and its ports policy.



Malawi: a nurse talks to mothers about childcare at a rural health clinic.

EUROPEAN DEVELOPMENT COOPERATION

Research on the European cooperation policy continued to inform EU and national discussions. Our work included analysis of the policies of both the Commission and bilateral EU donors. It took into account the role of the EU as providing a (potential) integrated policy framework for donors, e.g. with the EU Africa strategy. Studies undertaken include a comparative study on the engagement of bilateral donors with multilateral organisations and a study on EU coordination in the Bretton Woods institutions.

ODI shares a researcher position with the German Development Institute (DIE) in Bonn, working on EU-developing country relations with a focus on Africa.

FINANCE

In the 2005 fiscal year, work expanded on international organisations to deal more explicitly with the governance of the World Bank and the IMF, with research for the European Parliament and the G24 Emerging Market economies. The group worked with ODI's Latin American Group, using a meeting series to look at the implications of the region's many elections on economic trends and financial market behaviour. It was also involved in generating intellectual inputs for DFID's Asia 2015 conference in March 2006.

RESOURCES

IEDG RESOURCES

Meetings and book launches

Trade and aid: Partners or rivals in development policy? edited by Sheila Page

The meeting examined our current understanding of how aid and trade work, and used this to assess current policy initiatives such as giving a development dimension to the World Trade Organization

Books

The developmental effectiveness of food aid: Does tying matter? OECD DAC publication, by Edward Clay, Barry Riley and Ian Urey

Working Papers

Globalisation and education: What do the trade, investment and migration literatures tell us? WP254, by Dirk Willem te Velde

Briefing Papers

Bretton Woods reform: Sifting through the options in the search for legitimacy by Lauren Phillips

What would doubling aid do for macroeconomic

management in Africa? by Tony Killick

Aftershocks: Natural disaster risk and economic development policy by Edward Clay and Charlotte Benson

Opinions

'Lead, follow or get out of the way?' The EU and impending Bretton Woods reform by Sven Grimm and Lauren Phillips

Democracy vs the financial markets: How will Latin America's busy electoral calendar affect the performance of global financial markets in 2006? by Lauren Phillips

The Niger food crisis: How has this happened? What should be done to prevent a recurrence? by Edward Clay

Gleneagles vs Brussels? Burying the European Constitution poses a challenge to the UK's 2005 development agenda by Sven Grimm

A Preference Erosion compensation fund: A new proposal to protect countries from the negative effects of trade liberalisation by Sheila Page

The Asian Tsunami: Economic impacts and

implications for aid and aid architecture by Simon Maxwell and Edward Clay

Learning from the Indian Ocean Disaster by Edward Clay

Globalisation and education by Dirk Willem te Velde

Background papers

Food aid and the Doha development round: Building on the positive by Edward Clay

The post-Hong Kong challenge: Building on developing country proposals for a future food aid regime by Edward Clay

ESAU RESOURCES

Working Papers

Privatisation in Serbia and Bosnia-Herzegovina post-2000, ESAU WP12; *Investment incentives in South African manufacturing*, ESAU WP13; *Future of garment exports from Cambodia, after the suspension of Multifibre Agreement quotas*, ESAU WP14

ESAU Working Papers and Briefing Papers can be found at <http://www.odi.org.uk/esau/publications>

RAPID

Donors spend around US\$2 billion on development research annually. The Research and Policy in Development Group (RAPID) aims to improve the contribution of research-based evidence to development policy and practice through research, debate, advice and practical support to researchers, practitioners and policy-makers in the North and the South.

Overview

By John Young



2005 was a critical year for development. ODI's ability to contribute research-based evidence to this was enhanced by putting into practice lessons from RAPID work. We also substantially increased our investment in communication capacity and increased our engagement with policy-makers and policy processes.

Our work has expanded to include research on the role of intermediaries, especially networks and civil society organisations, and on evidence-based policy processes in the UK — could they also be useful in developing countries? We extended our advisory work in 2005-6 to include projects with donors, policy-makers and practitioners as well as with researchers. New audiences for public affairs work included UK researchers and policy analysts — through, for example, a series of seminars entitled 'From insight to impact'. Now in our fifth year, RAPID is also placing greater emphasis on putting the results of our own work into use through presentations at international conferences and networks, a range of practical printed and web-based toolkits, and training courses for researchers, policy-makers and practitioners in the North and South.

RAPID's external research, advisory and public affairs work informs an internal role in ODI — strengthening capacity and systems to maximise the value and impact of research undertaken by the other groups. Major achievements during 2005-6 included the implementation of a knowledge and learning strategy, the establishment of a new communications team, improvements to the information systems, and the redesign of ODI's publications.



Above and opposite: RAPID's work focuses on linking research-based evidence and development policy and practice.

Main Research Areas

RESEARCH INTO POLICY

This theme focuses on the question: How does research contribute to policy? It is clearly a complex iterative process involving researchers, policy-makers, practitioners and a wide range of intermediaries. Research in this area has included: studies of networks — how do they help organisations to communicate their evidence to policy-makers?; studies of interactions between research and policy in HIV/AIDS in Africa and Asia; case studies of how civil society organisations use research-based evidence — for example how research organisations in Africa are working together to promote better access to affordable energy for Africa's poor; a study of how campaigning organisations in the UK use research-based evidence; work with the International Livestock Research Institute in East Africa; and an evaluation of the IDRC-supported Small- and Medium-Sized Enterprise Policy Project in Egypt.

COMMUNICATIONS, KNOWLEDGE AND LEARNING

Work aims to develop simple, appropriate and applicable communication and learning tools to help organisations and individuals learn and manage knowledge and communicate more effectively. Work has included: development of a learning community for users of the Outcome Mapping methodology, an evaluation of knowledge networks at UNDP, knowledge and communications advice to SDC's Social Development division, capacity-building work for KM4Dev and many training workshops.

CAPACITY-BUILDING FOR POLICY ENGAGEMENT

Organisations wishing to engage effectively with policy processes need staff who are able to analyse policy contexts, gather the right evidence, package it into persuasive policy briefs, and engage pro-actively with policy-makers. Work in this area has included research on partnership and capacity building, practical workshops and training courses for CIDA policy analysts, National Education Coalition partners in Zambia, Child Workers in Asia, and partners in South and South-east Asia, contributions to summer schools for the Wellcome Trust and the Central European University. We have also undertaken consultations with policy research institutes, think tanks and NGOs in developing countries. A series of practical toolkits cover political analysis, communication, knowledge management, and networks for researchers and policy-makers.

Civil Society Partnerships

Within the RAPID group, ODI's DFID-funded Civil Society Partnerships Programme aims to strengthen the voice of civil society to use research-based evidence to promote pro-poor development policy. It is establishing a worldwide network for think tanks, policy research institutes and similar organisations working in international development. The extract below is taken from a synthesis report aimed at civil society entitled *Policy engagement: How civil society can be more effective*, by Julius Court, Enrique Mendizabal, David Osborne and John Young.

Research highlight

Civil society organisations (CSOs) make a huge difference in international development. They provide development services and humanitarian relief, innovate in service delivery, build local capacity and advocate with and for the poor. Acting alone, however, their impact is limited in scope, scale and sustainability. CSOs need to engage in government policy processes more effectively.

With increased democratisation, reductions in conflict, and advances in information and communication technologies, there is potential for progressive partnerships between CSOs and policy-makers in more countries. However, CSOs are having a limited impact on policy and practice, and ultimately the lives of poor people. In many countries they act on their own or in opposition to the state, leading to questions about their legitimacy and accountability.

Our research shows why and how better use of evidence by CSOs is part of the solution to increasing the policy influence and pro-poor impact of their work. Better use of evidence can: (i) improve the impact of CSOs' service delivery work; (ii) increase the legitimacy and effectiveness of their policy engagement efforts, helping CSOs to have influence at the policy table; and (iii) ensure that policy recommendations are genuinely pro-poor.

The report outlines how CSOs can engage more effectively in policy processes. It includes strategic and practical advice regarding how CSOs can overcome the main challenges to policy engagement. In some countries, adverse political contexts



continue to be the main barrier to informed policy engagement. But often, the extent of CSOs' influence on policy is in their own hands. By getting the fundamentals right — assessing context, engaging policy-makers, getting rigorous evidence, working with partners, communicating well — CSOs can overcome key internal obstacles. The result will be more effective, influential and sustained policy engagement for poverty reduction.

To read the report in full: http://www.odi.org.uk/RAPID/Publications/Documents/Policy_engagement_web.pdf

RESOURCES

Contributions to external events

CIVICUS World Assembly: Acting together for a just world, Glasgow, Scotland
International forum on the social science-policy nexus, Argentina

Events

Outcome mapping workshop for the International Forum for Rural Transport and Development, Cuba
Policy entrepreneurship and advocacy workshop for education CSOs in Zambia
Policy entrepreneurship workshop for Child Workers in Asia, Bangladesh
Civil Society Organisations: Promoting pro-poor policy and social inclusion, Central European University Summer University, Budapest

Working Papers

What political and institutional context issues matter for bridging research and policy?, WP269, by Julius

Court and Lin Cotterell
Capacity development for policy advocacy: Current thinking and approaches among agencies supporting civil society organisations, WP260, by Monica Blagescu and John Young
Partnerships and accountability: Current thinking and approaches among agencies supporting civil society organisations, WP255, by Monica Blagescu and John Young

Networks and policy processes in international development: A literature review, WP252, by Emily Perkin and Julius Court
Civil society participation in health research and policy: A review of models, mechanisms and measures, WP251, by Shyama Kuruville

Toolkits

A toolkit for progressive policymakers in developing countries, by Sophie Sutcliffe and Julius Court

Successful communication: A toolkit for researchers and civil society organisations, by Ingie Hovland
Tools for policy impact: A handbook for researchers, by Daniel Start and Ingie Hovland

Other publications

Policy engagement: How civil society can be more effective, by Julius Court, Enrique Mendizabal, David Osborne and John Young

Briefing Papers and Opinions

Networks: More than the latest buzzword, by Julius Court and Enrique Mendizabal, ODI Opinion 57

Policy engagement for poverty reduction — How civil society can be more effective, by Julius Court, ODI Briefing Paper, June 2006

For more on RAPID events and publications see <http://www.odi.org.uk/Rapid/Publications/>



Rights in Action

What it does The multidisciplinary RiA programme assesses the practical value of human rights for development action, poverty reduction and humanitarian protection. In 2005-06, work focused on rights and aid policies; governance; security and access to justice; economic and social rights (including poverty reduction, equality and social exclusion); and rights and livelihoods (with a focus on illegal logging, land and water).

Who it works with Agencies, civil society organisations and partners in the field.

Background The objective is to turn rights 'into action'. In 2005-06, RiA worked with donors to narrow the gap between official commitments on human rights and the practice of aid delivery. A review of donor approaches and experiences of integrating human rights into their policies and practice demonstrated that significant progress has been made. But challenges remain to ensure the integration of human rights into analyses and interventions in fragile or poorly-performing countries; and to put human rights at the centre of new aid policies and modalities. Exploratory work analysing the synergies between human rights and the aid effectiveness agenda suggests that a human rights framework can make a considerable contribution to the implementation and monitoring of the Paris Declaration.

Above from left to right:

A boy disabled by polio with a group of friends in Kabala, Sierra Leone.

A child labourer picks through a rubbish dump for items for recycling, Dhaka, Bangladesh.

Displaced people living in tents following the tsunami, Hambantota, Sri Lanka.

Malaria research: taking blood samples, Kilifi, Kenya.



Chronic Poverty Research Centre

What it does CPRC aims to create knowledge that contributes to both the speed and quality of poverty reduction, with a focus on assisting those who are trapped in poverty, particularly in sub-Saharan Africa and South Asia. The Centre was established in 2000 and continues until 2010.

As an independent research centre, CPRC explores the policy options for eradicating absolute poverty through: research, analysis and policy guidance; stimulating national and international debate; and giving people in chronic poverty a greater say in the formulation of policy and a greater share of the benefits of progress.

Who it works with CPRC is an international partnership of universities, research institutes and NGOs based in Bangladesh, Benin, Ghana, India, Kenya, Niger, Senegal, South Africa, Uganda, the UK and the US. Research is also conducted in other countries.

Background Activities in 2005-6 included establishing a regional partnership in West Africa, developing an integrated programme of research, and undertaking the background work for the second *Chronic Poverty Report*. In order to generate new knowledge, particularly on patterns of mobility around poverty lines in poor countries, the Centre has adopted an integrated qualitative and quantitative approach to research methods, combining panel data and life history analysis. This was the topic of a partnership-wide workshop in February 2006.

CPRC is largely funded by DFID, but has also attracted additional funding from AusAID, USAID, VIDC (Austria) and the Dutch Government.



Active Learning Network for Accountability and Performance in Humanitarian Action

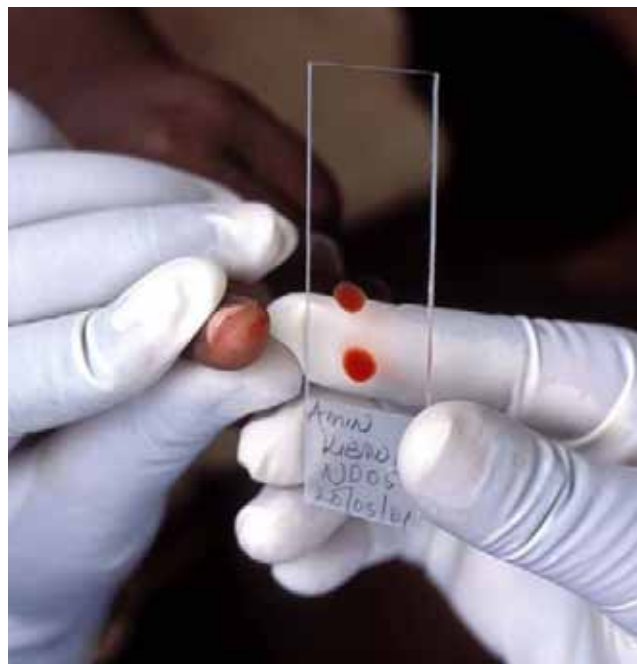
What it does ALNAP is dedicated to improving humanitarian performance through increased learning and accountability. ALNAP aims to promote learning from previous experiences by widely circulating lessons for the sector.

Who it works with Members include over 50 key humanitarian organisations and experts, and over 600 individuals.

Background In 2005, ALNAP's *Review of humanitarian action in 2004* focused on lessons from the response to the Darfur crisis. Collaboration with the ProVention Consortium in late 2005 produced two 'lessons learned' papers targeted at improving the response to the Kashmir earthquake. The first focused on lessons for the immediate response, and the second dealt with issues for longer-term recovery strategies.

Biannual meetings play an important role in the ALNAP network, facilitating exchange and collaboration on relevant issues. In June 2005, the meeting was hosted by MFA Netherlands in The Hague on the theme of the response to the South Asian tsunami. The December meeting was hosted in Brussels by ECHO, and featured presentations on findings from ALNAP's *Review*, focusing exclusively on the Darfur crisis.

ALNAP also acts as a platform for implementing relevant projects on behalf of its membership. In 2005, *Protection: An ALNAP guide for humanitarian agencies* was published. It quickly proved to be extremely popular, with almost 2,500 copies disseminated during the year. In 2005-6, ALNAP also hosted the Tsunami Evaluation Coalition (TEC). This is a comprehensive attempt to evaluate the humanitarian response to the tsunami through five thematic evaluations. It will culminate with the publication of a synthesis report in 2006.



Humanitarian Practice Network

What it does HPN provides a forum to share and disseminate information, analysis, experience and lessons from the humanitarian sector. HPN's aim is to improve the performance of humanitarian action by encouraging and facilitating knowledge sharing and contributing to individual and institutional learning.

Who it works with Policy-makers, practitioners and others working in or on the humanitarian sector. Members work in 400-plus organisations in over 130 countries, in international and local NGOs, the UN and other multilateral agencies, governments and donors, academic institutions and consultancies. HPN is the only network of its kind and is a critical forum for the humanitarian community; in 2005-2006, membership grew by 30%.

Background HPN publishes four issues of *Humanitarian Exchange* magazine per year. Each issue focuses on a specific theme. In 2005-2006, these were the crisis in Darfur, the global malaria crisis, the tsunami response and chronic vulnerability in Southern Africa and the Sahel. Each issue also contains a range of policy and practice articles on issues of general interest to the sector. Four *Network Papers* are also published each year. These are longer papers examining specific issues or experiences in the humanitarian field. All HPN publications are free online. HPN also holds occasional seminars and workshops to launch new publications.

Of particular note during the year was *Network Paper 52, Interpreting and using mortality data in humanitarian emergencies*. Only by being able to understand mortality data can humanitarian actors, including the media, properly respond to emergencies. HPN's *Network Paper* provides the sector with the information it needs critically and independently to understand mortality data, while avoiding the inherent pitfalls of a highly politicised topic.

The ODI Fellowship Scheme

The Fellowship Scheme has been enabling young postgraduate economists to work in the public sectors of developing countries for over 40 years. Fellows are employed on two-year contracts in Africa, the Caribbean and the Pacific. Since its initiation in 1963, the Scheme has worked in over 30 countries. The Scheme is growing, and in 2005 35 awards were made. There are currently 68 Fellows in post, 20 developing country governments, and two regional bodies are partners in the scheme.

Overview

By Adrian Hewitt



ODI's Fellowship Scheme is an effective means of deploying well-qualified and highly motivated economists in governments facing capacity problems. Fellows become line employees within the civil service making this a highly flexible form of technical assistance. As Head of the Fellowship Scheme, I wrote of the programme recently (*The Financial Times*, 4 May 2006): 'We can afford to take only the best. Development, after decades in the doldrums, has become a youthful subject, and development economics is increasingly accessible and free of barriers'. Our scheme provides a wealth of opportunities for both Fellow and host, as two Fellows and one President outline (below and opposite).

MEET THE ODI FELLOW: DOMINIQUE PUTHOD



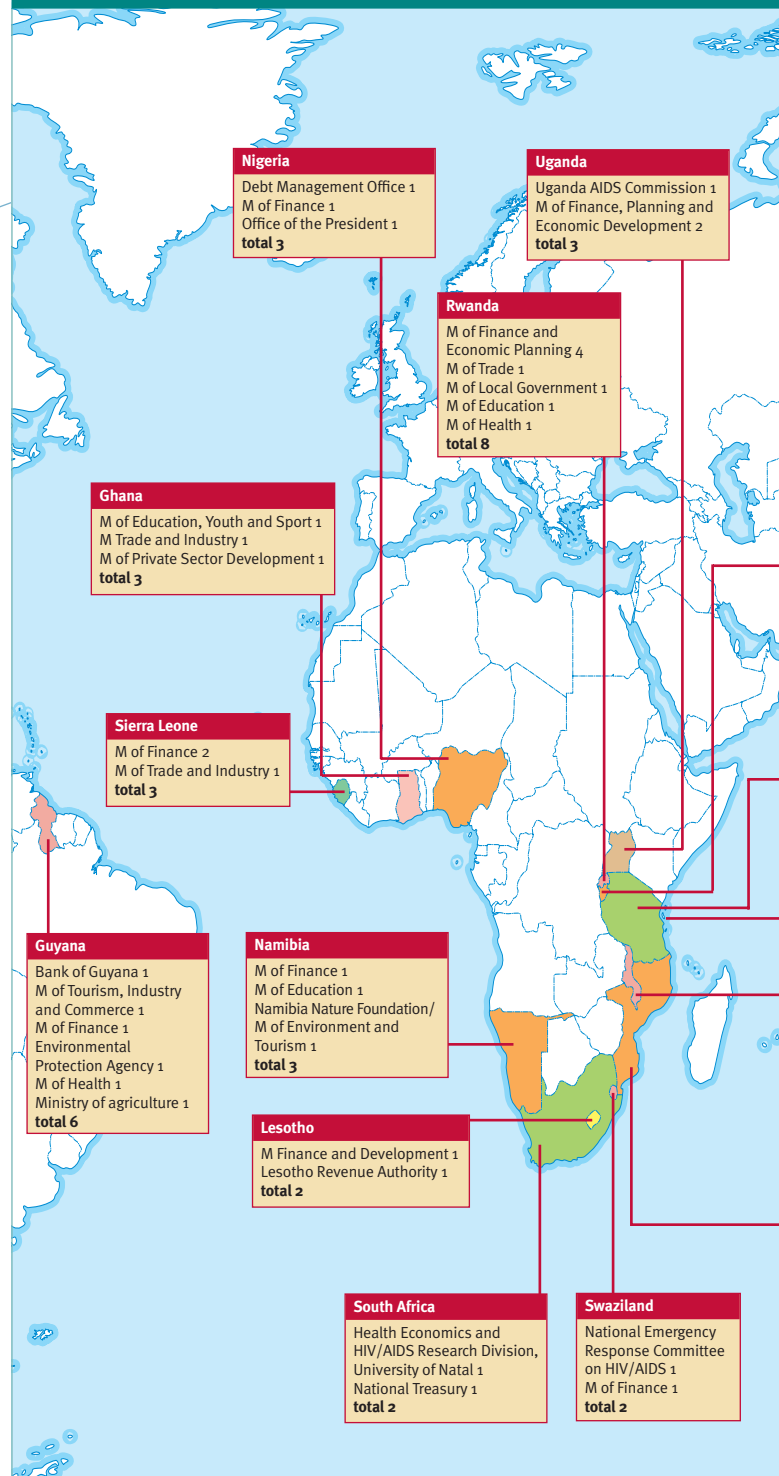
'The ODI Fellowship in Burundi has been an amazing experience, which has brought much to me, both professionally and personally. I was able to apply my academic experience to the practical situation and find out more about constraints in development. I met extraordinary people working in the public service of developing countries who really believed in what they were doing. In addition to learning from my colleagues I have been able to help make a difference at the planning ministry.'

'However, my most valuable experience has been to learn more about myself and what I like, the difference between what is important and what is not important. I have broadened my horizons. In addition to the Fellowship, I had the opportunity to try new initiatives in Burundi: teaching at the university, becoming an armed ranger in their national parks, even going crocodile hunting in Lake Tanganyika!

'I am now working for the European Commission in the Central African Republic as a 'Young Professional'. I had many job offers after the Fellowship in the private or public sector as the Scheme is very well respected. ODI Fellows have a strong reputation and my background makes it a lot easier when dealing with donors or academics. I now also have a very good network of interesting and dedicated people and I am glad I can count many Fellowship alumni as my friends. I'd like to add that the ODI team in London has always been very supportive and professional with me. It was really great working with them.'

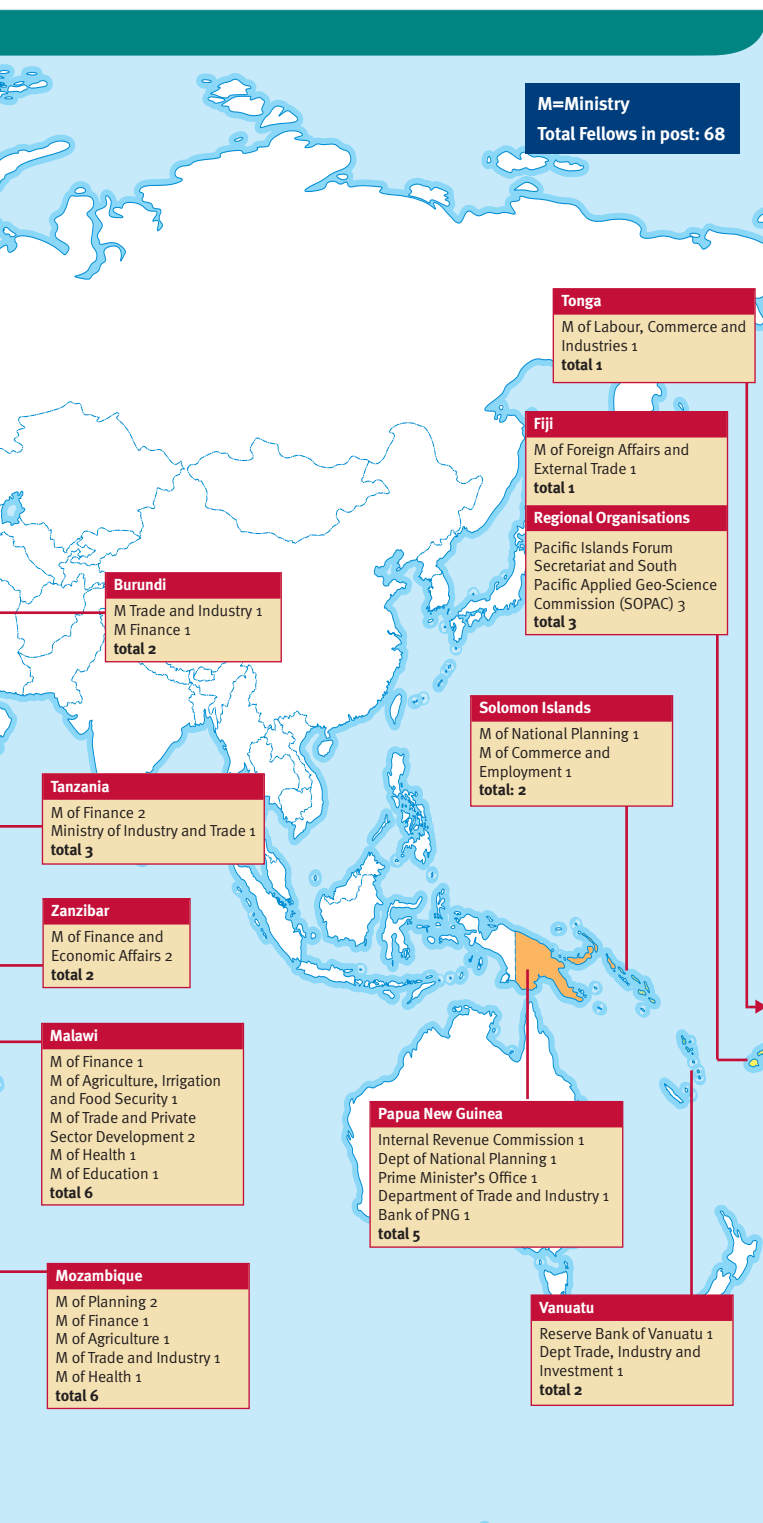
'In the future, I would like to create some small companies across Africa that would tackle local markets and would employ the brilliant young people I have known in Africa. I really believe in the private sector and small projects.'

FELLOWS IN POST MARCH 2006



'I thank the UK's Overseas Development Institute, which for many years has provided our Ministries with high-quality economists.'

President Jagdeo of Guyana, 17 June 2005



MEET THE ODI FELLOW: ALICE CLARKE



'In October 2005 I began my ODI Fellowship in Malawi with the Ministry of Commerce and Industry, later renamed the Ministry of Trade and Private Sector Development. I sat in an office a couple of doors down from the Ministry's sole internet connection at the time.

My principal role was to provide assistance on international trade issues particularly related to the World Trade Organization.

'My experiences as an ODI Fellow completely surpassed my expectations. It was enlightening, rewarding and fun! Not that I turned around Malawi's declining trade balance by my influence on policy, but because I was accepted by my colleagues as a true team member. The ability to work on a one-to-one level with recipients of technical assistance is unique to the ODI Fellowship Scheme.

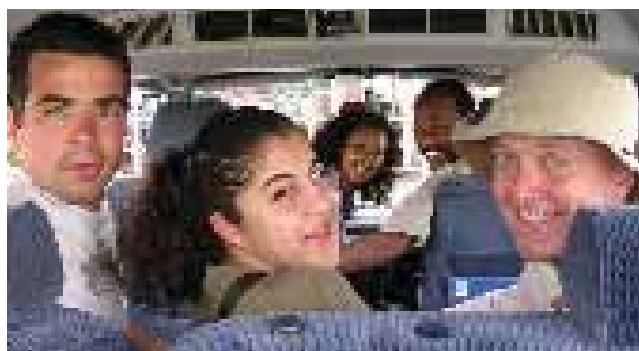
'There are no preconceptions that an ODI Fellow is intended to know more than local experts and hence be drivers of policy change, quite the contrary — we are supposed to supplement and reinforce local expertise and ensure that policy is informed by realities on the ground. This is where ODI Fellows become invaluable to their hosts. We are able to bridge the gap between donors and the recipient governments.

'Being an ODI Fellow enabled me to capture the true essence and the many dimensions of development — it is not purely about theory, but how that theory is understood and owned by drivers of change in developing countries.

'Consequently, the three key things the Fellowship post taught me about trying to influence or change policy is that development practitioners must be prepared to:

- 1) Listen
- 2) Observe and
- 3) Compromise

'I currently work as an economist for Arup on regeneration and development issues in the north of England. There is no doubt the Fellowship helped me get this job as it exhibited my ability to work across cultures to produce results.'



Have ODI Fellowship, will travel — economists hit the road.

Research staff

To contact staff please either go through the Switchboard (number on back page), or for media enquiries contact the press office (numbers and contact details are provided on the inside front cover).

RF = Research Fellow RO = Research Officer

◀ Left during the year

▶ Joined during the year

Edward Anderson RO

Inequality, poverty and growth; the effects of trade on poverty and inequality; aid allocation.



Kate Bird RF

Poverty, chronic poverty and intergenerationally transmitted poverty; pro-poor growth and rural enterprise; policy reform; project, programme and policy evaluation and innovation.

Neil Bird RF

Forests and poverty reduction; sector policy processes; forest governance; forest management standards.

David Booth RF

Institutional issues in development and aid policy; aid modalities and the national policy process.



▶ Tim Braunholtz RO

Chronic poverty; discrimination, exclusion and incorporation; corruption, conflict and the state; political economy of natural resources.

David Brown RF

Governance and social development; institutional aspects of environmental management; forests, poverty and development policy.

▶ Simon Burall RF

Aid architecture reform; aid effectiveness; harmonisation and alignment; UN reform; role of civil society and parliaments in aid architecture reform.

▶ Kent Buse RF

Health policy; management of the political dimensions of policy reform; public-private partnership; governance; aid policy architecture; HIV/AIDS.

▶ Lidia Cabral RO

Public sector policy processes and links with poverty reduction strategies; public finance and budgetary systems; sectoral expenditure reviews; aid modalities.

▶ Massimiliano Cali RO

Economic geography, trade and development; spatial inequalities in developing countries; agricultural economics; Latin America and South Asia.

▶ Diana Cammack RF

Politics of aid; neopatrimonialism, development and governance; national political economic analysis; the politics of reform; human rights and development.

Robert Chapman RO

Natural resource management; agricultural research and extension; communication for development.



Naved Chowdhury RO

Rural livelihoods; partnerships and capacity building; natural resources management and sustainable development.

Karin Christiansen RF

Aid effectiveness, donor behaviour, harmonisation and alignment agenda; public finance and links to poverty reduction strategies and national policy

processes; post-conflict and fragile states.

◀ Lin Cotterell RO

Complex emergencies; international politics; humanitarian aid architecture.

Julius Court RF

Civil society; evidence and policy processes; governance, aid and development; capacity-building.

◀ Elizabeth Cromwell RF

Poverty reduction strategies; governance; civil society political empowerment; human rights.

◀ Zaza Curran RO

Poverty reduction strategies; governance; civil society political empowerment; human rights.

James Darcy RF

Humanitarian principles; protection of civilians and refugees; human rights and humanitarian law; needs assessment; food security, operational management.



Paolo de Renzio RF

Public financial management, aid policies; aid effectiveness, public sector management and reform, decentralisation.

Priya Deshingkar RF — based in Hyderabad

Internal migration, remittances, rural labour markets; agriculture and rural-urban links.



Ruth Driscoll RF

Poverty reduction strategies; donor behaviour; social development.

◀ Sonia Fagnas RO

Econometric and policy modelling; growth; macroeconomic stabilisation; aid allocation and the fiscal impacts of aid.

John Farrington RF

Social protection; livelihood diversification; policy processes; Asia 2015.

▶ Marta Foresti RF

Human rights and development; accountability and governance; social exclusion and inequality; implementation and feasibility of economic, social and cultural rights; social research methodology.



Verena Fritz RF

Governance and state capacity; political economy approaches to development; public sector reforms; institutional change; post-Soviet countries.

◀ Ian Gillson RF

Trade in services with and among developing countries; GATS; tariff preferences; political economy approaches to development.

Ursula Grant RO

Poverty analysis and poverty dynamics; urban poverty; responsive policy and policy processes; participation and local governance.

▶ Sue Graves RF

Donor policy; whole-of-government approaches; transitional programming; aid architecture; Asia-Pacific.

Sven Grimm RF

European Union; European foreign and development policy; regional integration; Africa; governance.

Adele Harmer RF — based in New York

Humanitarian aid architecture; humanitarian donorship; emerging non-DAC humanitarian donors; aid policy in protracted crises; security of

aid operations.

▶ Caroline Harper RF

Chronic poverty; childhood poverty and intergenerational poverty transfers; social development.

▶ David Harrison RF

Tourism as a development tool, including pro-poor tourism strategies; corporate social responsibility in tourism; less developed countries and regions.

Paul Harvey RF

Humanitarian programming and operations; AIDS and humanitarian action; complex political emergencies; food and livelihood security in emergencies; impact analysis.

Adrian Hewitt RF

European development policy; foreign aid; international trade; commodities; the WTO; global public goods; development strategy; Africa and the Caribbean.

Ingie Hovland RO

Communication; ethnography of organisations; religion and development.

John Howell RF — based in Pretoria

Agricultural commodity markets; land reform in Southern Africa; SADC trade facilitation.

▶ Alan Hudson RF

Global governance; international development policy and policy processes; policy coherence for development; accountability and governance; research-policy interface.

▶ Phil Johnston RO

Transport and infrastructure in South Africa; regional integration in Southern Africa.



▶ Zainab Kizilbash RO

Public expenditure management at sector level; education financing; aid modalities and aid management.

◀ Nambusi Kyegombe RO

Health; poverty and poverty analysis; chronic poverty; intra-household dynamics; vulnerability and social protection.

▶ Andrew Lawson RF

Public finance management; public sector reform; general budget support and aid policy evaluations; medium-term expenditure frameworks.

Cokro Leksono RO

Rural development; governance; decentralisation; privatisation of rural services; Asia.

▶ Stephanie Levy RF

Pro-poor growth; public investment; private investment; micro-finance; credit market segmentation; Dutch Disease and resource boom; agricultural policies.

Clare Lockhart RF

State-building; governance and institution-strengthening; institutional and organisational analysis; public expenditure management; judicial reform.

Kate Longley RF — based in Nairobi

Seed security and agricultural rehabilitation; rural livelihoods in chronic conflict; crop diversity; food security; strengthening markets; needs assessment.

▶ Eva Ludi RF

Natural resource management; rural livelihoods; environment; agro-commodities; private sector in rural development; environmental conflicts; Horn of Africa.

JOHN ROBERTS (DECEMBER 1943 - SEPTEMBER 2005)

Last year brought the sad news of the death of ODI Research Fellow John Roberts, Director of the DFID-funded Economics and Statistics Analysis Unit (from 2003). He had previously run the Centre for Aid and Public Expenditure (2002-2003), also based at ODI. John joined ODI after a distinguished career with DFID/ODA, where he had worked as an economic adviser for 35 years. He was widely respected within the development community as an outstanding economist. John fell to his death whilst on a walking holiday in the Italian Alps. He is missed by colleagues, both personally and professionally.



Cecilia Luttrell RF

Governance and natural resources; vulnerability and livelihood analysis; forest and CPR management; resource rights.

Simon Maxwell (Director)

Development theory and policy; poverty; food security; economic, social and cultural rights; aid; policy processes.

◀ Andy McKay RF

Poverty reduction strategies; governance; civil society political empowerment; human rights.



Enrique Mendizabal RO

Networks; social technologies for development; bridging research and policy; capacity development; vulnerable groups; Latin America.

▶ Jonathan Mitchell RF

Local economic development; regional economic integration; pro-poor tourism strategies; economic and policy analysis; Southern Africa.

▶ Thomas Muller RF

Humanitarian coordination; advocacy and communication; Afghanistan.

Alan Nicol RF

Social, institutional and political dimensions of water resources management and water supply development at all levels.



▶ Sorcha O'Callaghan RO

Protection of civilians; community-based monitoring; Sudan.

Tammie O'Neil RO

Rights-based approaches to development; political accountability; institution-building; democratic governance; neopatrimonialism.



▶ Sara Pantuliano RF

Programming in crises; conflict and post-conflict; livelihoods security in emergencies; pastoral livelihoods; rural-urban linkages; land tenure; Africa.



▶ Lauren Phillips RF

Financial market performance, capital flows and financial crises; reform of international institutions; perceptions of political risk; Latin America.

◀ Laure-Hélène Piron RF

Governance; politics; civil society; conflict; security and access to justice; human rights.

Ben Ramalingam RO

Organisational learning; strategy development; networks and communities of practice; knowledge management and IT systems; humanitarian practice.

▶ Alina Rocha Menocal RO

Developmental states; international aid system; democratic governance; institution-building; accountability; decentralisation; social policy.

Andrew Rogerson RF

The international aid system; global public goods; financing for the MDGs; multilateral development institutions; European Union aid policies.

▶ Fiona Samuels RF

HIV/AIDS; livelihoods; food security; stigma and discrimination; social capital.

▶ Kevin Savage RO

Water and sanitation; cash assistance programming; humanitarian programming; the delivery, impact and evaluation of humanitarian assistance.

▶ Kay Sharp RF

Rural livelihoods; food security; diversification; social protection; rural labour markets; rural-urban linkages and small-town development; targeting.

Andrew Shepherd RF

Poverty reduction policies and poverty analysis; Africa; South Asia; policy and programme evaluation; rural development; aid management.



Rachel Slater RF

Agricultural growth and social protection; food security and food policy; Africa and South Asia.

Tom Slaymaker RF

Water policy and poverty reduction, sector governance and service delivery in difficult environments, Africa and Asia.

▶ Chris Stevens RF

Trade policy; Economic Partnership Agreements; trade in services; special and differential treatment for developing countries; rules of origin; sanitary and phytosanitary rules; food security.

Dirk Willem te Velde RF

Investment and growth; foreign direct investment; trade in services; WTO, regional integration and impact assessments; public goods; Africa and the Caribbean.

▶ Nicholas Waddell RO

Economic agendas in conflict; HIV/AIDS; development and security.

Michael Warner RF

Transaction chain analysis; value chain analysis; management of revenues and procurement in extractive industries sector; tri-sector partnerships.

◀ Debbie Warrener RO

Japan-UK dialogue on aid policy; role of civil society in the policy process; bridging research and policy.

Katharina Welle RO

Social, institutional, financial and policy aspects of water supply and sanitation in rural and peri-urban environments.

Adrian Wells RO

Environmental governance; law and poverty; natural resources policy, poverty and decentralisation; multilateral environmental agreements.



Victoria Wheeler RO

Aid architecture; humanitarian protection; donor government policy; contemporary security issues; civil-military relations.

Steve Wiggins RF

Rural livelihoods and the non-farm economy; rural-urban linkages; governance, environment; Latin America and Africa; food security.

John Young RF

Rural services; information and IT; knowledge management and learning; research-policy interface; capacity-building; partnerships; Asia and Africa.

Research Associates

Caroline Ashley

Pro-poor tourism strategies; rural livelihoods; influencing business behaviour; community-private partnerships; Southern and Eastern Africa.

Edward Clay

Economic and financial aspects of natural disasters; food and nutrition policy, especially food aid and food security.

Tony Killick

Economics of aid; aid effectiveness; World Bank and International Monetary Fund; debt, PRSPs and conditionality; African economic problems; poverty.

Caroline Moser

Conflict and violence; gender; livelihoods; human rights perspectives; security; empowerment; participation; poverty reduction.

Peter Newborne

Legal and institutional aspects of water policy and management; civil society participation in water planning and management.

Sheila Page

International and regional trade; the WTO; comparative trade and development performance; Aid for Trade; foreign investment; tourism; Southern Africa and Latin America.

Gill Shepherd

International forest and environment policy; forests and poverty; application of the ecosystem approach; Asia and Africa.

Kate Schreckenberg

Conservation through use of trees on farms; non-timber forest products; participatory inventory and biodiversity conservation; international tropical forest policy.

◀ Robert Tripp

Agricultural research and extension; seed systems; natural resource management.

Journals

ODI's international, peer-reviewed journals have continued to make important contributions to the development and humanitarian literature throughout 2005/06. As indispensable tools for researchers and policy-makers alike, the journals publish single articles and themed issues on topics at the forefront of current international debate. Both titles are published in association with Blackwell Publishing.

DEVELOPMENT POLICY REVIEW

The crucial link between research and policy



Informed, rigorous and multidisciplinary, throughout 2005/06 *Development Policy Review* (DPR) has published high-quality research on poverty-reduction strategies, inequality and social exclusion, sustainable livelihoods, globalisation in trade and finance and the reform of global governance.

DPR's success over the last year in attracting the most up-to-the-minute research and expert contributors, such as the former Administrator of USAID Andrew Natsios, has been rewarded by substantial increases in readership. Natsios's *Five debates on international development: The US perspective* (based on his ODI/APGOOD speech) has received more than 4,600 article downloads since its publication in March 2006, compared with 2,450 for the most popular article in 2004/05, and has contributed to an overall increase in article downloads of more than 79%. Article downloads exceeded 44,400 during 2005/06 and total subscriptions for institutional, consortia and individual membership to the journal increased by 52% on the previous year. *Development Policy Review's* contribution to, and value within, international development research is also reflected in its acceptance into the ISI Social Science Citation Index, beginning with volume 24 (1) 2006.

To help contend with the continued success of the journal, DPR has expanded its editorial team and network of advisors. The journal's former Co-editors are now joined by an enlarged Editorial Board, including more ODI Researchers, who also welcome a new International Editorial Advisory Board of well-known specialists working across the fields of policy and research.

DPR is edited by David Booth.

Print ISSN: 0950-6764

Online ISSN: 1467-7679

Six issues per year

2007 annual subscription rates:

Personal: £43, IDS, SID and DSA members: £32

Students: £28, Institutional (premium rate): £355

DPR is available free or at a subsidised rate through AGORA.

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DISASTERS

The journal of disaster studies, policy and management



Disasters is a major, peer-reviewed quarterly journal reporting on all aspects of disaster studies, policy and management. It aims to provide a forum for high-quality research and practice related to natural disasters and complex political emergencies around the world.

Disasters has been growing rapidly in recent years, both in terms of the numbers of articles being submitted to the journal and its readership. In 2005, the number of articles submitted climbed by over 100%, and article downloads increased by 61%, to over 39,500. This increased awareness of and access to the journal is reflected in the total subscriptions for institutional, consortia and individual membership, which increased by 45%. *Disasters* is also available through the AGORA and HINARI schemes, enabling libraries and other institutions in countries with GNP per capita of less than US\$3,000 to receive access for free or a nominal fee.

Two Special Issues were published in 2005, one on climate change and disasters, and the other on food security in complex emergencies, which was an additional fifth issue sponsored by FAO. Other article highlights include *Food security in protracted crises: Building more effective policy frameworks* by Margarita Flores, Yasmeen Khwaja and Philip White, and *Famine intensity and magnitude scales: A proposal for an instrumental definition of famine* by Paul Howe and Stephen Devereux.

Disasters is edited by Paul Harvey, Helen Young and David Alexander.

Print ISSN: 0361-3666

Online ISSN: 1467-7717

Four issues per year

ISI Journal Citation Reports® Ranking: 2004: 25/38 (Planning & Development)

Impact Factor: 0.533

2007 annual subscription rates:

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ALNAP, SCN, ESRC and ENN members: £41

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Recent and best-selling publications

CHRONIC POVERTY AND DEVELOPMENT POLICY IN INDIA



Aasha Kapur Mehta and Andrew Shepherd (eds)

This book provides an analysis of poverty reduction policies from a chronic poverty perspective. Using quantitative and qualitative data, the volume offers an account of the major causes and consequences of chronic poverty. Also explored are: the

phenomenon of chronic poverty among rural casual labourers; the effect of involuntary displacement and relocation; the opportunities afforded by technology for empowerment; and possible ways and means to strengthen existing safety nets for the vulnerable.

(Sage Publications)

408pp, 2006, £35.00, ISBN 0 7619 3464 2

AID AND TRADE: PARTNERS OR RIVALS IN DEVELOPMENT POLICY



Sheila Page (ed.)

This book analyses the current understanding of how trade and aid work, and then examines a range of specific examples of how one has been used to support the other and how both developed countries and developing countries have found difficulty in reconciling the different approaches.

Some of the worst apparent conflicts come from badly designed aid or trade policies, not from intrinsic inconsistency, and there is evidence that aid can be used to assist in trading more effectively than it has been in recent years, and that the resulting trade may be 'good for development'.

(Cameron May)

2006, ODI special discounted price £75.00 (full price £125.00), ISBN 1905017189

HUMAN RIGHTS AND POVERTY REDUCTION: REALITIES, CONTROVERSIES AND STRATEGIES



Tammie O'Neil (ed.)

This meeting series provided an opportunity for interdisciplinary dialogue between those working in the human rights, development and humanitarian fields. The series addressed conceptual issues relating to human rights and development and also examined some of the practical

issues involved in utilising a rights perspective through a focus on specific sectors or contexts. This publication brings together summaries, edited transcripts and background papers from each meeting, along with an overview of the series.

148pp, 2006, £14.95, ISBN 0 85003 801 4

POLICY WINDOWS AND LIVELIHOOD FUTURES: PROSPECTS FOR POVERTY REDUCTION IN RURAL INDIA



John Farrington, Priya Deshingkar, Craig Johnson and Daniel Start

This book focuses on economic and political reforms in India in the context of rural markets, differing patterns of agro-ecological endowments, and socio-cultural relations. It identifies how well development interventions have removed constraints and allowed for

opportunities in rural India.

(Oxford University Press, India)

512pp, 2006, £19.99, ISBN 0 19567525 8

POLICY ENGAGEMENT: HOW CIVIL SOCIETY CAN BE MORE EFFECTIVE



Julius Court, Enrique Mendizabal, David Osborne and John Young

Civil Society Organisations (CSOs) could have a greater impact on policy processes in developing countries. This report shows why and how better use of evidence by CSOs is part of the solution to increasing the policy influence and pro-poor impact of their work. The report

includes strategic guidance and practical approaches regarding how CSOs can ensure their policy engagement is more effective, influential and sustained.

56pp, 2006, £15.00, ISBN 0 85003 814 6

OPERATIONAL SECURITY MANAGEMENT IN VIOLENT ENVIRONMENTS



Koenraad van Brabant

This HPN *Good Practice Review* offers a systematic step-by-step approach to security management, from context analysis and threat and risk assessment, to security strategy choice and security planning. Humanitarian Practice Network (HPN)

Best seller!

Good Practice Review 8

2000, £10.00, ISBN 0 85003 457 4

Acronyms

ACP Africa, Caribbean and the Pacific	HPN Humanitarian Practice Network (at ODI)
AGORA Access to Global Online Research in Agriculture	IDRC International Development Research Centre
ALNAP Active Learning Network for Accountability and Performance in Humanitarian Action	IDS Institute of Development Studies
AIDS Acquired Immuno-Deficiency Syndrome	IFF International Finance Facility
APGOOD All-Party Parliamentary Group on Overseas Development	IMF International Monetary Fund
AU African Union	ILO International Labour Organisation
AusAID The Australian Government's Overseas Aid Programme	IT Information Technology
CAADP Comprehensive Africa Agriculture Development Programme	KM4DEV Knowledge Management for Development
CAPE Centre for Aid and Public Expenditure (at ODI)	LDC Least Developed Countries
CARIFORUM The Caribbean Forum of ACP States	MDGs Millennium Development Goals
CIDA Canadian International Development Agency	MFA Ministry of Foreign Affairs
CNSR Centre National de la Recherche Scientifique	MP Member of Parliament
COMESA Common Market for Eastern and Southern Africa	NBI Nile Basin Initiative
CPR Common Pool Resources	NEPAD New Partnership for Africa's Development
CPRC Chronic Poverty Research Centre	NGO Non-Governmental Organisation
CSO Civil Society Organisation	OCHA Office Co-ordination of Humanitarian Affairs (UN)
DAC Development Assistance Committee of the OECD	ODA UK Overseas Development Assistance (now DFID)
DFID UK Department for International Development	OECD Organisation for Economic Cooperation and Development
EC European Commission	PROFOR World Bank's Programme on Forests
EPAs Economic Partnership Agreements	PRSP Poverty Reduction Strategy Paper
ESAU Economic and Statistics Analysis Unit (at ODI)	PSA Public Service Agreement
ESRC Economic and Social Research Council	PSP Private Sector Participation
EU European Union	RAPID Research and Policy in Development Group (at ODI)
FAO Food and Agriculture Organization of the United Nations	RIA Rights in Action (at ODI)
FCO Foreign and Commonwealth Office	SADC Southern African Development Committee
FDI Foreign Direct Investment	SCN United Nations System Standing Committee on Nutrition
FLEGT European Union Forest Law Enforcement Governance and Trade	SDA Service Delivery Agreement
FOFA Forum on the Future of Aid	SID Society for International Development
G7/8 Group of seven/eight leading industrialised nations	SWAP Sector-Wide Approaches
G24 Intergovernmental Group of 24 on International Monetary Affairs and Development	SPA Strategic Partnership for Africa
GATS General Agreement on Trade in Services	UN United Nations
GDP Gross Domestic Product	UNAIDS Joint United Nations Programme on HIV/AIDS
GNP Gross National Product	UNCTAD United Nations Conference on Trade and Development
GWP Global Water Partnership	UNDP United Nations Development Programme
HINARI Health InterNetwork Access to Research Initiatives	UNFCCC United Nations Framework Convention on Climate Change
HIPC Highly Indebted Poor Countries	UNHCR United Nations High Commissioner for Refugees
HIV Human Immuno-Deficiency Virus	USAID US Agency for International Development
HPG Humanitarian Policy Group (at ODI)	VIDC Vienna Institute for Development Cooperation
	VERIFOR Options for Forest Verification Programme (at ODI)
	WFP World Food Programme
	WTO World Trade Organization

Sign up for ODI's E-newsletter

Keep up to date with ODI research, events and publications

ODI's monthly electronic newsletter shares the latest information on work at the Institute. It provides links to key publications and meeting summaries with audio; it also supplies details of upcoming activities, offers blogs, opinions and news of the latest networks and portals (resources grouped around a topical theme). We always endeavour to link outputs to key events in the development calendar, so the newsletter is a concise way of keeping track of global events.

Sign up online at: www.odi.org.uk/newsletter

Or contact us at:

ODI Newsletter List, Overseas Development Institute
111 Westminster Bridge Road, London SE1 7JD, UK
Email: newsletter@odi.org.uk

'Thank you for updates which have helped in keeping abreast with research in other sectors and policy development of other countries.'

Banuve Kaumaitotoya,
Director of Tourism, Department of Tourism,
Ministry of Tourism and Transport of the Republic of the Fiji
Islands, Fiji

'Many thanks for conveying such valuable information and resources.'

Philippe de Leener, Faculté ouverte de politique économique et sociale, Université catholique de Louvain, Belgium

'I just wanted to let you know how useful this newsletter is, and the information easily accessible by "clicking". Thanks!'

Roger C. Riddell, Non-Executive Director, Oxford Policy Management

Contacts and credits



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London SE1 7JD
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Bookshop: publications@odi.org.uk

Getting to ODI

The offices are located on the south side of Westminster Bridge Road, close to its junction with Kennington Road.

Underground Lambeth North, Bakerloo line, one minute from the office. Exit the station into Westminster Bridge Road, turn right up Westminster Bridge Road and 111 is on the left side of the road.

Waterloo station (mainline, international and underground) is five minutes from the office: Leave by Waterloo Road exit. Turn right, walk down Waterloo Road and turn right into Lower Marsh. Walk to the end and turn left into Westminster Bridge Road.

Credits

Annual Report Editor: Kirsty Cockburn, ODI Head of Communications

Design: Clifford Singer, Edition

Sub-editors: Ingie Hovland and Matthew Foley

Print production: Pippa Leask



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Fundación Carolina
Government of the Federal Republic of Germany
Harvest Help UK
Institute for Development Policy and Management, University of Manchester (IDPM)
Institute of Development Studies (IDS), University of Sussex
Intercooperation
Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24)
International Business Leaders Forum (IBLF)
International Committee of the Red Cross (ICRC)
International Development Research Centre (IDRC)
International Federation of Red Cross and Red Crescent Societies (IFRC)
International Finance Corporation (IFC)
International Fund for Agricultural Development (IFAD)
International Institute for Environment and Development (IIED)
International Lawyers and Economists Against Poverty (ILEAP)
International Livestock Research Institute (ILRI)
International Rescue committee (IRC)
Irish Aid, Department of Foreign Affairs, Ireland
Japan International Cooperation Agency (JICA)
Merck Foundation
Mercy Corps
Ministry of Foreign Affairs, Switzerland
National Audit Office
Netherlands Ministry of Foreign Affairs
Network Organisation for Research and Development (NORAD)
Norwegian Agency for Development Cooperation (NORAD)
Norwegian People's Aid
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Shell International
Shell Nigeria
Society for International Development (SID)
Swiss Agency for Development and Cooperation (SDC)
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United Nations Children's Fund (UNICEF)
United Nations Conference on Trade and Development (UNCTAD)
United Nations Industrial Development Organisation (UNIDO)
United Nations Office for the Coordination of Humanitarian Affairs (OCHA)
United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)
United States Agency for International Development (USAID)
University of East Anglia
Vienna Institute for Development Cooperation (VIDC)
WaterAid
World Bank
World Vision - International

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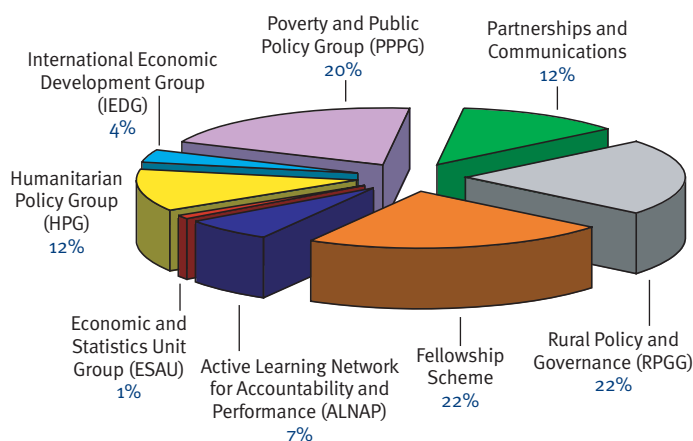
Balance Sheet Summary

	31 March 2006 £	31 March 2005 £
Fixed Assets		
Tangible Assets	196,428	253,910
Investments (Market Value)	1,596,426	1,369,889
	1,792,854	1,623,799
Current Assets		
Stocks	25,786	13,907
Debtors and Cash	3,095,607	3,095,276
	3,121,393	3,109,183
Current Liabilities		
Creditors and Accruals	(2,462,398)	(2,013,748)
Net Current Assets	658,995	1,095,435
Net Assets	2,451,849	2,719,234
Designated Funds	196,428	466,985
General Fund	2,255,421	2,252,249
Unrestricted Reserves	2,451,849	2,719,234

Income and Expenditure Account Summary

	2005/2006 £	2004/2005 £
Income		
Grants and project finance	9,353,459	8,498,007
Interest Income	1,116	1,662
Other Operating Income	101,333	156,882
Total Income	9,455,908	8,656,551
Expenditure		
Staff costs	4,234,212	3,545,183
Depreciation	57,482	66,435
Research Expenditure and direct costs	2,378,866	1,868,414
Other Operating expenses	1,058,626	966,418
Meetings, Conferences and Publications	450,263	368,512
Professional and Audit Fees	85,501	50,977
Fellowship Activities	1,684,880	1,406,719
Total Expenditure	9,949,830	8,272,658
Unrealised Investment Gains	226,537	138,709
Transfer from (to) designated funds	270,557	(170,640)
Surplus on general funds	3,172	351,962

ODI Income by Group Activity 2005/2006



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 28 September 2006.

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 the full annual financial statements and the auditors' report and the Trustees' Report on those accounts should be consulted. Copies of the full annual accounts may be obtained free of charge from the Institute.

The summarised financial statements do not constitute full financial statements within the meaning of the Companies Act 1985 and the Charities Act 1993. A copy of the statutory financial statements of the Institute, 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, Baroness Jay, 28 September 2006.

INDEPENDENT AUDITORS' STATEMENT

We have examined the summarised financial statements of the Overseas Development Institute for the year ended 31 March 2006.

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 2006.

Buzzacott, London, 28 September 2006.



Overseas Development
Institute



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