



iiied

30 years

International  
Institute for  
Environment and  
Development

International Institute for Environment and Development

## Annual Report 2001-02

30 Years of Making Sustainable Development Work





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# About iied

The International Institute for Environment and Development (IIED) is an independent, non-profit research institute working in the field of sustainable development. IIED aims to provide expertise and leadership in researching and achieving sustainable development at local, national, regional and global levels. In alliance with others we seek to help shape a future that ends global poverty and delivers and sustains efficient and equitable management of the world's natural resources.



### Past Chairs of the Board

Robert O. Anderson  
Roy Jenkins  
H E Abdlatif Y Al-Hamad  
Sir John Foster  
Dr. Garrett Fitzgerald  
Sir Crispen Tickell  
Sir Martin Holdgate  
Derek Osborn – 1999-present

### Past Presidents

Jack Raymond – 1971-1973  
Barbara Ward – 1973-1980  
William Clark – 1980-1984  
Brian Walker – 1985-1989

### Executive Directors

Richard Sandbrook – 1989-1999  
Nigel Cross – 1999-present



Barbara Ward  
IIED's President, 1973-1980

## during the 70s

# Back to the Future

## 30 years of IIED Milestones

- 1971** International Institute for Environmental Affairs (IIEA), forerunner to IIED, founded in the USA by Robert Anderson, CEO of Arco
- 1972** Barbara Ward and René Dubos write the critically acclaimed, *Only One Earth: Care and Maintenance of a Small Planet* for the UN Conference on the Human Environment in Stockholm, 1972
- 1973** Barbara Ward becomes President of the (renamed) International Institute for Environment and Development. David Runnalls, IIED's first employee and later Director (1981-88) of its Washington office, establishes IIED's London office
- 1975** IIED publishes *Critical Environmental Issues on the Law of the Sea*, addressing global pollution, deep seabed mining and fisheries management
- 1976** Earthscan is established within IIED as an independent news and information service
- 1976** IIED plays a central role in HABITAT, the first UN Conference on Human Settlements in Vancouver, Canada. Barbara Ward authors *The Home of Man*, the unofficial report for HABITAT
- 1977** Jorge Hardoy sets up IIED's Human Settlements Programme, which is formed by a network of Southern institutions
- 1978** IIED publishes *Banking on the Biosphere?* to reform the aid agenda towards sustainable development
- 1979** Barbara Ward authors *Progress for a Small Planet*
- 1979** IIED publishes *A Low-Energy Strategy for the UK*, the first report showing details of how energy demands can be delinked from economic growth
- 1979** IIED opens an office in Buenos Aires; later becomes IIED Latin America, an independent non-profit organisation



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# 30 years of IIED Milestones during the 80s

- 1984 Earthscan Sahel and Ethiopian tours draw media interest to the drought; later, with the founding of Band Aid, Bob Geldof invites IIED to become a member of its team of volunteer experts to advise on allocating funds
- 1985 IIED staff begin to draft sections of *Our Common Future* for the World Commission on Environment and Development
- 1986 IIED and the World Resources Institute (WRI) develop and publish the first *World Resources Report*
- 1986 The Sustainable Agriculture Programme is established by Gordon Conway; the first issue of *Rapid Rural Appraisal Notes*, later renamed *PLA Notes* (Participatory Learning and Action) is published
- 1987 IIED publishes *Our Common Future: A Reader's Guide*, referring to the report of the World Commission on Environment and Development (five IIED Board members were also WCED members)
- 1988 IIED's Washington DC office merges with WRI
- 1988 The Drylands programme launches *Haramata*, a newsletter linking French and English speaking parts of Africa; 39 editions of *Haramata* and 104 Issue papers have been published to date
- 1988 IIED publishes *No Timber Without Trees*, the first global review of the extent of sustainability in tropical forest management
- 1989 Earthscan publishes *Squatter Citizen*, the first of a series of IIED books on urban problems in the South
- 1989 *Environment and Urbanization* journal launched, setting new standards in terms of the proportion of Southern authors and distribution in the South
- 1989 IIED publishes *Blueprint for a Green Economy* and sets up what becomes the Environmental Economics Programme



"Only a few international NGOs deal on a broad basis with both environment and development issues...IIED has long specialised in these issues and pioneered the conceptual basis for the environment/ development relationship."  
Gro Harlem Brundtland, 1987

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# during the 90s to present...

- 1992 IIED is the recipient of the Blue Planet Prize by the Asahi Glass Foundation of Japan, for outstanding contributions to environmental policy and action
- 1992 IIED plays a key role in preparing for the Rio Earth Summit, providing input to Biodiversity and Forestry agreements; papers for the UNCED Secretariat, the WHO and UNICEF; co-organising, with *The Observer* and Volvo, a major NGO Forum, *What on Earth is to Be Done?*; and producing the book *Policies for a Small Planet*
- 1993 The Drylands Programme's main offices move to Dakar; and to Edinburgh 1996
- 1994 Primary Environmental Care conference brings together world's leading experts in community-based natural resource management
- 1994 IIED publishes *Whose Eden?* – a hard-hitting critique of those who benefit from wildlife conservation
- 1996 IIED publishes *Towards a Sustainable Paper Cycle*, a study on the global pulp and paper industry, for the World Business Council for Sustainable Development
- 1996 IIED authors *An Urbanizing World*, the official UN report for Habitat II, the second UN Conference on Human Settlements in Istanbul
- 1998 IIED launches *Managing Africa's Soils*, a forum for sharing experience with participatory soils management
- 1999 IIED publishes two major forestry books: *The Sustainable Forestry Handbook*, a practical guide, and *Policy That Works for Forests and People*, a multi-country analysis of how to put policy power in the hands of the right stakeholders
- 2000 IIED and 8 countries from the South complete a policy guidance on national strategies for sustainable development (nssd) for the OECD; and helps to draft guidelines for OECD nations' aid programmes on the urban environment
- 2000 IIED launches the Mining, Minerals and Sustainable Development (MMSD) Project, commissioned to publish a global report on mining and sustainable development by the World Business Council for Sustainable Development in April 2002
- 2000 Launched in Ouagadougou, *Making decentralisation work*, aims to strengthen decentralisation of decision making and natural resource management, opening up opportunities for policy dialogue in Burkina Faso, Mali, Niger and Senegal
- 2001 IIED becomes the coordinator of *Race to the Top*, a project benchmarking and tracking the social, environmental and ethical performance of UK supermarkets, catalysing changes within the UK agri-food sector and beyond
- 2001 IIED celebrates its 30th anniversary with an international workshop and conference in London on *Equity for a Small Planet*, November 12-13, 2001

"IIED has more than any other organization I know helped to prepare the way for the 1992 Earth Summit in Rio de Janeiro and is well placed to play a key role in its follow-up and implementation."  
Maurice Strong, Secretary General, UNCED, 1992



Donald Treford, (*The Observer*), Prince Charles, and former IIED Chair, Sir Crispin Tickell at IIED conference in 1992

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# Report from the Chair

## The future is now

**2000-2001 has been a year of solid achievement for IIED. It has maintained and strengthened its work in all its existing programme areas. It has also undertaken significant work in two new fields - a major study on sustainable development in the mining and minerals industry; and an extensive programme of work to support the preparations for the World Summit on Sustainable Development (WSSD) in Johannesburg in 2002.**

For the mining study an independent team was set up to undertake an immense programme of research, analysis and consultation in many parts of the world. The work has involved dialogue with the mining industry, with governments and non-governmental organisations and with many other bodies. Regional networks of collaborators have been built in four different continents. A good working relationship with sponsors from the mining industry and governments has not compromised IIED's core value of independence and its ability to follow the lines of analysis wherever they may lead. The report, to be published in March 2002, looks to be a crucial and seminal contribution to promoting sustainable development in one of the most critical and problematic industries of the world. We shall need to work hard in 2002 to try to ensure that its messages are taken up and followed through effectively.

Preparations for the Johannesburg Earth Summit have drawn IIED back to the international arena where it has played a key role since the first UN Conference on the Human Environment in Stockholm in 1972. The Summit has provided an opportunity for IIED to review the whole of its own experience and knowledge on sustainability and to draw these together in a series of integrated publications and events. We seek to combine insights from all parts of the world with IIED's unique wealth of experience in what has worked on the ground. The work towards 2002 is already playing a significant part in the international process, and is helping IIED to contribute to major international meetings in the run up to the Summit.



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Financially IIED has been able to secure a number of commitments to longer term funding which enable it to plan ahead more securely and to build core strengths as well as responding to particular project or programme requests as they arise. Overall income has grown from £5.6m to £7.7m and unrestricted general reserves are now at £729,000 or 11.5% of income before deferrals. This is good progress but still short of the 20% target the board has set as the minimum prudent level of reserves to support and protect programmes, projects and contractual obligations. I am pleased that, even with a major investment in information technology, the net cost of running IIED as a proportion of charitable expenditure is a very efficient 13.9%, well within the ceiling set by the Board of 15%.

We now have a well-documented business plan in place, which has set quantitative and qualitative targets for both the financial and social capital of IIED. The Board will review these targets annually.

Our Board itself was greatly strengthened last year by the addition of several members from the South. All of these members have had first-hand experience of IIED's work in developing countries, and at our first new style strategy conference they helped us to develop a rounded and well-balanced approach at Board level in the strategic advice and guidance we give to the executive team.

Over the year, much attention was rightly focused on IIED's 30th Anniversary and the international conference to celebrate this event in November 2001. This conference commemorates and celebrates the work of Barbara Ward and those who worked with her to get IIED off the ground and make the world take notice 30 years ago. It also provides the opportunity to set ourselves new goals and challenges for the 30 years ahead. There is much still to be done to achieve more sustainable development in the world. Given the high calibre and energy of our staff, the leadership of our Director, Nigel Cross, and the strong support of our broadly-based Board, IIED can look forward with confidence to playing a significant part in shaping a more sustainable future.

**Derek Osborn**  
Chair



# Report from the Executive Director

## Equity for a small planet

**IIED is thirty. Apart from celebrating our true grit, this birthday is a real milestone. Thirty years ago the International Institute of Environmental Affairs was founded in New York. A small privately funded think-tank, its first task was to prepare for the UN Conference on the Human Environment in Stockholm – the first international gathering to address global environmental issues.**

After the conference, one of its stars, the British writer and Professor of International Economic Development at Columbia University, New York, Barbara Ward, was invited to head up the Institute. She agreed on the condition that development agendas would be integral to its mission, and so IIEA became IIED with headquarters in London.

Barbara Ward's address to the Stockholm conference was an eloquent call for urgent action on a global scale. She pictured a planet 'unfit for life' – growth without conservation, consumption without renewal, irreversible pollution, ineradicable poverty. Man had just landed on the moon, and the view from space of our bright blue world underscored the vulnerability of the earth to human actions.

Since its inception, IIED - its Programmes, staff and collaborators have been at the forefront of research, debate and agenda setting. To mark its 30th anniversary, we have invited leading figures involved over this period to draw on their accumulated experience to reflect on the lessons learned and to chart the path for future policy areas. *Evidence for Hope: The Search for Sustainable Development*, to be published by Earthscan in 2002, offers an authoritative perspective on three decades of development and green debates as well as a lively history of a unique institution.

Thirty years on, as we approach the next World Summit on Sustainable Development we can only reflect that it has been uphill all the way. Despite a comparative avalanche of environment and development policies and initiatives, the planet seems to many to be more unfit than ever. So what has IIED been doing to make a difference, and where are we heading now?

*IIED has delivered authoritative analysis, weighty evidence and even passionate advocacy during three development decades when poverty, environmental damage and global insecurity have been ever present. Of course we can't claim to have saved the world, but there have been many small gains, incremental achievements and striking ideas that have helped to make a difference for the better.*

We have certainly tried hard. Working at every level, from local communities through government departments to international governmental organisations, IIED has delivered authoritative analysis, weighty evidence and even passionate advocacy during three development decades when poverty, environmental damage and global insecurity have been ever present. Of course we can't claim to have saved the world, but there have been many small gains, incremental achievements and striking ideas that have helped to make a difference for the better: in the management of natural resources, in community empowerment and participation, in stimulating energy conservation, in promoting sustainable agriculture, in improving human settlements, in greening economics and business, these are just a few areas where IIED has been active.

Where next? We recognise that IIED is no longer one of few but rather one of many – which is as it should be. And we take some credit for having pushed forward the sustainable development agenda, and helped to grow ideas into action. This is what we do best. We have marked this anniversary year by launching a new Climate Change programme which draws on work across the Institute in Forestry and Land Use, Drylands, Biodiversity. While Kyoto remains an aspiration, communities around the world have to grapple with the consequences of global warming. IIED's Climate Change programme is working with the most vulnerable Southern countries and communities, researching ways of adaptation, and supporting Southern concerns internationally.

Also this year we are consolidating our work on, and with, the private sector in a new Corporate Responsibility in Environment and Development programme which will build on work in forestry, mining, food, textiles under the overarching theme of trade and sustainable consumption. A related project is focusing on market-based incentives for better environmental management, and researching how markets evolve and impact on human welfare, most notably on the poor. Because market development often occurs outside government initiatives, this research should help policy makers design government interventions to ensure markets are equitable, and not just the creations of narrow, vested interests.

Equity is very much the theme for our anniversary year. Our anniversary conference – *Equity for a Small Planet* – focused on globalisation and its impact on livelihoods, especially among the poor and marginalised. We hope this meeting and its associated publications will help create debate and momentum about the content and desired outcomes of the World Summit on Sustainable Development, giving particular emphasis to Southern perspectives. Our current message, with more than a hint of urgency, is 'the future is now'. Thirty years after Stockholm, and ten years after Rio, it is a summit just in time.

Climate change, globalisation, the private sector, summitry – these may seem to be merely fashionable – but they provide real challenges for all that. Not the least of IIED's tasks is to provide new insights and clear, independent thinking on such critical issues. Independent, but not unengaged. We continue to believe that the best research, ideas and outcomes, grow out of strong partnerships and alliances and participatory and collaborative relationships. Many are described in this report. And we have completed a thorough participation review of IIED's programmes and published a code of conduct for our collaborative work. As Barbara Ward said thirty years ago – sustainable development is only possible when peoples and nations act together.

Since the tragedy following the terrorist attacks on the World Trade Center and the Pentagon in the US, we can only reaffirm that sustainable development will and must be the route to peace. Equity for a small planet is achievable.

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30 years

**Nigel Cross**  
Executive Director



# Programme Overview

## Engaging people in research and policy processes

In a world which swings between accepting new science as a basis for policy, and setting policy by hurried 'brainstorming' – in both of which elite groups are always winners – affected and marginalised groups must become able to engage in research and policy processes. They must be able to claim and use their own assets and knowledge for sustainable development; and external constructs and initiatives must be secondary. In the last year, IIED has:

- \* Begun developing a suite of 'Power Tools' to help weaker groups both to conduct policy analysis themselves, and to take its results into the corridors of power
- \* Worked in several countries to improve public participation in bio-prospecting policies
- \* Set up systems for local groups in the Sahel to monitor decentralisation and local governance
- \* Supported local networks on soil fertility, pastoral codes and innovative approaches to reducing urban poverty
- \* Brought local voices to international debate on national sustainable development strategies – so that these are now understood (including by the Organisation for Economic Co-operation and Development) as integrated local systems of participatory decision-making and innovation, rather than externally-driven plans
- \* Begun complementing work on 'greening' multi-national players with helping small enterprise – part of our aim to help Southern groups define 'responsible business' from their own perspectives
- \* Worked with ActionAid and the Institute of Development Studies in designing impartial surveys to facilitate citizens' juries in India on genetically modified organisms, to enable small farmers to express their opinions. The resources available for all this exploratory work constitute a minute but valuable fraction of our budget – something we aim to improve next year

### *IIED's overall strategic objectives:*

- 1. Promoting policies that work for both people and nature*
- 2. Supporting governance, institutional reforms and developing capacities for sustainable development*
- 3. Shaping markets for environmental services that assist the poor*
- 4. Encouraging responsible investment*
- 5. Developing sustainability assessment methods*
- 6. Promoting diversity and resilience in biological, livelihood and production systems*

*Local research and analytical capacities tend to be severely limited or ignored – yet IIED has shown how action-research and participatory analysis can offer the 'learning by doing' approach required for sustainable development.*

### Exploring new themes

In the long run, IIED will be judged on what we neglected to do, as much as on how well we did what we chose to do. Through internal work and external challenges, we are exploring new themes and developing our responses to them. To avoid institutional growth problems, we will rarely take on a new issue without alliances. We have also been exploring new areas where we can make a contribution:

**Biotechnology:** Can a technical fix from huge companies really solve a socio-political problem? IIED is currently exploring whether it can construct a research compact to make biotechnology really work for the poor in realising their own assets and alleviating hunger. This heated debate will seriously test IIED, but is likely to benefit from some of our core methods – contesting received wisdom, breaking through the inevitable manipulation of public opinion, brokering consensus amongst diverse groups, and building partnership solutions.

**Tourism:** Aircraft emissions seriously compromise tourism sustainability at the global level. But at the local level, tourism can make a real contribution to sustainable development. IIED believes it has a role in helping destinations to regain control of tourism for local benefits. And, with the World Wide Fund for Nature and Tear Fund, we now aim to improve social responsibility in the international industry.

**Supermarkets and Sustainability:** We are coordinating an action-research project, Race to the Top, on supermarkets and sustainability in order to achieve a fairer and greener food system through a benchmarking and monitoring process. We hope to raise awareness among consumers and investors of the impacts of their food purchasing and investment decisions on the environment and people's livelihoods in the UK and in other countries from which food sold in UK supermarkets is sourced.

**Natural Resources:** This IIED-wide group is developing responses to four priorities: the local synergies and conflicts of *global environmental conventions*; the need for integrated methodologies to *assess natural resource* potentials and problems; effective *institutions for collaborative management*; and strategies to deal with *freshwater scarcity* that go deeper than the current 'crisis narrative' and myth-based models to guide policy and practice.

### Continually improving IIED's performance

Whatever problems we work on, we aim to get better in our work. In the last year, we have worked with all staff and our close stakeholders to:

- \* Review our use and development of participatory approaches
- \* Develop codes of conduct for collaborative research partnerships, relations with bilateral and multilateral donors, and with the private sector
- \* Establish a database of staff perceptions of IIED for future monitoring
- \* Establish regional perceptions of IIED and programme development needs, through Regional Advisory Panels
- \* Better express IIED's understanding of the critical issues of our time, in brief form to complement our authoritative volumes (notably the 'Opinion' pieces for the World Summit on Sustainable Development)
- \* Based on all the above, develop a values statement that reflects what staff and stakeholders would like IIED to be

### Rethinking the role of 'sustainable development policy research'

IIED's strategy is a rolling one and will address scenarios for the post-WSSD era. The Rio Agreements emphasised participatory, integrated, continuous improvement approaches to sustainable development, which are equally well informed by global and local priorities. They imply a huge dependence on research which is inadequately supplied. Local research and analytical capacities tend to be severely limited or ignored – yet IIED has shown how action research and participatory analysis can offer the 'learning by doing' approach required for sustainable development. At the global level, the UN agencies, WTO, and development banks are still not well informed by research on sustainable development. In the run up to the WSSD, IIED will be working with partners to clarify, promote and strengthen research as central to sustainable development.

In this context, IIED's larger challenge is to show that sustainable development is a matter of innovation and investment – of what society at its most creative *can* do, rather than a litany of what we *cannot* do.

### Steve Bass

Director of Programmes



# Biodiversity and Livelihoods

## Acknowledging the local and global values of biodiversity

The Biodiversity and Livelihoods Group (BLG) focuses on the complex linkages between biodiversity conservation and economic development. These links are as yet little explored and contradictions and myths abound. We investigate how to minimise conflicts by working with policy, institutional and market factors and we aim to identify ways in which biodiversity can be more effectively incorporated into policy and decision making.

BLG has been working on identifying, developing and encouraging tools and mechanisms to facilitate such integration. We intend to build up and maintain a portfolio of work on the 'mainstreaming' of biodiversity objectives into development and environment policy. This is one of the unqualified commitments of the Convention on Biological Diversity (CBD), yet it is widely recognised that this poses an enormous conceptual and practical challenge, as many organisations and countries still lack the tools, knowledge and capacity needed to take this forward.

The CBD, ratified by over 175 countries, is a significant recent attempt to place biodiversity firmly on the international agenda. However, given the Western origins of the term biodiversity, understanding what it means to different cultures is going to be critical, if commitment to, and interest in, the CBD's effective implementation is to be sustained.

### Rethinking the Integration of Biodiversity in Policy Debates

This three year project, funded by the John D. and Catherine T. MacArthur Foundation, has supported seven cross-cutting projects within IIED. Each of these projects addresses biodiversity within contrasting areas of policy and practice:

#### **Integrating biodiversity and livelihoods: a critical review of assessment methodologies and decision-making approaches**

This review is evaluating the effectiveness of various assessment methods in estimating and combining global and local values assigned to biodiversity, and identifying best bet mechanisms for weighting, negotiation and making trade-offs among and between values at global, national and local levels.

#### **Biodiversity in national strategies for sustainable development: a review of experience**

To date, biodiversity planning and sustainable development strategies from Nepal, Burkina Faso, Ghana and Pakistan have been reviewed, and four additional countries - Tanzania, Namibia, South Africa and Thailand - will be added to this list.

*The BLG, with its strong people-focus and its links to institutions in the South, is building on its cutting edge work on 'integrating' biodiversity into mainstream and sectoral policy - one of the unqualified commitments of the Convention on Biological Diversity.*

### **Decentralisation and the capacity to manage agricultural biodiversity**

Project funds have contributed towards the collaborative action research between IIED's Sustainable Agriculture Programme and partners in Asia and Latin America to identify the human, scientific, policy, institutional, facility and financial capacities for the decentralised management of agricultural biodiversity.

### **Shopping for biodiversity? The role of the European retail sector in the conservation and sustainable use of biodiversity**

This project is examining existing initiatives on biodiversity among retailers and seeking opportunities to encourage food retailers to address biodiversity issues in a more coherent way, in collaboration with various UK organisations.

### **Market incentives for sustainable use**

The commercial record of community-based sustainable use initiatives is being used to examine how market conditions affect their viability and ultimately their impact on biodiversity conservation.

### **Stakeholder participation in policy on access to genetic resources, traditional knowledge and benefit sharing**

The final report from case studies undertaken as part of this project (Peru, India, South Africa and India) was published in May 2001. The principal thrust of the work was to investigate and provide recommendations on how to secure effective participation in the development of policy for access to genetic resources and benefit sharing, and the protection of indigenous and local community rights over traditional knowledge. Thus it contributes directly to the programme of work relating to the 'access and benefit sharing' objectives of the CBD.

### **Wildlife trade, legislation and livelihoods**

This is a new project, implemented in collaboration with TRAFFIC-International in Cambridge, UK. This project will investigate the impacts of international wildlife trade regulations that are conservation-motivated (e.g. Convention on International Trade in Endangered Species - CITES) on local livelihoods. As a conservation tool, such legislation has already received much attention but there is little information on how it impacts local livelihoods. This research aims to provide better information on livelihood issues for policy makers concerned with reforming wildlife trade legislation.

### **Mining and Biodiversity**

BLG is working, in collaboration with the Mining, Minerals and Sustainable Development Project, to identify the critical issues that surround mining and biodiversity, and to provide suggestions on possible ways forward. A workshop was held in June 2000, bringing together individuals from mining companies, governments and civil society.

### **Publications**

*Bio-briefs* is a new briefing series that consists of 4-page documents aiming to make information on critical and cutting-edge issues in biodiversity and development more accessible to policy and decision-makers.

*Biodiversity and Livelihoods Issues* is a new series aiming to address the conflicts between biodiversity conservation, its sustainable use and human development.

*Diversity not Adversity: Sustaining Livelihoods with Biodiversity.* Biodiversity and Livelihoods Issues No. 1, Izabella Koziell, January 2001.

*Living off Biodiversity: Exploring Livelihoods and Biodiversity Issues in Natural Resources Management.* Biodiversity and Livelihoods Issues No. 2, Izabella Koziell and Jacqueline Saunders (eds), January 2001.

*Integrating Conservation and Development Experience.* Biodiversity and Livelihoods Issues No. 3, Ross Hughes and Fiona Flintan, May 2001.

*Stakeholder Participation in Policy on Access to Genetic Resources, Traditional Knowledge and Benefit-sharing: Case Studies and Recommendations.* Biodiversity and Livelihoods Issues No. 4, Krystyna Swiderska, May 2001.

*Community-based Wildlife Management: Improved Livelihoods and Wildlife Conservation?* Bio-briefs No. 1, Dilys Roe, April 2001.

*Stories from Eden: Case Studies of Community-Based Wildlife Management.* Evaluating Eden series No. 9, Dilys Roe and Margaret Jack, April 2001.

*Biological Diversity - More Debate than Action?* WSSD Opinion Paper, Bansuri Taneja and Izabella Koziell, June 2001.

# Climate Change

## Adapting climate change issues to southern needs

The Third Assessment Report of the International Panel on Climate Change has highlighted how one of the biggest challenges facing developing countries today is adapting to climate change – and doing so in a way that is cost-efficient, equitable and builds the resilience required for sustainable development. IIED's new Climate Change Programme has developed a three-year strategy, focusing mainly on the critical – but neglected – issue of adaptation, as well as ensuring that instruments such as the Clean Development Mechanism can help developing countries and the poor.

The Climate Change Programme was established in February 2001 with the appointment of a Director, Saleemul Huq (formerly Executive Director of Bangladesh Centre for Advanced Studies). A major three-year research project proposal to look at adaptation to climate change and linkages with disaster management was developed in partnership with the Regional and International Networking Group (RING) member organisations (see p.16).

### Objectives:

- \* Improve the **understanding of climate change impact** for poor developing countries including both policy makers and poor groups
- \* Improve the **decision-making capacities** of vulnerable developing countries to cope with climate change
- \* Improve the **negotiating capacities** of poor developing countries in the climate change negotiations through analysis of issues relevant to them
- \* Improve the **sustainable livelihoods opportunities for poor communities** in developing countries in light of possible climate change impacts

*A major three-year research project proposal to look at adaptation to climate change and linkages with disaster management was developed in partnership with the Regional and International Networking Group.*

### Strategic interventions and alliances

- \* For the UK **Department for International Development** (DFID), IIED has been conducting seminars on climate change linkages with sustainable development for DFID's engineering and natural resource advisers
- \* With the **Tyndal Centre for Climate Change Research**, University of East Anglia, IIED co-organised a seminar on adaptation to climate change and sustainable development in London in October 2001
- \* For the **World Bank's Prototype Carbon Fund**, IIED's Director of Climate Change has been advising on sustainable development criteria for carbon trading projects
- \* IIED has been advising the **United Nations Development Programme** (UNDP) on adaptation projects for developing countries, and similarly providing inputs into **Global Environmental Facility** (GEF) funding of stage II Adaptation projects
- \* IIED is a member of the **Climate Change Advisory Panel for Shell Canada** with other NGO and academic experts, scrutinising Shell's climate change strategy and practice, advising on the sustainable development implications, and making information publicly available
- \* The Programme co-organised a week-long training seminar on climate change issues with **Imperial College, London and Oxford University** in September 2001

### Publications

*TIEMPO*, IIED continues to support the publication of this key journal on climate change and sustainable development with the University of East Anglia .

*The Climate Change Negotiations: A View from the South*, Saleemul Huq and Youba Sokona, IIED Opinion Paper for the World Summit on Sustainable Development, June 2001.





# Communications and Information

## Sharing information to bridge the digital divide

Connecting research, information and advocacy and communicating these linkages globally to a broad range of constituencies is the objective of the Communications and Information (COIN) Programme. In its second year of existence, we aim to deliver an integrated communications and information service in support of IIED's research and activities.

### Information Technology

We upgraded and streamlined our entire network operating system, serving four offices in London, Edinburgh and Dakar, enabling more effective internal communications and management of information through a revamped website, a new intranet, and a rebuilt database. The International Institute for Sustainable Development in Winnipeg, Canada provided IIED with communications interns to develop and enhance our website and intranet.

### www.iied.org

Since its re-launch in January 2001, our website has seen a 150% increase in visitors. Our site also includes links to our various networks and partners. We are expanding our site to include a French language sub-site; future plans will include a Spanish language sub-site.

### Marketing and Promotion

We have outsourced the Institute's distribution centre – previously known as the Bookshop, to Earthprint (SMI Distribution Ltd.) in order to increase publication sales and expand our outreach. Over the year, IIED published 109 new publications. We developed and are in the process of implementing a Publishing Strategy focusing on promotion and impact assessment of IIED publications as well as collaborative initiatives with other like-minded organisations; recent examples include: joint mailing of our *Publications Catalogue* with Canada's International Development Research Centre; and advertising in international publications.

### Publications

In addition to producing general promotional material (eg, *Annual Report*, *Publications Catalogue*, flyers) COIN is also publishing a new series for the World Summit on Sustainable Development entitled *The Future is Now*, with the financial assistance of the Royal Danish Ministry of Foreign Affairs, Environment Canada and the Swedish International Development Co-operation Agency.

*We developed a Publishing Strategy focusing on promotion and impact assessment of IIED publications as well as collaborative initiatives with other like-minded organisations.*

### Resource Centre

The Resource Centre's key achievement was to devolve network coordination to Southern leadership of the global network, Resource Centres for Participatory Learning and Action (RCPLA) - comprising 15 organisations who promote participatory approaches and serve as information focal points either nationally or regionally. Following an external evaluation of the network, its key recommendations are being implemented: the devolution of the network management to a new Network Coordinator based in a Southern member organisation; and strengthened regional and steering groups. In addition, RCPLA members have been successfully developing and implementing projects at the regional level in the Middle East and North Africa (Center for Development Services, Egypt), Latin America (Universidad Nur, Bolivia) and Francophone West Africa (IIED Programme Sahel, Senegal).

RCPLA Network members are: Dirección de Programas de Investigación y Desarrollo - Universidad Núr, Bolivia; International Institute for Rural Reconstruction, Philippines; Programme Sahel, IIED Senegal; Center for Development Services, Egypt; Participatory Methodologies Forum of Kenya; Asian Coalition for Housing Rights, Thailand; Institute for Participatory Practices, India; Institute for Participatory Interaction in Development, Sri Lanka; Nepal Participatory Action Network; Grupo de Estudios Ambientales AC, Mexico; Uganda Participatory Development Network; Institute of Development Studies, UK; Nigeria Participatory Rural Appraisal Network; and Southern Alliance for Indigenous Resources, Zimbabwe. In October 2000, we held our second international Network workshop in Cairo, hosted by the Center for Development Services.

We have also been evaluating the impact of our own Participatory Learning and Action information service (see [www.iied.org/resource](http://www.iied.org/resource)). As part of our commitment to democratising information dissemination we have been digitising the complete back catalogue of *Participatory Learning and Action (PLA) Notes*, now available in CD-ROM format.

In addition, we have been managing the National Strategies for Sustainable Development (nssd) knowledge information system on behalf of IIED's Strategies, Planning and Assessment Programme; this includes a website ([www.nssd.net](http://www.nssd.net)), CD-ROMs and an e-mail discussion list.

### Conferences

In addition to co-ordinating IIED's 30th Anniversary conference with the Directorate, November 12-13, 2001, *Equity for a Small Planet*, we organised a meeting at the United Nations for the first Preparatory Committee of the World Summit on Sustainable Development (WSSD) in April 2001.

IIED's Director of Communications served as Rapporteur of the Bergen Informal Meeting of Environment Ministers in Norway, organised by the Norwegian Ministry of Environment, in September 2000.





## EQUITY FOR A SMALL PLANET

An International Forum on the World Summit on Sustainable Development 2002



# Directorate

## Building capacity for IIED and its partners

The Directorate team seeks to 'join up' the Institute's cross-cutting policies and programmes. It focuses on external relations, communications, fundraising, organisational development and programme strategy.

### Collaborating with the international community

The Directorate works with a range of partners worldwide through its governance structure, the Board and Regional Advisory Panels (RAP), and a global network of policy research institutes – the Regional and International Networking Group (RING). We are also working with a wide range of partners for the World Summit on Sustainable Development (WSSD).

### Regional Advisory Panels

The Latin America and Caribbean RAP meeting was held in Buenos Aires in March 2001. It was the third of IIED's RAPs (the two previous were in Nepal, for South Asia, and Ghana, for Africa). The meeting was hosted by IIED América Latina, and brought together 12 IIED partners from the region. IIED will be holding future RAPs in Europe and North America.

### Regional and International Networking Group (RING)

The 7th RING meeting was also hosted by IIED América Latina in Buenos Aires in March 2001. The meeting advanced the development strategy for the RING, and welcomed two new Latin American RING members. RING members include: African Centre for Technology Studies (Kenya); Bangladesh Centre for Advanced Studies (Bangladesh); Development Alternatives (India); Centro de Investigación y Planificación del Medio Ambiente (Chile); Environment Development Action (Senegal); International Institute for Environment and Development (UK); IIED América Latina (Argentina); Nigerian Environmental Study Action Team (Nigeria); Sustainable Development Policy Institute (Pakistan); Stockholm Environment Institute Boston (USA); Vitae Civilis (Brazil); Zimbabwe Energy Research Organisation (Zimbabwe).

Recently, the RING has developed major collaborative initiatives, including a Southern perspective on trade and environment and a project on vulnerability and adaptation to climate change in South Asia and Sahelian Africa.

*We are using existing links with Southern organisations to foster North-South dialogue on the critical issues WSSD should address; and engaging key actors from governments, the private sector, local government and civil society in this process.*

### World Summit on Sustainable Development

The UN World Summit on Sustainable Development, in Johannesburg in September 2002, offers an important opportunity to take stock of current economic, social and environmental trends; assess existing problems which require global attention; and devise pragmatic but forward-looking approaches to help change these realities.

IIED's WSSD Programme contributes to preparations for the Johannesburg Summit as well as for WSSD follow-up and implementation. We are using existing links with Southern organisations to foster North-South dialogue on the critical issues WSSD should address; and engaging key actors from governments, the private sector, local government and civil society in this process. The following tasks are shaping this work:

- \* Assessing ways to make globalisation value the South, especially poor and marginalised communities
- \* Bringing in viewpoints not otherwise adequately represented
- \* Extending lessons on 'policies that work', especially on public-private-community partnerships
- \* Working with existing partnerships with Southern and Northern organisations, notably the RING alliance of policy institutes

A number of existing IIED activities already have a clear link to WSSD preparations. Our work on national strategies for sustainable development (see pages 26-27) is a significant means by which to strengthen implementation of Summit outcomes. The MMSD Project (see pages 24-25) will present its Final Report at Johannesburg. Climate change will remain a major focus for global deliberations in preparation for the Summit.

### Key International Meetings

*Towards a Common Vision: Exploring Links between the WSSD and FfD Conferences* – IIED organised a UN meeting during the first WSSD Preparatory Committee (PrepCom) in April 2001 to explore ways in which the UN Financing for Development (FfD) and WSSD processes could be better linked. Similar events are scheduled at the three global PrepComs in 2002.

*EU Informal Seminar* – IIED and the RING provided the substantive input for an EU governmental Informal Seminar in Sweden in May 2001 on priorities for WSSD.

*Equity for a Small Planet* – IIED's 30th Anniversary workshop and conference, November 2001, has brought together many partners and sustainable development ideas to help build a constructive agenda for the WSSD.

### Publications

*The Future is Now* - a series of four booklets on key issues for WSSD. The first was published for the initial WSSD Preparatory Committee (PrepCom) meeting in May 2001; the second presents key issues for IIED's conference *Equity for a Small Planet* in November 2001; the third and fourth will be available in 2002.

*Opinion papers* – short pieces on a wide range of subjects which the Johannesburg Summit should tackle, written by IIED staff, some RING members and others. These papers are freely downloadable from the website: [www.iied.org/wssd](http://www.iied.org/wssd).

*Financing for Sustainable Development* – a booklet on the UN Financing for Development (FfD) process, to highlight ways in which sustainability should be integral to dialogue on financing development.



# Drylands

## Participatory action-research to achieve inclusion

Drylands strategy is to help build local capacity, strengthen national policies that legitimise and enable local level decision-making, and influence global policies and institutions that support the development needs of dryland peoples. The focus has been on West and East Africa, building links between French and English-speaking parts of the region, facilitating dialogue between different actors, and providing opportunities for the voices of poorer and more marginal groups to be heard in policy debate.

### Size matters

The Drylands Programme is small and flexible, able to work with many different kinds of actors, at all levels. Its small size means that it works through collaborative relations with African and European partners, building on respective skills and comparative advantage. Drylands is keen to add value to ongoing work of partners through identifying strategic activities, brokerage, dissemination and lobbying activities. The Programme is also very decentralised, with offices in Dakar, Edinburgh and London. Our colleagues in Dakar are particularly involved with "Making decentralisation work," our new project, strengthening communication and information networks, promoting a learning group approach, and seeing how best to strengthen the engagement of women in decentralisation and natural resource management.

### Making decentralisation work

An ambitious title for a new project in collaboration with partners in Burkina Faso, Mali, Niger and Senegal. Many people see decentralisation as offering the solution to multiple challenges facing countries around the world, whether in Africa or elsewhere. These challenges concern how best to deliver effective local health and education services, and how to establish more accountable local governance. However, newly-elected local councils take time to develop expertise and legitimacy, they frequently lack resources and skilled personnel, and must find ways of working with pre-existing sources of power, such as traditional chiefs. Our projects seek to build on what is going well and establish more systematic learning processes, at local, regional, national and Sahel-wide levels. This will include helping local people identify ways to monitor decentralisation and local governance, to ensure closer links between newly established councils and the rural base.

*Communication activities are of high importance to the programme's work, to ensure that people in villages, as well as capitals, have access to timely and strategic information to help influence the policy process. We also follow a learning group approach to encourage mutual learning to initiate change.*

### Inclusion as a prerequisite for peace

Conflict management is one of the issues we have been working on in collaboration with Jam Sahel, a dynamic and enterprising Malian NGO based in Niore du Sahel, a district bordering Mauritania in north-western Mali. Disputes are frequent, whether over access to dry season water, or clashes between farmers and herders following livestock damage to harvests in fields that are located on pastoral transhumance routes. Cattle rustling and banditry are also rife in this area, and can lead to open conflict. Inappropriate land tenure laws are a contributory factor to the violence. But so are the problems of gaining access to grazing and water faced by non-resident pastoral groups coming from other areas of Mali or Mauritania. Brokering peace and dialogue between local residents and visiting herders has been the primary objective of Jam Sahel. In collaboration with IIED and with funding from NORAD, Jam Sahel has focused on helping these different groups better understand each other in order to build trust and define ways to share scarce resources. Participatory action-research managed by the different groups has been a central feature of this process of dialogue over 2001 involving not just local people but also the recently elected rural councils. Links are now being established at the national level to ensure that the work of Jam Sahel can inform the policy process and in particular the legal texts accompanying the recent 'Charte Pastorale', (pastoral landcode).

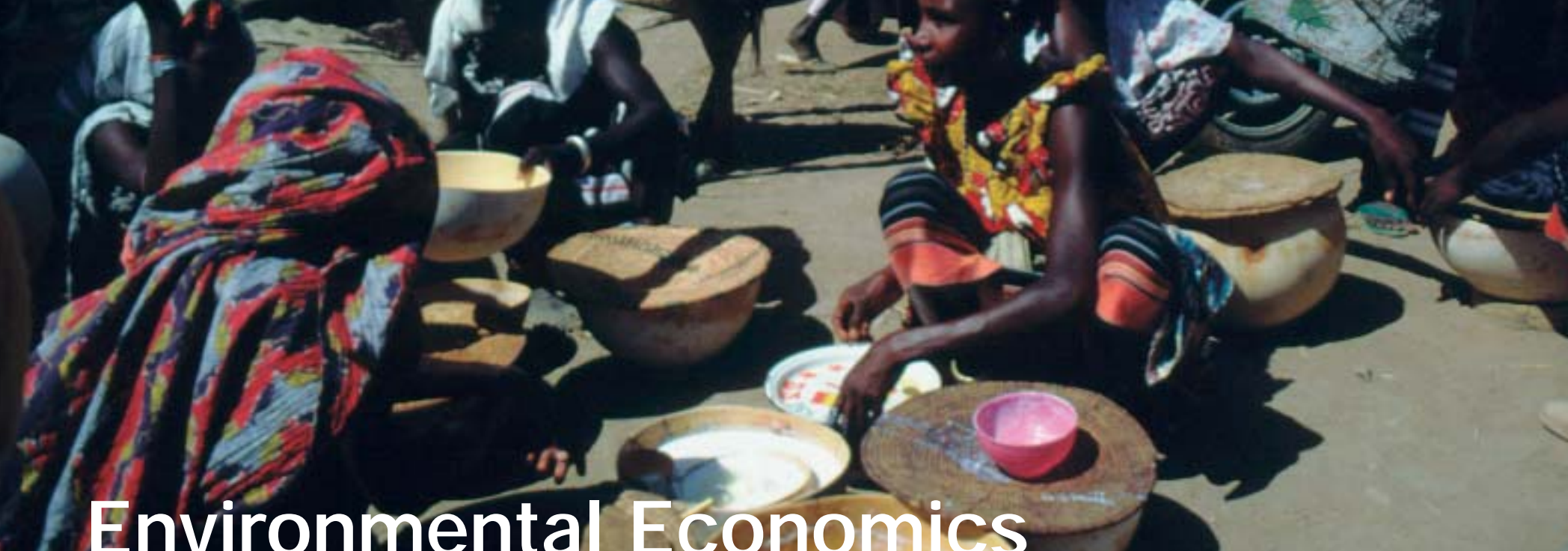
### Sustainable management of soils

Over the last few years an extensive network of people and activities working on soil fertility management in Africa has been built up through a series of research programmes and exchange visits. Each of the African and European partners – at individual and organisational levels – is involved in a web of research, training, policy and publication activities at local, national and global levels, pushing forward a set of participatory approaches to facilitate more effective management of soil fertility in Africa. This year we concentrated on international workshops and the working paper series *Managing Africa's Soils*, which circulates information and discusses alternative approaches among partners. Our partners believe that respect for farmers' knowledge has grown considerably over the last few years, and ongoing research is now much more explicitly aimed at adding value to local innovations.

### Claiming rights to land

Land is becoming scarcer, more valuable and subject to contest throughout Africa. Examining land rights and claims is now a major part of the programme's work, linking into debates at national level regarding new legislation and systems of land administration. We are working with partners on researching secondary rights to land, supporting networking across the continent through Landnet Africa, and are due to start new research to investigate competing claims to land in Benin, Burkina Faso, Côte d'Ivoire and Mali.





# Environmental Economics

## Markets for the poor and the environment

Market-based approaches to poverty reduction and environmental protection are the new conventional wisdom among policy-makers. In both rich and poor countries, governments increasingly rely on free trade, private capital and market incentives to deliver essential public goods. Do such approaches work? New research by the Environmental Economics Programme (EEP) examines the evidence in both urban and rural settings, assessing different approaches in terms of their relative effectiveness in meeting social, economic and environmental goals.

### Public-Private Partnerships in water services and the urban poor

Partnerships between public authorities and private enterprise have attracted attention as a means of increasing investment, reducing costs, and improving the management of essential public services. Can such partnerships make up the enormous deficit in water and sanitation services to low-income urban dwellers in the developing world? This is the hope of many donors supporting Public-Private Partnerships (PPPs) in the water sector.

Research by EEP with the Water, Environment and Development Centre of Loughborough University (UK) is exploring how PPPs can be more responsive to the needs of low-income groups. Case studies at community-level with partners in Buenos Aires and Kibera (Nairobi) have helped to highlight local perspectives, suggesting that private sector involvement can be helpful but is no panacea. Much depends on the type of partners involved, the form of partnership, and local conditions. In Buenos Aires, the initiatives studied were successful in bringing reliable water supplies to informal settlements for the first time, and improving sanitation. But cooperation from civil society organisations was also required. Ten years after the initial concession agreement all parties still have much to learn. In Kibera, private sector operators were generally small water vendors, who have long played a role in providing water to the poor but tended to have bad relations with public water authorities. PPP in this case aimed both to increase water supplies and improve relations between public and private providers. To date these expectations have not been met. Nevertheless, both the successes in Buenos Aires and disappointment in Kibera have yielded important lessons for future PPP initiatives in the water sector.

*Finance and investment play a crucial role in sustainable development. The need to mobilise capital to achieve sustainable development is often highlighted. But it is also important that finance is directed away from unsustainable activities and towards sustainable investments that support livelihoods and environmental conservation.*

### Markets for forest environmental services and the poor

Innovative approaches to sustainable forest management are emerging around the world. These include efforts to create new markets for environmental services, such as carbon storage, biodiversity conservation, landscape beauty and watershed protection. Practical guidance is sorely lacking, however, especially in the developing world. A major gap in knowledge is how market creation affects the poor. Can markets for forest environmental services help to reduce poverty, as well as protect the environment more efficiently?

EEP and the Forestry and Land Use programme have conducted a global review of markets for forest environmental services. Over 250 initiatives in rich and poor countries have been analysed, ranging from government-sponsored programmes to purely private schemes. Our research shows that markets for environmental services offer an effective and efficient means of tackling economic, social and environmental problems in the forestry sector, but only with the right institutional framework. Attention now turns to the practical questions of market development and operation, and dissemination of lessons from experience.

### Finance, investment and sustainable development

Finance and investment play a crucial role in sustainable development. The need to mobilise capital to achieve sustainable development is often highlighted. But it is also important that finance is directed away from unsustainable activities and towards sustainable investments that support livelihoods and environmental conservation. Private capital flows to some developing countries now greatly exceed official aid, leading to increased attention to private financial decision-making. Foreign direct investment accounts for the major part of these flows but is in turn influenced by the availability of finance and/or insurance from banks and export credit agencies. Portfolio investment and bank lending to developing countries fluctuates according to market cycles and financial fashion, with often disastrous results in vulnerable economies. There are also fears that foreign companies focus on the demands of Northern shareholders at the expense of local environmental and social needs. New research by EEP explores how private financial flows can be steered to support long-term sustainable development, and how to avoid the undesirable impacts of economic growth.

### CREED Publications

In 1999 IIED and its partners successfully concluded a six year programme of Collaborative Research in the Economics of Environment and Development (CREED), sponsored by the Netherlands Government and other donors. Dissemination of research findings has continued into early 2001, including publication of the following Working Papers:

*No 29. Automobile Pollution Control in Brazil*, Claudio Ferraz and Ronaldo Seroa da Motta, June 2000.

*No 30. Soil Fertility: QUEFTS and Farmers' Perceptions*, Ingrid Mulder, July 2000.

*No 31. Sustainable Shrimp Farming: Estimations of a Survival Function*, Anantha K. Duraiappah, Adis Israngkura and Sombat Sae-Hae, July 2000.

*No 32. Traditional Chinese Medicine and Species Endangerment: An Economic Research Agenda*, Konrad von Moltke and Frank Spaninks, August 2000.

*No 33. Land tenure, Land Use, Environmental Degradation and Conflict Resolution: A PASIR Analysis for the Narok District, Kenya*, Anantha K. Duraiappah, Gerrishon Ikiara, Mutsembi Manundu, Wilfred Nyangena and Rueben Sinange, August 2000.

*No 34. The Environmental Effects of Tax Differentiation by Vehicle Characteristics: Results from Costa Rica*, Jaime Echeverria, Nick Johnstone, Ronald Mejias and Ina Porras, September 2000.

*No 35. Farm Permits and Optimal Shrimp Management in Thailand: An Integrated Inter-temporal and Spatial Planning Model*, Anantha Kumar Duraiappah and Adis Israngkura, October 2000.

*No 36. Measuring the Effects of Environmental Regulation in Oligopolistic Markets with Differentiated Products*, Claudio Ferraz, Eduardo P. S. Fiuza and Ronaldo Serôa da Motta, May 2001.

*No 37. Land Tenure and Conflict Resolution: A Game Theoretic Approach in the Narok District in Kenya*, Hans Amman and Anantha Kumar Duraiappah, May 2001.



# Forestry and Land Use

## Chipping away at forest and land use inequity

Chainsaws are the usual tools with which foresters make a noise. But IIED's Forestry and Land Use (FLU) programme tries to get a buzz going with some other power tools: the tools by which poor people can gain the decision-making power to secure and sustain the forest goods and services that they need. The programme uses a range of tools and tactics – in collaborative research, stakeholder engagement, capacity development and communication. It tries to strike the right balance between working at several inter-connected levels: local, national, regional and international.

### Local muscle-building tools

One of the big challenges is to find practical ways for local groups to access wider policy processes. FLU has begun work together with government and NGOs in Himachal Pradesh, India to improve policy-livelihood relationships linked to forest goods and services. This is focused on developing the roles of local institutions and small enterprises, and trying to install livelihoods thinking in policy. In a similar vein, in Indonesia FLU is working with LATIN, an NGO with strong local networks, on developing the tools and approaches that enable community and smaller private sector interests to develop their case and "muscle in" on policy.

### National forest programme tactics

Governance for improved forestry and livelihoods is a political game, and FLU's partners in Malawi's national forest programme are on to a winning streak. Some effective multi-stakeholder fora, working groups and political momentum have been generated to take forward the agreed priorities of the programme – which was given an official launch by the President this year. Our advisory role also continues on the development of criteria, indicators and standards for good forest management in South Africa, and on policy and institutional tactics for the Brazilian Amazon within the new national forest programme. FLU has produced materials drawing out lessons from such experiences to help meet needs in other countries for guidance on tactics for developing national forest programmes (see [www.iied.org/forestry](http://www.iied.org/forestry)).

*One of the big challenges is to find practical ways for local groups to access wider policy processes. FLU has begun work together with governments and NGOs to improve policy-livelihood relationships linked to forest goods and services.*

### Northern exposure

FLU has been involved in a Task Force formed by the Barents Euro-Arctic Council to develop a Northern Dimension Forest Programme combining the efforts in Scandinavia and some Baltic states to improve forestry and forest-linked livelihoods, primarily in northwest Russia. This is a region where forestry employment and forest communities have been decimated by recent changes in the industry, markets and policies, and where major forest land privatisation moves are being made with little capacity yet in place to manage them.

### International power games

For some years, the inter-governmental forest policy game has brought only low returns. Seeing some possibilities for greater progress, FLU took part in the process to design the new programme of work of the *UN Forum on Forests* (UNFF). But any high hopes were dashed when the process was told that, "we are not here to talk about content". UNFF has, to date, remained stuck in the old negotiating rut despite being given the mandate to support countries in taking the actions already so painfully agreed. In an attempt to draw attention back to such action, FLU developed, and has begun testing, an approach called the *Forest Governance Pyramid* for the World Bank-WWF Forest Alliance. This simple step-wise approach to improving forest management at national level can provide the means for country partners to know where and when to push basic policy reforms versus more advanced instruments like forest certification.

### International Recognition

Steve Bass, IIED's Director of Programmes, was recipient of the 2001 Queen's Award for Forestry for outstanding contribution to forestry internationally. The award was presented at the Commonwealth Forestry Conference in Fremantle, Australia in April 2001.

### The year ahead

Over the next year FLU aims to develop three major new initiatives. Firstly, to identify how to develop markets for watershed protection and poverty reduction, we will begin work with local partners in the Caribbean, South Africa, India and Indonesia. Secondly, we will be increasing efforts to sharpen policy tools – building on our work in Brazil, Himachal Pradesh and Indonesia. Thirdly, our private sector forestry work will move into a new phase focused on enabling small and medium-scale forestry enterprise to play a greater role in poverty reduction and forest security.

### Publications

#### Policy that Works for Forests and People Series:

*Forestry Tactics: Lessons Learned From Malawi's National Forestry Programme*, James Mayers, John Ngalande, Pippa Bird and Bright Sibale, 2001.

#### Instruments for Sustainable Private Sector Forestry Series:

*Certification's Impacts on Forests, Stakeholders and Supply Chains*, Stephen Bass, Kirsti Thornber, Matthew Markopoulos, Sarah Roberts and Maryanne Grieg-Gran, 2001.

*Company-Community Forestry Partnerships: From Raw Deals to Mutual Benefits*, James Mayers and Sonja Vermeulen, 2001.

*Forestry Beyond Bureaucracy: The Role of Private Enterprise in the Indian Forestry Sector*, Sushil Saigal, Hema Arora and S.S. Rizvi, 2001.

*Getting the Private Sector to Work for the Public Good: Instruments for Sustainable Private Sector Forestry in China*, Lu Wenming and Natasha Landell-Mills (eds), 2001.

*Instruments for Sustainable Private Forestry in Brazil: An Analysis of Needs, Challenges and Opportunities for Natural Forest Management and Small-scale Plantation Forestry*, Vigilio Viana, Peter May, Lucineide Lago, Olivier Dubois and Maryanne Grieg-Gran, 2001.

*Production, Privatisation and Preservation in Papua New Guinea Forestry*, Colin Hunt (ed), 2001.

*Raising the Stakes: Private Sector Forestry, Sustainability and Livelihoods in South Africa*, James Mayers, Jeremy Evans and Tim Foy, 2001.

*Silver Bullet or Fools' Gold? Developing Markets for Forest Environmental Services and the Poor*, Natasha Landell-Mills, Josh Bishop and Ina Porras, 2001.

### Other publications

*Integrating Global and Local Biodiversity Values: A Review of Biodiversity Assessment*, Sonja Vermeulen and Izabella Koziell, 2001.

*Power Tools: For Working on Policies and Institutions*: [www.iied.org/forestry/tools](http://www.iied.org/forestry/tools) James Mayers, 2001.



# Human Settlements

## Applying local solutions to local and global problems

With the Johannesburg Summit in 2002, the successes and limitations of Local Agenda 21s are receiving considerable attention. Local governments were meant to help implement Agenda 21, as outlined in the 1992 Earth Summit action plan. IIED continued to support case studies by local partners on Local Agenda 21s and similar initiatives where city authorities seek to tackle environmental problems in a consultative and inclusive manner. Considerable effort is still required to transform Local Agenda 21 into an international movement capable of addressing both the pressing concerns of the urban poor and the longer term threats to global sustainability.

### Urban Environment

Although there is a growing consensus among international agencies that urban environmental initiatives deserve more support, there is still debate over which initiatives should be prioritised, and how they should be supported. IIED worked with Danida to stimulate a dialogue within Denmark on urban environmental improvement and poverty reduction, and the role of development assistance. This included preparing briefing papers which were discussed at a workshop in Copenhagen, and then consolidated into a report.

We are also working with the UN Institute for Advanced Studies on a book entitled *Scaling the Urban Environmental Challenge: From the local to the global and back*. This emphasises the spatial dimensions of different urban environmental burdens and how they relate to affluence and will provide the basis for city-based case studies. An important goal of this work is to ensure that the concerns of the urban poor are adequately represented in environmental initiatives.

Among the new publications authored or co-authored by Programme staff are:

*Environmental Problems in an Urbanizing World: Supporting local solutions to city problems in Africa, Asia and Latin America*, J.E. Hardoy, D. Mitlin and D. Satterthwaite, Earthscan, 2001.

*The Citizens at Risk: From Urban Sanitation to Sustainable Cities*, Earthscan, G. McGranahan, P. Jacobi, J. Songsore, C. Surjadi and M. Kjellén, 2001.

*Many aspects of poverty need to be addressed, including not only inadequate incomes and asset bases but also poor quality and often insecure housing, inadequate infrastructure and services, inadequate legal protection of poorer groups' rights and "voicelessness and powerlessness" within political systems and bureaucratic structures.*

### Reducing Urban Poverty

During 2001, we are completing research on "Urban Poverty Reduction Programmes: Lessons of Experience" which includes case studies by teams in ten countries. The findings, presented in Latin America (at a seminar organised by IIED and the UN Urban Management Programme for Latin America and the Caribbean) and in Africa (at a Conference on Urban Poverty organised by CARE), show that:

- \* Many aspects of poverty need to be addressed, including inadequate incomes and asset bases, poor quality and insecure housing, inadequate infrastructure and services, inadequate legal protection of poorer groups' rights and "voicelessness and powerlessness" within political systems and bureaucratic structures;
- \* there are many possible entry points for reducing poverty (including some for which little or no external funding is needed) and often positive multiplier linkages as actions to reduce one aspect of poverty can help reduce other aspects;
- \* one critical determinant of success is the quality of the relationship between "the poor" and the organisations or agencies that have resources or powers that can help address one or more of the deprivations that poorer groups suffer;
- \* sustained poverty reduction requires municipal government agencies and political structures that are more effective, more accountable and more able to work with low-income groups and their community organisations; and
- \* international agencies need to expand funding channels to support local institutions that can deliver for low-income or otherwise disadvantaged groups (including the organisations, associations and federations formed by these groups).

IIED's work on housing finance systems that serve low-income groups continued with an international seminar in Fortaleza and two new issues of the newsletter *Hi-Fi News*. We have also been working with Shack Dwellers International and the Ford Foundation to help strengthen international networking between urban grassroots organisations and with the Universities of Birmingham and Cardiff and the London School of Economics plus teams in ten cities on urban governance and poverty reduction.

### The Working Paper Series

The Programme published four Working Papers during 2001 with individual papers available from [www.earthprint.com](http://www.earthprint.com) or freely downloadable from [www.iied.org](http://www.iied.org)

- \* On *poverty reduction in urban areas* with case studies from Argentina, Colombia, India, Guatemala, Nicaragua, Pakistan and South Africa with studies from Angola, Brazil and Zambia due late in 2001.
- \* On *rural-urban interactions and livelihood strategies* with case studies from Tanzania, Mali and Nigeria.
- \* On *urban environmental action plans and Local Agenda 21s* with case studies from Colombia, Ghana, Indonesia, Malaysia, Namibia, Peru, Senegal, South Africa, Uganda and the UK.
- \* On *urban change*, with papers on Bangladesh, Colombia, Egypt, Ghana, Mexico, Pakistan and South Africa.

### Rural-urban Interactions

During 2001, studies were completed with collaborating teams in Tanzania, Mali and Nigeria on the role of secondary urban centres in the development of their surrounding regions, and their impact on the livelihoods of low-income groups. These also considered how changing socio-economic contexts and globalisation processes affect migration and employment opportunities for women and for young people. A seminar in Bamako in January 2001 allowed the teams to present their findings to practitioners and policy makers.

### Environment and Urbanization

This journal continues to be one of the most widely read and cited journals in its field – as measured by the large number of subscribers and its score in the international citation index. The themes for 2001 were on "Rethinking aid to urban poverty reduction: lessons for donors" and "Civil society in action; transforming opportunities for the urban poor" (prepared with Shack Dwellers International). Two new developments were introduced:

*Environment and Urbanization On-line* – with the full text of all issues published since 1998 now available on the web, at [www.CatchWord.com](http://www.CatchWord.com)

*EandU-Briefs*: Five page summaries of each issue widely distributed both in printed form and electronically to policy makers and professionals in governments and international agencies.



# Mining, Minerals and Sustainable Development

## Extracting the truth from the mining sector

The Mining, Minerals and Sustainable Development Project (MMSD) was designed to sketch out the ways in which the mining and minerals sector might contribute to the global shift to a more sustainable society. The Project's final report will be published in March 2002 to inform the sustainable development debate when world leaders convene in Johannesburg for the World Summit on Sustainable Development in September 2002.

In our daily lives we use scores of products whose manufacture depends on minerals. But the minerals sector faces a number of very real challenges to its continued viability. Frequently these challenges are magnified by the consequences of widespread poverty – many of the world's mineral-rich nations are also among the poorest – and by environmental despoilation and resource depletion.

The mineral cycle – from exploration, extraction, manufacture, consumption remanufacture and recycling to disposal – may sometimes appear out of joint with the sustainable development vision. Mining and mineral processing have important economic and social impacts in communities. Mining projects can bring jobs, infrastructure, modern medicine and other benefits to remote areas. Yet these benefits may be partly or wholly offset by damage caused to existing livelihoods, cultures and the environment.

### The MMSD process

Encouraging active and balanced participation in its activities has been fundamental to the project. Since April 2000, MMSD has been reaching out to various stakeholders in this sector, including industry, government, environmental groups, labour, NGOs, academia, communities, international organisations, financial institutions and others. A series of workshops, meetings and interviews have been informing the project in key areas, including large volume wastes, life cycle analysis, the management of mineral wealth, corruption, minerals and conflict, the role of financial institutions and the potential for voluntary initiatives.

The project's Assurance Group – an international panel of 25 individuals coming from key stakeholder groups and bringing in world-class expertise in mining issues – ensures the integrity and independence of the project by means of peer review. The Assurance Group will have met seven times during the life of the project providing regular advice on the project's progress.

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To ensure its findings are also based on some of the varying regional issues facing the sector, the project has four Regional Partners – MMSD Australia, MMSD North America, MMSD South America and MMSD Southern Africa – who develop activities in these important minerals producing and consuming regions of the world. Through these partnerships, MMSD hopes to encourage the formation of regional networks capable of implementing its findings after the project ends and carrying on addressing these issues.

### Eight Challenges

The project's focus has been outlined in eight major challenges, forming the basis of the Project Report. Each of them is posed as a question designed to explore how best the sector can face the challenges of the transition to sustainable development.

1. Can the sector move towards a more viable structure that will contribute more effectively to sustainable development?
2. What are the ground rules for the management, access to, control and use of land?
3. How can the sector support the development of national economies, especially in the poorest countries?
4. How can the sector best contribute to building sustainable communities?
5. How can the minerals industry become a leader in environmental management?
6. How can we ensure that future markets and consumption patterns are compatible with a sustainable world?
7. How can we keep pace with the information revolution and ensure meaningful access to information for all stakeholders?
8. What should be the administrative relationships, roles, responsibilities and performance standards of the key actors in a more sustainable future?

### Project Outputs and Outcomes

- \* Draft Project Report available for stakeholder consultation in December 2001
- \* Final Project Report due in March 2002
- \* Working papers providing in-depth analysis of several key areas
- \* Database of contacts in the mining and minerals sector
- \* Regional networks stemming from the project's regional partnerships
- \* Continuing debate and information sharing networks on several key areas
- \* An examination and the momentum for possible structures capable of implementing the project's findings
- \* Regular bulletins and website with up-to-date information on its activities and outputs



# Strategies, Planning and Assessment

## Policy guidance for national strategies

A major focus of the Strategies, Planning and Assessment (SPA) Programme's work continues to be the coordination and provision of technical assistance for a multi-donor initiative on national strategies for sustainable development (nssds) under the auspices of the Organisation for Economic Co-operation and Development (OECD), Development Assistance Committee (DAC). This has been conducted through stakeholder dialogues in eight developing countries (Bolivia, Burkina Faso, Ghana, Namibia, Nepal, Pakistan, Tanzania and Thailand) and several international workshops involving representatives from those countries and DAC members. Country teams have produced reviews of their experience of strategic planning for sustainable development which are available on the project website.

The culmination of the first phase of the project was the development of policy guidance on the nature of nssds and on how donors can best assist developing countries with the formulation and implementation of strategies. This was the first time ever that any DAC policy guidance has been prepared as a partnership exercise between donors and developing countries. The guidance was formally approved by aid ministers at the high-level meeting of the DAC in mid April. In the run-up to the World Summit on Sustainable Development in 2002, the guidance will be used to influence international thinking on strategies, and particularly the preparation of UN-wide guidance on strategies; and to promote convergence and integration between different and overlapping approaches.

In May 2001, SPA began working on the preparation of a "resource book" on nssds to set out technical guidance for developing and implementing strategies, as well as the policy implications, bringing together the main issues and lessons from the dialogues and also from experience of strategic planning processes from elsewhere. A key element of the resource book includes case materials and examples of analytical methods for use in strategy processes.



*The development of policy guidance on the nature of nssds and on how donors can best assist developing countries with the formulation and implementation of strategies was the first time ever that any DAC policy guidance has been prepared as a partnership exercise between donors and developing countries.*

### Website

IIED and the Natural Resources Institute (NRI) have continued to operate a website on national strategies for sustainable development ([www.nssd.net](http://www.nssd.net)), supported by the UK Department for International Development. This has been extremely successful with hits and the volume of downloaded documents doubling every month. This website (its contents are also available on periodically updated CD Roms) provides detailed information about the project, participating countries, organisations and individuals and the dialogues; a wealth of documents on nssds and closely-related issues, documents from participating countries and other organisations; and hyperlinks to a wide range of useful related websites including those in participating countries. It is now being used as a vehicle for developing the resource book with draft chapters placed on the site for comment and feedback.

### Outreach

The key work on nssds is now entering an outreach phase and SPA is extending its work to engage the private sector – internationally with a range of multinational corporations, and locally with small and medium-sized enterprises in a number of countries.

### Environmental Assessment

SPA intends to revitalise and extend its work on environmental assessment. To assist planning for this, an independent review of the institute's past work in this field has been undertaken. The consultants' report recommended that IIED build on its solid reputation for quality work in this area through SPA as the focus, but also with cross-programmatic work. The initial focus will be on work on the performance of environmental impact assessment (EIA) in developing countries and on strategic environmental assessment (SEA) – both tools which are key to operationalising strategies for sustainable development.

### Publications

*Knowledge of the Land*, Barry Dalal-Clayton and David Dent, Oxford University Press, June 2001.

*Rural Planning in the Developing World with a Special Focus on Natural Resources: An Overview*, by Barry Dalal-Clayton, David Dent and Olivier Dubois, IIED and DFID, December 2000. A series of reports on approaches to rural planning (funded by DFID) were published in early 2001 and included country case studies by research teams in Ghana, South Africa and Zimbabwe, and a detailed overview of international experience.





# Sustainable Agriculture and Rural Livelihoods

## A moveable feast: agri-food systems and livelihoods

Sustainable Agriculture and Rural Livelihoods (SARL) projects explore synergies, linkages and policies around issues including local food systems and urban farmer's markets in the context of globalisation, working to deliver efficient and equitable food and livelihoods systems. The programme's strength lies beyond its in-house team, in its development of grassroots, participatory methodologies and an international network of partners in the South and the North.

### Highlights

The SARL food systems vision was published in October 2001 as the 100th issue of the *Gatekeeper* series, outlining the challenges faced in taking sustainable agriculture from the margins to the mainstream.

### Projects

#### Policies that Work (PTW)-Smallholders and Globalisation

Political changes across the Andes led to the emergence of new non-political organisations. Local economic organisations played (or intended to play) an important role. IIED and DFID are working to identify policy options and processes for service provision by these organisations, and how they can support the livelihoods of the poorest rural households.

#### Selected Publications

*Tham Vuzha nilam Tharisu (The Land Without a Farmer Becomes Barren)*, S. Rengasamy et al., India Speech case study, March 2001.

*Policies for Agricultural Sustainability in Northern Thailand*, Thailand case study, P. Gypmantasiri et al., May 2001.

*The View from South Africa*, J. Carnegie et al., South Africa case study, June 2001.

*Public Policies and Participation for Agricultural Sustainability: Findings From the Case Study in Rebouças, Paraná, Brazil*, N. Delgado et al., Brazil case study, July 2001.

*In the Hands of the People: An Indian Case Study of Watershed Development*, A.C. Shah, India DSC case study, July 2001.



*The SARL food systems vision was published as the 100th issue of the Gatekeeper series, outlining the challenges faced in taking sustainable agriculture from the margins to the mainstream.*

### Drawers of Water

This project is assessing the causes and consequences of three decades of changes in domestic water use and environmental health in rural villages, towns and cities in Kenya, Tanzania and Uganda. A series of policy papers, technical reports, country case studies and a companion volume to *Drawers of Water* contains clear policy recommendations and a baseline for future research.

### Rural-Urban Interactions

In collaboration with Human Settlements, our work includes a review of Farmer's Markets in Tamil Nadu, India, examining state-sponsored farmers' markets in selected urban centres of Tamil Nadu, assessing actual and potential contributions to viable livelihoods and increased food security. A series of working papers on 'Rural-Urban Interactions and Livelihoods' was launched in Autumn 2001. Briefing papers are available on the IIED website ([www.iied.org](http://www.iied.org)).

### Institutionalising participatory approaches and process for natural resources management

This project examines the dynamics of institutionalising people-centred processes and scaling up participatory approaches in large, public bureaucracies for natural resource management (NRM) in a variety of social and ecological settings (IIED & Institute of Development Studies).

### Local food systems and agrobiodiversity

Examines the dynamics of decentralisation and capacity building for the management of agricultural biodiversity in localised food systems and rural economies. This project and the one above are among collaborative initiatives undertaken by IIED and the Institute of Development Studies.

### Gender and Labour markets

Examines the links between gender, labour markets and sustainable livelihoods in the context of globalisation, to promote gender equality and poverty reduction. Case studies in the cashew sector in Mozambique and textiles in the Dominican Republic have a focus on export-oriented production.

*What does the Feminisation of Labour mean for Sustainable Livelihoods?*, co-authored Issues paper, IIED, May 2001.

*'Changes in Livelihood Patterns of Rural Women and the Significance of Non-Farm Income'*, Ulan Bator, Mongolia, June 2001.

### Journals

The *Gatekeeper* series covers sustainable agriculture, natural resources, livelihoods and participatory debates. The series has widened its scope with support from Sida and IIEDs Natural Resources Group.

- 89. *Demystifying Facilitation in Participatory Development*, A. Groot and M. Maarleveld 2000.
- 90. *Woodlots, Woodfuel and Wildlife: Lessons from Queen Elizabeth National Park, Uganda*, 2000.
- 91. *Borders, Rules and Governance: Mapping to Catalyze Change in Policy and Management*, J. B. Alcorn, 2000.
- 92. *Women's Participation in Watershed Development in India*, J. Seeley, M. Batra M.Sarin, 2000.
- 93. *A Study of Biopesticides and Biofertilisers in Haryana, India*, G. Alam, 2000
- 94. *Poverty and Systems Research in the Drylands*, M.Mortimore, B. Adams, F. Harris, 2000.
- 95. *Forest Management and Democracy in East and Southern Africa: Lessons from Tanzania*, Wily L. Alden, 2001.
- 96. *Farmer Learning and the International Research Centres*, S. Morin, F Palis, K. McAllister A. Papag, M. Magsumbol, 2001.
- 97. *Who Benefits from Participatory Watershed Management? Lessons from Gujarat, India*, A. Shah 2001.

*PLA Notes* shares experiences in participatory methodologies in the North and the South, addressing common concerns and issues of practical value to development practitioners, encouraging innovation and acting as 'a voice from the field'. Respondents to our recent readership survey rated *PLA Notes* 'essential reading'.

### PLA Notes 40

*Deliberative Democracy and Citizen Empowerment*, focused on how to engage 'the public' in policy formulation and looked at thinking around public participation, using techniques known as 'Deliberative and Inclusionary Processes' (DIPs), for example Citizen's juries.



# Sustainable markets

## Making markets work for sustainable development

Globalisation is making the private sector a central focus of efforts to eliminate poverty, achieve accountable systems of governance and ensure environmental security. Companies are being subjected to unprecedented scrutiny from NGO campaigns, the media, consumers and investors, on a range of social, environmental and ethical issues. Many of these campaigns focus on multinational or global companies' operations in developing countries, underscoring the direct links between production in the South and consumption or returns on investment in the North.

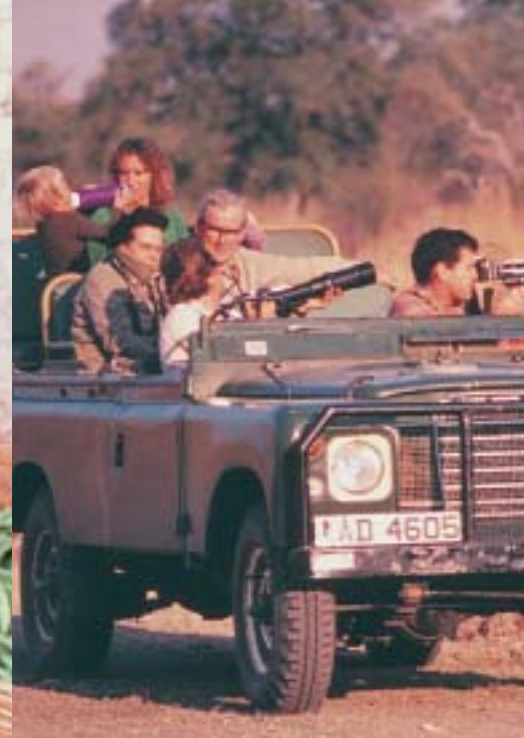
In many export sectors the greatest pressure for change comes from Northern buyers seeking to protect their brands, who therefore impose codes of conduct or certification regimes on their suppliers. The rise of these corporate responsibility initiatives among large companies has been dramatic. Although many are intended to improve environmental performance and social conditions in developing countries, southern perspectives on corporate social and environmental responsibility are not adequately represented in current debates, and there are few mechanisms which enable southern stakeholders to inform and influence corporate policy and practice.

We have been developing a range of projects to look at ways in which corporate practice can generate positive impacts for communities and the environment, and identify where voluntary initiatives need to be complemented by public policy measures to align market incentives with social and environmental goals. We now aim to build on this work with a focus on a Corporate Responsibility agenda for Environment and Development in the South.

*'Victims to Victors'*, *Tomorrow*, N. Robins, May-June issue 2000.

*'Domino Effect'*, *Tomorrow*, S Roberts, N. Robins & K. Thornber, Sept-Oct issue 2000.

*Corporate Globalisation, Livelihoods and Sustainable Development*, N. Robins, IIED Working Paper 2000.



*We have been developing a range of projects to look at ways in which corporate practice can generate positive impacts for communities and the environment, and identify where voluntary initiatives need to be complemented by public measures to align market incentives with social and environmental goals.*

### Stimulating Sustainable Trade

The second phase of this collaborative research project has been completed by a multi-country team involving the Bangladesh Centre for Advanced Studies, the Commonwealth Science Council (UK), International Centre for Enterprise and Sustainable Development (Ghana), Khanya (South Africa) and the Rajiv Gandhi Institute for Contemporary Studies (India). The work focuses on supply chain assessments in the (garments, cocoa, electronics and tourism), sectors to generate practical guidance to promote exports of sustainable goods and services. While multilateral trade policy negotiations struggle to come to terms with the complex relationship between trade and sustainable development, social and environmental factors are becoming increasingly important to market access for many export-oriented businesses in the South.

Many producers and countries fear that social and environmental requirements are a barrier to market access. While, many developing countries have a comparative advantage in certain "sustainable" products, they are unable to grasp export opportunities due to a lack of capacity. We are investigating how practical export opportunities for the South can best be delivered, through new partnerships and institutional arrangements to provide guidance for sustainable trade.

*Stimulating Sustainable Trade Phase 2 Overview*, IIED, T. Fox & N. Robins (eds.), 2001.

*International Trade for Sustainable Development: Transparency, Equity and Innovation*, CSC and IIED, R. Kumar, 2001.

### Supermarkets and Sustainability

How are supermarkets performing in terms of promoting a greener and fairer agriculture and food system? Are they sourcing food from wherever it can be produced with lowest costs and lowest environmental, welfare and labour standards – the so-called 'race to the bottom'? Or are they competing on social, environmental and ethical performance – a 'race to the top'?

These questions are at the heart of the *Race to the Top* project, coordinated by Sustainable Markets in collaboration with the SARL Programme. The objective is to benchmark the social, environmental and ethical performance of UK supermarkets, and thereby catalyse change within the UK agri-food sector and beyond. Led by IIED, a broad alliance of organisations representing farming, conservation, labour, animal welfare, and sustainable development communities has developed a series of indicators of supermarket performance to track progress towards a fairer and greener food system over the next five years. By identifying, highlighting and rewarding best practice by supermarkets, the project will point to key issues for public policy, consumers, investors, retailers and campaigners.

*Supermarket Squeeze: Tomorrow*, T. Fox, Sept – Oct, 2000.

### Tourism

The tourism industry is one of the world's largest and can make a significant contribution to economic development in the South. A scoping study is currently underway to investigate the key sustainability issues facing the industry and to define IIED's role in the sustainable tourism agenda. Meanwhile, a joint project with the Overseas Development Institute and the Centre for Responsible Tourism at the University of Greenwich has reviewed practical experience in implementing strategies for pro-poor tourism (see [www.propoortourism.co.uk](http://www.propoortourism.co.uk)). Work on private sector-community partnerships in the tourism industry, in collaboration with the Namibia Community Based Tourism Association (NACOBTA) has resulted in a report - "Getting the Lions Share from Tourism" – with practical guidelines on partnership development for companies and communities.

In the run up to WSSD IIED is involved in the Foreign Office-initiated "UK Sustainable Tourism Initiative" and has also established a new umbrella initiative with WWF and Tearfund called START - Steps Towards Responsible Tourism – under which IIED has developed a joint proposal with UNEP-WCMC to develop GIS maps and "sustainability footprints" of tourism impacts in key destinations.

### Pro-Poor Tourism Strategies

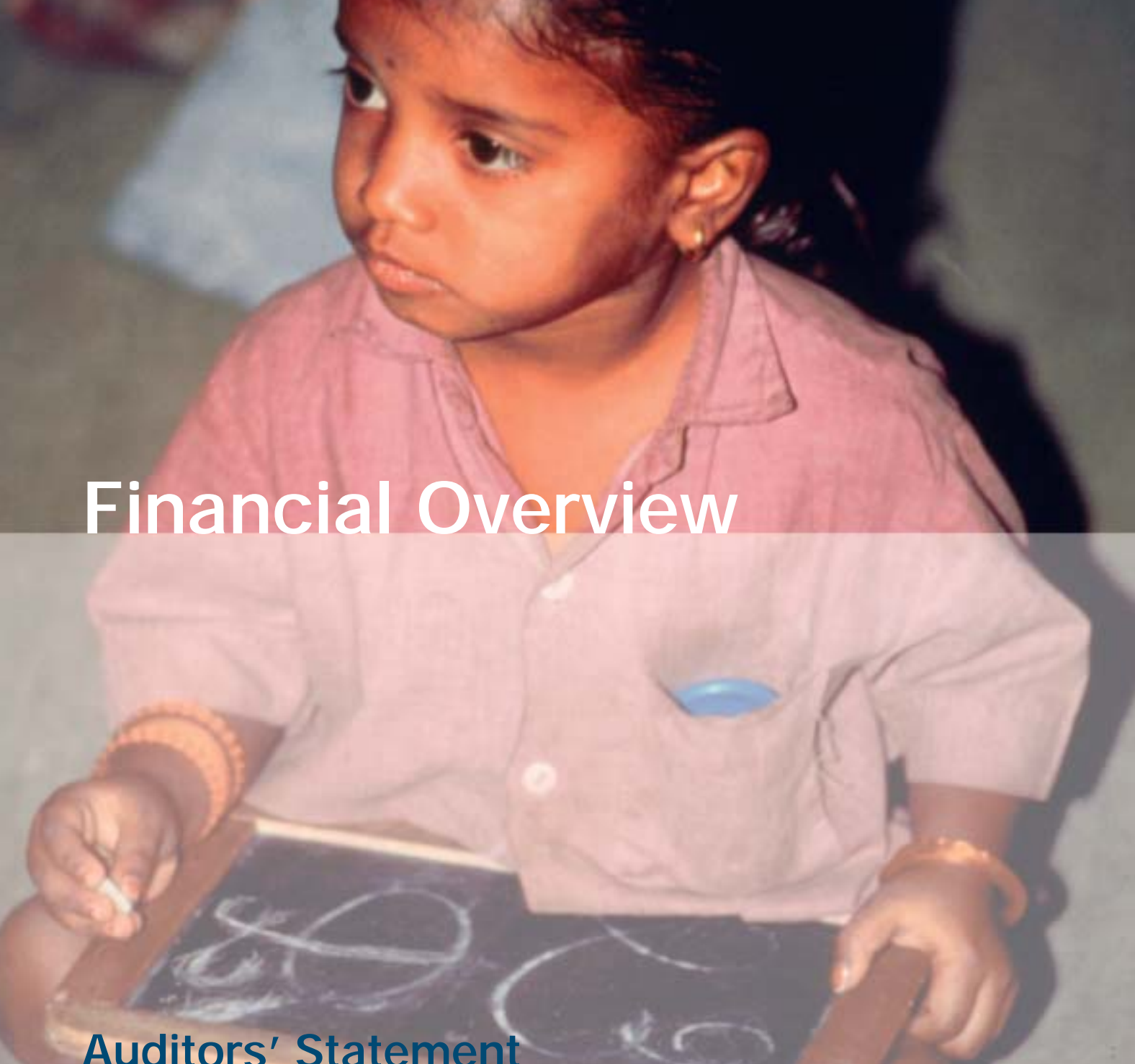
*Making Tourism Work for the Poor*, Pro-poor Tourism Report No 1, ODI, IIED and CRT, C. Ashley, D. Roe & H. Goodwin, 2001.

*Expanding Opportunities for the Poor: Pro-poor Tourism Briefing No 1*, ODI, IIED and CRT, C. Ashley, D. Roe & H. Goodwin, 2001.

*Harnessing the World's Largest Industry for the World's Poor: WSSD Opinion Paper*, D. Roe, & P. Urquhart 2001.

### Getting the Lion's Share from Tourism

*Private Sector-Community Partnerships in Namibia: Vols 1-3, Poverty Inequality and Environment Series No 1*, IIED and NACOBTA, Windhoek, D. Roe, M. Grieg-Gran & W. Schalken 2001.



# Financial Overview

## Auditors' Statement

### Auditors' Statement to the Trustees of IIED

We have examined the summarised financial statements set on page 35.

### Respective responsibilities of trustees and auditors

You are responsible as trustees for the preparation of the summary financial statements. We have agreed to report to you our opinion on the summarised financial statements' consistency with the full financial statements, on which we reported to you on 3 October 2001.

### Basis of opinion

We have carried out the procedures we consider necessary to ascertain whether the summarised financial statements are consistent with the full financial statements from which they have been prepared.

### Opinion

In our opinion the summarised financial statements are consistent with the full financial statements for the year ended 31 March 2001.

### Kingston Smith

Chartered Accountants and Registered Auditors 3 October 2001

These summarised accounts are not full statutory accounts but a summary of information extracted from those accounts. Copies of the full accounts, the auditors' report on those accounts and the report of the Trustees' for the year ended 31 March 2001 are available from IIED 3 Endsleigh Street.

The full audited financial statements were approved on 2 October 2001 and have been submitted to the Charity Commission and Companies House.

The opinion of the auditors was unqualified.

### Nigel Cross

Company Secretary

### Derek Osborn

Chairman

## Statement of Financial Activities for Year Ended 31 March 2001

	£	£	£	£	£
	<i>Unrestricted General</i>	<i>Unrestricted Designated</i>	<i>Restricted</i>	<i>2000/01 Totals</i>	<i>1999/00 Totals</i>
<b>Incoming Resources</b>					
Government & Government Agencies	397,027	-	3,257,784	3,654,811	3,390,037
International & Multilateral Agencies	-	-	201,962	201,962	760,996
Foundations & NGOs	-	-	704,735	704,735	968,799
Corporate	-	-	2,494,015	2,494,015	848,467
Movements in Deferred Income	-	-	477,278	477,278	(529,254)
Investment Income	29,027	-	18,942	47,969	29,602
Trading Activities (Publishing)	114,395	-	-	114,395	109,440
Other	8,062	-	-	8,062	17,586
<b>Total Income</b>	<b>548,511</b>	<b>-</b>	<b>7,154,716</b>	<b>7,703,227</b>	<b>5,595,673</b>
<b>Resources Expended</b>					
Grants	-	-	1,135,962	1,135,962	1,097,403
Programme Direct Costs	116,374	36,439	3,853,180	4,005,993	2,898,157
Support Costs	-	-	737,158	737,158	685,541
Fundraising & Publicity	69,981	-	-	69,981	44,556
Management & Administration	69,228	-	-	69,228	44,488
<b>Total Expenditure</b>	<b>255,583</b>	<b>36,439</b>	<b>5,726,300</b>	<b>6,018,322</b>	<b>4,770,145</b>
<b>Net incoming resources/ resources expended</b>	<b>292,928</b>	<b>(36,439)</b>	<b>1,428,416</b>	<b>1,684,905</b>	<b>825,528</b>
<b>Transfer between Funds</b>	<b>(106,434)</b>	<b>106,434</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance</b>	<b>186,494</b>	<b>69,995</b>	<b>1,428,416</b>	<b>1,684,905</b>	<b>825,528</b>
<b>Funds Brought Forward 1 April 2000</b>	<b>542,318</b>	<b>62,330</b>	<b>1,427,739</b>	<b>2,032,387</b>	<b>1,206,859</b>
<b>Funds as at 31 March 2001</b>	<b>728,812</b>	<b>132,325</b>	<b>2,856,155 *</b>	<b>3,717,292</b>	<b>2,032,387</b>

## Balance Sheet as at 31 March 2001

	£	£	£	£
			<i>2000/01</i>	<i>1999/00</i>
<b>Fixed Assets</b>			193,313	192,642
<b>Current Assets</b>				
Stock	8,622			10,486
Debtors	1,991,471			1,416,849
Cash at Hand & in Bank	2,412,873			1,683,698
		4,412,966		3,111,033
<b>Current Liabilities</b>				
Creditors < 1 Year	471,695			435,315
Deferred Revenue	417,292			835,973
		888,987		1,271,288
<b>Net Current Assets / (Liabilities)</b>			3,523,979	1,839,745
<b>Net Assets</b>			3,717,292	2,032,387
<b>Funds</b>				
Restricted		2,856,155	1,427,739	
Designated Funds		132,325	62,330	
General Funds		728,812	542,318	
<b>Net Assets</b>			3,717,292	2,032,387

\* The significant increase in restricted reserves on 1999/00 is primarily attributable to the MMSD Project with a restricted reserve of £1.2m, mostly comprising of an up front payment for April-June 2001. In addition the Drylands Programme reserve of £755,344 is largely due to an advance payment for a three year project from a major donor.

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Danish Environmental Protection Agency (DANCED)  
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Swiss Agency for Development and Co-operation (SDC)

## International and Multilateral Agencies

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Institutional building through international governance

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