

Staying ahead of the crisis curve

As the storm clouds of the financial and economic crisis gathered in 2008, all eyes focused on the possible impact of recession in rich countries. But ODI highlighted the potential implications for the world's poorest countries early on. By October 2008 we had mapped out the transmission belts that were carrying the crisis to developing countries, and which countries would be hit by a crisis that was none of their making.

By November, we had an early calculation of the likely damage: a 25% fall in international financial flows to the developing world in the coming year. By January 2009 we were providing policy advice to European Union development ministers. By February we were suggesting a 'rainbow stimulus' for developing countries, combining three ideologies: the blue of market forces; green of environmental sustainability; and red of state interventionism.

ODI has examined the likely impact of the crisis on children in developing countries, on fragile states in Africa, on small economies, and on trade, private flows and remittances. We have gathered leading speakers at a series of public events. And we have outlined the opportunities presented by the crisis to change global governance: breathe new life into multilateralism; restructure the World Bank; have the EU act as one; and create a stronger role for the United Nations on crisis monitoring.

We stepped up the pace for the G-20 summit in London, producing our *Development Charter for the G-20* – a broad analysis by our leading experts on what the crisis means for development, plus policy solutions. The Charter reflected ODI consensus on the need for better monitoring of the impact of the crisis on the poor; opposition to protectionism; the need for an additional \$50 billion fiscal stimulus for Africa; a commitment to social protection; the need for 'green' growth; and governance reform to open the 'clubs' of the big economies to the developing world. Above all, it showed that every country, rich or poor, is interdependent. The Charter was welcomed by research peers worldwide, from the Centre for Policy Dialogue in Bangladesh, to the African Economic Research Consortium.

Meanwhile, ODI worked with more than 40 researchers in 10 developing countries to see how those countries would be hit by the crisis. The findings were stark: they would be hit harder than expected, and were already seeing falling trade, dwindling remittances and job losses. The Dutch, British, Swedish and Danish development agencies have drawn on the study for consultations with their embassies and offices in developing countries, as well as for development policy responses at home, and our work on the crisis has been highlighted by the world's most influential economic media. Without drawing breath, we prepared for the September 2009 G-20 in Pittsburgh, USA.

Drawn from ODI's Annual Report 2009, available from: www.odi.org.uk

'ODI's work on the financial crisis has been invaluable. Its scale has been ambitious, and its findings have proved informative for us all'

Douglas Alexander, Secretary of State for International Development, UK

The poor face even greater challenges as a result of the financial crisis.

