



Overseas Development  
Institute

# The global recession and Africa. Where next after the G-20 London summit?

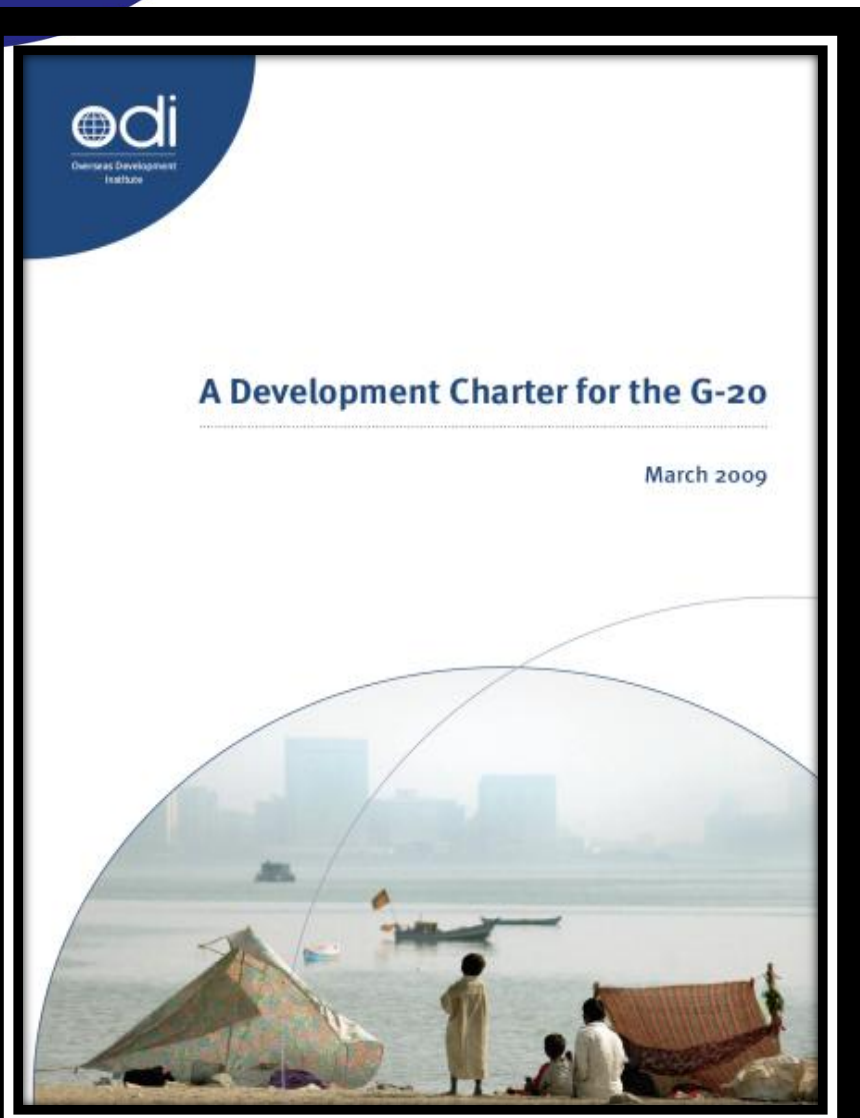
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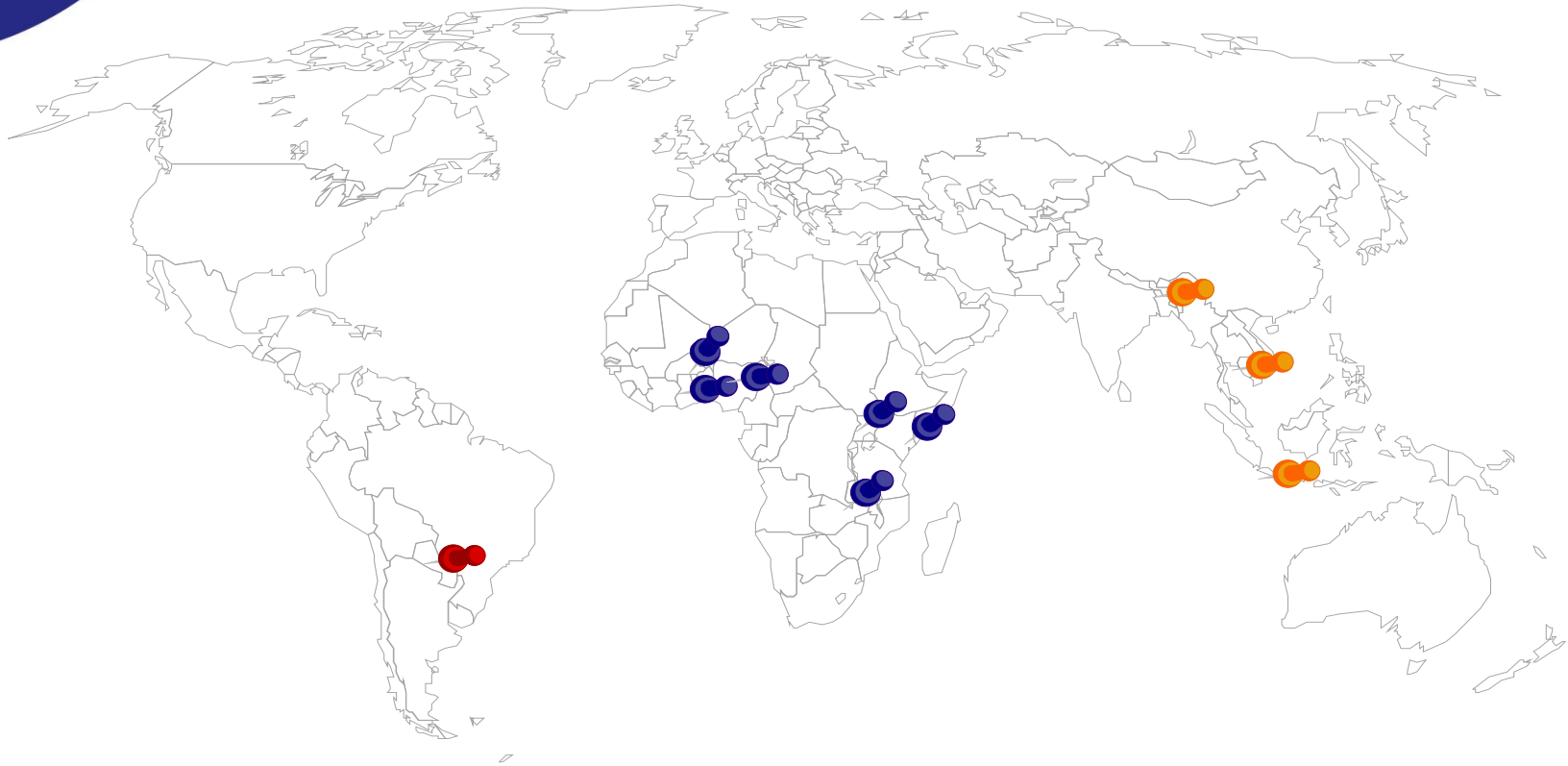
***ODI, London, 5 May 2009***

# ODI's Development Charter vs London G-20 outcomes & Africa



- Monitoring; **yes, UN**
- Financial regulation; **start**
- Fiscal stimulus; **US\$50 bn, but loans, SDR / MDB / IFC Trade Liquidity Pool / IMF lending capacity**
- Trade policy ; **talk vs reality**
- Migration: **?**
- Local institutions; **?**
- Aid level, quality, speed; **good on level and quotas, speed?**
- G-20 and IFI/ UN reform; **to see at Autumn IFI meetings**




# ODI monitoring study



**ODI project on the**

**THE GLOBAL FINANCIAL CRISIS AND  
DEVELOPING COUNTRIES**

**LEGEND**

-  Asia: Indonesia, Cambodia and Bangladesh
-  Latin America: Bolivia
-  Africa: Benin, Ghana, Nigeria, Uganda, Kenya, Zambia

# ODI's monitoring methodology

## Global shock

Unprecedented in decades

## National shock

(Same transmission belts, different effects:

Private capital flows, trade, remittances, aid)

## Macro – effects

(differs: growth, development and fiscal space )

## Policy responses

(range from pro-active to “business as usual”)

Short-term (economic and social), long-run (economic)

# Global recession and Africa

## Where next?

- ❑ What is the nature and extent of the shock?
- ❑ What are the possible policy responses? (Restoring growth, protecting the vulnerable, addressing market failures)
- ❑ Who are the possible actors?
- ❑ When can they act? AfDB annual meeting, G-8, UN HLC June, G-20 minfin, UNGA / G-20 leaders Sept, IFI meeting

# Africa's development strategies and global recession after the G-20 summit

<i>What if</i>	<b>Repeated economic shocks (food, fuel, financial)</b>	<b>Global financial crisis to stay for long</b>	<b>Climate change / carbon constrained world</b>	<b>Repeated security and health threats</b>	<b>Balance of Power shifted towards MICs</b>
<i>Policy responses by:</i>					
<b>African countries</b>	Macro economic policies to cushion shocks  Flexible institutions	Continue domestically-led growth (e.g. services)  Improve institutions (state - business relations)  Understand international engagement strategies	Adaptation, and exploit CDM and green opportunities  Mitigation and promoting growth can go hand-in-hand		New economics and governance challenges
<b>Multilateral institutions (UN agencies, IFIs, RDBs)</b>	Monitor effects continuously (UN)  Improve shock facilities (IFI, RDBs) with IFI reform	Rethink development models and advice  Address role of finance and poor in the new macroeconomics (DFIs, micro credit, stimulus) . Innovative finance, Aid for Trade	Mainstream green growth (adaptation and mitigation ) into financing and advice	Issues approach?	Include China in IFIs (voice and finance)
<b>Bilateral agencies</b>	Incentivise multilateral system  Fiscal stimulus / budget support	Incentivise multilateral system  Fiscal stimulus / budget support	Aid + support for environment	Issues approach?	Engage with MICs
<b>G-20 beyond aid policies</b>	Introduce shock absorbers in G-20 itself (e.g. Countercyclical rules)	Refrain from protectionism (labour, trade, financial)	Mitigation Finance adaptation	Policy coherence, peacekeeping	G-20 replaces G-8

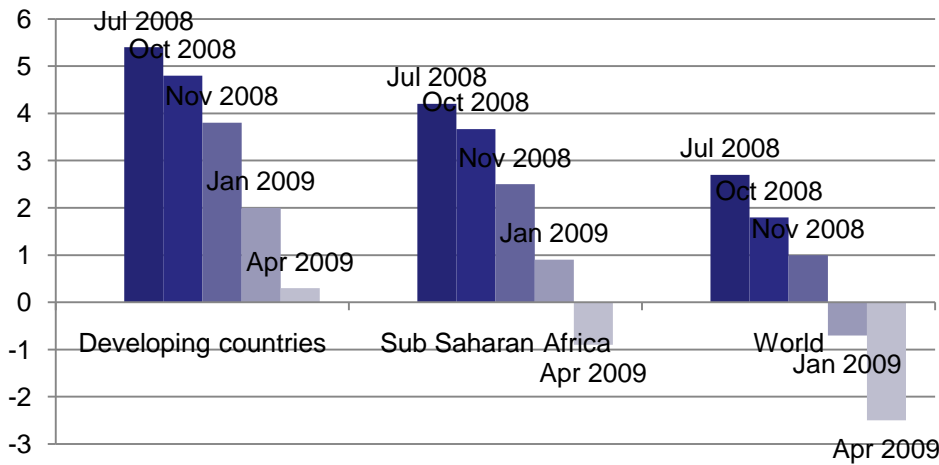
# Africa and the Global Recession:

## *Possible priorities after the G-20 London Summit?*

- ❑ AfDB May 2009 – capital replenishment needed (e.g. Speed up infrastructure funding)?
- ❑ EU GAERC- May 2009 to ensure EU helps Africa (e.g. EDF disbursements rules)
- ❑ UN HLC June 2009 – UN monitoring role // voice on development models (Stiglitz Committee?)
- ❑ G8 July 2009 - ODA levels, reporting commitments
- ❑ UNGA / G-20 leaders / min Sept 2009- review progress G-20 London
- ❑ IFI autumn 2009 - IFI shock facilities / reform (voice Africans?)
- ❑ ***Continuing top priority?***: Are African countries responding, or considering? Some are, but most are not. Why not?

# Building Back Better (BBB)?

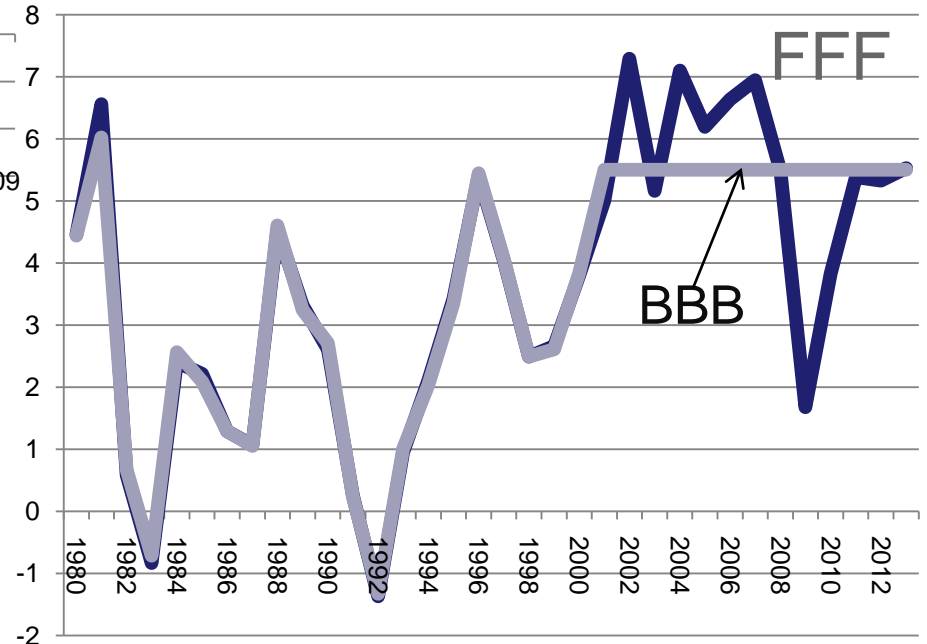
GDP per capita growth forecasts for 2009



Source: IMF and own

SSA real GDP growth rates (1980-2013)

FFF=outturn and forecasts  
BBB=estimate without FFF crises



# Thank you

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Monitoring the global financial crisis and policy implications in  
developing and developed countries



A Development Charter for the G-20

March 2009

